

TIGRAY NATIONAL REGIONAL STATE
ENDAMEKONI WOREDA FOREST SECTOR DEVELOPMENT PROJECT OFFICE

MICRO ASSESSMENT COMMISSIONED BY UNDP



A.W. THOMAS L.P.
CHARTERED CERTIFIED ACCOUNTANTS

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9 January 2018


UNDP
Ethiopia
Addis Ababa

Dear Sir,

Micro-Assessments
Tigray National Regional State
Endamekoni Woreda Forest Sector Development project Office

We were instructed by UNDP on 24 August 2017 to perform a micro assessment of Endamekoni Woreda Forest Sector Development project Office launched from 13 October 2017 to 16 October 2017 and we have reported as below.

Yours sincerely


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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 programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- A review of the IP legal status, governance structures and financial viability; 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 13th October 2017 to 16th October 2017 at the Office of Endamekoni Woreda Forest Sector Development project Office through discussion with management, observation and walk-through tests of transactions; we have assessed the Implementing Partner's and the related internal control system with emphasis on:

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

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



2. Summary of Risk Assessment Results

2.1. Executive summary of the overall risk assessment

In accordance with our agreement dated 24 August 2017 and the related TOR of the engagement, we have assessed the financial management capacity of the Endamekoni Woreda Forest Sector Development project Office. Following the assessment, the overall financial management risk of the implementing partner for cash transfers is classified as low. It is the conclusion of the assessment team that the implementing partner is capable of correctly recording all transactions and balances, the preparation of regular and reliable financial statements, safeguarding the entity's assets and it is subject to acceptable auditing arrangements.

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	
2. Program Management	Low	
3. Organizational structure and staffing	Low	
4. Accounting policies and procedures	Low	
5. Fixed Assets and Inventory	Low	
6. Financial Reporting and Monitoring	Moderate	UN Agency funded projects were not audited by an Independent Authorized auditors.
7. Procurement	Low	
Overall Risk Assessment	Low	

*High, Significant, Moderate, Low



3. Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation	Management Comment
1.	We were not provided with the external auditor's report to enable us to confirm whether the IP's financial performance is in line with United Nations, local and international requirements.	We recommend that the IP appoints external auditors to audit its financial statements. This will enable one to assess whether its financial performance is in line with United Nations, local and international requirements.	The audit report is available at national level.
2.	The IP has not developed policies for training accounting, finance and programme management staff.	We recommend that the IP should develop and implement a policy of training its employees.	This could be answered by the national level.
3.	The IP does not have a documented internal control framework.	We recommend that the IP should prepare and document an internal control frame work and distribute the documentation to internal audit and other relevant staff members. Moreover, the frame work should be regularly updated according to the economic substance and the compliance requirements of programs.	The project employees are governed by different government manuals and procedures since, it consists to the internal audit criteria and concept. And financial proclamations and procedures are available for further references.
4.	The project does not have a policy of stamping supporting documents for which payments have been made "PAID" to avoid duplication of payments.	We recommend that the project adopt a policy of stamping supporting documents for which payments have been made "PAID" to avoid duplication of payments due to fraud or error.	Accepted.



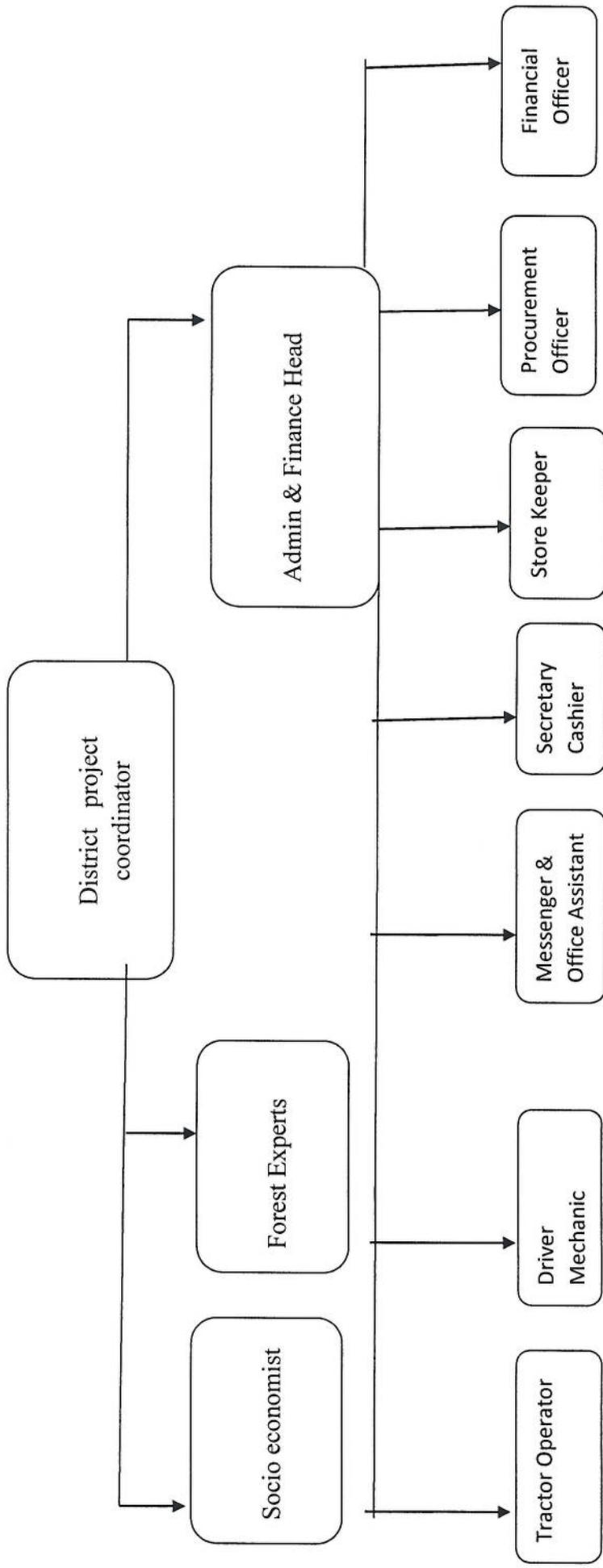
ANNEX I: IMPLEMENTING PARTNER IDENTIFICATION

Implementing partner name:	Endamekoni Woreda Forest Sector Development Project Office
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	
Implementing partner contact details (contact name, email address and telephone number):	Ato Aynalem Hagos (Mobile NO. (0914733327) Email (aynomhagos89@gmail.com)
Main programmes implemented with the applicable UN Agency/ies:	Environment protection and Rehabilitation
Key Official in charge of the UN Agency/ies' programme(s):	Ato Aynalem Hagos (Project Coordinator)
Programme location(s):	Tigray Regional state Endemekoni district
Location of records related to the UN Agency/ies' programme(s):	Endamekoni Woreda finance and economic coordination office.
Currency of records maintained:	Ethiopian Birr
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 modality /Direct payment
Intended start date of micro assessment:	13 October 2017
Number of days to be spent for visit to IP:	Working days 3
Any special requests to be considered during the micro assessment:	None



ANNEX II

Endamekoni Woreda Forest Sector Development Project Office



Annex III. List of Persons Met

No.	Name	Position	Job description
1.	Habtamu Hiluf	Account officer	Reporting of financial reports and approval of accounting records.
2.	Mebrehatu Haddis	Finance and economic coordination office Process Owner	Controlling, recording, reporting of the resources of the IP.
3.	Getachew	Human resource management	Staffing, assigning and record keeping.
4.	Getachew Gidey	Procurement finance and property Administration process owner.	Monitoring, contracting and reporting
5.	Aynalem Hagos	Project Coordinator	Coordinating , Assigning and reporting
6.	Adefrios Mammo	Forest Expert	Planning, implementation .Monitoring and reporting
7.	Getachew Abera	Forest Expert	Planning, implementation .Monitoring and reporting
8.	Zewde G/Medhin	Socio Economic Expert	planning, technical support and stake holder engagement, reporting.



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

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	The Ministry of Environment and forest wild life conservation established as per proclamation number 803/2011.so, Endemehoni project office is established under the umbrella of the ministry office.
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			Low	1	As confirmed by management, the IP has not received United Nation Funds in the past.
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 financial report is prepared as per the woreda plan and economic finance office reporting format and the narrative report prepared as per the implementing manual direction.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The steering committees and technical committees are performing regular meeting . technical committees mostly performs oversight function and reported to the steering committee each month and feed back is processed to take corrective measures over weak areas observed during sight function.
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?	Yes			Low	1	The implementation manual has a policy to work in collaboration with different external parties to address the project objectives. For example:- Agriculture, Water resource, and land use administration office directly participated on the implementation process and performs oversight function.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) <i>Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.</i>	Yes			Low	1	The IP'S financial statement was not incorporated with fixed asset record at historical conventional value. Since, it contains only current assets and expenditure for the prior three fiscal years. The IP's accounting policy for fixed asset is cash base. There is only current asset, current liability and capital.
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	As per the project office feed back dalliances were not observed.
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>	Yes			Low	1	As per the IP feed back there is no observed dispute between vendors and contractors
1.9 Does the IP have an anti-fraud and corruption policy?	No			Moderate	2	The IP do not have anti fraud and corruption policy and awareness has not been created on employees regarding fraud and corruption.
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	No			Moderate	2	The IP do not have anti fraud and corruption office or focal person assigned to advise employees and to create awareness on corruption issue and the reporting lines and procedures.
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	There are no risks which are not covered with this questionnaire.
Total number of questions in subject area:	11					
Total number of applicable questions in subject area:	11					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	13					
Risk score	1.18182					
Area risk rating	Low					



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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	The programme and the Plan has initially developed during the inception of the project and check lists and work planning are derived from it . Additionally the PIM has incorporated detail policies and procedures to attain the objective of the project in a given time frame work.
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	The work plan is prepared by forest experts to ensure achievable results with in a given period of time and financial resources.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	The Project office forest experts has identified potential risks and established mitigation procedure. For example:- 1)shortage of rainfall 2) disease and paste 3)free grazing are identified risks and the mechanism to mitigate them has been established.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	1	The IP has programme implementation manual to under take the monitoring and performing the monitoring and evaluation procedure.
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	Components of monitoring tools (Indicators, baselines and targets) are applied consistently by forest and technical experts. Moreover, they have included these procedures on their program collectively and used to monitor the achievement of the program 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	The IP will carry out on-site project visit and they are documented.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	The IP monitor the achievements of projects through report from the implementing sector offices.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Low	1	There are a collections of experts and representatives from each sector offices of the woreda . Their task is to report the result of the evaluation to the woreda council for further discussion and decision actions that should be taken.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	8					
Risk score	1					
Area risk rating	Low					



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	There is a guide line which is stated to adopt the policy of staffing and assigning of employees by the public service human resource and development administration.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	There is clear and defined job description which is introduced for all permanent and New employees. Specially job description is announced on public media during the course of announcement for vacant position.
3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	Yes			Low	1	The Organizational structure of the finance and the programme management has adequately designed in out sourcing capable and efficient employees with regard their CV's. Extensive and critical screening processes are followed to identify competent employees.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Low	1	As per the IP feed back the accounting/finance function was adequately staffed to carry out it's duties and responsibilities properly.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	No			Moderate	2	The IP do not have a pre planned training schedule prepared to address training needs and a formal assessment has not been undertaken to identify the training needs either. However, different types of training is provided by Zonal and regional finance offices on a quarterly bases.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	The back ground verification process is performed by head office level.
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?	No			Low	1	There is not significant staff turn over.
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.	No			Moderate	2	There is a manual which is prepared and send by the regional audit department regarding each section and we have seen the manual. But, there is no frame work which is distributed and made available to each employees.
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					



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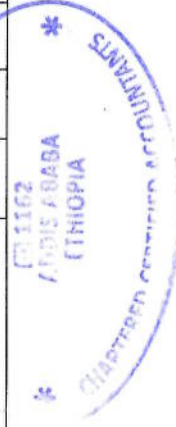
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Low	1	The project financial recordings and reporting are carried out using IBEX computer soft ware. The soft ware is able to accommodate and to facilitate recordings and to generate the required reports.
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 budget is allocated at federal level send via the regional coordination office. The steering committees and the woreda council will allocate the budget in to activities. The woreda finance and economics coordination office will assign each costs with the corresponding ledger accounts and encoded in to IBEX software programme.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	Each and Every document is maintained and controlled by document keeping section. And there is assigned employee to keep documents of the government and the project office.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	Each woreda capital and recurrent budget is initially entered in to the computer Ibx software according to an account number which is referenced with each budget activities. For any record that has gone over from the assigned budget the soft ware will show the deviation with negative balance. More over the account officer will perform monthly reconciliation of the manual record with the soft ware to check its correctness. the project office performs the records of income and expenditure in to IBEX soft ware and will be encoded as per current government recording procedure.
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	Authorization is performed by finance and procurement coordinator process owner. recording of the transaction is performed by the project account officer. The project finance and economic coordination office asset management officer will control both the finance and the project office.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	The order comes from the responsible budgeted section head and issued to the project coordinator. Finally submitted to the woreda finance office will authorized based on that order the transaction will be executed.
Are bank reconciliations prepared by individuals other than those who make approve payments.	Yes			Low	1	bank reconciliation is prepared by the finance officer and approved by the finance process owner.
Via						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	budget is prepared at national level and used to monitor subsequent performances of the project operation. Sine, they are designed as a bench mark to measure achievements of the project.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	No			Low	1	budget comparison is performed on monthly bases.



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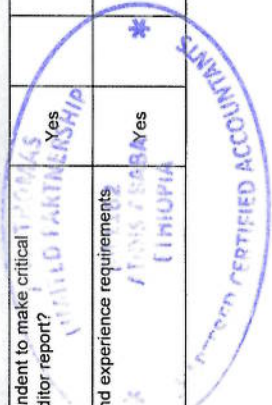
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4.10 Is prior approval sought for budget amendments in a timely way?	No			Low	1	There is no budget amendment once it is released from the region .but, there might be a possibilities to shift one activity to another activity with in the same out put of the project office .but, of the government budget amendment is under taken with in each quarter starting from the second quarter is reshuffled from out to out put. With in the same categories (capital, current).
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	The government budget is approved by the house of people representatives of the woreda. But, the project office budget is approves at head office level and the woreda steering committee.
4d. Payments						
4.12 Do invoice processing procedures provide for: - Copies of purchase orders and receiving reports to be obtained directly from issuing departments? - Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? - Checking the accuracy of calculations?	Yes			Low	1	The checking process is performed by the respective expert regarding quality and the quantity of purchased items and then, the store keeper will received after checking the quantities and the price in relation to the invoices. Finally the accountant will make the checking process for recording and to effect the final payment to the vendor.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	The government senior accountant will approved 5,000 and above up to 1,000,000 by the woreda finance and economic coordination office process owner, above 1000,000 the the woreda finance head administration office made the approval.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	No			High	8	The project office do not have paid stamp.
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 project officer and approved the project coordination officer and authorized by the finance process owner.
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Low	1	The project coordinator will send the list of employees with respective remuneration and the days spend from the month is properly included on the payroll sheet. The employee is controlled by the daily assignment(check list) which is supervised by the project coordinator.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	The project office peridorm rate is stated on the PIM and paid accordingly. Moreover, payment will not be effected unless field report is submitted and the project coordinator approval is on place. Finally, the woreda plan and finance office process owner approves the payment to be effected.
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Low	1	The project office uses the government policy of Modified cash basis of Accounting.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	The IP has accounting, Procurement and human resource manual to operate accordingly. More over, there is written job description given during the course of recruitment to carry out the daily Job.



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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
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	signatories are 3 (2 of them will be active to undertake the signatory process.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	The project petty cash is maintained and administered by the woreda plan and finance office and we have seen that the proper procedure is followed on maintaining cash book.
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	-	
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	bank statements are processed on monthly bases and reconciled with the IBEX ledger and no un reconciled aged balances was observed, and also the soft ware can show the unreconciled balance easily as to be taken corrective measure.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	Yes			Low	1	All major payments are effected through cheques. As per the IP feed back paying of substantial cash payments were not experienced.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	There is not a rend holding petty cash. But, for the government petty cash limit is up to 30,000 birr, and the ceiling to pay in cash 1000 birr. The senior accountant will perform surprise petty cash count and checked the respective expense document and certified the correctness.
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	The main cashier has a file cabinet to control the cash and the cheque will be controlled by the accountant in file cabinet (special place),and they are protected from an authorized person.
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	-	
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	-	
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	As per the internal audit section feed back the internal audit department is conducting an audit review independently and reported to the woreda finance office.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes	*		Low	1	The requirement is as per civil service guide line to out source internal auditors in terms of qualification and work experiences.



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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	Yes			Low	1	As per the internal control department feed back the project offices financial report action plan and source documents will be submitted every quarter and feed back is released. Moreover, the Tigray regional government external auditors will perform an audit and release feed back to the respective party, but, we have not seen any documented written evidence to ascertain whether the audit is conducted or not.
4.32 Does the IP act on the internal auditor's recommendations?	Yes			Low	1	As per the internal audit control department feed back recommendation is given to the auditee and will be monitored until it is implemented by the auditee.
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:	36					
Risk score	1.24138					
Area risk rating	Low					

5. Fixed Assets and Inventory

5a. Safeguards over assets	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	There is fixed asset register and identification number is given for each fixed asset items. Moreover, user's cards are maintained to locate the where about of fixed assets with the respective names of employees.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	Annual count is taken on July 7th and reconciled with fixed asset register.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	There is periodic fixed asset count. random physical inspection is performed at interval.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Low	1	There is insurance premium coverage for 1 vehicles including third party.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	1	We have visited ware houses to verify the physical security of fixed and none fixed asset's items.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	1	Inventories are properly stored and problem was not observed in maintaining the properties of the I.



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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	Yes			Low	1	There are bin and stock cards used to control the movements of the fixed asset items.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Low	1	The IP has store keeper who receives and issues inventories. Recording keeping and updating of inventories is done by another person.
5.9 Are regular physical counts of inventory carried out?	Yes			Low	1	Annual count will be performed.
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	9					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	9					
Risk score	1					
Area risk rating	Low					

6. Financial Reporting and Monitoring

6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	The IP performs monthly financial report and reported to the regional red plus office . The report will contain both balance sheet and statements of income and expenditure including bank reconciliation.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	The IBEX soft ware produces financial statement for both balance sheet and statement of income and expenditure on the monthly bases for regular and project office . Bank reconciliation is prepared manually.
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			Moderate	4	As per the project office feedback an audit is conducted by government auditors. However, as we have not seen the audit reports, we could not verify this.
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			Moderate	6	As we have not seen the audit report, we could not determine whether there are any significant issues and ineligible expenditures reported in the audit report. However, management has indicated that no significant issues are reported.
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	As we have not seen audit reports, we could not determine whether there are any significant issues reported in the prior years and not implemented.



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6.6 Is the financial management system computerized?	Yes			Low	1	The project offices uses IBEX soft ware.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	the IBEX soft ware generates both the balance sheet and statement of income and expenditure.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? E.g. password access controls, regular data back-up.	Yes			Low	1	Computerized information are locked in pass word and financial documents are properly archived.
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:	17					
Risk score	2.125					
Area risk rating	Moderate					

7. Procurement and Contract Administration

a. Procurement	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	There is manual prepared at the federal level and forwarded through the regional government in it procedures and guidelines are properly described to direct the procedure of procurement.
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	There is not bulk purchase made at the project office. The measure expense is wage/daily labourer expense.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receiving of goods? Provide a description of the procurement system.	No			Low	1	There is not the facility of using computerized(online) purchasing system. Where as there are segregation of duties such as Initiating purchase orders, receiving and approval with manual system.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	procurement report is generated and reported on each quarter to zone and approved by the finance and procurement office vice process owner.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	There are 4 case teams and reported to the finance and procurement process owner.
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	Four case teams have BA degree. Training is given at the regional level once in a year and no other training has been conducted conversant with world bank, European union, and Un standards.
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?				Low	1	There is no special issue that addresses significant recommendation.



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	The finance and procurement vice process owner will approve up to 1,000,000 and above the head of finance and economic coordination office will approve.
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 manual and the purchase directives of Tigre regional government has stated explicitly transparent and ethical procurement procedure to be followed to avoid ineligibility.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	The woreda finance and economic coordination office will approve the contract through the process owners and vice head as per the given authorization by law.
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	The woreda finance office mostly was not faced such experiences. But, if it happens the steering committee chaired by the woreda administration head will mediate the cause.
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	potential suppliers are out sourced through collection proforma and issuing bid using other mechanisms to select the wright supplier and announced through public media for procurement above 200,000 birr.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	Suppliers past performance will be documented at woreda finance office level. the regional BOFED Office will notify those suppliers with less performances through a formal letter.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	The process is governed as per the Tigre regional government directives and run by a committee formed to evaluate and to select the wright supplier in terms of quantity, quality, price, time of delivery and the reliability of the supplier will be justified.
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	Technical experts From all sector offices will be participating during the course of an agreement made with contractors and the minutes will be documented.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	The IP did not manage major contracts.
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment			N/A	N/A	-	
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	15					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	15					
Risk score	1					
Area risk rating	Low					

Totals

Total number of questions:	96
Total number of applicable questions:	88
Total number of applicable key questions:	38
Total number of risk points:	108
Total risk score	1.22727
Overall risk rating	Low

