

UNDP, Pakistan

Report on micro assessment of
Mountain and Glacier
Protection Organization
(MGPO)

17 January 2018

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1.1 Background, scope, methodology

Background

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

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

Scope

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

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

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

Methodology

We performed the micro-assessment from 27-December-2017 to 29-December-2017 at Mountain and Glacier Protection Organization 3rd Floor, 14 Feroz Center-Block-D, Fazl-e-Haq Road, Blue Area, Islamabad, Pakistan.

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.

1.2 Summary of risk assessment results

Sr. no.	Subject area	Risk assessment	Brief description of the issues
1	Implementing Partner	Moderate	<ul style="list-style-type: none"> a) No policy regarding monitoring and reporting mechanism to track use of funds for activities to be implemented by communities / regional offices. b) Legal case pending against MGPO in Peshawar High Court. c) No arrangements to address foreign currency exchange risk. d) Certain documents not provided for our review.
2	Programme Management	Moderate	<ul style="list-style-type: none"> a) MGPO has not developed policies and procedures relating to Program development and Monitoring and Evaluation. b) No evidence provided regarding the identification of potential risks for programme delivery and mechanism to mitigate them. c) No Monitoring and Evaluation (M&E) department / dedicated staff to perform M&E of the programme activities.
3	Organizational structure and staffing	Significant	<ul style="list-style-type: none"> a) Deficiencies noted in Human Resource Manual. b) No training plans / training conducted for Finance department staff. c) Finance department is not adequately staffed. d) Certain documents / evidence were not provided for our review. e) Staff turnover ratio is more than 20%. f) Absence of Internal control framework consistent with international standards. g) Educational documents and advertisements details missing in personal files of employees.
4	Accounting policies and procedures	Moderate	<ul style="list-style-type: none"> a) No standard practice to reconcile general ledger and subsidiary ledger. b) Lack of segregation of duties regarding bank reconciliation, petty cash reconciliation, making and approving payments. c) Reasons for variances between budgeted and actual expenditures not provided. d) Invoices are not stamped "PAID". e) MGPO has not established an

Sr. no.	Subject area	Risk assessment	Brief description of the issues
			independent internal audit function.
5	Fixed Assets and Inventory	Moderate	<ul style="list-style-type: none"> a) No evidence provided regarding the physical verification performed by the Finance Personnel. b) No insurance cover for assets except vehicles
6	Financial Reporting and Monitoring	Low	There are issues highlighted by the external auditors in Management Letter issued to the audited financial statements for the year ended 30 June 2016.
7	Procurement	Low	<ul style="list-style-type: none"> a) Deficiencies noted in Procurement Policy. b) Procurement department is not adequately staffed. c) Absence of supplier list/ database, supplier performance review, procurement plan and procurement reports
Overall risk assessment			Moderate

1.3 Detailed internal control findings and recommendations

Ref*	Issue	Recommendation
Subject Area: Implementing Partner		
1.5	During our review, we observed that there are no policy and procedures established by the management of MGPO regarding necessary reporting and monitoring mechanism to track use of funds for activities to be implemented by communities, regional offices and/or NGOs.	We recommend that there shall be comprehensive policies and procedures in place for all the activities of the organization. Also, the policies and procedures shall specify the standard templates, guidance and framework for reporting. Further, these policies and procedures shall be approved by the appropriate authority.
1.8	<p>During our review, we noted that there is a case pending against the MGPO in Peshawar High Court. The details are given below:</p> <p>"In the year 2008, MGPO entered into a dispute with Ideas Web Pakistan (Contractor) in respect of non-payment of amounts invoiced by the contractor, owing to delays and faults in the construction of the Government High School (GHS) and a Basic Health Unit (BHU) in different locations. Both the parties agreed to contest the matter in Civil Court, Mansehra. The Civil Judge, decide the case against the MGPO, directing MGPO to make a payment of Rs. 8,468,284 and Rs. 17,975,728 in respect of the amounts invoiced against the construction of GHS and BHU respectively. Management of MGPO filed an appeal in Peshawar High Court, which is pending adjudication. Management is confident of a favourable outcome based on the advice of legal advisor and has recorded only amount of Rs. 11,464,118 as the amount payable to contractor in the Financial Statements, based on its assessment of work done in accordance with the contract."</p> <p>Details of Legal Advisor: Mr.Tahir Hussain Lughmani Advocate Supreme Court of Pakistan Legal Consultant, Lughmani Law Chamber</p>	We recommend that the management of MGPO shall resolve all the pending legal cases and ensure compliance to all laws and regulations including contract with suppliers / vendors.

Ref*	Issue	Recommendation
	Kashmir Road Mansehra	
1.11	During our review, we noted that MGPO manages some funds / assets in foreign currency. Such assets are subject to foreign exchange risk due to variation of exchange rates. During our review, we noted that management has not established formal systems and procedures to mitigate foreign exchange risk.	We recommend that management may consider foreign exchange risk management procedures such as arranging foreign currency forward covers / swaps with the banks or other similar policies and procedure to manage the foreign exchange risk.
1.5 4.28	During our review, we required certain documents from the management of MGPO, but we were not provided, the details of documents are given below: <ul style="list-style-type: none"> ➤ Regional offices details ➤ ToRs regarding Board of Directors and Procurement Committee. ➤ Monitoring reports of projects. 	We recommend that management of MGPO shall ensure and maintain adequate documentations and shall make available all the documents to the auditors / donors.
Subject Area: Programme Management		
2.1	During our review we were informed by the management that the MGPO does not have a detailed policy and procedures for programme management and M&E.	We recommend that the management of MGPO shall devise formal documentation of policy and procedures for the programmes management and M&E in order to improve the way in which projects are managed as they progress to completion and to increase visibility of projects.
2.3	During our review, we had discussion with management and noted that there is no documented evidence regarding the identification of potential risks for programme delivery and mechanism to mitigate them.	We recommend that the management of MGPO shall ensure that it maintains all the records related to its operations and shall make the records available to auditors / donors.
2.4 2.5 2.6	During our review we noted that there is no dedicated staff / department to perform Monitoring and Evaluation of the programmes implemented. Currently, monitoring is being performed by individuals who are also looking after the Human Resource activities.	We recommend that the MGPO shall set up a separate department or dedicate staff independent of the projects to perform Monitoring and Evaluation of these projects to ensure that the project timelines and baseline objectives are achieved.

Ref*	Issue	Recommendation
Subject Area: Organizational Structure and Staffing		
3.1	<p>During our review, we noted that the Human Resource section of Policies Manual does not contain some aspects such as:</p> <ul style="list-style-type: none"> ➤ Addition and deletion to payroll ➤ Payroll Process. ➤ Health Insurance policy ➤ Staff Training Policy ➤ Exist interview 	<p>We recommend that the management of MGPO shall devise formal documentation of policy and procedures for the Human Resources in order to improve the recruitment and selection process.</p>
3.5	<p>During our review, we were informed that finance and accounts staff has not received any formal training on material / UN guidelines related to cash transfers, specifically the HACT (Harmonized Approach for Cash Transfer) framework.</p>	<p>We recommend that the MGPO shall arrange trainings to familiarize its finance personnel with UN procedures related to cash transfers specifically the HACT (Harmonized Approach for Cash Transfer) framework.</p>
3.3	<p>During our review, we noted that Finance department is not adequately staffed and currently there is only one personnel working in the finance department, finance Officer. This results deficiencies in segregation of duties as Finance Officer is solely responsible for conflicting tasks including payroll, review of payment vouchers etc.</p>	<p>We recommend that MGPO shall reassess requirements of the finance department and accordingly, adequately staff its finance department with professional having appropriate qualification and experience.</p>
3.3 3.7	<p>During our review, we required certain documents from the management of MGPO, but we were not provided, the details of documents are given below:</p> <ul style="list-style-type: none"> ➤ CV / CVs of Finance department personnel ➤ Documented evidence regarding joiner / leavers and total staff strength for 2016-2017 and 2014-2015. 	<p>We recommend that management of MGPO shall ensure and maintain adequate documentations and shall make available all the documents to the auditors / donors.</p>
3.7	<p>During our review, we noted that the ratio of staff turnover is more than 20%. Details are given below:</p> <p>FY 2015-2016</p> <p>Number of leavers: 11</p> <p>Total number of staff: 27</p>	<p>We recommend that management shall formulate an effective strategy to retain its key employees for a longer period of time by providing them with adequate incentives. Further, MGPO shall assess the underlying reasons for high staff turnover and required remedial action.</p> <p>We also recommend that management of</p>

Ref*	Issue	Recommendation
	Staff turnover ratio: 40.7% Further, details of joiners/leavers for the year 2014-2015 and 2016-2017 were not provided for our review.	MGPO shall ensure and maintain adequate documentations and shall make available all the documents to the auditors / donors.
3.8	During our review, we noted that the MGPO does not have any internal control framework, which can guide the management of MGPO to maintain a strong internal control environment in the organization.	We recommend that MGPO shall develop an internal control framework for the organization. The framework shall provide guidance to management for identifying control weaknesses of the MGPO and similarly help in improving the internal control environment.
3.6	During our review, we noted that in 1 out of 6 personal files no educational documents were attached and in 5 out of 6 personal files advertisement details are not attached.	We recommend that the management of MGPO shall ensure that relevant documents from the applicant, interview assessment form and reference form / check from previous employer are attached to the relevant personnel file of the employees
Subject Area: Accounting Policies and Procedures		
4.4	During our review, we were informed that at the end of every month a reconciliation report is prepared between general ledger and subsidiary and the differences are noted and investigated till satisfactory disposal of the same. However, we noted that there is no standard practice of reconciliation between general ledger and subsidiary ledger.	We recommend that management shall establish a formal system and procedures to reconcile general ledger with subsidiary ledgers on a periodical basis. Any variance during this reconciliation must be investigated and shared with management for appropriate corrective actions. Outcome of the reconciliation exercise shall be documented and approved.
3.4 4.4 4.6 4.7 4.20 4.25	During our review, we noted lack of segregation regarding: Bank reconciliation statement and Petty cash reconciliation: Bank Reconciliation statements and Petty cash reconciliation statements both are prepared by Finance Officer, reviewed and approved by Chief Executive Officer. Further, Finance Officer is also responsible for maintaining, issuing and safe keeping of petty cash. Moreover, Finance Officer and Chief Executive Officer are responsible for making and approving payments and are also	We also recommend that proper segregation of duties shall be ensured for the conflicting activities (such as maintaining financial records and processing of payroll). This shall be achieved by delegating conflicting tasks to different personnel / departments.

Ref*	Issue	Recommendation
	authorized bank signatories.	
4.9	During our review, we noted that management conducts variance analysis between budgeted and actual expenditure. However, reasons for variances between budgeted and actual expenditures are not provided / documented.	We recommend that monthly variance analysis shall include reasons for variances as it will help the management to identify the variations and streamline the activities to overcome such variations to achieve all targets within the approved budget.
4.14	During our review, we noted that the MGPO does not follow the practice of stamping all the invoices as "PAID".	We recommend that all invoices shall be stamped as "PAID" to prevent duplicate payments.
4.29 4.30 4.31 4.32	During our review, we observed that MGPO has not established an internal audit department.	We recommend that an internal audit department shall be established in the entity to add value to the existing operations, control procedures and enhance the overall control environment of the IP. Further, the internal audit activity (if established) shall directly report functionally to governing body (i.e. BoG) to make sure its integrity, objectivity and independence may not be prejudice.
Subject Area: Fixed Assets and Inventory		
5.2 5.3	During our review, we were informed that physical verification of fixed assets are performed by the Finance personnel at least annually. However, we were not provided with any evidence to verify the same.	We recommend that the management of MGPO shall maintain adequate documents regarding physical verification of fixed assets and shall make the evidence available to the auditors / donors.
5.4	During our review, we noted that there is no insurance cover for any asset of MGPO except vehicles.	We recommend that management shall obtain insurance cover for all its significant assets to avoid the risk of any major losses in case of man-made or natural disaster.
Subject Area: Financial Reporting and Monitoring		
6.8	During our review, we noted that auditors of MGPO have highlighted some issues in the management letter / board letter, which include the following: <ul style="list-style-type: none"> ➤ Registration of MGPO under the act with EOBI ➤ Tax exemption certificate renewal 	We recommend that MGPO shall resolve all the issues identified by the external auditors on timely basis to ensure compliance with the approved accounting standards as applicable in Pakistan.

Ref*	Issue	Recommendation
Subject Area: Procurement and Contract Administration		
7.9 7.11	During our review, we observed that MGPO has defined policies manual which include section related to the procurement procedures. However, the procurement section is not detailed enough to cover all aspects of procurement.	We recommend that the IP shall established the procurement manual which is detailed enough to cover all aspects of procurement such as exception to procurement policy for prior check of any conflict of interest with suppliers and method of its resolution shall also be established.
7.5	During our review, we noted that procurement department is not adequately staffed and currently there is only one personnel working in the procurement department, Procurement and Admin Officer. This results deficiencies in segregation of duties as Admin and Procurement Officer is solely responsible for conflicting tasks including administration, procurement etc.	We recommend that MGPO shall reassess requirements of the procurement department and accordingly, adequately staff its procurement department with professional having appropriate qualification and experience.
7.4 7.13	<p>During our review of MGPO's procurement process, we noted the following deficiencies:</p> <ul style="list-style-type: none"> ➤ No practice of vendor pre-qualification; ➤ No practice of preparing procurement reports ➤ No formal procurement plan is prepared by the IP, ➤ No practice of evaluating past performance of suppliers. 	<p>We recommend that the MGPO shall work to improve its procurement process by following the below mentioned practices:</p> <ul style="list-style-type: none"> ➤ Practice of vendor pre-qualification; ➤ Practice of preparing procurement reports ➤ Formal procurement plan prepared by the IP ➤ Practice of evaluating past performance of suppliers.

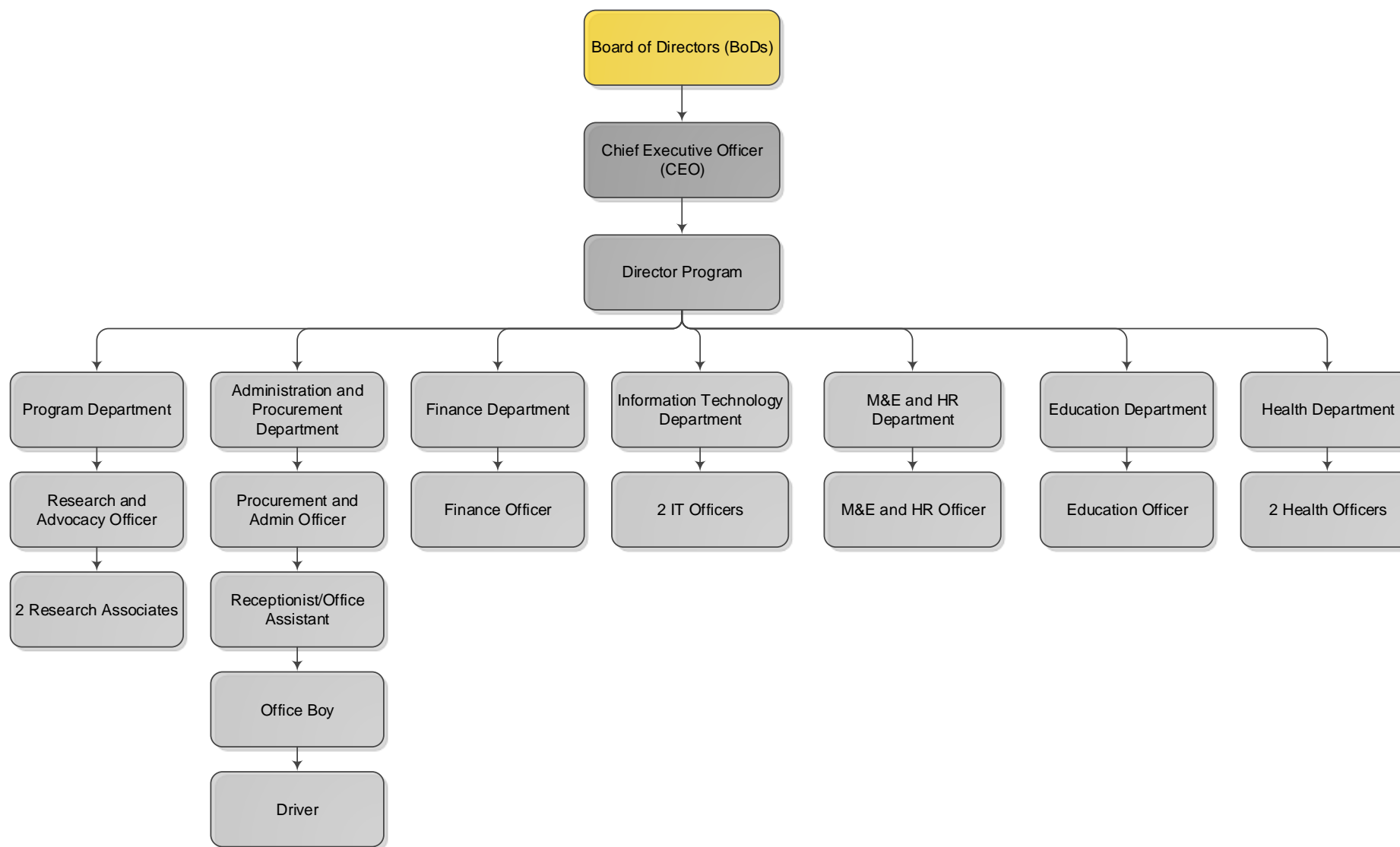
1.4 Report annexure

Annexure I - IP and Programme Information

Government Counterpart name	Mountain and Glacier Protection Organization (MGPO)		
Government Counterpart code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A		
Implementing Partner contact details (contact name, email address and telephone number)	Mr. Muhammad Maqbool Finance Officer	Phone: 051 8311038-39	Email:
Main programmes implemented with the applicable UN Agency/ies	<p>MGPO has implemented various projects in multiple sectors. Following is the list of programmes under which MGPO has been operating with various donor agencies including UN:</p> <ul style="list-style-type: none"> ▶ Civil society coalition for Climate Change ▶ Integrated Water Resource Management for Food Security Safe Drinking Water ▶ Food Security and Climate Change Adaptation ▶ Socio Economic & Environmental Development 		
Key Official in charge of the UN Agency/ies' programme(s)	Ms. Aisha Khan (Chief Executive Officer)		
Programme location(s)	N/A		
Location of records related to the UN Agency/ies' programme(s)	Head Office Islamabad		
Currency of records maintained	PKR		
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$)	<p>Based on our review of list of projects, we noted that since establishment MGPO Pakistan has received above US\$ 500,000 from UN agencies and other major donors. Details of the funds received is as:</p> <p>European Union; 43 Million</p> <p>UNDP; 15.6 Million</p> <p>USAID; 12 Million</p> <p>DAP Australia; 3.4 Million</p> <p>PMU Italy; 40 Million</p>		
Cash transfer modality/ies used by the UN agency/ies to the IP	Direct Bank Transfer		
Intended start date of micro	27 December 2017		

assessment	
Number of days to be spent for visit to IP	3 days
Any special requests to be considered during the micro assessment	N/A

Annexure II - Organisational chart of the implementing partner



Annexure III - List of persons met

Name	Unit/Organization	Position
Mr. Muhammad Maqbool	MGPO	Finance Officer
Ms. Rabia Ghafur	MGPO	M&E and HR Officer
Mr. Haroon Ashraf	MGPO	Admin and Procurement Officer

Annexure IV

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Government Counterpart						
1.1 Is the CSO legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Moderate	4	As per our review of Certificate of Registration, Mountain and Glacier Protection Organization (MGPO) is registered under the voluntary social welfare agencies (Registration and Control) Ordinance 1961 (XLV of 1961) having Registration No. JC-16/(20)2001 Gilgit dated 18/8/01. Further, as per review MGPO profile we noted that MGPO is also registered with the following authorities: - Pakistan Centre for Philanthropy No PCP-RI/2006/17 - National Tax No.2772166
1.2 If the CSO received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			Low	1	As per discussion and review of Management Accounts, we noted that the MGPO has received more than USD 500,000 from various donors including 1) Mari Petroleum Company 2) Pakistan Poverty Alleviation Fund 3) Direct Aid Program (DAP), Australia 4) Heinrich Boll Stiftung Pakistan (HBS) 5) European Union 6) USAID Small Grants and Ambassador's Fund Program (SGAFP) 7) Embassy of France 8) UNDP - Coca Cola 9) PMU Italy and there were no issues reported in managing the resources in the past. Further, as per our review of the MGPO audited financial statements for the FY 2014, 2015 and 2016 and based on our discussion, we noted that there were no significant issues reported in receiving funds from donors in the past.
1.3 Does the CSO have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	As per Section 12.1 of Finance Manual, Financial Statements of the organization will be audited on annual basis and the auditors will be appointed in annual general meeting in accordance with the respective statutory legislation. Further, based on our review of the audited Financial Statements for the FY 2016, FY 2015 and FY 2014, we noted that MGPO has prepared the financial statements in accordance with Applicable Financial Reporting Framework. These financial statements have been audited annually by an approved audit firm as detailed below: - Audit for the year ended 30 June 2014: Grand Thornton Anjum Rahman Chartered Accountants. - Audit for the year ended 30 June 2015: Grand Thornton Anjum Rahman Chartered Accountants. - Audit for the year ended 30 June 2016: EY Ford Rhode
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Moderate	2	As per our review of Annual report (2016) and discussion with management, we noted that there is a Board of Directors who meet on annual basis and provide oversight in financial and operational matters. Further, based on our review of meeting minutes dated November-2016, June-2016 and January-2016, we noted that BoDs also meet on need basis (when required) and provide oversight in financial and operational matters and include the following members: - Mrs. Malika Haneef - Dr. Anjum Riyazul Haque - Mrs. Shahida Azfar - Dr. Shaukat Mahmood Malik - Maj. General (R) Mahmud Durani - Mr. Shafat Kakakhel
1.5 If any other offices/ external entities participate in implementation, does the CSO have policies and process to ensure appropriate oversight and monitoring of implementation?		No		Significant	6	As per management, the MGPO does not have policies and procedures with regard to necessary reporting and monitoring mechanism to track use funds for activities to be implemented by communities, regional offices/NGOs. However, we were not provided details of regional offices and external offices participate in implementation.
1.6 Does the CSO show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.	Yes			Low	1	As per our review of the audited financial statements of FY 2014, 2015 and 2016 the ratio of total assets to total liabilities is as follows: For Financial year ending 30 June 2014: Total Assets: PKR 50,766,020 Total Liabilities: PKR 19,213,558 Ratio: 2.64 Income for the year ending 30 June 2014: PKR 121,087,280 Expenditure for the year ending 30 June 2014: PKR 134,604,272 Net surplus/(deficit): PKR (13,516,992) For Financial year ending 30 June 2015: Total Assets: PKR 26,884,639 Total Liabilities: PKR 17,264,477 Ratio: 1.56 Income for the year ending 30 June 2015: PKR 76,083,557 Expenditure for the year ending 30 June 2015: PKR 95,654,858 Net (deficit)/surplus: PKR (19,571,301) For Financial year ending 30 June 2016: Total Assets: PKR 19,587,755 Total Liabilities: PKR 13,028,271 Ratio: 1.5 Income for the year ending 30 June 2016: PKR 19,440,684 Expenditure for the year ending 30 June 2016: PKR 22,556,821 Net surplus/(deficit): PKR (3,116,137)
1.7 Can the CSO 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 our discussion with the management, we were informed that there has been no problem in the past in receiving funds from various donors including 1) Mari Petroleum Company 2) Pakistan Poverty Alleviation Fund 3) Direct Aid Program (DAP), Australia 4) Heinrich Boll Stiftung Pakistan (HBS) 5) Delegation of the European Union 6) USAID Small Grants and Ambassador's Fund Program (SGAFP) 7) Embassy of France 8) UNDP - Coca Cola A review of the MGPO List of Projects showed that MGPO has received funds from donor agencies, however we did not come across any instances which suggested delays in the receipt of these funds. Further, we were informed that the MGPO has not received any funds / grants from Government of Pakistan.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1.8 Does the CSO have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? If so, provide details and actions taken by the CSO to resolve the legal action.		No		High	4	As per our discussion and review of Audited Financial Statements for the year ended 30 June 2016 we noted that: "In the year 2008, MGPO entered into a dispute with Ideas Web Pakistan (Contractor) in respect of non-payment of amounts invoiced by the contractor, owing to delays and faults in the construction of the Government High School (GHS) and a Basic Health Unit (BHU) in different locations. Both the parties agreed to contest the matter in Civil Court, Mansehra. The Civil Judge, decide the case against the MGPO, directing MGPO to make a payment of Rs. 8,468,284 and Rs. 17,975,728 in respect of the amounts invoiced against the construction of GHS and BHU respectively. Management of MGPO filed an appeal in Peshawar High Court, which is pending adjudication. Management is confident of a favorable outcome based on the advice of legal advisor and has recorded only amount of Rs. 11,464,118 as the amount payable to contractor in the Financial Statements, based on its assessment of work done in accordance with the contract." Details of Legal Advisor of MGPO are given below: Mr. Tahir Hussain Lughmani Advocate Supreme Court of Pakistan Legal Consultant, Lughmani Law Chamber Kashmir Road Mansehra
1.9 Does the CSO have an anti-fraud and corruption policy?	Yes			Low	1	As per our discussion with management and review of Policies Manual (Section-31, Misuse), we noted that the MGPO has defined policy relating to misuse of MGPO assets. We were further informed by the management that training on code of conduct is provided to all the new staff members at the orientation on time of their joining the organization.
1.10 Has the CSO 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 CSO have a policy against retaliation relating to such reporting?	Yes			Low	1	As per our discussion with management and review of Policies Manual (Section-34, Whistle Blowing Policy) we noted that employees, beneficiaries and other recipient of the MGPO shall report to their line managers if they suspect any fraud, waste or misuse of Agency resources or property. Further, we were informed by the management that MGPO has informally advised its employees as to whom they should report any suspected fraud or misappropriation of asset (usually to the respective line managers, or even to a board member if line manager is involved in fraud). However, the CSO has not conducted any training session about the manuals in which they formally advised employees, beneficiaries, and other recipients of whom to report if they suspect fraud, waste, or misuse of agency resources or property.
1.11 Does the CSO have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. Examples: foreign exchange risk; cash receipts.		No		High	4	As per our discussion and review of Bank accounts list, we noted that MGPO has one foreign currency bank account. 1) Bank: Alfalah Limited (Blue Area Branch Islamabad) Account Title: MGPO Account No.: 0035-1002488449 Currency: Dollar Further, we were informed by the management that transaction in foreign currency account are rare and there is no formal mechanism in place to mitigate the risk associated with movement in the exchange rate which are either borne by the donor or the IP through mutual agreement.
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:	26					
Risk score	2.36364					
Area risk rating	Moderate					
2. Programme Management						
2.1. Does the CSO 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?		No		Significant	3	As per our discussion with management, we were informed that MGPO has not developed policies and procedures related to the programme management. Further, we were informed that MGPO prepares a project development checklist, questionnaire and other work planning templates & schedules for project implementation. Also, MGPO prepares annual plan to the project activities. For donor funded projects, MGPO is also required to follow the agreements / work plans with the respective donors. However, we were not provided with any checklist, template, questionnaire to verify the same.
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	As per our review of Civil Society Coalition for Climate Change (CSCCC) Jan 17 to Dec 18, Environmental Mitigation and Monitoring Plan (EMMP) and discussion with the management, we noted that for donor funded projects, the work plan is prepared by field unit, reviewed by the respective Programme Manager (Currently by Senior Research Manager and Coordinator) and is approved by the Chief Executive Officer (CEO). Further, as per review of work plan, we noted that the work plan contain all key information such the activities to be carried out to achieve them, budget allocation for each activity and key performance measures.
2.3 Does the CSO identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Moderate	2	As per discussion with management, we were informed that for donor funded projects the potential risks are identified and analyzed before the submission of proposal of a project and mitigation strategies are developed which are approved by CEO or a Board member qualified enough to understand the risks and the mitigation measures. Further, we were informed by the management that the risks identified and analyzed during this phase are discussed with donors on a timely basis. However, we were not provided with any evidence to verify the same.
2.4 Does the CSO have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?		No		Significant	3	As per our discussion with management, we were informed that currently the MGPO does not have a separate M&E Department and there are no policies and procedures related to M&E. Further, we were informed that the project in charge is responsible for project monitoring and report to Project Manager (currently to Senior Research Manager and Coordinator) on monthly basis and also to the senior management of MGPO. However, we were not provided with any evidence/report to verify the same.
2.5 Does the CSO have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?		No		Significant	3	As per our review of Interim Report (CSCCC Project) shared by the programme staff and discussion with management, we noted that the MGPO does not have an established M&E framework for its programs. Although MGPO does not have a M&E framework, based on review of Interim Report, we noted that MGPO has relevant indicators, baselines and targets to monitor overall progress and achievement of program results. As mentioned in 2.4, these monitoring activities are performed by project in charge. The monitoring activities also require the involvement of CEO to understand the program and all of its related activities. However, there is no independent staff for monitoring instead HR Officer performs the function.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2.6 Does the CSO carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Moderate	4	As mentioned above the MGPO does not have a separate M&E Department / dedicated staff therefore independent monitoring of projects is not performed. As per our discussion with management, we were informed that for each project MGPO has developed monitoring plan in consultation with partner. Project in charge is monitoring the activities on a monthly basis and shares monitoring results with Programme Manager (currently Senior Research Manager and Coordinator). Further, Senior Management also visit the project and monitor the activities. However, currently there is no independent staff for M&E and HR Officer perform the M&E function and we were not provided with any monitoring plan to verify the same.
2.7 Does the CSO systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Moderate	2	MGPO does not have a process in place to collect and evaluate data on the achievements of project results. However, the program team conducts field visit of project sites and prepare progress reports based on individual project requirements. It is evidenced by the Project Completion Reports and also by the pictures taken of the relevant nature of work that are attached with the respective project report. Such reports are also approved by the CEO.
2.8 Is it evident that the CSO followed up on independent evaluation recommendations?			N/A	N/A	-	As per our discussion with management, we were informed that no Independent evaluations have been conducted.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	18					
Risk score	2.57					
Area risk rating	Moderate					
3. Organizational Structure and Staffing						
3.1 Are the CSO's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Moderate	4	The Policies Manual of MGPO has detailed documented HR policies and procedures related to recruitment, employment and personnel practices, details of which are given below: - Personnel Policy - Recruitment Policy - Termination/Relieving /Resignation Policy - Employee Code of Conduct - Gender Policy - Grievance Settlement Policy - Performance Evaluation Policy - Harassment Policy However, some aspects related to Human Resource Policy are missing such as: -Addition and deletion to payroll -Payroll Process. -Health Insurance policy -Staff Training Policy -Exist interview Further, as per review of Policies Manual, the contents of the HR Manual have been approved by: On behalf of Board by: - Ltd General (R) Nadeem Ahmed; Chairperson On behalf of MGPO: - Aisha Khan; Chief Executive Officer
3.2 Does the CSO have clearly defined job descriptions?	Yes			Low	1	As per review of the job description of the Procurement and Admin Officer, Senior Research Manager and Coordinator, we noted that MGPO has established detailed job descriptions for all its designations. These JDs are part of contract and is duly signed by all employees at the time of their joining.
3.3 Is organizational structure of finance&programme management departments & competency of staff, appropriate for complexity & scale of activities?Identify key staff&job titles, responsibilities, educational backgrounds & professional experience.		No		Significant	6	As per our discussion with management, we were informed that currently there is only one personnel in the Finance Department of MGPO to manage its financial aspects. The details of finance staff are: - Finance Officer As per discussion with the management, we were informed that considering the complexity of financial volume and transactions, the current appropriation of staff is adequate to cater to the financial needs of MGPO. However, we were not provided with CV of Finance Officer.
3.4 Is the CSO's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?		No		High	8	As per review of the organogram, we noted that there is only one Finance Officer in the finance department at MGPO. As per our discussion with the management, we were informed that, considering the level of financial volume and transactions, the current appropriation of staff is adequate. Further, based on review of sample vouchers (BPV-SGAF-47, BPV-CSCC-8,BPV_SGAF-61, BPV-CSCC-6, BPV-CSCC-40) , we noted that the Finance department is not adequately staffed. There is only one member in Finance department, voucher is prepared by Finance Officer and approved by CEO: - Prepared by: Finance Officer - Reviewed and Approved by: Chief Executive Officer (CEO)
3.5 Does the CSO have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	Yes			Significant	3	As per our discussion with management, we were informed that there is neither training policy nor training plan for training of its employees. Training are provided on need basis to the employees. However, no training related to finance has been provided to employees. However, were not provided with any evidence regarding any trainings conducted.
3.6 Does the CSO perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	As per our review of personnel files of Procurement and Admin Officer, Senior Research Manager and Coordinator and Driver, we noted that academic certificates and national ID card copy are obtained from the applicants and made part of the personnel file. Further, HR Officer perform reference checks on all new position. HR makes reference check calls to the reference details provided by joiner in their application form for background feedback (minimum 3 calls for reference are made). Response from the references are maintained in a separate files.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
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		Significant	3	As per our review of the list of leavers and list of total staff, we noted that the staff turnover ratio over the past one years is as following: FY 2015-2016 Number of leavers: 11 Total number of staff: 27 Staff turnover ratio: 40.7% Further, data / documented evidence regarding 2014-2015 and 2016-2017 was not provided for our review.
3.8 Does the CSO have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.	Yes			Moderate	2	MGPO has developed policies and procedures related to the following aspects: - Human Resource - Finance - Procurement - Information and Technology These policies have reasonably documented internal controls related to the entity's operations. However, we noted that there is no separate internal control framework defined.
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:	28					
Risk score	3.5					
Area risk rating	Significant					
4. Accounting Policies and Procedures						
4a. General						
4.1 Does CSO have accounting system that allows for recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with respective components, disbursement categories and sources of funds?	Yes			Low	1	As per our discussion with management and walkthrough of system we noted that MGPO has a computerized accounting software (Sidat Hyder Financial) that automates the recording of the financial transactions including the allocation of expenditures in accordance with respective components, disbursement categories and sources of funds. The system is also able to generate key reports (such as project wise receipt and payment) for management decisions. Further, for donor reporting the information is extracted from the system and compiled in the required format (mostly in excel).
4.2 Does the CSO have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Low	1	MGPO allocates funds according to donor agreements and expenses are posted accordingly. Based on the review of audited financial statements and as informed by management, the auditors and donors have not reported any major issues.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Moderate	4	As per our discussion with management, we were informed that the MGPO retains all accounting and supporting documents for a period of minimum of 10 years, however, there is no policy related to documents retention. Further, we observed that the records are organized in a locked room cabinet and appropriately tagged for easy identification and the access is restricted to the authorized users only. Some of the finance related documents are held in the finance team room, the room is properly locked after the office timings.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?		No		Significant	3	As per our review of section-3.8 of Finance Manual, we noted that "at the end of every month, a reconciliation report would be prepared between the General Ledger and the subsidiary ledger. Further, as per management we were informed that subsidiary ledgers are reconciled and matched with the system on a monthly basis by the Finance Officer and reviewed and approved by CEO. However, we noted that there is no standard practice to reconcile general ledger and subsidiary ledger.
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			Moderate	4	As per our review of sample voucher (BPV-SGAF-47, BPV-CSCC-8, BPV_SGAF-61, BPV-CSCC-6, BPV-CSCC-40) we noted that all of the above functional responsibilities are performed by different units or persons and there are established segregation of duties. The mentioned activities are performed by the following personnel: Transaction authorization: - Upto PKR 5,000/- Head of Finance (Currently by Finance Officer) and Manager Programmes - Above PKR 5,000/ and upto PKR 1,000,000/- Chief Executive Officer - Above PKR 1,000,000/- Chairperson BoD Recording of transactions: Finance officer is responsible for recording of all the financial transactions in the system (Sidat Hyder Financial) which is then reviewed and approved by CEO. Further, all the payments are made through crossed cheques or bank transfers which are duly signed by authorized signatories as covered in 4.20 below. Custody of assets Designated personnel from the user department are vested with the responsibility to obtain the physical custody of the assets. Further, Finance Officer is responsible for maintaining and updating all records related to the custody of assets.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?		No		Significant	6	As per our discussion with management and review of sample voucher (BPV-SGAF-47, BPV-CSCC-8, BPV_SGAF-61, BPV-CSCC-6, BPV-CSCC-40), we noted that the Purchase Request (PR) is prepared by relevant department which is reviewed by Finance Officer to ensure budget is available for the same. Procurement Committee calls for quotations and evaluation of the quotations is done by the Procurement Committee on Comparative statement. Based on Procurement Committee decision, Purchase Order is prepared by Admin Department and approved by the CEO. Admin Department receives the goods and then considers, compares invoice quantities, prices and terms of procurement with purchase order, quotations and invoice. Payment for invoice is made through cross cheque. Finance Officer prepares cheque and voucher, reviewed and approved by CEO. However, we noted that CEO approve the cheques/payments and is also one of authorized bank signatory and is also member of procurement committee. Further, Finance Officer is also on of the authorized signatory.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?		No		High	8	As per our walkthrough of Bank Reconciliation Statements (BRS) for the month of Oct 16 and Jan 2017, we noted that the BRSs are prepared on a monthly basis by the Finance Officer, reviewed and approved by CEO. However, we noted that CEO and Finance Officer are involved in reviewing and approving payment and are also authorized signatories.
4c. Budgeting system						

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Moderate	4	As per our review of budget and discussion with management, we were informed that MGPO prepares budget for the project (no entity budget is prepared) in consultation with other departments and then shares the budget with the respective donor. Further, budgets are prepared with sufficient details covering all activities and procurements MGPO intends to execute / undertake. It has linked these activities and procurements with the financial budgets which helps it in monitoring subsequent performance. Budget Details: Contents: 1) Human Resources 2) Travels 3) Equipment's and Supplies 4) Local Offices Costs 5) Other cost Services 6) Other 7) Indirect Cost 8) Provision for contingency reserve 9) Taxes
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Moderate	4	As per our review of budget vs actual for the month Jun-17 (SGAFP Project, Grant agreement number: SGAFP/2015/SGP/61), we noted that the IP prepares budget vs actual on monthly basis and on donor requirement basis which contains variations between budget and actual expenditure. Further, as per our discussion with management we were informed that budget is entered in the system (Sidat Hyder Financial) and actuals are compared with the budget. However, the reasons behind the variations in the budgets are not documented within the Actual v/s Budgeted Report.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	As per our discussion with management, approval for major variations from budget is required in advance from CEO and respective donor (if required under the contract). Hence, an expenditure can only be approved if it has a budget available. Further, we were informed that no such exceptions have ever occurred.
4.11 Are CSO budgets approved formally at an appropriate level?			N/A	N/A	-	As per our discussion with management, we were informed by the management that MGPO does not follow the practice to prepare the annual budget. Project wise budget is prepared by the MGPO. Further, we were informed by the management that the budget is prepared by Finance department in consultation with other departments. Reviewed and recommended by CEO and then share with the donor and the same is approved by donor. Moreover, as per our review of project budget (MGPO-CSCCC-2 years), it is prepared by Finance department and then shares the budget with the respective donor. Further, budgets are prepared with sufficient details covering all activities and procurements MGPO intends to execute / undertake. It has linked these activities and procurements with the financial budgets which helps it in monitoring subsequent performance. Budget Details: Contents: 1) Human Resources 2) Travels 3) Equipment's and Supplies 4) Local Offices Costs 5) Other cost Services 6) Other 7) Indirect Cost 8) Provision for contingency reserve 9) Taxes However, we were not provided meeting minutes in which budget is approved, to verify the same.
4d. Payments						
4.12 Does invoice processing provide: •Copies of purchase orders&receiving reports obtained from issuing departments? •Comparison of Invoice quantities, prices & terms on purchase order& records of goods/services received? •Accuracy of calculations?		No		Significant	6	As per our discussion with the management and review of sample voucher (BPV-SGAF-47, BPV-CSCC-8, BPV-SGAF-61, BPV-CSCC-6, BPV-CSCC-40), we noted that Admin Department receives the goods and considers, compares invoice quantities, prices and terms of procurement with purchase order, quotations and invoice. The goods are compared with the description of goods. Payment for invoice is made through cross cheques. Finance Officer prepares cheque and voucher, it is reviewed and approved by CEO. Signatories then signs the cheque for payment. Further, Finance Officer and CEO are both authorized signatories and preparing and approving payments.
4.13 Are payments authorized at an appropriate level? Does the CSO have a table of payment approval thresholds?	Yes			Moderate	4	As per the review of Section 3.5 Financial Approval Limits, we noted that the proper authority limits have been defined for each level of the procurement process. All contracts are to be approved by the CEO. Transaction Authorization: - Upto PKR 5,000/- Head of Finance (Currently by Finance Officer) and Manager Programmes - Above PKR 5,000/ and upto PKR 1,000,000/- Chief Executive Officer - Above PKR 1,000,000/- Chairperson BoD All payments are made through crossed cheque. Further, as per our review of sample voucher (BPV-SGAF-47, BPV-CSCC-8, BPV-SGAF-61, BPV-CSCC-6, BPV-CSCC-40) and list of signatories, we noted that there is no segregation of duties as Finance officer and CEO are both authorized signatories.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?		No		Significant	6	As per our review of payment voucher (BPV-SGAF-47, BPV-CSCC-8, BPV-SGAF-61, BPV-CSCC-6, BPV-CSCC-40) and discussion with management, all the invoices are dated reviewed and approved. However, invoices are not stamped as "PAID".
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	As per our discussion with management and review of payroll voucher (BPV-CSCCC-79, BPV-NW-9, BPV-MGPO-44), we noted that daily attendance are marked on attendance register on daily basis. Staff record their attendance on daily basis at the reception using the register. Time sheets for project staff are prepared by relevant staff members and approved by respective line managers/project in charge. Approved time sheets are submitted to HR department which after necessary verification forwards to Finance department for further working. Finance Officer in Finance department prepares excel generated payroll based on the approved time sheets. The payroll is then checked and approved by CEO. Finance Officer prepares Bank Intimation Letter for salary disbursement. The same is approved by CEO. Then signatories sign the letter. Salary is transferred through bank transfer to the respective employee account and copy of deposit slip is attached with the respective vouchers.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
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	As per our review of payroll Vouchers (BPV-CSCCC-79, BPV-NW-9, BPV-MGPO-44) and discussion with management, we were informed that time sheets are maintained by relevant staff which are approved by line managers/project in charge. The monthly time sheets are submitted to HR Department. Finance Department prepares payroll based on the approved time sheets. The payroll sheets contain separate columns with project details. Salary of staff allocated to project is apportioned according to projects and is charged to respective project. It is prepared by Finance Officer, reviewed and approved by CEO.
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	As per our review of Policies Manual (Section 11), we noted that MGPO has established a documented policy (Travel Expense Re-imbursment) and adequate controls for payment of non invoice based expenses and such expenses are properly approved by CEO.
4e. Policies and procedures						
4.18 Does the CSO 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	As per review of Audited Financial Statement for the year ended 30 June 2014, 2015 and 2016, we noted that MGPO uses accrual basis of accounting.
4.19 Does the CSO have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	As per walkthrough of MGPO policies and procedures, including the Policies Manual, Finance manual, we noted that the management has established detailed policies and procedures. The policies and procedures are readily available in soft and hard form and is easily accessible to all employees. Further, we were informed that orientation is provided at the time of joining of employees who are formally informed of practices and policies of the MGPO.
4f. Cash and bank						
4.20 Does the CSO require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Moderate	4	As per review of list of authorized bank signatories, we noted that the IP has 11 active bank accounts mentioned below: Bank Alfalah Limited: 6 bank accounts including one foreign currency account. Habib Metropolitan Bank Limited: 4 bank accounts Habib Bank Limited: 1 bank account. Following are the signatories of IP for all 11 bank accounts: Name and Designation: Aisha Khan; Chief Executive Officer Shafqat Kakakhei; Chairman Muhammad Ali Durrani; Director Muhammad Maqbool; Finance Officer Any two from the above panel will sign the transactions. Financial Approval Limit: Upto PKR 5,000/-; Head of Finance (Currently by Finance Officer)/Head of Programmes Above PKR 5,000/- and upto PKR 1,000,000/-; CEO Above PKR 1,000,000/- Chairperson BoD
4.21 Does the CSO maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	As per management, we were informed that MGPO uses automated financial system, Sidat Hyder Financial and separate cash book is not maintained. All transactions are recorded by Finance Officer and reviewed and approved by CEO. Petty cash is also maintained and recorded in petty cash sheet by Finance Officer and reviewed and approved by CEO. Further, there is lack of segregation of duties as the cash is maintained and issued by Finance Officer and is also authorized signatory.
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	-	As per our discussion, we were informed by the management that there are no such micro-finance advances as per MGPO nature of operations.
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	As per our review of the BRS for the month of Oct-16 and Jan-17, we noted that it is prepared on monthly basis by Finance Officer, reviewed and approved by the CEO. Further, we were informed that explanations are provided for significant and unusual reconciling items (if any).
4.24 Is substantial expenditure paid in cash? If so, does the CSO have adequate controls over cash payments?	Yes			Moderate	4	As per our review of cash book ledger (From A/c Code 1-02-01 To 1-02-01) and petty cash ledger (From July-16 to Jun-17, All Currency, From A/c code 1-02-02-68 to 1-02-02-68), we noted that MGPO only undertakes cash transactions for petty cash expenditures and no transactions entailing major expenditure are done through cash. Petty cash limit is Rs.20,000. Further, we were informed by the management that physical cash and records are reconciled on monthly basis by Finance Officer and reviewed and approved by CEO.
4.25 Does the CSO carry out a regular petty cash reconciliation?		No		Significant	3	As per our review of Section 9.4 (Petty Cash Fund) of the Finance Manual, we noted that the maximum limit for petty cash at the MGPO is PKR 20,000, which is replenished on need basis. Further, as per our review of petty cash ledger (From July-16 to Jun-17, All Currency, From A/c code 1-02-02-68 to 1-02-02-68) and discussion with management we were informed that petty cash are reconciled on monthly basis by Finance Officer, which are then reviewed approved by CEO. Moreover, we noted that there is no segregation of duties and reconciliations are performed by Finance Officer who is involved in maintaining and issuing of petty cash.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Moderate	2	As per our discussion with the management and process walkthrough, we found that cheques are prepared by Finance Officer. Finance Officer is responsible for safe keeping and issuing of the cheques. All the cheques are maintained at secure location (locker) by Finance Officer. Further, we noted that the Finance Officer is also responsible for safe keeping of petty cash.
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	-	As per discussion with the management, we were informed that MGPO does not use electronic payments mechanism.
4g. Other offices or entities						
4.28 Does the CSO have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes			Moderate	4	As per our discussion with the management, we were informed that the compliance agreement is agreed before the commencement of a project that includes budget, timelines and other details of project. The sub grantees report its activities to IP on monthly/quarterly basis and any deviation from the compliance agreement is prior agreed with the MGPO. However, we were not provided with any evidence regarding regional offices and reports to verify the same.
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?		No		High	4	As per discussion, we were informed by the management that the MGPO does not have an independent internal audit function.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4.30 Does the CSO have stated qualifications and experience requirements for internal audit department staff?			N/A	N/A	-	As per discussion, we were informed by the management that the MGPO does not have an independent internal audit function.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			N/A	N/A	-	As per discussion, we were informed by the management that the MGPO does not have an independent internal audit function.
4.32 Does the CSO act on the internal auditor's recommendations?			N/A	N/A	-	As per discussion, we were informed by the management that the MGPO does not have an independent internal audit function.
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	26					
Total number of applicable key questions in subject area:	19					
Total number of risk points:	80					
Risk score	3.08					
Area risk rating	Moderate					
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	As per our review of Section-5 of Finance Manual, we noted that MGPO has an adequate documented policy regarding fixed assets. This policy includes guidelines regarding the security and insurance of fixed assets. Further, we noted that MGPO has implemented the following controls to protect assets from fraud, waste and abuse: It has tagged all assets of the organization. It performs physical verification of its assets. Rooms and premises are locked after office hours.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Moderate	2	As per our review of section-5.7 Finance Manual (Physical Identification of Assets), we noted that fixed assets records must be reconciled with General Ledger on a regular basis. The finance personnel shall take a physical inventory of all fixed assets at least annually to ensure the completeness and accuracy of the records. As per our discussion with management, we were informed that assets are recorded in Fixed Assets Register (FAR) maintained by Finance Officer and reconciled with general ledger. However, we were not provided with any evidence to validate the same.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?		No		Significant	3	As per our review of section-5.7 of the Finance Manual, we noted that MGPO does have a policy regarding physical verification and reconciliation of assets. Accordingly, the physical verification and reconciliation must be performed by Finance personnel at least annually. However, we noted that there is no physically verification performed by the Finance personnel. Moreover, based on our discussion and review of audit report provided by auditors, including all assets of MGPO verified by auditors and issue a report to MGPO.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Moderate	2	As per our review of section-5.9 of Finance Manual (Insurance of Fixed Assets), we noted that, "The organization should arrange comprehensive insurance coverage from approved insurance agents for all high value movable assets against theft and fire and all non movable to be insured against fire only." As per our discussion with the management and review of insurance documents, we noted that there is no insurance cover for entity's assets except vehicles.
5b. Warehousing and Inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	As per our discussion, we were informed by the management that the MGPO does not have a warehouse.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	As per our discussion, we were informed by the management that the MGPO does not have a warehouse.
5.7 Does the CSO have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	As per our discussion, we were informed by the management that the MGPO does not have a warehouse.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	As per our discussion, we were informed by the management that the MGPO does not have a warehouse.
5.9 Are regular physical counts of inventory carried out?		No		Significant	3	As mentioned above in 5.3, physical verification of fixed asset is performed by Finance Personnel at least annually.
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	5					
Total number of applicable key questions in subject area:	0					
Total number of risk points:	11					
Risk score	2.2					
Area risk rating	Moderate					
6. Financial Reporting and Monitoring						
6.1 Does the CSO 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	As per our review of section-10 Finance Manual (Reporting), we noted that MGPO is required to prepare the following reports: Internal Reports: - Project Reports - Aged Receivables - Aged Payables - Cash Flow position - Variance analysis between budgeted costs / revenue and actual data, spelling down the reasons of significant variations - Consolidated report of all project activities - Balance sheet - Expenditure reported in statement of financial activities (Income Statement), classified into direct program cost and administrative support cost External Report: - Audited Financial Statement - Annual Report In addition any additional reports requested by the donor are prepared as per the requirements and formats defined by the donor.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.1 Does the CSO have written procurement policies and procedures?	Yes			Moderate	2	As per our review of Policies Manual, we noted that MGPO has developed procurement policies and procedures, which are not comprehensive enough to cover all the aspects of procurement related activities, including tendering process and related thresholds for assessment and approval of tenderers. The procurement policy include: - Method of Procurement - Ethical Guidelines Further, we noted that these policies and procedures are approved by: On behalf of Board: -Ltd General (R) Madeem Ahmed; Chairperson On behalf of MGPO: -Aisha Khan; Chief Executive Officer
7.2 Are exceptions to procurement procedures approved by management and documented?		No		High	4	As per our discussion with management, we were informed that procedure for exception to procurement policies is not formally documented and a general practice is followed of obtaining a formal approval of CEO in case any such instances arises. Further, as per management there no such exceptions to procurement procedures. Therefore periodic analysis is not performed to analyze the exceptions to take corrective measures.
7.3 Does the CSO 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		Significant	3	As per our discussion with management, we were informed that procurement management system is not automated. Pre numbered excel based manual forms are used during procurement process and are signed by approving authorities. Further, we noted that for all types of transactions the final approval is obtained from the Chief Executive Officer.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.		No		Moderate	2	As per discussion, we were informed by the management that the MGPO does not prepare any procurement reports.
7.5 Does the CSO have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Moderate	2	As per our review of the organogram we noted that there is only one member in Procurement Department: - Admin and Procurement Officer; MBA Finance having 8 years of experience In addition we noted that a procurement committee is established with the following composition: - Chief Executive Officer (CEO) - Human Resource Officer The below mentioned staff will participate with the above permanent members when there is a need to purchase any item for their department or projects requirement: -Manager Education -Manager Health -Chief Engineer -HR -Senior Research Manager -Administrator Purchase committee decisions are then approved by CEO.
7.6 Is CSO's procurement unit resourced with qualified staff who are trained & certified & considered experts in procurement & conversant with UN/World Bank/European Union procurement requirements in addition to CSO's procurement rules & regulations?	Yes			Moderate	2	As mention in 7.5 procurement is overseen by the Admin and Procurement Officer who is directly reportable to the Chief Executive Officer. The Admin and Procurement Officer undertakes all the procurement related activities, holding a qualification of MBA-Finance and having an experience of 08 years. As per management the existing staff in Admin and Procurement department is adequate considering its current level of procurement transactions and volume.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	Yes			Low	1	As per our review of audited financial statement for the year ended 30-june 2016,2015 and 2014 and discussion with the management, we noted that the procurement activities are not separately audited by independent auditors. However, they are covered during annual external audits. Further, we found that no major issue has been reported by the auditors in this regard during last three financial years.
7.8 Does the CSO require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Moderate	4	As per review of Policies Manual (Procurement Policy) and Procurement Vouchers (BPV-SGAF-47, BPV-CSCC-8, BPV_SGAF-61, BPV-CSCC-6, BPV-CSCC-40), we noted that the following procurement limits are present for purchases: Direct Purchases: Purchase less than Rs. 5,000/- may be purchased to the best advantage without quotation. Written Quotation: -Purchases above Rs 5,000/- but less than 50,000 at least three written quotation from vendors/suppliers and service provider should be obtained. -For purchases greater than Rs. 50,000/- a minimum of three written quotes must be obtained. The Procurement Committee of MGPO should approve purchase of this size. -Purchasing that are considering high risk and above Rs. 50,000 consideration should be given undertaking contracting process. The CEO/Head of MGPO should approve such purchase. Competitive Tendering and Contracting: Purchases services and contracts above Rs. 5,000,000 should be process through National Competitive Bidding Process. Transaction Authorization: - Upto PKR 5,000/- Head of Finance (Currently by Finance Officer) and Manager Programmes - Above PKR 5,000/ and upto PKR 1,000,000/- Chief Executive Officer - Above PKR 1,000,000/- Chairperson BoD Authorized Bank Signatories: Aisha Khan; Chief Executive Officer Shafqat Kakakhel; Chairman Muhammad Ali Durran; Director Muhammad Maqbool; Finance Officer Further, the approval for the contract should be given by the CEO.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?		No		Moderate	2	As per our review of the Policies Manual (procurement policy), we noted that procurement policy include a clause to ethics (Ethical Guidelines), but such clause is not detail enough to cover all ethical procurement principles and exclusion and ineligibility criteria.
7.10 Does the CSO obtain sufficient approvals before signing a contract?	Yes			Low	1	As per our review of procurement vouchers (BPV-SGAF-47, BPV-CSCC-8, BPV_SGAF-61, BPV-CSCC-6, BPV-CSCC-40) and discussion with the management, we were informed that approval of CEO are obtained before executing any procurement. All the purchases, contracts and payments are approved by CEO. Thresholds for procurement are documented as mentioned above in section 7.8 and contract is approved by CEO. Further, it was noted that the MGPO does not have any major procurements and therefore has not entered into any contractual agreements with any of its vendors.

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7.11 Does CSO have & apply formal guidelines & procedures to assist in identifying, monitoring & dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the CSO proceed in cases of conflict of interest?		No		Significant	3	As per our discussion and review of Policies Manual (Procurement Policy section-3 Ethical Guidelines), we noted that the IP has developed formal ethical guidelines. However, we noted that such guidelines are not detailed enough to cover aspect of aspects of potential conflict of interest. We were further informed that no case of conflict of interest has occurred yet.
7.12 Does the CSO follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Moderate	4	As per our review of section-3.3 Finance Manual, we noted that where value of goods exceed Rs. 5,000/- quotations will be obtained from at least three suppliers, and following factors will be considered: - Prices - Bidder Previous track record in general - Other customers of the bidder - Organizations previous experience with the bidder - Ability of bidder to render satisfactory services - Capacity of effectively address after sale service/ problems We were further informed that following criteria is also checked but we were not provided with any evidence to substantiate the same. - Legal Status and litigation status of vendor - NTN and GST number along with sales tax returns - Relevant experience and clientele references - Financial standing and credit rating - Evaluation of goods / services
7.13 Does the CSO keep track of past performance of suppliers? E.g. database of trusted suppliers.		No		Significant	3	As per our discussion with management, we were informed by the management that the MGPO does not follow the practice of undertaking performance evaluation of the vendors.
7.14 Does the CSO follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	As per review of Policies Manual (Procurement Policy), we noted that the following procurement limits are present for purchases: Direct Purchases: Purchase less than Rs. 5,000/- may be purchased to the best advantage without quotation. Written Quotation: -Purchases above Rs 5,000/- but less than 50,000 at least three written quotation from vendors/suppliers and service provider should be obtained. -For purchases greater than Rs. 50,000/- a minimum of three written quotes must be obtained . The Procurement Committee of MGPO should approve purchase of this size. -Purchasing that are considering high risk and above Rs. 50,000 consideration should be given undertaking contracting process. The CEO/Head of MGPO should approve such purchase. Competitive Tendering and Contracting: Purchases services and contracts above Rs. 5,000,000 should be process through National Competitive Bidding Process. Procurement officer shall develop RFQ and issue it to prequalified or potential suppliers specifying a deadline. After receiving RFQ in specific time period Procurement Committee comprising of permanent member CEO and HR Officer evaluate it. On basis of financial and technical evaluation, Procurement Officer shall prepare comparative statement including top three bidders. Based on review of comparative statement Procurement Committee then finalize most suitable vendor. Further, based on our review of procurement vouchers (BPV-SGAF-47, BPV-CSCC-8, BPV-SGAF-34, BPV-CSCC-40), we noted that the following factors will also be considered in reviewing quotations and awarding contracts - Prices - Bidders previous track record in general - Organization previous records with the bidder - ability of bidder to render satisfactory services - Capacity of effectively address after sale service/ problems - other Customers of the bidder
7.15 When a formal invitation to bid has been issued, does the CSO award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Low	1	As per our review of section-3.3 Finance Manual, we noted that where value of goods exceed Rs. 5,000/- quotations will be obtained from at least three suppliers, and further based on our review of procurement vouchers (BPV-SGAF-47, BPV-CSCC-8, BPV-SGAF-34, BPV-CSCC-40), we noted that the following factors will also be considered: - Prices - Bidder Previous track record in general - Other customers of the bidder - Organization Previous experience with the bidder - ability of bidder to render satisfactory services - Capacity of effectively address after sale service/ problems Further, we were informed that when formal invitation to bid has been issued, the IP award the contract on the basis of best quality, Price and service.
7.16 If the CSO is managing major contracts, does the CSO have a policy on contracts management / administration?			N/A	N/A	-	As per discussion with the management, we were informed that MGPO does not carry out 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						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	As per discussion with the management, we were informed that MGPO does not carry out major contracts.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	As per discussion with the management, we were informed that MGPO does not carry out major contracts.
7.19 Does the CSO have a policy on post-facto actions on contracts?			N/A	N/A	-	As per discussion with the management, we were informed that MGPO does not carry out major contracts.
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	As per discussion with the management, we were informed that MGPO does not carry out major contracts.
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:	35					
Risk score	1.75					
Area risk rating	Low					
Totals						
Total number of questions:	96					
Total number of applicable questions:	80					

Micro-assessment workbook						
Subject area (key questions)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of applicable key questions:	37					
Total number of risk points:	209					
Total risk score	2.61					
Overall risk rating	Moderate					