

United Nations Development Programme



Micro Assessment of Ministry of Agriculture Forestry and Fisheries (MAFF)

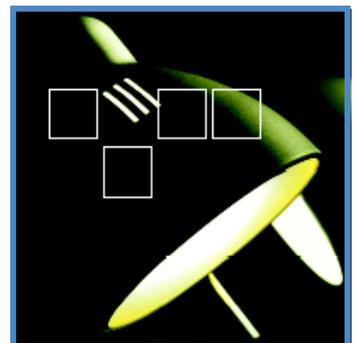
Commissioned by UNDP
Date – 4th February to 6th February 2019

Lochan & Co.
Chartered Accountants

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SECTION – I

1. Background, Scope and Methodology

1.1 Background

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

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

1.2 Scope

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

- A review of the IP legal status, governance structures and financial viability; program 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.

1.3 Methodology

We performed the micro-assessment from 4th February to 6th February 2019 at **Ministry of Agriculture Forestry and Fisheries, Phnom Penh**.

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

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

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

SECTION – II

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 IV). Detailed findings and recommendations are set out in section 3 below.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
1. Implementing partner	Low	<ul style="list-style-type: none"> • MAFF PSU is an office working under the Secretary of State of Ministry of Agriculture, Forestry and Fisheries, Royal Government of Cambodia. MAFF PSU was established on September 01, 1999 through a written decision from the Minister of Agriculture, Forestry and Fisheries (MAFF). • MAFF PSU has received funds from UNDP in past. No significant issues reported in managing the resources from the previous audit conducted of donor agencies fund. • The funds are directly received at MAFF PSU. MAFF PSU is reporting to donors accordingly. MAFF PSU does not prepare annual consolidated financial statements. • The MAFF PSU has a governing body which performs the oversight functions on regular basis as informed. However, frequency and minutes of such meetings have not been shared with the assessment team. Further, the composition structure of governing body of MAFF PSU has not been received till the date of reporting. • MAFF PSU engages other organizations in the implementation of the projects. MAFF PSU has adequate procedures to ensure appropriate oversight and monitoring of implementation. Program Monitoring is done semiannually, and Financial monitoring of the project is done quarterly. • Consolidated annual financial statement is not prepared for MAFF PSU. Hence financial stability cannot be ascertained. MAFF PSU is part of the Royal Government of Cambodia, it can be said to be financially stable. • MAFF PSU receives funds from Government and various funding agencies for implementation of project activities. As explained no problems noticed in the past in the receipts of funds. • There is no legal action pending against the MAFF PSU. • MAFF PSU currently follows the Anti – Corruption policy of the Government of Cambodia • MAFF PSU does not have policy which advises employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property. • No other financial or operational risk is identified.
2. Program Management	Low	<ul style="list-style-type: none"> • MAFF PSU receives funds from Ministry of Economy and Finance and various donor agencies to implement its projects. It has and uses sufficiently detailed written policies, procedures and other tools to develop programs and plans. • Annual Work Plan specifies the expected results and activities to be carried out to achieve the results with a time frame and budget of the activities.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<ul style="list-style-type: none"> MAFF PSU identify the potential risks for every project and also prepares the mechanism to mitigate those potential risk. MAFF PSU prepares M& E Plan for each of its projects which is sufficiently detailed as per the requirement of project. MAAF PSU has the M&E frameworks for its programs with detailed indicators, baselines and targets to monitor and evaluation of program results. On-site project visits are done as and when required to monitor the progress of the project. A back to office report is prepared for the site visit which provides the purpose, output, findings, follow up action of the visit. Quarterly and Annual Progress report is prepared to monitor and evaluate data on the achievement of project results. No independent evaluation has been conducted for MAFF PSU
3. Organizational structure and staffing	Low	<ul style="list-style-type: none"> MAFF PSU's recruitment, employment and personnel practices clearly defined and followed, and they embrace transparency and competition. MAFF PSU has clearly defined job description and found the same to be appropriate for the complexity of the IP and the scale of activities. As reviewed the organizational structure of the MAFF PSU's finance and program management departments, and competency of staff is found to be appropriate for the complexity of the MAFF PSU and the scale of activities. The key staff, including job titles, responsibilities, educational backgrounds and professional experience was requested from the IP but could not be received till the date of reporting. MAFF PSU's accounting/finance functions are adequately staffed to manage agency funds. As observed MAFF PSU does not have any training policies for staff. However, as informed trainings are being regularly provided to accounting/finance/program management staff by donor agencies. As informed MAFF PSU performs appropriate background verification/ checks on all new accounting/ finance and management positions for the contracted staff. However, the background verification is done through phone call no physical record for the same is available to cross verify. MAFF PSU did not have the required information regarding turnover in key finance positions in the past five years. As informed the required information should be available with Department of Accounting & Finance. MAFF is guided by the Administration and Financial manual which will define the internal control framework for the various processes of the organization. As informed, the framework is distributed and made available to staff and updated periodically.
4. Accounting policies and procedures	Low	<p>4a. General</p> <ul style="list-style-type: none"> MAFF PSU maintains books of account for donor agencies in the computerized accounting software "Peachtree" and "Sage

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<p>50". Accounting system allows for proper recording of financial transactions.</p> <ul style="list-style-type: none"> The cost is allocated in accordance with the approved budget as agreed by the funding agency. As informed, supporting documents are retained for 10 years in a defined system with proper filing. The books of accounts are maintained in the computerized accounting software which reconciles the general ledger with subsidiary ledgers automatically. <p>4b. Segregation of duties</p> <ul style="list-style-type: none"> As informed by MAFF PSU for the project of UNDP there is no segregation of duties with respect to various functions. Yao Ven (Admin & finance officer) is performing the function of authorization and recording of transactions. He is also the person who has the custody of assets involved in those transactions. It was further explained that being a small project all the functions are being performed by the same person. As informed functions of ordering, receiving, accounting for and paying for goods and services are only partially segregated. Mr. Yao Ven is the person in charge for performing all the functions however the documents are approved by the Project Manager/ Project Coordinator. It was further explained that since it is a small project all the functions are being performed by a single person. The bank reconciliation statements are prepared by Admin & Finance Officer and are approved by Project Manager. <p>4c. Budgeting system</p> <ul style="list-style-type: none"> Budgets are prepared for all significant activities in sufficient detail to provide a meaningful tool which can be used to monitor the subsequent performance. Comparison of Actual Vs Budgeted is a part of Monthly Financial statements prepared by the MAFF PSU. Expenditures are compared with budget in the Statement of Expenditure (SOE) with FACE form for UNDP funds. Variations of expenditure with budget are provided in SOE. As informed no budget amendment has been required for the UNDP Project till date. Budget is approved by the Project Manager/Project Coordinator and then forwarded to the funding agencies for final approval. <p>4d. Payments</p> <ul style="list-style-type: none"> The invoice processing and approval system is well in place. For the donor agencies project, below \$5000 are approved by the project manager and above \$5000 are approved by the project coordinator. Invoices are stamped 'PAID', dated, reviewed and approved, and clearly marked for account code assignment. Controls for the preparation of payroll are well in place in the personnel division. However, no attendance and time sheets are maintained. Only leave application form is taken from the person requesting leave. Changes if any, in the payroll (if any), are authorized for the project staff by the project manager.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<ul style="list-style-type: none"> • All staff working on the project are 100% dedicated to a single project hence no cost allocation required. • For those expenses/ payments which do not originate from the invoices are controlled as per the travel policy of MAFF PSU. <p>4e. Policies and procedures</p> <ul style="list-style-type: none"> • MAFF PSU follows cash basis accounting. • MAFF PSU has its own documented Administration, Finance, Procurement and Travel manual which comprises of adequate policies and procedures to guide activities. As informed, it is distributed to the relevant staff. <p>4f. Cash and bank</p> <ul style="list-style-type: none"> • MAFF PSU has dual signatories for authorization of bank transactions. New signatories are authorised by the Management. • MAFF PSU is maintaining up-to-date cash book in “Peachtree” accounting software for recording all receipts and payments. • MAFF PSU is not participating in micro finance advances. • Banks are reconciled on monthly basis. Bank reconciliation statement is approved by Project Manager and prepared by Admin & Finance Officer. No unusual and aged reconciling items noticed. • Substantial expenditures are incurred through banking channel. • MAFF PSU carry out monthly petty cash reconciliation. • Cash and checks are kept in safe under the custody of Admin and Finance Officer. • No electronic payments by MAFF PSU. <p>4g. Other offices or entities</p> <ul style="list-style-type: none"> • MAFF PSU has a system in place to ensure that the expenditures of the other offices/entities are in compliance with the work plan. <p>4h. Internal audit</p> <ul style="list-style-type: none"> • Internal Auditor group has been created by MAFF. MAFF PSU did not have enough information about independence of the auditor. As informed the internal audit report is submitted to the minister and is the responsibility of the director of the internal audit. • Internal Auditor group has been created by MAFF. MAFF PSU did not have enough information about the qualification and experience requirements for internal audit department staff. • As informed, the activities financed by donor agencies are included in the internal auditor’s work program. Activities financed by the agencies are included in the internal audit department. • As informed Internal audit has been conducted however the report has not been shared with the assessment team.
5. Fixed Assets and Inventory	Moderate	<p>5a. Safeguards over assets</p> <ul style="list-style-type: none"> • There is system of adequate safeguard to protect assets and stocks from fraud, waste and abuse as MAFF PSU has maintained assets and stocks register separately. However,

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<p>MAFF PSU administration manual does not provide for Asset management policy.</p> <ul style="list-style-type: none"> • Subsidiary records of fixed assets are kept up to date and reconciled with control accounts. • As informed physical verification of fixed assets is conducted annually by Department of Accounting and Finance (DAPF). However, the report for the same has not been shared with the assessment team. • All the assets of MAFF PSU except vehicles are not insured. <p>5b. Warehousing and inventory management</p> <ul style="list-style-type: none"> • As informed MAFF maintains a warehouse however project staff does not have required information regarding the same .
6. Financial Reporting and Monitoring	Low	<ul style="list-style-type: none"> • MAFF PSU has established the financial management reporting responsibilities for funding which specifies the reports to be prepared, the content of the report and the utility of the same. • MAFF PSU does not prepare overall financial reports. • As informed, National Audit Authority (NAA) has to conduct the audit for MAFF PSU. However, as informed no audit has been conducted by NAA till date for MAFF. • In case of donor funded project, audit is conducted on the requirement of the donor agencies. Spot check report for the UNDP project has been shared with the assessment team. • There were no any major issues related to ineligible involving donor funds reported in the UNDP project audit reports of the MAFF PSU. • There were no any major accountability issues brought out in the UNDP project audit reports of the past years. • The financial management system of MAFF PSU is computerized on the accounting software "Peachtree" and "Sage 50". It generates necessary financial reports. • MAFF PSU has appropriate safeguards to ensure the confidentiality, integrity and availability of the data.
7. Procurement	Low	<ul style="list-style-type: none"> • MAFF and MAFF PSU have a detailed procurement manual with detailed policies and procedures as to procurement process. • As informed, there has never been any exception to the purchase rule. However, in case required must be supported with proper justification and approved by the Project Coordinator. • MAFF PSU follows manual procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods. • Procurement reports are prepared monthly and semi-annually for MAFF PSU. • MAFF PSU has a structured procurement committee with defined reporting lines that foster efficiency and accountability for the government funded project.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<ul style="list-style-type: none"> • In case of the donor funded project, procurement team is established based on the requirements. It consists of members from the procurement committee of MAFF. • MAFF PSU's procurement unit is well resourced with qualified staff who are trained and has vast experience of organizational sector and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to a MAFF PSU's procurement rules and regulations. • No significant recommendations related to procurement made by auditors in the prior audit reports and/or management letter. • The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria. • MAFF PSU obtains approval from Project Manager and Project coordinator and Finance officer before signing the contract. • MAFF PSU has formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests with potential suppliers/procurement agents in the Procurement Manual. Further, declarations from the members of the procurement committee is taken before initiating the procurement. • MAFF PSU has well-defined process for sourcing suppliers. The formal procurement methods include wide broadcasting of procurement opportunities. • MAFF PSU does not keep track of past performance of suppliers. • MAFF PSU has a well-defined process in place to ensure a secure and transparent quotation and evaluation process. • MAFF PSU awards the procurement contract to the qualified bidders; whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost and better quality based on the quotations/ bids received and recommendation of the Purchase Committee. • MAFF PSU does not have any major contracts except grants to external entities which have been covered above.
Overall Risk Assessment	Low	Based on the facts and detailed assessment of Micro Assessment Questionnaire, the overall risk of Risk Analysis / Assessment of National Committee for Sub-National Democratic Development is assessed by the firm as " Low ". The firm has assessed the risk in seven areas as mentioned in Micro Assessment Questionnaire.

*High, Significant, Moderate, Low

SECTION – III

Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation and IP Management Response
1	<p>No documentation provided for composition structure of government body and frequency of their meeting.</p> <p>As informed the governing body of MAFF PSU meets on a regular basis to perform oversight functions however frequency and minutes of such meetings have not been shared with the assessment team. Also, Composition structure of MAFF PSU with names was also requested which has been not been received from the IP till the date of reporting.</p> <p>(Refer point number 1.4 of Micro Assessment Questionnaire)</p>	<p>Recommendation</p> <p>The governing body should have well spread representation from different field. IP should conduct meetings of the general council and executive council regularly as per requirement of MoA</p> <p>IP Management Response</p> <p>No response received from IP</p>
2	<p>No written policy for reporting of suspected frauds</p> <p>There is no such documented policy which advises employees to whom they should report in case of suspected fraud, waste, or misuse of agency resources.</p> <p>(Refer point number 1.10 of Micro Assessment Questionnaire)</p>	<p>Recommendation</p> <p>The IP should develop a policy which advises employees to whom they should report in case of suspected fraud, waste or misuse of agency resources. The policy should also provide for safeguard of those who report fraud, waste or misuse of agency resources or property against retaliation</p> <p>IP Management Response</p> <p>No response received from IP</p>
3	<p>No specific written training policy</p> <p>We noted that trainings are provided to the accounting, finance and program management staff as per the requirement. However, there is no written training policy specifying the frequency of trainings.</p> <p>(Refer point number 3.5 of Micro Assessment Questionnaire)</p>	<p>Recommendation</p> <p>The IP should develop a written training policy for the accounting and program management staff to update them for the recent changes in the financial law and other procedures for program management, incorporating the frequency of the training.</p> <p>IP Management Response</p> <p>No response received from IP</p>
4	<p>No documentation for the background verification maintained</p> <p>As explained, IP perform background verification checks on all new staffs by calling previous employer; however, the background verification checks are not documented by the IP.</p> <p>(Refer point number 3.6 of Micro Assessment Questionnaire)</p>	<p>Recommendation</p> <p>The IP should start the process to document the background verification checks conducted over phone and attach the same in the employee file.</p> <p>IP Management Response</p> <p>No response received from IP</p>
5	<p>No information regarding staff turnover</p> <p>MAFF PSU did not have the required information regarding turnover in key finance positions in the past five years. As informed the</p>	<p>Recommendations</p> <p>MAFF PSU to request DAPF to provide the given information to UNDP.</p>

No.	Description of Finding	Recommendation and IP Management Response
	<p>required information should be available with Department of Accounting & Finance. (Refer point number 3.7 of Micro Assessment Questionnaire)</p>	<p>IP Management Response No response received from IP</p>
6	<p>No segregation of duties As informed by MAFF PSU for the project of UNDP there is no segregation of duties with respect to various functions. Yao Ven (Admin & finance officer) is performing the function of authorization and recording of transactions. He is also the person who has the custody of assets involved in those transactions As informed functions of ordering, receiving, accounting for and paying for goods and services are also only partially segregated. Most of the activities are performed by Admin and finance Officer. (Refer point number 4.5 and 4.6 of Micro Assessment Questionnaire)</p>	<p>Recommendation MAFF PSU should ensure functions of authorizing, recording and custody of assets involved in the transactions along with functions of ordering receiving, accounting and paying for goods and services should be appropriately segregated to ensure proper control. IP Management Response No response received from IP</p>
7	<p>No attendance and time sheets maintained. Controls for the preparation of payroll are well in place in the personnel division. However, no attendance and time sheets are maintained. Only leave application form is taken from the person requesting leave. (Refer point number 4.15 of Micro Assessment Questionnaire)</p>	<p>Recommendation MAFF PSU should prepare attendance records for all employees along with in and out time to ensure correct attendance records. IP Management Response No response received from IP</p>
8	<p>No information provided with respect internal audit Internal Auditor group has been created by MAFF. MAFF PSU did not have enough information about independence of the auditor or the qualification/experience requirements of the auditor. Also, as informed internal audit has been conducted by the internal audit group however no report has been shared with the assessment team. (Refer point number 4.29,4.30 and 4.32 of Micro Assessment Questionnaire)</p>	<p>Recommendation A copy of the report should also be given to MAFF PSU so as to implement the recommendations provided by the internal auditor MAFF PSU to request internal audit group to provide the given information to UNDP at the earliest. IP Management Response No response received from IP</p>
9	<p>No asset management policy MAFF PSU does not have a policy on asset management. (Refer point number 5.1 of Micro Assessment Questionnaire)</p>	<p>Recommendation MAFF PSU should have a well-documented comprehensive asset management policy defining all procedures to be followed to safeguard assets from fraud waste and abuse. IP Management Response No response received from IP</p>
10	<p>No report for Fixed asset verification As informed physical verification of fixed assets is conducted annually by Department of Accounting and Finance (DAPF). However, the</p>	<p>Recommendation MAFF PSU to share fixed asset verification report with UNDP at the earliest.</p>

No.	Description of Finding	Recommendation and IP Management Response
	report for the same has not been shared with the assessment team. (Refer point number 5.3 of Micro Assessment Questionnaire)	IP Management Response No response received from IP
11	Assets are not adequately covered with insurance policy MAFF PSU has obtained insurance policy for vehicles. However, other fixed assets and inventory are not adequately covered by insurance policies. (Refer point number 5.4 of Micro Assessment Questionnaire)	Recommendation MAFF PSU should obtain insurance policy to safeguard all the assets and inventories from various uncertainties and risks. IP Management Response No response received from IP
12	Overall financial statements not prepared MAFF PSU does not prepare overall financial statements. However, there is no requirement to prepare the consolidated financial statements of the organization by the Cambodian Law. Separate financial statements are prepared for the Government funded projects and donor agencies funded projects. (Refer point number 6.2 of Micro Assessment Questionnaire)	Recommendation MAFF PSU should prepare the overall financial statements to have better control over the funds provided by the government and donor agencies. IP Management Response No response received from IP
13	No external audit conducted As informed, National Audit Authority (NAA) has to conduct the audit for MAFF PSU. However, as informed no audit has been conducted by NAA till date for MAFF PSU. It was also explained that MOWA has no control over the coverage of audit conducted by NAA. (Refer point number 6.3 of Micro Assessment Questionnaire)	Recommendation MAFF PSU should ensure that the external audit should be conducted for MAFF PSU. Further, MAFF PSU should ensure that the external auditors should include the donor funded project in their work programme IP Management Response No response received from IP
14	No track of past performance of suppliers MAFF PSU does not keep track record of the past performance of the potential suppliers. (Refer point number 7.13 of Micro Assessment Questionnaire)	Recommendation MAFF PSU should start the practice of maintaining data base of active suppliers /vendors to ensure that the supplier is meeting the performance criteria. IP Management Response No response received from IP




Rajeev Lochan, Partner

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Chartered Accountants

Date: 08 April 2019

Place : New Delhi

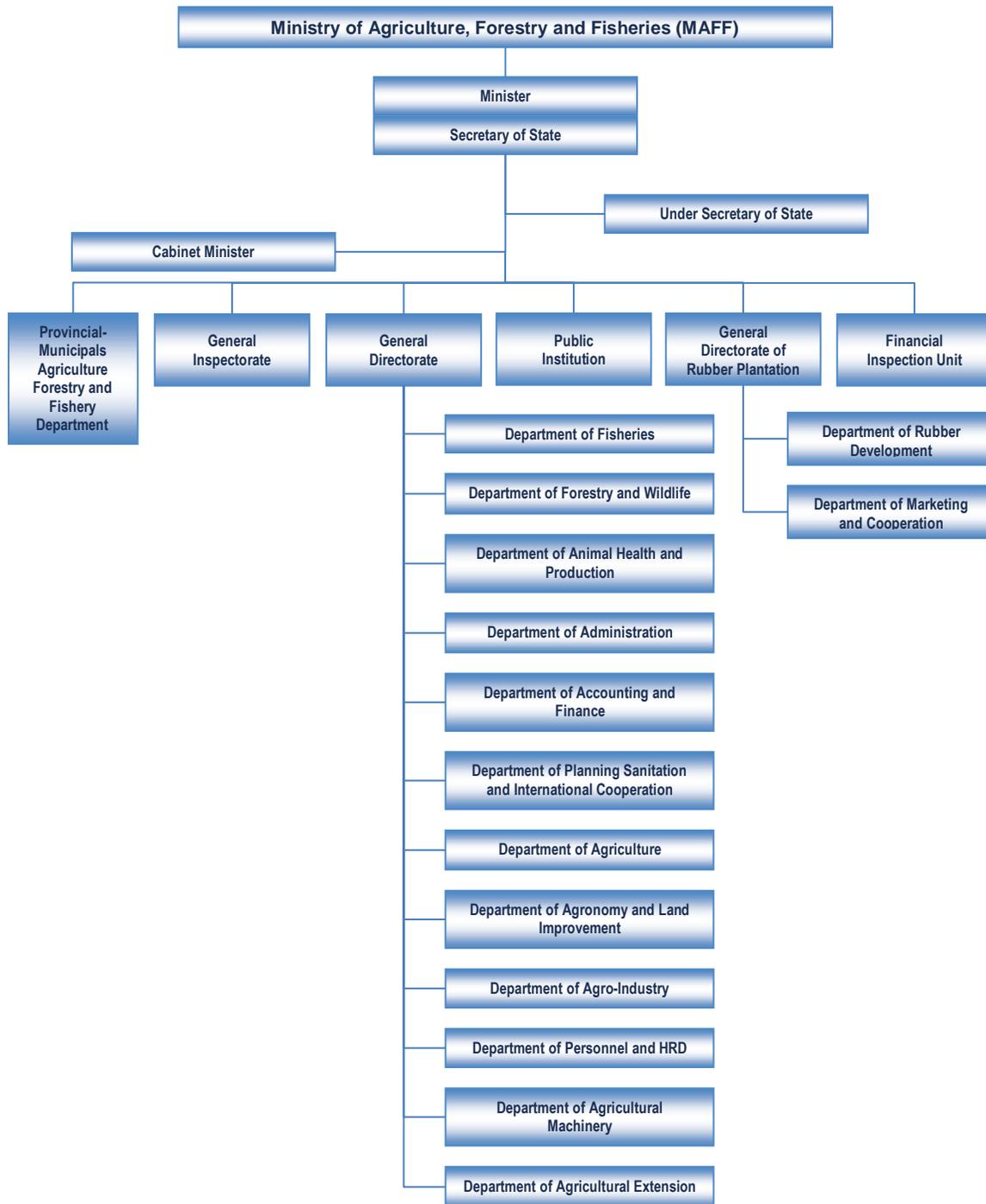
SECTION – IV

Annex I. IP and Program Information*

Implementing partner name:	Ministry of Agriculture Forestry and Fisheries
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	
Implementing partner contact details (contact name, email address and telephone number):	Mr. Yao Ven Ministry of Agriculture Forestry and Fisheries 255, 200 Preah Norodom Blvd (41), Phnom Penh 370, Cambodia
Main programmes implemented with the applicable UN Agency/ies:	UNDP
Key Official in charge of the UN Agency/ies' programme(s):	Mr. Yao Ven
Programme location(s):	Phnom Penh
Location of records related to the UN Agency/ies' programme(s):	Same as above
Currency of records maintained:	USD
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$);	
Cash transfer modality/ies used by the UN agency/ies to the IP	Direct Cash Transfer
Intended start date of micro assessment:	4th February 2019
Number of days to be spent for visit to IP:	3 days
Any special requests to be considered during the micro assessment:	N.A.

*As provided by UNDP

Annex II. Implementing Partner Organizational Chart



Annex III. List of Persons Met

Name	Unit/ Organization	Position
Yao Ven	MAFF PSU	Admin & Finance Officer
Kong Tosoth	MAFF PSU	M & E Officer
Heng Chinda	MAFF PSU	Project Coordinator
Sam Nissay	MAFF PSU	National Project Advisor
Bou Lyda	MAFF PSU	Project Assistant
Tim Sandan	UN Project/ MAFF PSU	National Procurement Specialist

Annex IV. Micro Assessment Questionnaire

Subject area (key questions in <i>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	MAFF PSU is an office working under the Secretary of State of Ministry of Agriculture, Forestry and Fisheries, Royal Government of Cambodia. MAFF PSU was established on September 01, 1999 through a written decision from the Minister of Agriculture, Forestry and Fisheries (MAFF).
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	MAFF PSU has received funds from United Nations Development Programme (UNDP) in past. No significant issues reported in managing the resources from the previous audit conducted of donor agencies fund.
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 funds are directly received at MAFF PSU. MAFF PSU is reporting to donors accordingly. MAFF PSU does not prepare annual consolidated financial statements. So neither there is statutory reporting requirements nor annual consolidated financial statements are prepared
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Moderate	2	As informed the governing body of MAFF PSU meets on a regular basis to perform oversight functions. However frequency and minutes of such meetings have not been shared with the assessment team. Also, composition structure of governing body of MAFF PSU with names was also requested which has been not been received till the date of reporting. Refer to recommendation mentioned in point no 1 of Section III.
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and	Yes			Low	1	MAFF PSU engages other organizations in the implementation of the projects. MAFF PSU has adequate procedures to ensure appropriate oversight and monitoring of

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
process to ensure appropriate oversight and monitoring of implementation?						implementation. Program Monitoring is done semiannually, and financial monitoring of the project is done quarterly.
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.			N/A	N/A	-	Consolidated annual financial statement is not prepared for MAFF PSU, so it is not possible to provide the figures of total assets, total liabilities income and expenditure for the current and prior three fiscal years. Hence financial stability cannot be ascertained. However, as MAFF PSU is part of the Royal Government of Cambodia and received funds from Ministry of Economy and Finance through National Treasury, it can be said to be financially stable.
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?	Yes			Low	1	MAFF PSU receives funds from the Ministry of Economy and Finance through National Treasury. Besides this, funds are received from various national and international institutions such as UNDP, World Bank, IFAD etc. As explained, no problem noticed in the past in the receipts 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.		No		Low	1	As informed, there is no pending legal actions against MAFF PSU or outstanding significant disputes with vendors/contractors.
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Significant	3	During the assessment it was observed that MAFF PSU have an anti-fraud and corruption policy only as a part of their procurement manual. For other functional divisions MAFF PSU follows the anti corruption policy of the Government of Cambodia.
1.10 Has the IP advised employees, beneficiaries and other recipients to	Yes			High	4	MAFF PSU does not have any policy which advises employees, beneficiaries and other recipients to whom they

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
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?						should report if they suspect fraud, waste or misuse of agency resources or property. Refer to recommendation mentioned in point no 2 of Section III. However, there is an anti-corruption unit to which any suspected frauds can be reported.
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 other risks identified.
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:	16					
Risk score	1.6					
Area risk rating	Low					
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	MAFF PSU receives funds from Ministry of Economy and Finance and various donor agencies to implement its projects. It has and uses sufficiently detailed written policies, procedures and other tools to develop programmes and plans. MAFF PSU has practice for programme development based on the experience of the programme team and requirement of the funding agencies.
2.2. Do work plans specify expected results and the activities to be	Yes			Low	1	Annual Work Plan specifies the expected results and activities to be carried out to achieve the

Subject area (key questions in bold)	Yes	No	N/A	Risk Asses sment	Risk points	Remarks/ comments
carried out to achieve results, with a time frame and budget for the activities?						results with a time frame and budget of the activities.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	MAFF PSU identify the potential risks for every project/ programme and also prepares the mechanism to mitigate those potential risk. Same are included in the project documents of the as challenges and strategies to mitigate those risks.
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	MAFF PSU prepares M&E plan for each of its projects which is sufficiently detailed as per the requirement of project. M&E plan is also the part of the project document submitted to the donor agencies.
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	MAFF PSU has the M&E frameworks for its programmes with detailed indicators, baselines and targets to monitor and evaluation of programme results.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	On-site project visits are done as and when required to monitor the progress of the project. A back to office report is prepared for the site visit which provides the purpose, output, findings, follow up action of the visit.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	Quarterly and annual progress report is prepared to monitor and evaluate data on the achievement of project results.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?			N/A	N/A	-	No independent evaluation conducted
Total number of questions in subject area:	8					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	7					
Risk score	1					
Area risk rating	Low					
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	MAFF PSU's recruitment, employment and personnel practices are clearly defined in the administration manual. Job announcement is made in the media on the basis of which qualified job seekers are called for interview. The process is transparent.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	MAFF PSU has clearly defined job description and found the same to be appropriate for the complexity of the IP and the scale of activities.
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	As reviewed the organizational structure of the MAFF PSU's finance and programme management departments, and competency of staff and found the same to be appropriate for the complexity of the IP and the scale of activities. The organizational structure of the IP's finance and programme management departments provides clear lines of reporting and accountability of the various functions. The key staff, including job titles, responsibilities, educational backgrounds and professional experience was requested from the IP but could not be received till the date of reporting.
3.4 Is the IP's accounting/finance function staffed adequately to	Yes			Low	1	The accounting / finance functions of MAFF are performed by the Department of Administration, Planning and

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
ensure sufficient controls are in place to manage agency funds?						Finance (DAPF). It seems to be staffed adequately to ensure sufficient controls are in place to manage agency funds considering the current financial volume. MAFF PSU has accounting/ finance unit for separate projects.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	Yes			Moderate	2	As observed MAFF PSU does not have any training policies for staff. Refer to recommendation mentioned in point no 3 of Section III. However, as informed trainings are being regularly provided to accounting/finance/program management staff by donor agencies.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Moderate	2	As informed MAFF PSU performs appropriate background verification/ checks on all new accounting/ finance and management positions for the contracted staff. However, the background verification is done through phone call no physical record for the same is available to cross verify. Refer to recommendation mentioned in point 4 of Section III
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	As informed by the IP there has been no significant turnover in relation to the project staff for key finance positions. However, IP did not have the required information regarding turnover in key finance positions in the past five years for MAFF as a whole. As informed the required information should be available with Department of Accounting & Finance. Refer to recommendation mentioned in point 5 of Section III
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated	Yes			Low	1	MAFF is guided by the Administration and Financial manual which will define the internal control framework for the various processes of the organization. As informed, the framework is

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
periodically? If so, please describe.						distributed and made available to staff and updated periodically.
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:	10					
Risk score	1.25					
Area risk rating	Low					
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	As discussed, for the development partner including United Nations Agencies, MAFF PSU uses Peachtree and Sage 50 Accounting System. The accounting software used by MAFF PSU provides for proper recording of financial transactions from UN agencies in accordance with the respective components, disbursement categories, and sources of funds. The software can generate donor fund wise / activity wise and consolidated report.
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 cost is allocated in accordance with the approved budget as agreed by the funding agency. No other common cost is charged to the donor funds. Any other common cost is borne by the MAFF.
4.3 Are all accounting and supporting documents retained in an organized system that allows	Yes			Low	1	As informed, supporting documents are retained for a minimum period of ten years in a defined system with proper filing

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
authorized users easy access?						that allows authorized users easy access.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	As mentioned in point number 4.1 above, the books of accounts are maintained in the computerized accounting software which reconciles the general ledger with subsidiary ledgers automatically.
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			Significant	6	As informed by MAFF PSU for the project of UNDP there is no segregation of duties with respect to various functions. Mr. Yao Ven (Admin & finance officer) is performing the function of authorization and recording of transactions. He is also the person who has the custody of assets involved in those transactions. Refer to recommendation mentioned in point no 6 of Section III. It was further explained that being a small project all the functions are being performed by the same person.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Significant	6	As informed functions of ordering, receiving, accounting for and paying for goods and services are only partially segregated. Mr. Yao Ven is the person in charge for performing all the functions however the documents are approved by the Project Manager/ Project Coordinator. Refer to recommendation mentioned in point no 6 of Section III. It was further explained that since it is a small project all the functions are being performed by a single person
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	1	The bank reconciliation statements are prepared by Admin & finance Officer and are approved by Project Manager.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
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	Budgets are prepared for all significant activities in sufficient detail to provide a meaningful tool which can be used to monitor the subsequent performance.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	Expenditures are compared with budget in the Statement of Expenditure (SOE) with FACE form for UNDP funds. Variations of expenditure with budget are provided in SOE
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	No budget amendment has been required for the UNDP Project.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	Budget is approved by the Project Manager/Project Coordinator and then forwarded to the funding agencies for final approval.
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 	Yes			Low	1	Purchase order is issued after selection of the appropriate vendor. Details of the goods receiving is noted by on the face of invoice/ challan itself by the receiver of the goods. Copies of purchase orders and receiving reports to be obtained before payments. Admin & Finance Officer compares the quantities, prices and terms of invoices with those indicated on the purchase order and with records of goods actually received and ensure the accuracy of transaction before disbursing the payment.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
<p>actually received?</p> <ul style="list-style-type: none"> • Checking the accuracy of calculations? 						
<p>4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?</p>	Yes			Low	1	For the donor agencies project, below \$5000 are approved by the project manager and above \$5000 are approved by the project coordinator.
<p>4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?</p>	Yes			Low	1	Invoices are stamped 'PAID', dated, reviewed and approved, and clearly marked for account code assignment.
<p>4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?</p>	Yes			Moderate	4	Controls for the preparation of payroll are well in place in the personnel division. However, no attendance and time sheets are maintained. Only leave application form is taken from the person requesting leave. Refer to recommendation mentioned in point no 7 of Section III Changes in the payroll (if any), are authorized for the project staff by the project manager.
<p>4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?</p>	Yes			Low	1	All staff working on the project are 100% dedicated to a single project hence no cost allocation required.
<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	For those expenses/ payments which do not originate from the invoices are controlled as per the travel policy of MAFF PSU.
4e. Policies and procedures						
<p>4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for</p>	Yes			Low	1	MAFF PSU follows the cash basis accounting.

Subject area (key questions in bold)	Yes	No	N/A	Risk Asses ment	Risk points	Remarks/ comments
compliance with the agency's requirement?						
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	MAFF PSU has its own documented Administration, Finance , Procurement and Travel manual which comprises of adequate policies and procedures to guide activities. As informed, 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	MAFF PSU has a system in place for dual signatories for all the bank accounts maintained by it. A separate bank account is maintained for UN agencies fund and authorized signatories for the same are any two out of the four detailed below <ul style="list-style-type: none"> • Project Manager • Project Director Approval from Management of the MAFF PSU is taken to add new signatories. Also, timely updates made when signatories depart.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	MAFF PSU is maintaining up-to-date cash book in their accounting software for recording all 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	-	MAFF PSU is not participating in Micro finance advances.
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant,	Yes			Low	1	Banks are reconciled on monthly basis. Bank reconciliation statement is approved by Project Manager and prepared by Admin & Finance Officer. No unusual and aged reconciling items noticed.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
unusual and aged reconciling items?						
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		No		Low	1	Substantial expenditure is made by Cheque. Only daily petty expenditure below USD 100 is done by cash.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	MAFF PSU carry out a monthly petty cash reconciliation
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	Cash and checks are kept in safe under the custody of Admin & finance Officer. No online banking system maintained by MAFF PSU.
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	-	No electronic payments are done by MAFF PSU
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?	Yes			Low	1	MAFF PSU ensures that the expenditures of the other offices/entities are in compliance with the work plan through monthly report being sent by 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			Moderate	2	Internal Auditor group has been created by MAFF. MAFF PSU did not have sufficient information about independence of the auditor. As informed the internal audit report is submitted to the minister and is the responsibility of the director of the internal audit.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
						Refer to recommendation 8 mentioned in section III.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes			Moderate	2	Internal Auditor group has been created by MAFF. MAFF PSU did not have sufficient information about the qualification and experience requirements for internal audit department staff. Refer to recommendation 8 mentioned in section III.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	Yes			Low	1	As informed, the activities financed by donor agencies are included in the internal auditor's work programme.
4.32 Does the IP act on the internal auditor's recommendations?	Yes			Significant	3	As informed Internal audit has been conducted however the report has not been shared with the assessment team. Refer to recommendation 8 mentioned in section III.
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	30					
Total number of applicable key questions in subject area:	19					
Total number of risk points:	47					
Risk score	1.567					
Area risk rating	Low					
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			Moderate	2	There is system of adequate safeguard to protect assets and stocks from fraud, waste and abuse as MAFF PSU has maintained Fixed Asset Register (FAR). Unique identification number is attached on all the assets purchased from government and donor agencies funds and the same is recorded in the asset register.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
						However, Administration manual does not provide for Asset Management policy. Refer to recommendation 9 mentioned in section III.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	Subsidiary records of fixed assets are kept up to date and reconciled with control accounts.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Moderate	2	As informed physical verification of fixed assets are conducted annually by Department of Accounting and Finance (DAPF). However the report for the same has not been shared with the assessment team. Refer to recommendation 10 mentioned in section III.
5.4 Are fixed assets and inventory adequately covered by insurance policies?		No		Moderate	2	As informed all the assets of IP except vehicles are not insured. Refer to recommendation 11 mentioned in section III
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	MAFF maintains a store house however the project staff did not have the requisite information for the same.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	Refer Point number 5.5 above
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	Refer Point number 5.5 above
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	Refer Point number 5.5 above

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	-	Refer Point number 5.5 above
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:	7					
Risk score	1.75					
Area risk rating	Moderate					
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	MAFF PSU has established the financial management reporting responsibilities for funding which specifies the reports to be prepared, the content of the report and the utility of the same. MAFF PSU is submitting reports to the donor in the forms and details as per their requirements.
6.2 Does the IP prepare overall financial statements?		No		Moderate	2	MAFF PSU does not prepare overall financial statements. Refer to recommendation mentioned in point no 12 of Section III. However, there is no requirement to prepare the consolidated financial statements of the organization by the Cambodian Law. Separate financial reports are prepared for the Government funded projects and donor agencies funded projects.
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in		No		Significant	6	As overall financial statements are not prepared, separate audit is conducted for the government and donor funded projects. As informed, National Audit Authority (NAA) has to conduct

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
accordance with appropriate national or international auditing standards? If so, please describe the auditor.						the audit for MAFF. However, MAFF PSU was not aware of any audit conducted by NAA till date for MAFF. Refer to recommendation mentioned in point no 13 of Section III. Also as informed by the IP, IP has no control over the coverage of audit conducted by NAA. In case of donor funded project, audit is conducted on the requirement of the donor agencies. Spot check report for the UNDP project has been shared with the assessment team.
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 were no any major issues related to ineligible involving donor funds reported in the audit reports of the MAFF PSU
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 were no any major accountability issues brought out in the audit reports of the past years.
6.6 Is the financial management system computerized?	Yes			Low	1	The financial management system of MAFF PSU is computerized on the accounting software "Peachtree" and "Sage 50"
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	The Financial Management System generates necessary financial reports including financial statements.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the	Yes			Low	1	MAFF PSU has appropriate safeguards in place to ensure the confidentiality, integrity and availability of the data. It has a system of individual login ID, password, licensed antivirus and back up of the financial data.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
financial data? E.g. password access controls; regular data back-up.						
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:	14					
Risk score	1.75					
Area risk rating	Low					
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	MAFF and MAFF PSU have a detailed procurement manual with detailed policies and procedures as to procurement process.
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	As informed, there has never been any exception to the purchase rule. However, in case required must be supported with proper justification and approved by the Project Coordinator.
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.		No		Low	1	MAFF PSU follows manual procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated,	Yes			Low	1	Procurement reports are prepared monthly and semi annually for MAFF PSU.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
frequency and review & approvers.						
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	MAFF PSU has a structured procurement committee with defined reporting lines that foster efficiency and accountability for the government funded project. In case of the donor funded project, procurement team is established based on the requirements. It consists of members from the procurement committee of MAFF.
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			Low	1	MAFF PSU procurement unit is well resourced with qualified staff who are trained and has vast experience of organizational sector 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.
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		Low	1	No significant recommendations related to procurement made by auditors in the prior audit reports and/or management letter.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	As informed MAFF PFU has 3 thresholds for authorizations. Below \$500 no quotation is required and purchases can be made directly through from the market. Above \$500 to \$2500 no advertisement is required however 3 quotations are required to be taken from the market. For any purchases above \$2500 proper advertisement is required in newspaper and website and there is a detailed procurement process.

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	MAFF PSU obtains sufficient approval from Project Manager and Project coordinator and Finance officer before signing the contract.
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	MAFF PSU has formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests with potential suppliers/procurement agents in the Procurement Manual. Further, declarations from the members of the procurement committee is taken before initiating the procurement.
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	MAFF PSU has well-defined process for sourcing suppliers. The 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.		No		High	4	MAFF PSU does not keep track of past performance of suppliers. Refer to recommendation mentioned in point no 14 of Section III.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so,	Yes			Low	1	MAFF PSU has a well-defined process in place to ensure a secure and transparent quotation and evaluation process. The invitation of the bid is made to through advertisement in newspaper and on website. All the quotations are received

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/ comments
describe the process.						through mails in sealed envelope. Vendor is selected by procurement committee after conducting 'Vendor Evaluation Process' on fair basis based on the price and the quality. Purchase order or contract is entered with the supplier, specifying the terms of delivery.
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	MAFF PSU awards the procurement contract to the qualified bidders, whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost and better quality based on the quotations / bids received and recommendation of the Purchase Committee.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	MAFF PSU does not have any major contracts except grants to external entities which have been covered above.
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 point 7.16 above
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 point 7.16 above
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	Refer point 7.16 above
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	Refer point 7.16 above

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Asses sment	Risk points	Remarks/ comments
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	0.9					
Area risk rating	Low					
Totals						
Total number of questions:	96					
Total number of applicable questions:	82					
Total number of applicable key questions:	36					
Total number of risk points:	119					
Total risk score	1.451					
Overall risk rating	Low					

Abbreviations and Acronyms

DSA	:	Daily Subsistence Allowance
DAPF	:	Department of Accounting & Finance
F.Y.	:	Financial Year
HACT	:	Harmonized Approach to Cash Transfers
HR	:	Human Resource
IP	:	Implementing Partner
M&E	:	Monitoring and Evaluation
N/A	:	Not Applicable
NAA	:	National Audit Authority
MAFF PSU	:	Ministry of Agriculture Forestry and Fisheries , Project support Unit
NGO	:	Non-Government Organizations
PC	:	Procurement Committee
PM	:	Project Manager
PO	:	Purchase Order
SOE	:	Statement of Expenditure
UN	:	United Nations
UNDP	:	United Nations Development Program
UNFPA	:	United Nations Population Fund
UNICEF	:	United Nations Children’s Fund
USD	:	United Stated Dollars

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