

**SOUTH NATION NATIONALITIES OF PEOPLE REGIONAL STATE BUREAU OF
ENVIRONMENT AND FOREST**

**MICRO ASSESSMENT COMMISSIONED BY UNDP
DATED 28 NOVEMBER 2016**



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CHARTERED CERTIFIED ACCOUNTANTS**

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UNDP

Ethiopia

Addis Ababa

Dear Sir,

Micro-Assessments

South Nation Nationalities people Regional state

Bureau of Agriculture and Natural resource

We were instructed by UNDP on 05 SEPTEMBER 2016 to perform a micro assessment of SNNPR Bureau of Agriculture and Natural resources launched from 1 November, 2016 to 3 November 2016 and we have reported as below.

Yours sincerely



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 1 November, 2016 to 3 November 2016 at the Office of Southern Nation Nationalities Peoples Regional State Bureau of Environment and Forest., 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 05 SEPTEMBER 2016 and the related TOR of the engagement, we have assessed the financial management capacity of the Southern Region Bureau of Environment and Forest. 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 not capable of correctly recording all transactions and balances, the preparation of regular and reliable financial statements, safeguarding the entity's assets and it is not 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	MODERATE	The IP follow up over its project activities was not adequate.
3. Organizational structure and staffing	MODERATE	The IP's internal audit section was not performed an audit review for UN agency funded projects.
4. Accounting policies and procedures	LOW	
5. Fixed Assets and Inventory	Low	
6. Financial Reporting and Monitoring	LOW	
7. Procurement	LOW	
Overall Risk Assessment	LOW	

**High, Significant, Moderate, Low*



3. **Detailed Internal Control Findings and Recommendations**

No.	Description of Finding	Recommendation
1.	We have noted that there is a delay in the transferring of funds to the IP through MoFED.	We recommend the concerned body to facilitate the timely transfer of funds.
2.	We noted that IP will carry out on-site project visit however they are not documented.	We recommend the IP to document and retain all on-site project visits.
3.	We observed that the IP's accounting/finance function staffs are not adequate to ensure sufficient controls are in place to manage agency funds	We recommend the IP to feel the vacant places by recruiting additional staffs.
4.	We observed that there is no trend of using "paid stamp" to approve the validity of source documents and to protect source documents from re-using.	We recommend the IP to stamp 'PAID' and mark with the project code and account code all invoices.
5.	We noted that the IP is not acting on the internal auditor's recommendations.	We recommend the IP to act up on the recommendations that are forwarded by the internal auditors.

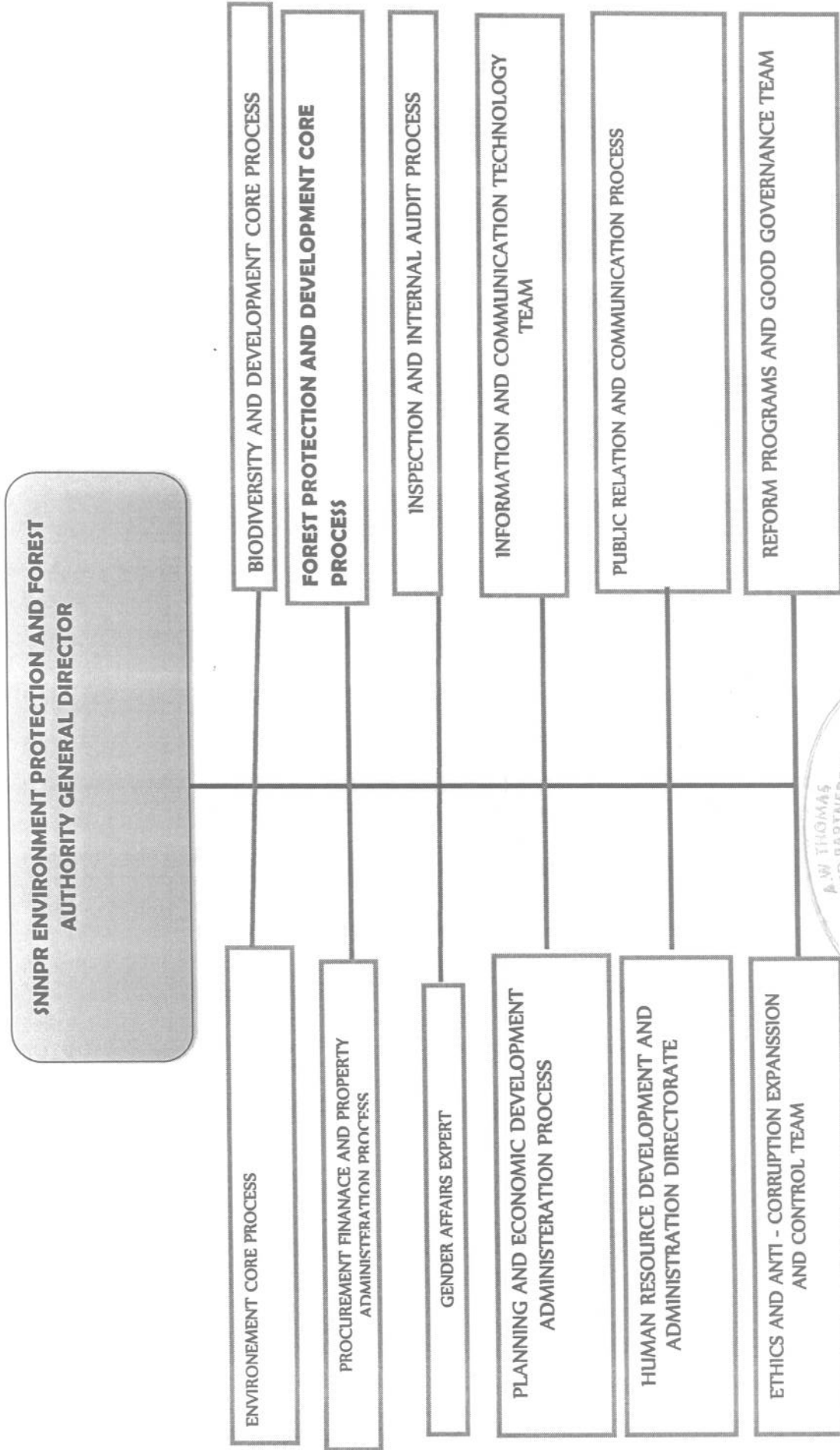


ANNEX I: IMPLEMENTING PARTNER IDENTIFICATION

Implementing partner name:	South Nation Nationalities Of People Regional State Bureau of Environment and Forest	
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)		
Implementing partner contact details (contact name, email address and telephone number):		
Main programmes implemented with the applicable UN Agency/ies:	GCF	
Key Official in charge of the UN Agency/ies' programme(s):		
Programme location(s):		
Location of records related to the UN Agency/ies' programme(s):		
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\$);	Birr 693,135.30	
Cash transfer modality/ies used by the UN agency/ies to the IP		
Intended start date of micro assessment:	01 Nov. 2016	
Number of days to be spent for visit to IP:	5 working days	
Any special requests to be considered during the micro assessment:	None	



ANNEX II: ORGANIZATIONAL STRUCTURE



Annex III. List of Persons Met

No.	Name	Position	Job description
1.	Tasew Estifanos	Finance and procurement process owner.	Controlling, Approving and reporting.
2.	Tsehay Fire	Senior Inspection and audit officer.	Planning, Assigning, reviewing and reporting.
3.	Retta Asnake	Procurement officer.	Assessing, Controlling and reporting.
4.	Mulugeta Seyoum	Development and planning.	Planning, Allocating and reporting.



Annex IV. Micro Assessment Questionair

Micro-assessment_workbook

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The IP is a government institution
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.	Yes			Moderate	4	The IP has received UN resources from UNDP in the past however we didn't obtain any audit report to identify any issues.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	The IP is complying both the governmental and the donors reporting requirement system.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The IP have regular meeting and they are documented.
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	IT is done by development plan department.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.	Yes			Low	1	As the IP is a government institution and its main source of income is government budget it is financially stable.
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Moderate	2	There is a bank account opened in the name of the IP and the fund will be transferred from the donor to MOFED and BOFED will transfer the fund to the bank account that is opened in the name of the IP. There is a delay in transferring of funds.
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? If so, provide details and actions taken by the IP to resolve the legal action.		No		Low	1	As per the management information no pending legal issue was O/S.
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Moderate	2	As per the management feedback there is no anti-fraud and corruption office. Since, the office establishment took place for one year.
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?	Yes			Moderate	2	the IP does not have anti-fraud and corruption units and training or work shop was not conducted .but, one to five units has been established
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	All risks are covered by 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:	17					
Risk score	1.545					
Area risk rating	Low					



Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2. Programme Management						
2.1 Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Low	1	The IP will prepare a detailed plan along its budget and the activities in the plan are seated in a manner that they will be performed in a specified time frame.
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	It is already made clear on the proposed work plan with its objectives.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Significant	3	Most of the problem is the issue of timely transferring of funds stated on the work plan to meet the objectives at the specified time frame work as per the annual plan.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	1	The IP has program implementation manual to undertake the monitoring and evaluation process.
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?	No			Significant	3	We have not seen any clear written and documented frame work and indicators to perform the M&E process.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Moderate	4	As per our verbal discussion the IP will carry out on-site project visit but they are not documented.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	No			Moderate	2	The IP monitor the achievements of projects through report from the implementing entities.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Low	1	External Auditors are conducting an audit and gave recommendations to enhance improvement over internal control weakness's and seen its availability.
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:	16					
Risk score	2					
Area risk rating	Mode					
	rate					



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	Guide line concerning recruitment process is prepared and forwarded by regional public service and human development bureau. The recruitment process is controlled by the process owner of human resource. It has already described on the guide line.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	
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	
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?		No		Moderate	4	According to service guide line there should be 15 employees in accounting department at the regional level. But currently there are 13 employees and 2 vacant places still outstanding.
3.5 Does the IP have training policies for accounting/finance/programme management staff? Are necessary training activities undertaken?		No		High	4	We have not seen any written policy that could be adopted regarding training intended to give to the finance and accounting section. Moreover, there is no training that has been conducted practically to ascertain its applicability.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	Whenever a new employee is appointed to the IP background verification will be done by requiring the employee to provide clearance from its previous organization and forensic approval will be one of the criteria to make acceptance of new employees.
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	No significant turnover was observed within one year. Since, the establishment of the institution.
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		High	4	Most of the audit concentrated on recurrent and capital Expenditures. For the rest such as donors and loan projects were not governed under our audit internal audit scope.
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	Mode					
	rate					



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 IP uses Peachtree accounting software to record its existing accounting records but, no knowledge about funding donors. at worda level it is manual.
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?	Yes			Low	1	The IP is governed by the initial planned budget cost allocated to undertake the assigned activities accordingly and the cost is tagged by the federal level. And there is random field visit to check the accuracy of expenditure records and allocations accordingly.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes	No		Low	1	Each and Every document is maintained and controlled by document keeping section.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?		No		High	4	The regional finance office records advance for each transfer made with respect each ledger account and the project will submitted liquidation report on quarterly bases regarding the transfer made by the region for the next release of the funds. But, they are not checking the source documents to ascertain the correctness at the worda level.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	Yes			Low	1	The transactions are prepared by the accountants and approved by the finance manager, Authorized by the Environment protection and forest authority. Documents are kept in the Archives controlled by the document handling section, the property is kept under the custodian (the store keeper).
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	The purchase committee approved the purchase request and will be carried out by the procurement officer. Finally the purchased items are directly handed over to the store keeper via model 19. and every issuance will be accompanied by store requisition and issuance note.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments? <i>Via</i>	Yes			Low	1	
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	Budgets are compared with the actual expenditures and adequate explanation will be given by the program department experts concerning significant deviation from the initial work plan.
4.10 Is prior approval sought for budget amendments in a timely way?		No		Low	1	Budget is amended when it is necessary based on the realistic objectives. It is amended on January or half year.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	budget is approved by process owner and finance bureau



4d. Payments

4.12 Do invoice processing procedures provide for: <ul style="list-style-type: none"> Copies of purchase orders and receiving reports to be obtained directly from issuing departments? Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? Checking the accuracy of calculations? 	Yes		Low	1	The one who prepared the specification of the purchased items will checked and approved the quantities and qualities of the purchased items and the goods will be handed over to the store keeper. Finally the store keeper will raised GRN.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes		Low	1	All payments are approved by the finance manager and Authorized by each process owner.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	No		Moderate	4	There is no a trend of applying 'paid stamp' to approve the validity of source documents and to protect source documents from re-using.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes		Low	1	Payroll prepared by the accountant approved by finance manager and Authorized by the 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	No	Moderate	4	Attendance sheet is available to ascertain the availability of the employee at his work place. But, there is no a trend of keeping time sheet to justify the hours spend on specific project.
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 process owner will authorized and approved DSAs and travel expenses. Since, he is the one who make request to undertake each activities. Budget officers will check the availability of the budget to make the payment.
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	As all other Government entities the IP uses 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	No	Low	1	The IP has accounting, Procurement and human resource manual to operate accordingly.



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 4 (2 of them will be active to undertake the signatory process finance is mandatory and others are alternatives.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes		Low	1	There is daily cash flow report for petty cash and follow up replenishment system which is to 30,000birr ceiling and payment is 2,000birr. Cheque will be issued more than 2001birr.
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	-	
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 reconciliation are prepared by the IP on monthly basis.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	No		Low	1	All major payments are paid through cheques.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes		Low	1	The IP used petty cash imprest system.
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	Both the accountant and the cashier has safe box.
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	-	

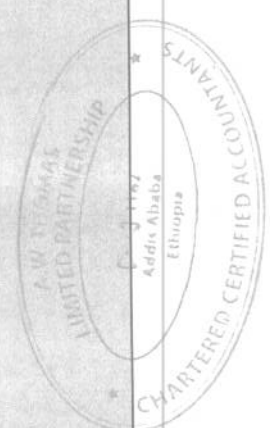
4g. Other offices or entities

4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes		Low	1	Every request of fund is released after the budget section is approved the correctness of the request with regard the annual plan.
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4h. Internal audit

4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes		Low	1	The internal Auditor reports to the regional environmental protection and forest Authority director.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes		Low	1	Minimum BA degree is mandatory. With an experience more than 10 years.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	No		Moderate	2	There is detailed work plan to undertake the audit. But, no audit program is carried out to perform the audit.
4.32 Does the IP act on the internal auditor's recommendations?	No		High	4	There are recommendations to improve the internal control system. But, the implementing partner is not responding accordingly.

Total number of questions in subject area:	32
Total number of applicable questions in subject area:	30
Total number of applicable key questions in subject area:	19
Total number of risk points:	43
Risk score	1.433
Area risk rating	Low



Subject area <i>(key questions in bold)</i>	Yes		No		Risk Assessment	Risk points	Remarks/comments
	Yes	No	N/A				
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	Fixed assets are reported on quarterly bases and have seen count report. It is run by the committee formed to take the count.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes				Low	1	The count is reconciled with fixed asset register. The registration process is performed by computer.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes				Low	1	Periodic count is under taken on July 07th.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes				Low	1	only motor vehicles are covered by insurance
5b. Warehousing and inventory management							
5.5 Do warehouse facilities have adequate physical security?	Yes				Low	1	The IP's warehouse facilities have adequate physical security.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?		No			High	4	We cannot visit the store due, to the lack of facility to undertake the visit.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	Yes				Low	1	Distribution process is performed by raising issue note as per the official letter and delegation letter. ID card is mandatory.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?		No			Low	1	Inventory is updated by the accountant. receiving and issuing of inventory is performed by the store keeper.
5.9 Are regular physical counts of inventory carried out?		No			High	4	Only periodic count is taken.
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:	15						
Risk score	1.667						
Area risk rating	Low						



Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6. Financial Reporting and Monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	There are monthly, quarterly, and annual reports which is submitted to the regional finance bureau and the respective project unit.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.	Yes			Low	1	Regional audit bureau performing an audit annually which will be submitted to the regional cabinet. For the projects case it is not yet audited. Since, the institution is formed as self-governing entity this year.
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	4	It is yet a new institution established with in one a year. But, it is on process on inviting potential audit firm.
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?	Yes			Moderate	2	Does not apply as per our information made with finance manager.
6.6 Is the financial management system computerized?	Yes			Low	1	On the regional level
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	Peachtree accounting software allows to retrieve financial reports to the users.
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	The server and the accountants have their own office and the security system is good.
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:	12					
Risk score	1.5					
Area risk rating	Low					



Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	There is defined procurement policy which is prepared by the regional finance economic development office
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	For exceptional purchase there might be issued limited tender regarding the level of the issue.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.	Yes			Moderate	2	There is no facility for computerized purchasing (online) system. Whereas there is segregation of duties such as Initiating purchase orders, receiving and approval.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Moderate	2	Procurement plan is prepared in yearly basis and the report is made as per the annual plan with the regarding comparison of the actual with the planned budget. The annual report is yet but the procurement coordination unit submitted monthly report to the finance and property process owner.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Moderate	2	The procurement unit is directly reported to the finance and procurement unit and they are well informed with responsibility and accountability .described what and how to be under taken the course of their job title. See all these documented facts.
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?	No			Significant	3	The finance and property owner has attend the procurement system of European union and world bank. For the rest no clear information is obtained. There are 4employees 3 of them have first degree and 1 diploma level.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?	No			Moderate	2	No government or external auditors has been engaged in performing the audit as we previously described since the institution is new.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	The IP uses written authorization. The policy stated a limit to purchase goods up to 75,000birr request for quotation. Above birr 75,000opened national bidding process will take place. Including contractor (Works) 100,000birr for international bidding goods above10,000,000 and for work above 50,000,000birr.
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 IP have a defined policy pertaining to transparent and participatory procurement procedure to protect ineligibility and an ethical procurement process by adopting rules and regulations of the procurement manuals.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	Procurement and finance management process owner will approve the contract agreement.
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?	No			Low	1	As the IP is a government institution it will follow government regulation to resolve conflict of interest. Since, there is an office established to resolve and to mediate contrary issues beside the terms of an agreement that might arise on the courses of an operation.



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	If the purchases price of the Item is below Birr 5000 a Performa system is used however if the purchase price is above 5000 formal bidding will be conducted i.e. the bidding notice will be posted in different parts of the city.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.		No			Moderate	2	The IP didn't keep track of past performance of suppliers.
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 by defined stated procurement policy 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.
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	When the bidding is conducted the IP will award the contract to the winner who fulfills the interest of the IP than his competitors.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	Yes				Low	1	Already it is stated on the procurement policy and administered by the management and procurement and finance office Process owner.
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	-	
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?					N/A	-	
7.19 Does the IP have a policy on post-facto actions on contracts?					N/A	-	
7.20 How frequent do post-facto contract actions occur?					N/A	-	
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:	23						
Risk score	1.15						
Area risk rating	Low						

Totals							
Total number of questions:	96						
Total number of applicable questions:	90						
Total number of applicable key questions:	39						
Total number of risk points:	143						
Total risk score	1.589						
Overall risk rating	Low						

