

## Checklist B: Financial Management Questionnaire<sup>1</sup>

Implementing Partner: Ministry of Economic Development

Date: July 25<sup>th</sup>, 2013

### Summary of Risks related to the Financial Management Capacity of Implementing Partner

**Tested Subject Area** (see subsequent pages for questions for each area that should be completed and summarized in the sections below)

	Risk Assessment				Comments
	H	S	M	L	
1. Implementing Partner				X	The implementing Partner is legally established based on government gazette. The legislations that govern the operation of government also applies to the MED.
2. Funds Flow				X	Funds flow through the Central Bank of Belize and is then de-reserved to a special account for use by the Ministry for respective project implementation
3. Staffing				X	The Ministry's Finance staff possesses adequate training and experience to implement this project
4. Accounting Policies and Procedures				X	The Ministry operates based on the Finance and Audit Act of 2005 and based on other regulations which govern financial transactions. There is sufficient internal control based on the legislations and regulations.

<sup>1</sup> This questionnaire was developed from a questionnaire used by the World Bank.

5. Internal Audit				X	Audits are conducted by the Office of the Auditor General on behalf of the Government of Belize
6. External Audit				X	No External Audit is done on the MED
7. Reporting and Monitoring				X	Reporting is based on the Government's Smart Stream system
8. Information Systems				X	The ministry uses the Smart Stream System which applies to all Ministries of the Government of Belize.
<b>Inherent Risk</b>					
List major specific issues identified in the assessment of the country's public financial management system (macro-assessment), or specific risks related to the nature or operation of the Implementing Partner	Since funds are deposited in Government's general accounts, the de-reservation request and payment for activities under projects may be delayed and may inhibit timely implementation and delivery of funds. Additionally, since the Ministry of Finance manages disbursement of funds to the Ministry of Economic Development accounting for all funds to MED is conducted solely through the Ministry of Finance and not within the MED even when it is an implementing agent. Tracking of funds available to MED under particular project lines is done through Smart Stream (GoBZ financial management system).				
Overall Risk Assessment	H	S	M	L	

H – High

S – Significant

M – Moderate

L – Low

*Financial Management Questionnaire*

Subject Area	Yes	No	N/A	Review	Remarks/Comments
<b>1. Implementing partner</b>					
1.1 Is the implementing partner legally registered? Please note the legal status/registration of the entity.	X				Government of Belize: Ministry's establishment is gazetted
1.2 Has the implementing partner received UN resources in the past?	X				UNFPA Population Policy 2005
1.3 Does the IP have statutory reporting requirements? Please describe.	X				Yes. These are based on GOB regulations and legislations
1.4 Is the governing body for the implementing partner independent?		X			The Ministry operates under the rules of the Government of Belize
1.5 Is the organizational structure appropriate for the work to be carried out under UN cooperation?	X				
<i>Risk Assessment (Implementing Partner)</i>	<i>H</i>	<i>S</i>	<i>M</i>	<b>(L)</b>	Circle assessed risk for Subject Area 1
<b>2. Funds Flow</b>					
2.1 Can the entity receive and transfer funds?		X			This is done through the Ministry of Finance and their internal controls apply
2.2 Are the arrangements to transfer the funds to the entity satisfactory?	X				This is done through the Ministry of Finance (central Bank deserves for use by the Ministry of Economic Development)
2.3 Have there been major problems in the past in receipt of funds by the entity, particularly where the funds flow from the Government/Ministry of Finance?		X			Once the funds are verified by the Ministry to the Central Bank and used in accordance to the justification provided by the Ministry, the Central Bank then deserves the funds
2.4 In the past, has the entity had any problems in the management of disbursements from a member of the UN country team? Please describe.		X			
2.5 Does the entity have/need a capacity to manage foreign exchange risks? (if it is expected that the entity will be using funds outside the country.)		X			Belize currency pegged to the US dollar, no funds will be used outside of Belize
2.6 How are the counterpart funds accessed?					Through the Treasury of the Government of Belize
2.7 How are payments made from the counterpart funds?		X			

Subject Area	Yes	No	N/A	Review	Remarks/Comments
2.8 If some activities will be implemented by communities or NGOs, does the entity have the necessary reporting and monitoring mechanisms to track the use of funds?			X		
<i>Risk Assessment (Funds Flow)</i>					
<b>3. Staffing</b>					
3.1 Is the organizational structure of the accounting department appropriate for the level of financial volume? Attach an organization chart.	X				There is one Senior Finance Officer and one Clerk for the Department
3.2 Is the level and competency of staff appropriate for the level of financial volume? Identify the accounts staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key accounting staff.	X				Staff are hired according to the Public Service requirements and generally meet the qualification criteria for their post
3.3 Is the implementing partner finance and accounts function staffed adequately?	X				The Ministry is small and the number of staff in this department is adequate
3.4 Are finance and accounts staff adequately qualified and experienced?	X				
3.5 Are accounts and finance staff familiar with UN procedures related to cash transfers?		X			
3.6 What is the duration of the contract of finance and accounts staff?			X		Staff are permanent and appointed by the Public Service
3.7 Indicate in the remarks/comments section key positions not contracted yet, and the estimated date of appointment.			X		
3.8 Are staff frequently transferred? At what frequency?		X			Expected every three years though staff are normally kept in one department for longer periods
3.9 Is there a training policy for the finance and accounting staff? Please describe.	X				The Ministry of the Public Service does refresher courses and Smart stream training.
<i>Risk Assessment (Staffing)</i>					
<b>4. Accounting Policies and Procedures</b>					
	H	S	M	<input checked="" type="radio"/>	Circle assessed risk for Subject Area 3

Subject Area	Yes	No	N/A	Review	Remarks/Comments
4.1 Does the entity have an accounting system that allows for the proper recording of financial transactions from UN Agencies, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds?	X				Smart Stream System allows for that
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	X				Controls are in place based on the following regulations and legislations: Control of Public Expenditure regulation, Finance and Audit Act, Stores Order, Finance Order
4.3 Is the chart of accounts adequate to properly account for and report on activities and disbursement categories?			X		
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?			X		
4.5 Are the general ledger and subsidiary ledgers reconciled and in balance?			X		
4.6 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	X				The law mandates that files are kept for 10 years. However, they are generally kept beyond that time as permission has to be granted to destroy any financial document in accordance to the Finance Order.
<i>Segregation of Duties</i>					
4.7 Are the following functional responsibilities performed by different units or persons: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	X				ICF in Place according to Finance and Audit Act
4.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	X				The Project Officer creates requisitions, the Finance Office creates Purchase Orders and honours invoices based on those POs
4.9 Are bank reconciliations prepared by someone other than those who make or approve payments?			X		This is done by the Smart Stream
<i>Budgeting System</i>					

<b>Subject Area</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>Review</b>	<b>Remarks/Comments</b>
4.10 Do the budgets lay down physical and financial targets?	X				Under the new GOB piloted PEFA system, the budget is submitted in this format to track targets, though the Ministry still uses original budget formats which do not do so. The Ministry is one of the Government's piloted department
4.11 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	X				Response for 4.10 applies
4.12 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?	X				For expenditure requested in excess of the budget, the system rejects. For under expenditure, there is no real monitoring and no justification is given in this instance for significant variations from the budget. The funds are simply moved to finance capital expenditure in the following budget year.
4.13 Are approvals from variations from the budget required in advance or after the fact?			X		Variations are not done
4.14 Who is responsible for preparation and approval of budgets?					The Finance Officer Prepared the budget, the Ministry of Finance approves it
4.15 Are procedures in place to plan activities, collect information from the units in charge of the different components, and prepare the budgets?	X				Information is collected from the six units of the Ministry namely: Social Investment Fund, Statistical Institute of Belize, National Authorizing Office, Policy and Planning Unit, Accounts Department and the Administration Department
4.16 Are the plans and budgets of activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	X				

Subject Area	Yes	No	N/A	Review	Remarks/Comments
<i>Payments</i>					
4.17 Do invoice processing procedures provide for: <ul style="list-style-type: none"> <li>• Copies of purchase orders and receiving reports to be obtained directly from issuing departments?</li> <li>• Comparison of invoice quantities, prices, and terms with those indicated on the purchase order and with records of goods actually received?</li> <li>• Comparison of invoice quantities with those indicated on the receiving reports?</li> <li>• Checking the accuracy of calculations?</li> </ul>	X				This is done by the project officer and the finance Officer. The Smart Stream system also acts as a checks and balance mechanism to reconcile Requisitions to POs and POs to invoices
4.18 Are all invoices stamped <i>PAID</i> , dated, reviewed and approved, and clearly marked for account code assignment?		X			The Ministry does not do this currently, but if required from the UN agency the Ministry will comply
4.19 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?	X				This is done through Government's Treasury Department
<i>Policies And Procedures</i>					
4.20 Describe the basis of accounting (e.g., cash, accrual)?			X		Smart Stream System used
4.21 Are internationally accepted accounting standards followed? If so, which standard?	X				The Finance and Audit Act was developed based on international standards
4.22 Does the entity have an adequate policies and procedures manual to guide activities and ensure staff accountability?	X				Finance and Audit Act, Finance Order, Stores Order
4.23 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the entity?	X				Only authorized officers of the Ministry can access the system i.e Finance Officers
4.24 Are there written policies and procedures covering all routine financial management and related administrative activities? Are these accessible?	X				
4.25 Do policies and procedures clearly define <i>conflict of interest</i> and <i>related party transactions</i> (real and apparent) and provide safeguards to protect the organization from them?	X				
4.26 Are manuals distributed to appropriate personnel?	X				

Subject Area	Yes	No	N/A	Review	Remarks/Comments
<i>Cash and Bank</i>					
4.27 Indicate in remarks/comments section the names and positions of authorized signatories on the bank accounts.			X		Ministry of Finance
4.28 Does the implementing partner maintain an adequate, up-to-date cashbook, recording receipts and payments?	X				Maintained through Smart Stream
4.29 Do controls exist for the collection, timely deposit, and recording of receipts at each collection location?			X		
4.30 Are bank and cash reconciled on a monthly basis?		X			
4.31 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?	X				
4.32 Are receipts deposited on a timely basis?	X				
<i>Safeguard Over Assets</i>					
4.33 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	X				The office keeps inventory of assets and the office is not easily accessible to members of the public
4.34 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	X				
4.35 Are there periodic physical inventories of fixed assets and stocks?	X				This is done quarterly
4.36 Are assets sufficiently covered by insurance policies?		X			
<i>Other Offices or entities*2</i>					
4.37 Are there any other regional offices participating in implementation?		X			
4.38 Has the Implementing Partners established controls and procedures for flow of funds, financial information, accountability, and audits in relation to the other offices or entities? Please describe approval process.			X		
4.39 Does information among the different offices/Agencies flow in an accurate and timely fashion?			X		

<sup>2</sup> Other offices or entities refers to sub-offices of the implementing partners and/or respective parties.



Subject Area	Yes	No	N/A	Review	Remarks/Comments
6.6 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?			X		
6.7 Has the implementing partner prepared audit plans?			X		
<i>Risk Assessment (External Audit)</i>					
<b>7. Reporting and Monitoring</b>					
7.1 Are financial statements prepared for the entity?	X				
7.2 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to useful to management for decision making?					This is done through Smart Stream Preparation can be done daily since the system is almost automatic
7.3 Does the reporting system need to be adapted to report on the AWP related expenditure?	X				
7.4 Does the reporting system have the capacity to link the financial information with the AWP's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?		X			
7.5 Does the Implementing Partner have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	X				Reporting requirements are based on the Ministry of Finance Accounting requirements
7.6 Are financial management reports used by management?		X			
7.7 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	X				
7.8 Are financial reports prepared directly by the automated accounting system or are they or are they prepared by spreadsheets or some other means?	X				The system generates reports
<i>Risk Assessment (Monitoring and Reporting)</i>					
	H	S	M	L	Circle assessed risk for Subject Area 7
<b>8. Information Systems</b>					
8.1 Is the financial management system computerized?	X				The Smart Stream is a computerized System

# Capacity Assessment for Project Implementation – Ministry of Economic Development (MED)

**Project:**

Project to Develop Belize's Growth and Poverty Reduction Strategy (2014-2017)

**Implementing Partner:**

Ministry of Finance and Economic Development

**Implementing Partner Contact:**

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**Assessment conducted by:**

UNDP Belize Country Office (site visit 23 July 2013)  
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Claudette Hulise, Finance Associate

**RECOMMENDATION:**

Based on the assessment conducted by the team, the Ministry of Finance and Economic Development is recommended to direct transfer of funds for the implementation of the Growth and Poverty Reduction Strategy and its accompanying Monitoring and Evaluation Framework. The funds transfer will be facilitated by the signing of a ProDoc entitled Support for the Development of Growth and Poverty Reduction Strategy and Monitoring and Evaluation Framework during the Period August 2013 – August 2014.

AREAS FOR ASSESSMENT	ASSESSMENT QUESTIONS	RESPONSES	REFERENCE DOCUMENT & INFORMATION SOURCES
<b>PART I. BACKGROUND INFORMATION</b>			
1. History	Date of establishment of the organization	The Ministry under the portfolio of Finance and Economic Development was established in 2012	Gazette 2012
2. Mandate and constituency	What is the current mandate or purpose of the organization? Who is the organization's primary constituency?	The MOFED is responsible for capital budget preparation and management, economic development planning, public sector investment programme planning, coordination for development finance institutions and multilateral financing agencies. The Ministry is also responsible for the management of the statutory bodies: the Social Investment Fund, Development Finance Corporation and the Statistical Institute of the Belize. The Ministry also housed the National Authorizing Office of the EU	Government of Belize Website (belize.gov.bz)
3. Legal Status	What is the organization's legal status? Has it met the legal requirements for operation in the programme country?	MOFED is a Ministry of the Government of Belize. As a gazetted entity with responsibility to for capital budget preparation and management, economic development planning, public sector investment programme planning, coordination for development finance institutions and multilateral financing agencies, the ministry has met the legal requirements for operation in Belize	Gazette 2012
4. Funding	What is the organization's main source (s) of funds?	For recurrent expenditure the Ministry's major source of funding comes from the Government of Belize. All funds for recurrent and capital expenditure flows from the general revenue fund and at the request of the ministry, it is de-reserved through the Ministry of Finance	2012-2013 budget of the Government of Belize
5. Certification	Is the organization certified in accordance with any international standards or certification procedure?	The organization has no ISO certification, and operates under the requisite regulation and legislation for the Public Service of Belize	
6. Proscribed organizations	Is the organization listed in any UN reference list of proscribed organizations?	The Ministry of Finance and Economic Development of Belize is not listed in any UN reference list of proscribed organizations.	
1. Leadership Commitment	Are the leaders of the organization ready and willing to implement the proposed	The Ministry of Finance and Economic Development is ready and willing to implement the Growth and Poverty Reduction Strategy. The Government of Belize desires to	Ministry of finance and Economic Development. Draft TOR Growth and

	project?	<p>have an effective GPRS. The Ministry believes that a clear GPRS is urgently needed within the context of the need to put Belize on a sustainable development path. Apart from reflecting clear, logical and convincing strategies, the ministry expects the strategy to be tied to the budget and imbued with appropriate accountability and results monitoring framework which would allow for periodic modification of plans and actions towards the attainment of the desired outcomes and impacts.</p>	Poverty Reduction Strategy
<p>2. Management experience and qualifications</p>	<p>Which managers in the organization would be concerned with the proposed project? What are their credentials and experience that relate to the proposed project? Do these managers have experience implementing UNDP or other donor-funded projects?</p>	<p>Mr. Duane Belisle, Director of the Policy and Planning Unit will be responsible for the day to day monitoring of the Project. Ultimate responsibility will be to the Chief Executive Officer of the Ministry of Economic Development, CEO Yvonne Hyde. Mr. Belisle holds a post-grad diploma from the University of Strathclyde in Industrialization, Trade and Economic Policy, he additionally holds Post-Grad diploma from the University of Bradford in Project Planning, appraisal and management (2010).</p> <p>Between the CEO and the Director of the Policy and Planning Unit, there is over 40 years of project management and development experience. While the managers of the project do not have specific UNDP project implementation experience, the unit has implemented projects on behalf of UNFPA (Population Policy) and members of the unit work closely with UNDP in the management of Projects, particularly as part of the Project Execution boards and as co-coordinators of Belize's MDG reporting process. Additionally, the Policy and Planning Unit of the Ministry of Economic Development manages and coordinates the development of many donor funded projects. Projects of the Caribbean Development Bank, the Inter-American Development Bank, Central American Bank for Economic Integration are also prepared and supervised by the policy and planning unit of the Ministry.</p>	Interviews and CVs of Manager
<p>3. Planning and budgeting</p>	<p>Does the organization apply a results-based management</p>	<p>Monitoring is done based on the executive structure of Government. The Ministry is piloting the Public</p>	

	<p>functioning of this organization? How does the organization conduct relations with these organizations? Is the organization a party to knowledge networks, coordinating bodies, and other fora?</p>	<p>Ministry. Since donor funding largely comes from the Ministry of Finance and Economic Development and is then disbursed to other ministries and statutory bodies for implementation, the Ministry sits on their Project Steering Committees. In this way there is a constant network and monitoring of what the other ministries are doing since the successful functioning of the ministry is highly dependent on the successful project implementation by various government entities.</p> <p>The Ministry is not a part of any formal knowledge network.</p>	Development
<p>1. Technical knowledge and skills</p>	<p>Do the skills and experience of the organization's technical professionals match those required for the project? Would these professionals be available to the project? Does the organization have the necessary technical infrastructure (e.g. laboratories, equipment, software, technical data bases, etc.) to support the implementation of the project? How do staff members of the organization keep informed about the latest techniques and trends in their areas of expertise? What external technical contacts and networks does the organization utilize? What professional associations</p>	<p>The members of the Policy and Planning Unit of the MOFED have a combined experience of over 30 years of monitoring projects. The Finance Officer of the Ministry is also trained in project management. The monitoring of the consult under this project will have final reporting responsibility to the CEO, while the day to day monitoring is the responsibility of the Director of the Policy and Planning Unit of the Ministry. The director will be available to the project by virtue of his role at UNDP. Please see attached the CV of the director and key staff under the project of the Policy and Planning Unit.</p> <p>The Policy and Planning Unit provides the technical infrastructure in terms of capacity to manage the Project.</p> <p>Training is provided constantly by the various donor agencies to the key staff of the PPU who work on their projects. Training in new techniques is provided through regional and international capacity development, in addition, team visits to Belize also provides training to the staff and management of the Policy and Planning Unit.</p>	CV of technical staff
		<p>The staff of the organisation is not a part of any</p>	

	<p>Does the organization have dedicated procurement capacity? Do procurement personnel have skills and experience that are appropriate to the requirements of the project? Does the organization have written procurement procedures?</p>	<p>Economic Development mostly procures services depending on general experience and interest they are starting a roster of consultants.</p> <p>The Organizations does not have dedicated procurement capacity. Procurement is done based on individual necessities. Based on the necessities of the project, the individual economist or head of department will draft the Terms of Reference for the consultation needed and is responsible to carry out the process of soliciting locally via advertisements or internationally.</p>	
	<p>Is there evidence that the organization conducts procurement on the basis of best value for money, transparency, and effective international competition?</p> <p>Does the organization have a system and procedures for asset management and inventory control?</p>	<p>Based on institutional requirement the ministry of Economic Development organize a review team with 3 representatives and do Evaluation Matrix, they publicize locally and internationally base on the capacity needed and keep all documentation for audit trails.</p> <p>Because the Ministry of Economic Development procures mostly services, there is not much need for inventory control. However, for the few inventory and assets management, a list of the inventory is kept on the door and it is reconciled often.</p>	
<p>3. Recruitment and personnel management</p>	<p>Does the organization have the legal authority to enter into employment contracts with individuals? Does the organization have dedicated personnel capacity?</p>	<p>The organization through the GOB has the authority to enter into employment contract. At first the department needs to get permission from Ministry of Finance to publish and recruit employees.</p>	<p>Staff Regulations and Rules</p>

	<p>Do recruitment personnel have skills and experience that are appropriate to the requirements of the project? Does the organization have written recruitment procedures? Is there evidence that the organization conducts recruitment objectively on the basis of competition, fairness, and transparency? Does the organization have a salary scale that would apply to project personnel? Would that scale inhibit the hiring of the best candidates?</p>	<p>The employment is conducted by the project management who selects 2 other official or representatives from the project to assist in evaluation and interviews if required. The written recruitment procedures are those of the Government of Belize specified in the Finance and Audit Act. The Organization conducts recruitment objectively on the basis of competitive fairness and transparency and only uses sole sourcing or direct contracting when capacities has been identified in an individual based on experience and/or recommendations. The Organization uses the Government of Belize Salary Scale especially since the GOB is expected to absorb staff at the end of projects. This scale sometimes inhibits the hiring the best candidate.</p>	
<p>1. Financial management organization and personnel</p>	<p>Does the organization have written rules and regulations for financial management that are consistent with international standards? Does the organization have a dedicated finance unit? Do finance managers and personnel have skills and experience that are appropriate to the requirements of the project? Is the existing financial management capacity adequate to meet the additional requirements of the project? Do finance personnel have experience managing donor resources?</p>	<p>Controls are in place based on the following regulations and legislations: Control of Public Expenditure regulation, Finance and Audit Act, Stores Order, Finance Order There is one Senior Finance Officer and one Clerk within the Finance Department of the MED Staff are hired according to the Public Service requirements and generally meet the qualification criteria for their post The Ministry is small and the number of staff in this department is adequate</p>	

reporting	<p>national standards or requirements? When and to whom does the organization provide its financial statements? Can the organization track and report separately on the receipt and use of funds from individual donor organizations?</p>	<p>presented to Cabinet and form a basis for budget preparation. Audited financial statements can also be obtained from the office of the auditor general.  The organization can track and report separately on the receipt of funds from individual donors. When funds are deposited into the central bank, the ministry with proper justification requests de-reservation. The funds are placed under a separate line once de-reserved for disbursement by the relevant line ministries.</p>	
5. Audit	<p>Is the organization subject regularly to external audit? Is audit conducted in accordance with international audit standards? Are audit findings public? If so, have the organization's financial audits produced any significant recommendations for strengthening of financial systems and procedures? Have audits identified instances of non-compliance with rules and procedures or misuse of financial resources? What has been done to carry out audit recommendations?</p>	<p>The organization does not conduct external audits, however audits are conducted approximately every five years by the Officer of the Auditor General. At last audit, there were no audit recommendations for the Ministry of Economic Development.</p>	Audit reports