

**Micro Assessment of Oromia Pastoralists
Development Commission**

Commissioned by UNDP

Assessed by: Merit Management Consult PLC

October 15, 2016

Table of Contents

1. Background, Scope and Methodology.....	2
2. Summary of Risk Assessment Results	3
3. Detailed Internal Control Findings and Recommendations	4
Annex I. IP and Programme Information	5
Annex II. Implementing Partner Organizational Chart	6
Annex III. List of Persons Met	7
Annex IV. Micro Assessment Questionnaire	8



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.

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.

Methodology

We performed the micro-assessment from October 11 to 13, 2016 at Addis Ababa.

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

Risk ratings of **Oromia Pastoralists Development Commission** for each of all the seven subject areas (*implementing partner, programme management, , accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring and procurement*) is **low**. With the rating of low in all seven subject areas, the overall risk rating of the financial management capacity of the IP is assessed to be **low**.

Being a regional government organ the IP follows the procedures set out by the Bureau of Finance & Economic Development (BoFED) and distributed in the form of manuals. It is well experienced in handling donor funds and has adequate controls in place to manage agency resources. Generally, the overall assessment revealed that the financial management capacity of the IP is satisfactory.

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. Programme Management	Low	
3. Organizational structure and staffing	Low	
4. Accounting policies and procedures	Low	
5. Fixed Assets and Inventory	Low	
6. Financial Reporting and Monitoring	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	<p>Failure to use 'PAID' stamp on invoices</p> <p>Payment vouchers together with supporting documents such as invoices have not been stamped 'PAID'.</p> <p>Failure to use 'PAID' stamp increases the risk of representation of documents for further payment.</p>	<p>The IP did not use the 'PAID' stamp due to lack of awareness as to its implications. Finance staffs should be properly trained on control issues such as the use of 'PAID' stamps.</p>
2	<p>Failure to utilize the allocated budget</p> <p>The budget utilization rate of the Commission is not satisfactory and this fact was repeatedly commented by the Regional Auditor General.</p>	<p>The management of the Commission should set a mechanism to expedite the delivery of projects and increases its budget utilization.</p>
3	<p>Failure to adhere the regional government procurement procedures</p> <p>It was observed and commented by the regional auditors that the commission has procured goods through pro forma invoices above the threshold limit of this method.</p>	<p>We recommend that efforts should be taken to follow the policies and procedures set out by the regional government without any exception.</p>
4	<p>Failure to prepare bank reconciliation</p> <p>The commission did not perform bank reconciliation tasks after May 2016.</p>	<p>We recommend that the commission should prepare bank reconciliation of all banks on a monthly basis so that it can rectify any errors that might be occurred to its bank timely.</p>



Annex I. IP and Programme Information

Implementing partner name:	Oromia Pastoralists Development Commission
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	
Implementing partner contact details (contact name, email address and telephone number):	Ato Hunesa G/Sellasia, Mobile: 0911935589
Main programmes implemented with the applicable UN Agency/ies:	Strengthening the National Capacity of Disaster Risk Reduction and Livelihoods Recovery.
Key Official in charge of the UN Agency/ies' programme(s):	Mr Dillip Kumar Bahja
Programme location(s):	Addis Ababa, behind Global Hotel
Location of records related to the UN Agency/ies' programme (s):	At the Finance and Procurement Process owner
Currency of records maintained:	Ethiopian Birr
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$);	
Cash transfer modality/ies used by the UN agency/ies to the IP	Direct Cash Transfer
Intended start date of micro assessment:	15/10/2016
Number of days to be spent for visit to IP:	2
Any special requests to be considered during the micro assessment:	



Annex II. Implementing Partner Organizational Chart

Annex III. List of Persons Met

Serial no.	Staff name	Position	Mobile no.
1	Ato Atomsa Tufa	F/P Sub process owner	0911408089
2	Ato Tadesse Adane	Procurement Team Leader	0912041830
3	Ato Hunesa G/Sellasié	Plan and Program Sub process owner	0911935589
4	W/o Meseret Workneh	HR Sub process owner	0925002781



Annex IV. Micro Assessment Questionnaire

Micro-assessment workbook

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	✓			Low	1	Oromia Pastoralists Development Commission is a regional government organ established through proclamation number 62/1994.
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.	✓			Low	1	The Commission has received funds from UNDP for for more than two years. There is no significant issues in receiving funds so far.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	✓			Low	1	Government supported budget reported to BoFED monthly and to UNDP on a quarterly basis.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	✓			Low	1	The Commission is responsible to the Regional Agriculture Bureau and the steering committee meets on a monthly basis.
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	-	No other office is involved in implementation.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) <i>Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.</i>	✓		✓	N/A	-	The Commission is a budgetary Regional bureau with its regular finance need allocated by government.
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?	✓			Moderate	2	As per their approved budget and the monthly cash forecast, the IP receives funds without any problem for government budget and as per the AWP and fund request through FACE for UNDP but there is delay in release of funds from UNDP.
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.		✓		Low	1	There is no legal suits so far raised due to the IP.
1.9 Does the IP have an anti-fraud and corruption policy?	✓			Low	1	The IP has anti-corruption and ethics officer to handle such issues.
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?	✓			Moderate	2	Event or campaign is organized by ethics officer to enhance awareness and increase commitment in fighting corruption. Misuses are generally reported to the anti-fraud and ethics officer. Reporting is done secretly to avoid 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.			✓	N/A	-	
Total number of questions in subject area: 11						
Total number of applicable questions in subject area: 8						
Total number of applicable key questions in subject area: 3						
Total number of risk points: 10						

Risk score
Area risk rating

1.25
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?		✓		Moderate	2	There is no any written policy regarding the regional government funds and PIM is followed for the UNDP.
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?	✓			Moderate	4	It is done as per the PIM budget preparation schedules and formats for UNDP.
2.3. Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	✓			Moderate	2	There is no practice of identifying risk by the Commission during the planning stage but after monitoring of projects there is a way for mitigating observed risks.
2.4. Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	✓			Low	1	There is a template prepared by the oromia regional states that is applied by the commission.
2.5. Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?		✓		Moderate	2	There is no baseline data.
2.6. Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	✓			Low	1	this is done through joint monitoring for all projects run by the regional government. In addition, there is semiannual review meetings to review the performance of each offices in the region.
2.7. Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	✓			Low	1	Data collected systematically and reviewed.
2.8. Is it evident that the IP followed up on independent evaluation recommendations?	✓			Low	1	There is a practice of joint monitoring visits by compositing technical experts from different organs for Donors supported prjects and programmes..
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:	14					
Risk score	1.75					
Area risk rating	Low					



Subject area (key questions in bold)	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?	✓			Low	1	The Commission follows the regional government HR policies that transparent and clearly defined personnel practices.
3.2 Does the IP have clearly defined job descriptions?	✓			Low	1	Every posts has its own job descriptions.
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.	✓			Low	1	There are 18 staffs at Finance and Procurement directoriate (Finance team has 8 staffs and procurement and property Administration has 10 staffs). There qualifications are 11 of them have BA degree and the remaining 7 staffs have diploma. There work experience varies from 5 years to 27 years on average more than 10 years.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	✓			Low	1	The finance function is staffed adequately and that allows the directoriate for sufficient controls.
3.5 Does the IP have training policies for accounting/finance/programme management staff? Are necessary training activities undertaken?	✓			Low	1	The Commission has long-term training policy that enables it to capacitate the educational capacity of its staffs. Any staff that serves the IP for more than two years is entitled to pursue his BA or MA through set out selection criteria of the Regional CPA.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	✓			Low	1	CVs and experience letters as well as the references are checked.
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?	✓			Moderate	2	There is turn over of staff in the Commission specially at the zones and worda levels due to low salary and incentives.
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.	✓			Low	1	The Commission has internal control framework to control its programme and project delivery.
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:	9					
Risk score	1.125					
Area risk rating	Low					



Subject area (key questions in bold)	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?	✓			Moderate	4	The Oromia Pastoralists Development Commission is using IBEX software for government budgets and that of manual system for UNDP along with excell sheets for the preparation of FACE requests and liquidation of expenditures.
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?	✓			Moderate	4	The Commission has no any cost allocation methodology to share common costs to the financers.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	✓			Low	1	Documents are filed sequentially and stored in finance archive unit.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	✓			Low	1	it is reconciled every month.
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?	✓			Low	1	Authorization by programme directorate, Recording by Finance Officer and Custody by Store & Cashier.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	✓			Low	1	Ordering by Project Coordinator, receiving by store, accounting for by finance and paying by cashier.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	✓			Moderate	4	Reconciliation is prepared by the accountant and approval by Finance and Procurement Directorate. The Commission has prepared bank reconciliation up to May 2016.
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	✓			Low	1	Budget sections prepares budget as per the Oromia Regional Government formats.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	✓			Low	1	Monthly for Government budget and on a quarterly basis for UNDP supported projects.
4.10 Is prior approval sought for budget amendments in a timely way?	✓			Low	1	Budget amendments are approved by regional cabinet and for UNDP it is sent to them for their approval.
4.11 Are IP budgets approved formally at an appropriate level?	✓			Low	1	It is approved by the Regional Cabinet like that of other regional bureaus.



4d. Payments

<p>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?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>All transactions are checked for documentations, conformities as well as calculations at voucher preparation level as well as while approving.</p>
<p>4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?</p>		<p>✓</p>		<p>Moderate</p>	<p>4</p>	<p>All Payments are authorized by the Commissioner and or Deputy Commissioner with out any limit and other staffs are not allowed to authorize payments at the Commission.</p>
<p>4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?</p>		<p>✓</p>		<p>Significant</p>	<p>6</p>	<p>The Commission do not use paid stamp on payment supporting documents.</p>
<p>4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>Preparation by finance officer, approval by Finance and procurement directoriate and changes by HR letter.</p>
<p>4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>The HR unit sent actual salary to be paid for each staffs at the end of every month.</p>
<p>4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>Such payments are supported with letters, per diem forms, attendance & payment sheets are approved by department heads of the Commission.</p>
<p>4e. Policies and procedures</p>						
<p>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?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>Modified cash basis of accounting and this system allows for compliance with UNDP's requirement.</p>
<p>4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?</p>	<p>✓</p>			<p>Low</p>	<p>1</p>	<p>Manuals prepared at regional Government level (BoFED) are used and available in hard and soft copies. In addition, there is PIM manual for UNDP supported projects.</p>



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?	✓			Low	1	There are four signatories on the bank (1. Commissioner 2. Deputy Commissioner 3. Finance & Procurement Director. and 4. Accountant. Two signatories are required to execute transactions.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	✓			Low	1	The accountant keeps the up to date cash books for all bank accounts.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?		✓		N/A	-	
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	✓			Moderate	4	It is reconciled up to May 2016 monthly and not yet reconciled for transactions after May 2016.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		✓		Low	1	only payments up to birr 2,000 is paid through cash.
4.25 Does the IP carry out a regular petty cash reconciliation?	✓			Low	1	It is done every month.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	✓			Low	1	cash is kept in safe box and cheques are kept in the accountants drawer.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			✓	N/A	-	

4g. Other offices or entities

4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?		✓		N/A	-	All activities are implemented by the Commission.
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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?	✓			Low	1	Internal audit reports to the Commissioner directly and internal audit is independent to function properly.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	✓			Moderate	2	Internal audit is staffed with two experts that have required qualification and experience. These staffs are not sufficient for the volume of work at the Commission.
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?	✓			Low	1	Internal audit covers all funds that comes to the Commission regardless of the financier.
4.32 Does the IP act on the internal auditor's recommendations?	✓			Low	1	The Commission takes action based on the internal auditor's recommendations.

Total number of questions in subject area: 32

Total number of applicable questions in subject area: 29

Total number of applicable key questions in subject area: 18

Total number of risk points: 50

Risk score

Area risk rating

1,724

Low



Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	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?	✓			Low	1	Vouchers such as Model 19, Model 22 & delivery notes are used for movements in assets, fixed assets are tagged and recorded in register. There is also physical control.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	✓			Low	1	Assets are treated as expenses according to government accounting system and there is subsidiary or control account maintained by the property administration of the Commission as per the regional government system.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	✓			Low	1	There is annual count carried out by committee and these count is reconciled against the register..
5.4 Are fixed assets and inventory adequately covered by insurance policies?	✓			Moderate	2	Only motor vehicles are insured due to the government policy which permits insurance costs only for motor vehicles.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	✓			Low	1	There is no access except for authorized personnel.
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	✓			Low	1	Inventories are stored properly by the Commission.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	✓			Low	1	Stock/bin cards are in use.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	✓			Low	1	These tasks are separately handled.
5.9 Are regular physical counts of inventory carried out?	✓			Low	1	It is done annually as per the Oromia Regional Government policy and reconciled with the record keeping.
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:	10					
Risk score	1.111					
Area risk rating	Low					



Subject area (key questions in bold)	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?	✓			Low	1	IBEX report format is used for regular budget with monthly reporting, and donor report formats are used for donor funds with quarterly reporting. Reports are also issued for management when required.
6.2 Does the IP prepare overall financial statements?		✓		Moderate	2	There is no any experience at the Commission for the preparation of the overall financial statements.
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.	✓			Low	1	The IP is audited by the Office of the Regional Auditor General (ORAG). The audit is carried out up to Megabit 2007 E.C.
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?	✓			Moderate	4	It was commented that the Commission's budget utilization rate is too low in most of the budget components. In addition, the auditors' are also commented about procurement of goods through proforma invoices above the limit and the use of huge fuel expenses for one vehicle.
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?		✓		Moderate	2	The low budget utilization rate is not improved in subsequent years.
6.6 Is the financial management system computerized?	✓			Low	1	Computerized with IBEX for regular (gov) budget, but project account is kept manually by the Commission.
6.7 Can the computerized financial management system produce the necessary financial reports?	✓			Low	1	It provides the required reports monthly for the regional government financial uses.
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.	✓			Low	1	it is protected through passwords.
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:	13					
Risk score	1.625					
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?	✓			Low	1	Oromia Regional State Procurement policies and procedures are in use.
7.2 Are exceptions to procurement procedures approved by management and documented?	✓			Low	1	Treatment procedures for exceptions are also stated in the manual.
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.	✓			Moderate	2	It is a manual system for procurement.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	✓			Low	1	It is done and reported quarterly to Regional Procurement Agency.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	✓			Low	1	Procurement unit is accountable to the Process owner of Finance and Procurement.
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?	✓			Low	1	The Commission is staffed by two procurement experts that are qualified to handle the procurement related assignments. For the donors the regional government has organized training that encompasses these two staffs.
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?	✓			Moderate	2	It was commented that the Commission perform purchases of goods through proforma invoices that has to be advertised was not implemented.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	✓			Moderate	4	Approval is done by the Commissioner. There is no any threshold limit set out by the Commission.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	✓			Low	1	it is open and transparent.
7.10 Does the IP obtain sufficient approvals before signing a contract?	✓			Low	1	It is done by the procurement evaluation committee and the Commissioner finally approves it.
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?	✓			Low	1	it is done as per the regional government procurement manual.



7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	✓			Low	1	The IP follows the regional government procurement policies and procedures that allows the use of newspaper advertisement and other method of procurements.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.		✓		Moderate	2	no data base for recording the previous 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.	✓			Low	1	It is done by committees as per the manual and these committee members are assigned by the Commissioner.
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?	✓			Low	1	the award is given for the suppliers that obtained the highest technical scores and least price.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?	✓			Low	1	It is handled by the procurement team.
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:	16					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	22					
Risk score	1.375					
Area risk rating	Low					

Totals						
Total number of questions:	96					
Total number of applicable questions:	86					
Total number of applicable key questions:	36					
Total number of risk points:	128					
Total risk score	1.488					
Overall risk rating	Low					

