Micro Assessment of Fundación Centro Nacional de
Alta Tecnología (FunCENAT)
Commissioned By
United Nations Development Programme (UNDP)
26 July 2020

BDO

To UNDP / Costa Rica Office

26 July 2020

Dear Sirs,

This Micro Assessment of Fundación Centro Nacional de Alta Tecnología was completed in accordance with the PO# 96898 dated in May 2020 signed between the United Nations Development Programme "UNDP" and BDO Jordan.

We have relied when performing the Micro Assessment only on whatever information that Implementing Partner provided to us.

Because the procedures we conducted do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not provide any opinion or assurance on our attestations.

This Micro Assessment report is intended solely for the information and use of the specified parties (UNDP/Costa Rica Office and the Implementing Partner: Fundación Centro Nacional de Alta Tecnología - Costa Rica) and is not intended to be and should not be used by anyone other than the specified parties.

Yours faithfully

BDO Jordan Samman & Co.

Rami Samman

Managing Partner

CONTENTS

1. Background, Scope and 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 (IPs).

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.

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.

Scale of assessment

The Micro Assessment questionnaire provides an overall risk rating based on responses provided including:

Scoring	Description
High	Response to question indicates a risk to the effective functioning of the IP's control framework that has a high likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.
Significant	Response to question indicates a risk to the effective functioning of the IP's control framework that has a significant likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.
Moderate	Response to question indicates a risk to the effective functioning of the IP's control framework that has a moderate likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.
Low	Response to question indicates a low risk to the effective functioning of the IP's control framework and a low likelihood of a potential negative impact on the IP's ability to execute the programme in accordance with the work plan and stated objectives.

The Risk Points column automatically assigns points to each question that correlate with the level of risk.

Points are assigned as follows:

Risk rating	Points: non-key questions	Points: key questions
H – High risk	4 points	8 points
S - Significant risk	3 points	6 points
M – Moderate risk	2 points	4 points
L – Low risk	1 point	1 point

Calculation of risk rating per subject area section

For each subject area, the risk points are totalled and divided by the number of applicable questions in that area, to give a risk rating for the subject area. The method of calculation is weighted average, where key questions have double the weight of non-key questions.

Calculation of overall risk rating

For all the questions in the questionnaire, the risk points are totalled and divided by the number of applicable questions, to give an overall average score. The method of calculation is weighted average, where key questions have double the weight of non-key.

Methodology

We performed the Micro Assessment field visit on 19 May 2020 at the Implementing Partner's office in Costa Rica.

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:

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	No observations were noted.
2. Programme Management	Low	No observations were noted.
3. Organizational structure and staffing	Low	No observations were noted.
4. Accounting policies and procedures	Low	The IP does not have dual signatories' authorization for bank transactions. The IP does not have Internal Audit department.
5. Fixed Assets and Inventory	Low	The IP does not have insurance policies to protect its assets.
6. Financial Reporting and Monitoring	Low	No observations were noted.
7. Procurement	Low	No observations were noted.
Overall Risk Assessment	**Low**	

*High, Significant, Moderate, Low

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3. Detailed Internal Control Findings and Recommendations

#	Ref #	Description of finding	Recommendation	IP Management Response
1	N/A	The administrative management is the only one authorized to approve all payments paid in bank, single signature over bank transactions.	We recommend the IP to establish a co-signature mechanism in order to increase the level of security on assets and enable the Organization to withdraw money from the bank in case the administrative management was not available for any reason. It also contributes to avoiding errors/irregularities further to being part of practicing proper control over process.	It is a matter of the Foundation's own governance, and is defined by the Board of Directors of the Foundation. It must be remembered that the Foundation's officials are 6 people, of whom two are in projects and accounting, 2 are in administrative contracting, 1 assistant and the position of Management, so even by internal control none of the people other than the management could take on the co-signature.

For internal control there are a series of processes that allow to pay only what has been authorized by different people with independent functions, such as the administrative assistants of the laboratories together with the director of the laboratory who carry out the process of what is required to buy, and when it arrives to be paid, it carries a series of approvals that allow verifying the suitability of your payment. In accounting, it is an accounting officer who verifies the payments to be made, another accounting officer uploads them to the system and only when they have reviewed and uploaded that information does the payment can proceed. Similarly, the accountant must keep updated reconciliations and information up to date, always verifying the payment that was approved.

Conclusion: It is a decision of the Foundation's own governance and its form of organization, it is not currently considered necessary. |

| 2 | N/A | The IP doesn't have Internal Audit Department | We recommend the IP to establish an effective internal audit function (compliance)/department, outsource this function or hire a person to provide reasonable assurance in terms of meeting the IP's objectives and compliance with policies and procedures. | As indicated in the previous point, the Foundation itself has 6 people as staff, it is still a small organization. Deciding what positions the organization has is part of its governance. For control and security purposes, the Foundation is subject to internal audits by CONARE, as well as by the Office of the Comptroller General of the Republic, both entities audit the public funds that are assigned for their administration at FunCeNAT. For private funds, when the donors consider it necessary, it include external audits in the projects. The Foundation annually performs an external audit, which provides audited financial statements in their entirety, which guarantees the review of controls and execution of all funds. **Conclusion:** The Foundation itself has 6 people as staff, it is still a small organization. Deciding the positions that the organization has is part of its governance, so for the moment this fixed position in the organization is not considered necessary, in addition, they have external auditing and other means of verification and control. |
| 3 | N/A | Insurance coverage: We have noted that the IP does not obtain an insurance coverage for its assets. | The IP should, for the protection of assets during implementation of the Projects, obtain appropriate & adequate insurance coverage for all its fixed assets and Inventory, cash in safe; cash in transit (petty cash) and cashier against fire, loss, theft and third-party liability. | The project indicates that if there are insurance policies it must be included in the budget, then if they consider it necessary to have them, they must be included in the budget. FunCeNAT does not require asset policies, unless the projects indicate otherwise, they are donated to CONARE and featured in CeNAT. |

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Annex I. IP and Programme Information

The following information should be completed at the start of the micro assessment and annexed to the report as per the format in Annex 3.

Implementing partner name:	Ministerio de Ambiente y Energía (MINAE)
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A
Implementing partner contact details (contact name, email address and telephone number):	Cynthia Cordero Solís, Administrative Director. Email: ccordero@cenat.ac.cr Phone: (506) 2519-5838
Main programmes implemented with the applicable UN Agency/ies:	N/A
Key Official in charge of the UN Agency/ies' programme(s):	Cynthia Cordero Solís, Administrative Director.
Programme location(s):	San José, Costa Rica
Location of records related to the UN Agency/ies' programme (s):	San José Costa Rica
Currency of records maintained:	₡ Colones
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable). Indicate the amount (in US$) and the financial reporting period;	Unión Internacional de Telecomunicaciones (UIT): $50,000 Organización de las Naciones Unidas para la Educación, la Ciencia y la Cultura (UNESCO): $18,000
Current or latest cash transfer modality/ies used by the UN agency/ies to the IP	N/A
Intended start date of Micro Assessment:	05/19/2020
Number of days to be spent for visit to IP:	2 working days
Any special requests to be considered during the micro assessment:	N/A

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Annex II. Implementing Partner Organizational Chart

Organigrama de la Fundación respecto al CeNAT

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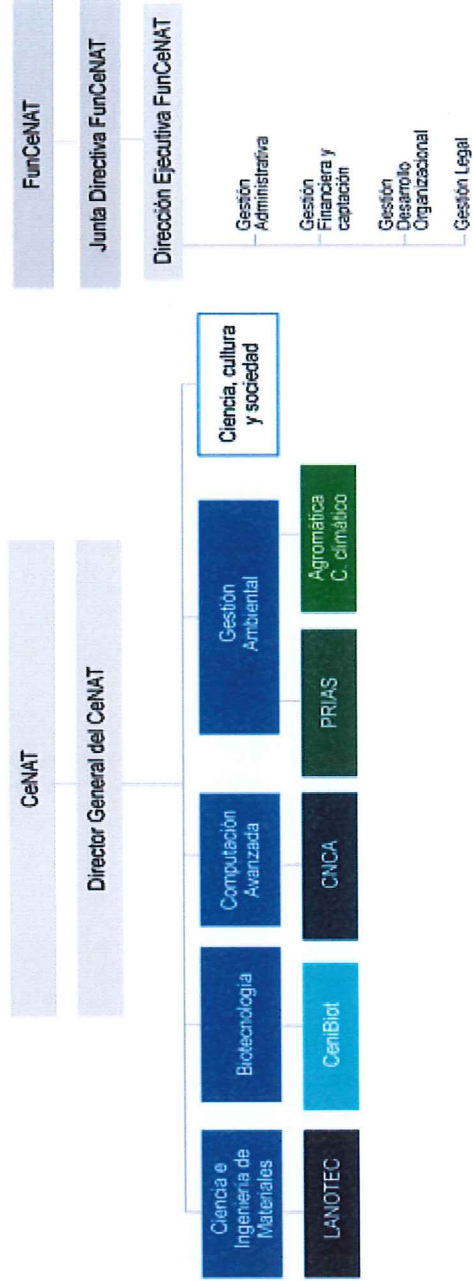
Annex III. List of Persons Met

Name	Unit/organization	Position
Cynthia Cordero Solís	Executive Direction	Administrative Director
Yakelín Bejarano López	Administrative management	Administrative assistant
Jeannette Vargas Arce	Financial management	Accounting and Project Officer
Mauricio Segura Chacón	Financial management	Accounting and Project Officer

Micro-assessment workbook								
Implementing partner: Fundación Centro Nacional de Alta Te					Date: 7/6/2020.			
Subject area (key questions in bold)	Yes	No	N/A	Risk Assess	Support-in Doc	Person	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	1.1		1	Yes, is a Foundation with legal status and a legal ID document. The date of registration is 2019
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.		No		Low	N/A		1	No, the United Nations audit recommendations did not show findings that compromised the proper execution of funds.
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	1.3		1	The legal reports are the reports to the Board of Directors and are made in accordance with the provisions. In the same way, reports are attended according to how each donor requests it.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1.4		1	Yes, the Board of Directors meetings are held twice a year, in which the execution of the year that ends is reported and the following year's budget is approved. In addition, monthly meetings are held with the CeNAT Director.
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?			N/A	N/A	N/A	N/A	-	N/A
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	1.6		1	Yes, there is financial stability, showing in our audited financial statements. The audit reports for the period 2017-2018-2019 are attached, where the financial statements of the Foundation are shown. It is important to remember that FunCeNAT was created by law to manage CeNAT resources, and this is a CONARE program, for which CONARE annually provides a basic part of the budget.
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	N/A		1	Yes they can be received easily. There have been no problems with funds drawn or expected to be turned over to the Foundation, nor with public funds (government funds) or with funds from external entities (private 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	N/A		1	No legal actions are pending against the Foundation.
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Low	1.9		1	Yes, the Foundation has a series of policies that include anti-fraud and corruption.
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Yes			Low	1.9		1	Yes, it has been reported, this type of information is handled confidentially, thus avoiding retaliation.
1.11 Does the IP 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		Low	N/A		1	Most of the risks are addressed in this questionnaire.

Total number of questions in subject area: 11
Total number of applicable questions in subject area: 10
Total number of applicable key questions in subject area: 4
Total number of risk points: 10
Risk score: 1
Area risk rating: Low

Subject area (key questions in *bold*)	Yes	No	N/A	Risk Assessme	Support-ing Doc	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	2,1,1 2,1,2 2,1,3 2,1,4 2,1,5	1	Yes, each project manages its follow-up matrices and compliance with objectives, to monitor the follow-up of the assigned tasks or activities.
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	2,1,1 2,1,2 2,1,3 2,1,4 2,1,5	1	Yes, each work plan keeps track of the activities carried out, the time invested in each of them and the person in charge. Like the progress that this generates to the project.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	2.3	1	Yes, SEVRI is managed, as a follow-up of the risks associated in each of the processes that are developed for the different projects and their funds.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	2,1,1 2,1,2 2,1,3 2,1,4 2,1,5	1	Every project manages its matrices and monitoring tools in compliance with tasks and objectives, some of which are already provided by the entity with which the project is working and who allocates and requests their reports in the formats they handle.
2.5 Does the IP have M&E frameworks for its Programmes, with indicators, baselines, and targets to monitor achievement of programme results?	Yes			Low	2.5	1	All CeNAT laboratories and the Cenat as a whole, have an annual work plan with goals, indicators and products, for each laboratory and for the Center.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	2.6	1	Periodical meetings are held with those responsible for executing the projects in turn if necessary or if requested, meetings are also held with the entities that are involved in the projects, communication is agile and timely when the progress of the project is well require it.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	2.7	1	Secure databases and document safeguards are managed, in order to store the achievements obtained with the different funds destined for its administration in the Foundation. Furthermore, through the Annual Operational Plan it is possible to monitor the results of the projects.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Low	N/A	1	BDO made recommendations at the spot check carried out in 2019 and it was observed that several of the recommendations were implemented.

Total number of questions in subject area:	8
Total number of applicable questions in subject area:	8
Total number of applicable key questions in subject area:	2
Total number of risk points:	8
Risk score	1
Area risk rating	Low

Subject area (Key questions in bold)	Yes	No	N/A	Risk Assessme		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	3.1	1	Yes, the recruitment practices are defined, they are interviewed, evaluation of the candidates is carried out and interviews are carried out to select the trained personnel for the development of each project.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	3,2,1 3,2,2	1	Yes, every functionary has his employment contract, confidentiality contract and attached to these the job profile, which indicates the functions that are assigned to him.
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	3.3	1	Yes, the evaluations verify the academic qualifications and qualifications that support the knowledge of the contracted personnel. All officials are in constant training to update the knowledge deemed necessary. The key personnel of the laboratories are the indispensable people for the development of the project from the technical point of view, if it is a new administrative and financial they are the 6 officials of the Foundation.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Low	3.3	1	Yes, the Accounting staff is professional in the areas of public accounting, business administration and administrative contracting, in turn they are registered with the Colegio de Contadores Privados, that is, they have the necessary knowledge to guarantee the proper management of funds and of projects. Like all officials, they are constantly trained on issues related to Internal Control, auditing, administrative contracting, among others.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	Yes			Low	3.5	1	Yes, the general staff of FunCeNAT is constantly updating topics related to their work.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	N/A	1	Yes, antecedents are verified in new hires, these verifications are carried out in the evaluations of the candidates to be hired, in case there are personnel changes. However, the FUCENAT staff has been in the company for many years. There are no recent hires.
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	3.3	1	There has been no rotation.
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.	Yes			Low	3.8	1	From the annual programming, internal control measures are worked on, which are known to the staff and, in turn, periodically verified to monitor that new actions must be included or that the implementation of the previously proposed ones be corroborated.

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: 8
Risk score: 1
Area risk rating: Low

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessme	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	4,1,1 4,1,2	1	Yes, there is a project accounting system. In other words, the accounting for each project or fund is independent and a project number is generated, which allows for independent financial reports of income and expenses.
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	4.2	1	The Foundation, from the contract signed, has the definition of cost allocation that guarantees cost allocations in accordance with the established agreements. It also seeks (regardless of the origin of the funds) the efficient and effective use of the funds destined for its administration, which guarantees that the use of the resources will be used in accordance with what has been proposed and approved.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	N/A	1	Yes, the documentation is kept in folders separated by projects and, in turn, by month of execution, thus allowing information to be at hand if you need to consult it. The documentation is kept for a period of up to 7 years, after which it is stored in the archives.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	4,4,1 4,4,2 4,4,3	1	The accounting applies monthly budget execution closure, which are verified by project assistants, accounting system, bank accounts and the monthly execution report is issued which is sent to each project manager. In turn, monthly bank reconciliations are made.
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	4.5	1	Yes, the indicated transactions are carried out by different officials and are also reviewed by the purchasing managers, budget manager and are loaded into the system, where the Administrative Director enters, reviews and approves the transactions, and is also reviewed by the accounting. Assets are guarded by the accounting department.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	4.5	1	Yes, the functions of ordering, receiving, accounting and paying for goods and services are segregated in different people. It works with the distribution of functions so as to comply with internal control measures and verifications of adequate execution of processes.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	4,4,1	1	The person in charge of approving the payments are the purchasing managers, in charge of budgetary verifications and the Administrative Director, bank reconciliations are carried out in Accounting, so that different people carry out each process.
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	4.8	1	From the start of a project, the budget is defined in the greatest detail. In addition, in the execution of the budget, it must contain the request for it linked to the planning that was carried out to prepare it and the objectives or goals that will be met with this budget.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	4.9	1	It is verified before proceeding with any transaction that is associated with the budget statement to which it is being assigned, in turn, monthly reviews are performed at the end of the accounting month. In case of requiring budgetary modifications, they are carried out by means of a formal document where the reasons for the request are justified and to proceed must have the endorsement of the entity that allocated the funds to the Foundation.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	4,10,1 4,10,2	1	Yes, a follow-up is handled in the execution of funds and technical compliance, which allows any variation to be made in the appropriate terms and with the approval of the donor.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	4.11	1	Every budget to be able to proceed must count the endorsement of the related persons or entities, for each project the approvals are different, given that they are different entities. It is also brought to the Board of Directors for the approval of the annual budget.

4. Accounting Policies and Procedures (continued)

4d. Payments

Subject area (key questions in **bold**)	Yes	No	N/A	Risk Assessme		Risk points	Remarks/comments
4.12 Do invoice processing procedures provide for: . Copies of purchase orders and receiving reports to be obtained directly from issuing departments? . Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? . Checking the accuracy of calculations?	Yes			Low	4.5	1	All purchases made by the Foundation must comply with the Purchase Manual and the established procedures, they have a purchase file that justifies the purchase, its budget content, invitation to quote, evaluation of offers, thus counting the invoice with all your supporting documents for the award, purchase order, technical justification studies for the acquisition of the good or service and in turn the evaluation for the choice of the company or person awarded, guaranteeing the efficient and effective use of all resources.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	4.13	1	Payments are authorized according to what the administrative contracting file in its award section and contract or purchase order authorize, established dates are handled to manage payments, but in case of emergencies, the request is made immediately.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?	Yes			Low	4.5	1	There are stamps indicating the project, date and receipt with which the invoice was canceled.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	4.15	1	There are frequently no changes in the payroll, but if they occur, they always have the endorsement of the people and entities in charge of each project, and they must be formally notified to the Foundation and previously verify that any variant has been included in the project budget.
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	4,16,1 4,16,2	1	Controls of hours invested in the fulfillment of each task or objective are managed.
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	4.17	1	This type of travel expenses are paid according to the table of the Office of the Comptroller General of the Republic, and the documentation indicated there must be submitted. For any other payment, it must contain invoice support, no payments are made that do not have this document, except for the payroll that is supported by the employment contract.

4e. Policies and procedures

Subject area (key questions in **bold**)	Yes	No	N/A	Risk Assessme		Risk points	Remarks/comments
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	4.18	1	Yes, the cash accounting base is maintained, which adjusts to the requirements requested for said application, it presents in all its aspects the financial situation in accordance with International Financial Reporting Standards.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	4.19	1	There are constantly updated and verified manuals, these are sent to officials for mandatory knowledge and implementation.

4f. Cash and bank

Ref	Question	Answer	N/A	Rating	Key	Risk	Comments
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?	No		High	4.5	8	For purposes of payment requests and budget execution, all transaction requests must be endorsed by the Director or project manager, purchasing manager, budget manager and Administrative Direction. In the absence of a signatory, the formal authorization of the person who would assume the function in the established time is previously left. At the banking level, the signature is given through the Administrative Director of FunCeNAT, the Foundation itself is 6 people, so it is a decision of the Board of Directors that a person be the one who signs, in the same way from accounting, control is carried out daily of banking movements. There are not dual signatories.
4.21	Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes		Low	4.21	1	The bank book is kept updated as project assistants on a daily basis.
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	N/A	-	This activity is not carried out at the Foundation, and when it occurs, a procedure for proper management will be established.
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	4.4.1	1	The bank books are updated daily and their reconciliations are carried out monthly and approved by the Administrative Director of the Foundation, in the event that any kind of justification and / or annotation is required, it is included in the month document that so require.
4.24	Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		N/A	N/A	N/A	-	The Foundation does not make cash payments, everything is processed by bank transactions.
4.25	Does the IP carry out a regular petty cash reconciliation?	Yes		Low	4.25	1	Petty cash is handled and settlements are made when required, petty cash is handled in a bank account and not in cash, therefore, withdrawals or money advances are made through bank transactions. For the payment of the same there is a manual, procedure and form that must bear the corresponding signatures and approvals.
4.26	Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?		N/A	N/A	N/A	-	The Foundation does not handle cash or checks.
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?	Yes		Low	4.27	1	All payment request documents must be physical and original since they contain forms that must contain authorization signatures, so there is no possibility of modifications or processing with unauthorized payments.
4.28	Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?		N/A	N/A	N/A	-	FunCENAT do not have subsidiary or external offices, what they have are the laboratories of the Center, but all payments must be approved and verified before being processed, this verification is carried out with the objectives that are expected to be met with the funds as well as with the goods and services that were indicated that they were going to be acquired with them, for this reason the payment requests have several guarantees before being processed and in turn there is a tab that indicates "Justification" in this the reason why it is required must be included process the requested transaction.

4h. Internal audit

Ref	Question	Answer	N/A	Rating	Key	Risk	Comments
4.29	Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	No		Significant	N/A	3	The internal audit is independent from FunCENAT , this audit is part of CONARE and informs both CONARE and FunCENAT of the measures they consider necessary for the management of public funds. The Foundation conducts an external audit annually, which is presented to the Board of Directors and is also kept informed of the results by the internal audit.
4.30	Does the IP have stated qualifications and experience requirements for internal audit department staff?	No		Significant	N/A	3	FunCENAT don´t have internal audit department
4.31	Are the activities financed by the agencies included in the internal audit department's work programme?	No		Significant	N/A	3	FunCENAT don´t have internal audit department
4.32	Does the IP act on the internal auditor's recommendations?	No		Significant	N/A	3	FunCENAT don´t have internal audit department

Total number of questions in subject area:	32
Total number of applicable questions in subject area:	28
Total number of applicable key questions in subject area:	17
Total number of risk points:	43
Risk score	1.535714286
Area risk rating	Low

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Subject area (key questions in bold)	Yes	No	N/A	Risk Assessme		Risk points	Remarks/comments
			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	5.1	1	Yes, the assets are safeguarded with the necessary measures.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	5.2	1	Yes, an asset assistant is managed, which must be reconciled monthly.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	5.2	1	In order to have the asset assistant up to date, the monthly physical verification and its proper labeling are necessary.
5.4 Are fixed assets and inventory adequately covered by insurance policies?		No		Significant	N/A	3	No, assets are not insured, unless requested by the donor and the item is included in the donor's budget.
5b. Warehousing and inventory management							
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	5.5	1	Yes, the facilities have adequate physical security, the offices where the equipment is located remain locked while the officials in charge are not using it, the center also has a camera monitoring system, and access to building is by means of a fingerprint or identification card.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	5.6	1	Assets have a control number which is linked to the inventory assistant, where you can identify in which area the asset is located.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	N/A	-	It is not necessary to manage the inventory of supplies; there is a record of purchase on demand and it is requested as required.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	N/A	-	It is not necessary to manage the inventory of supplies; there is a record of purchase on demand and it is requested as required.
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	N/A	-	Supply inventory is not managed.

Total number of questions in subject area:	9
Total number of applicable questions in subject area:	6
Total number of applicable key questions in subject area:	1
Total number of risk points:	8
Risk score	1.333333333
Area risk rating	Low

6. Financial Reporting and Monitoring

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessme		Risk points	Remarks/comments
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	6.1	1	There is a reporting schedule, which indicates when and when they should be delivered, as well as what they should contain and the source of the information is a monitoring system.
6.2 Does the IP prepare overall financial statements?	Yes			Low	6.2	1	Yes, monthly financial statements are prepared.
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	4,18 6,3,1 6,3,2	1	The financial statements are audited and present in all their aspects the financial situation in accordance with International Financial Reporting Standards. The external audit is carried out on an annual basis, currently the audit is prepared by the Prendas, Vargas and Córdoba Office and the responsible auditor is Marcelo Prendas González, Authorized Public Accountant, Card N°822
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past five years?		No		Low	N/A	1	There weren't any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past five years
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	N/A	1	There are no observations pending attention.
6.6 Is the financial management system computerized?	Yes			Low	4,1,1 4,1,2	1	Yes, there is a computerized accounting system.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	6.7	1	Yes, the system allows you to generate separate income and expense reports for each fund
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	6.8	1	Each user has their password which is not transferable for personal use, and in turn the accounting system has logs that allow monitoring of the activities carried out on it.

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:	8

Risk score	1
Area risk rating	Low

Lowest score possible= 1.000
Highest score possible 5.000
Banding with 1.125
Low risk scores below 2.125
Moderate risk scores below 3.250
Significant risk scores below 4.375

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessme	Risk	Risk points	Remarks/comments
7. Procurement and Contract Administration							
7a. Procurement							
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	7.1	1	Yes, there is a Purchasing Manual and the applicable forms for it (which are compulsory).
7.2 Are exceptions to procurement procedures approved by management and documented ?			N/A	N/A	N/A	N/A	There are no exceptions to the procurement procedures, there are different types of procurement according to the Administrative Procurement Law on principle, but that does not exempt from doing a procedure. All purchases must be signed by the applicant, the Project Director at the Foundation and the Administrative Director of FunCeNAT.
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			Low	4.13	1	Each purchase order is prepared by the corresponding laboratory, and is subsequently authorized by the Director of the Foundation to be sent to each supplier. These purchase orders are in a digital control. When the good is delivered, there is a person in charge of the technical part who must receive the good and by means of a reception act, the reception is included in the file.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	4.13	1	Each acquisition of goods is supervised by means of a contracting file, which is handled by means of established and approved forms, which have the corresponding signatures for the approval of each process. A monthly review of the active processes is carried out to guarantee timely deliveries and the closure of each file as appropriate.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	4.13	1	Yes, the Foundation has an Administrative Recruitment office that reports directly to the Administrative Director of FunCeNAT on the monitoring of contracts. Hiring is reviewed in order to verify the efficiency and responsibility in its work.
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IP's procurement rules and regulations?	Yes			Low	3.5	1	Yes, the staff of the Administrative Procurement office is constantly trained in issues related to institutional procurement.
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?			N/A	N/A	N/A	-	There have been no recommendations
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	7.1	1	Yes, the Purchasing Manual has defined these thresholds depending on the type of purchase. To make each purchase you must have the approval and authorization of the directors of each area as appropriate, of the accounting department for budget verification and of the Administrative Directors of the Foundation, to proceed with the contracting and award it.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	7.1	1	All procurement procedures and contracts are governed by the principles of administrative coordination, which ensure these ethical principles, stated criteria and much more.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	7.1	1	All procurement procedures and contracts are governed by the principles of administrative coordination, which ensure these ethical principles, stated criteria and much more.
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	7.1	1	Yes, just like the previous one, the Purchase Manual watches over formal guidelines and procedures to avoid conflicts of interest with suppliers. The principles of Administrative Contracting are complied with, all contracts are handled under the principle of equality and transparency, all information or communication regarding an acquisition process must be registered in a contracting file that is verified and protected in the Contracting office. Administrative. In the event of any conflict of interest or mishandling of this information being detected, the person will be subjected to the respective sanctioning procedure.

7. Procurement and Contract Administration (Continued)

Question					Comments
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	7,12,1 7,12,2	1	Yes, each contracting process has a prior market study where the suppliers that offer the good are identified, this must be incorporated in the purchase file. In addition, according to the Manual and the Administrative Contracting Law, the number of suppliers is defined depending on the type of purchase process that is carried out.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes	Low	7,12,1 7,12,2	1	Compliance is monitored with the suppliers we work with, in case of non-compliance it is documented and we do not work with that supplier again.
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	7,12,1 7,12,2	1	There is a Purchasing Manual that is adjusted to the law, which ensures that in all its stages a safe and transparent offer and evacuation process is guaranteed. Also depending on the type of purchase has more requirements. For example: After receiving offers, which are handled with the utmost discretion. A legal administrative analysis is carried out to ensure that the supplier complies with all legal aspects (CCSS, FODESAF, valid Signature, Sworn Declarations, among others) and with this determine if it is admissible or not for a technical analysis. Subsequently, in the technical analysis each detail requested in the poster is reviewed, in case of compliance, the bidder goes to the third phase that corresponds to the comparative of offers, according to the evaluation system, where prices are compared, and the Technician in charge recommends who should be awarded according to the score obtained. For everything mentioned, there are forms duly identified by the staff.
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	7,12,1 7,12,2	1	Yes, all awards are made under the provisions of the foregoing in the terms of reference, and also taking into account the previous process where it is established whether it fulfilled the technical part and whether the price is the most appropriate (lowest price) for handling the money.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	Yes	Low	7,12,1 7,12,2	1	Yes, the Office of Administrative Contracting, manages an auxiliary where it follows up on all signed contracts, as well as their maturities and conditions, these are also digitally backed.
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	N/A	-	N / A in the UNDP project.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?	N/A	N/A	N/A	-	N / A in the UNDP project.
7.19 Does the IP have a policy on post-facto actions on contracts?	N/A	N/A	N/A	-	N / A in the UNDP project.
7.20 How frequent do post-facto contract actions occur?	N/A	N/A	N/A	-	N / A in the UNDP project.

Total number of questions in subject area:	20
Total number of applicable questions in subject area:	18
Total number of applicable key questions in subject area:	5
Total number of applicable key risk points:	14
Risk score	0.777777778
Area risk rating	Low

Totals

Total number of questions:	96
Total number of applicable questions:	82
Total number of applicable key questions:	35
Total number of applicable key risk points:	99
Total risk score	1.207317073
Overall risk rating	Low