



Monitoring of HACT Recommendation for PLAC

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2. Dates	22 - 27 March, 2017 15 - 16 Oct, 2018
3. Name of Partner:	UNDP/PREP - CERPA INGO (Implementing Partner) UNDP/RoL
4. Name of Project:	UNDP/PREP - Community Stabilization Project Joint Justice Programme
5. Duration and Amount of Agreement:	
6. Places visited: Training Center Including Glasses, Office, Toilets, Office of Baidao Mayor and Office of the Minster of Youth	7. Notable Persons Met: 1. Abdulkadir Sh. Ahmed Mohamud, Director of PLAC - 907794066 2. Mohamed Nur Ali Garowe, Administrator of PLAC 907788501 3. Mohamud Said Abdirahman, Lawyer of PLAC 907727410 4. Fa'iso Abdillahi ilmi Garowe Lawyer 907793863

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Introduction:

Monitoring on HACT findings/recommendations in particularly areas needs improvement for the PLAC Garowe is one of the key elements of the new Harmonized Approach to Cash Transfer (HACT) to adopt by implementing partners. This monitoring was carried out carried out by UNDP POQA and RoL staff members. It is a review of a partner’s financial management and policy development capacity conducted 14 – 15 Oct 2018.

As part of the HACT requirements and implementation of the HACT findings action plans agreed after the assessment firm produced the report, with collaboration and support from the UNDP PPU/POQA and the implementing partner. POQA Team member and Project staff together conducted monitoring on the improvement made for areas scored high, medium and significant in accordance with the term of the Framework for Cash Transfer to Implementing Partners. Throughout the proceeding of the exercise, HACT monitoring team met and discussed with PLAC Director, the PLAC Project Coordinator, Administrator, and Member of the Lawyers, Members of the Paralegals and the Finance Manager.

Purpose of the HACT Findings Monitoring:

1. To assess the actions which the IP implemented to improve their institutional capacity of the areas needed improvement which has been identified during last micro-capacity assessment.
2. To examine to what extent UNDP and Government supported to develop policies and procedures to be compliant on HACT project and operations implementations

3. To understand to what extent the IP staff understood the financial administration system, financial internal control system and other policies including but not limited human resources policies, asset policies, etc to the sustainability of the institution.

Methodologies used to monitor HACT findings:

1. Review of the micro-capacity assessment scores, main observations and recommendations on the areas need improvement
2. Rapid appraisal methods – we did quick ways of getting views with views and feedback from IP. These included interviewing on what IP achieved for the recommendations provided through micro-capacity assessment with Management team of the PLAC, and policies developed observation
3. Theory-based monitoring – to deeper understanding of the workings of a complex intervention and how the improvement of the capacity can helps planning and management by identifying critical sustainability required
4. Curtesy call meeting with the Management team on monitoring findings

Main findings obtained during the monitoring of HACT recommendation:

- Legal aid has clearly articulated vision, mission and values which all the staff and stakeholders understood. In addition to that, legal aid has clear code of conduct.
- The IP did not get enough capacity training in particularly advocacy and fund raising, proposal writing, presentation skills and managing donor funds which enable them to access donor funds to ensure more projects are implemented and sustain funding sources
- The IP are still lacking skills in developing training policy for its finance staff in order to enhance efficiency in the finance department.
- Systems are in place to minimize organizational abuses but there is a necessary to have Internal Control Framework including risk management policy, and regular financial and inventory audit
- PLAC needs assistance to develop policies and procedures in place including Human Resource manual, Accounting & finance manuals, asset management, procurement policies.
- PLAC did not establish adequate accounting system, policy and procedure manual for adequate cover fraud risk and control monitor.

- PLAC has one account for the project funded by UNDP but not have account categories exist for separating project funds as there are no other projects funded by other donors.

Recommendations:

- PLAC needs further financial support for internal audit function to ensure risks are identified and mitigated.
- PLAC also needs technical support to develop Risk Mitigation Plan which regularly updated and reviewed
- The IP needs technical assistance to develop financial management policies to govern the finance department statements as per the proper accounting standards
- Legal Aid should appeal to the government to be part of the capacity building of Financial Management Information System (FIMS) supported by WB which will enable them to generate computerized financial system in line with FIMS and other computerized accounting.
- There is a need to hire an external international consultant to support the development of the procurement policies with all the ingredients including procedures for purchases, anti-fraud policies and corruption policies, ethical code of conduct for all procurements and procedures to govern conflict of interests when they arise should be adequately covered in the procurement manuals.

Conclusion:

This monitoring also explored analysis of the issue of legal aid sustainability, and to seek to understand the relationship between the development of the fundamental policy recommended by HACT, Human Resource Management function and sustainability of the legal aid. Although the sustainability depends on several key themes. However, moving sustainability forward, there are several issues deserving further attention which are subjected to develop comprehensive guidelines to create enable and sustainable legal aid. These include impact evaluation of services, piloting self-help tools for lawyers, public interest litigation and development of an advocacy strategy to use data for reforming problematic public-sector services. Financial sustainability is an ongoing struggle, as it is for most of legal aid providers globally.

Table1: Findings from monitoring of areas needed improvement for last micro-capacity assessment (HACT):

Monitoring/follow-up where Legal Aid (Implementing Partner) needed improvement:				
Key Assessments Area	Overall Risk Assessments	Observation	Findings from the monitoring of the observations and recommendations provided during last HACT assessment of 2015.	Remarks for further action

1. Legal Status of the Implement Partner		<ul style="list-style-type: none"> • Puntland Legal Aid Center (PLAC) is established under the Ministry of Planning and International Cooperation (Registration Number 40) as a main local organization (consultancy) to carry out Multi-sectoral Projects in Puntland. • Puntland Legal Aid Center has previously received funds from UNDP and implemented various projects. • Puntland Legal Aid Center is governed by the Ministry of Planning and International Cooperation which is independent of the management. 	<p>Excellent and maintained the strength.</p>	<p>Legal aid has clearly articulated vision, mission and values which all the staff and stakeholders understood. In addition to that, legal aid has clear code of conduct</p>
2. Funds flow:	<p>High</p>	<ul style="list-style-type: none"> •Puntland Legal Aid Center (PLAC) maintains one pool account for all funds received from various donor agencies. The account maintained with Dahabshil has three bank signatories. •Funds are transferred through direct transfers. •The IP does not have the capacity to access counterpart funds. •The IP does not have the necessary procedures in place to manage foreign exchange risks. 	<ul style="list-style-type: none"> •PLAC has not various donor agencies Accept UNDP. PLAC has replaced Dahabshil Bank Account to Amal Bank Account with three signatories. •Running cost and paralegal salaries are direct cash transfer to PLAC •Salaries for all lawyers and PLAC staff (director, admin, c-coordinator, RPA coordinator). 	<ul style="list-style-type: none"> • The IP should neither get so far training on how to access counterpart funds to ensure more projects are implemented and sustain funding sources nor training on how to manage foreign exchange risks. However,
3. Organizational structure and staffing:		<ul style="list-style-type: none"> •The finance adequately staffed as there is staff i.e. the Administrator. •There is need for the management to fasttrack hiring of the lawyer for Galkayo. 	<ul style="list-style-type: none"> • The Financial Department has one Administrator due to Lack of Funds to cover other required staff. •PLAC has hired Lawyer for Galkio , from 1st Jan 2016. 	<ul style="list-style-type: none"> • The IP are still lacking of developing training policy for its finance staff in order to enhance efficiency in the finance department. •The IP should also consider developing an internal control framework to reduce risks that

		<ul style="list-style-type: none"> •No training policy including training plan for finance staff. •No internal control framework or an internal audit team to ensure policies and procedures are adhered to. • No evidence of background checks done on staff hired for key management positions. •No well-defined framework. 	<p>Training plan for the staff not developed. However, the finance staff received several trainings including HACT, LOA financial management and reporting system.</p> <p>. PLAC has recruited its staff according procedure such as: making Advancement, taking short list and recruited who the highest marks and made background check.</p> <ul style="list-style-type: none"> • PLAC has not Internal Audit team, due to lack of funds. And we Planned to process a son as possible. • PLAC not developed internal control framework developed Rec: <ul style="list-style-type: none"> • The PLAC cannot hiring a cashier or accountant due to Lack of Salary • PLAC Finance Staff has get a training police held in mogadisho November 2017. • PLAC has not Internal Audit team, due to lack of funds. And we Planned to process a son as possible 	<p>may arise in reporting.</p> <ul style="list-style-type: none"> •Systems are in place to minimize organizational abuses but there is a necessary to have Internal Control Framework including regular audit of inventory is conducted, annual external audit reports include a review of management practices and recommendations on management practices in annual external audit reports are implemented
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			<ul style="list-style-type: none">• PLAC we have falling system for the all PLAC staff Personnel.	
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4. Accounting		•No accounting system in place, financial reports are prepared on excel spreadsheets	PLAC has not fund to cover cost allocation policy, fraud risk policy.	PLAC has not invoicing policies and procedures and needs assistant to establish framework
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<p>policies and procedures:</p>		<ul style="list-style-type: none"> No documented cost allocation policy, fraud risk policy, conflict of interest and related party policy in place. Finance manual not fully in line with the HACT framework. Asset register is not up-to-date No Policies for DSA, Staff travels and consultancies. No Policies to ensure appropriate monitoring of implementation activities from regional offices. The IP does not maintain contractual agreements with other offices/entities. Functional responsibilities are not well segregated. <ul style="list-style-type: none"> No invoicing policies and procedures. <ul style="list-style-type: none"> Support documents are not stamped "Paid" <ul style="list-style-type: none"> There are no key policies and procedures in place including Human Resource manual, Accounting & finance manuals, asset management, procurement policies among others. Employees not aware of the manuals and policies in place. The cash book is not updated <p>Recommendations:</p> <ul style="list-style-type: none"> The IP should employ the use of adequate accounting software to enhance efficiency in the finance department. The 	<p>PLAC has not Finance manual but</p> <p>PLAC have Asset Register.</p> <p>PLAC No Policies for DSA, Staff travels and consultancies.</p> <p>No Policies to ensure appropriate monitoring of implementation activities from regional offices.</p> <p>PLAC Maintain contractual agreements with regional offices.</p> <p>PLAC responsibilities are segregated to respective regional offices.</p> <p>PLAC has is stamped it's support Documents</p> <p>The cash book is updated</p> <p>PLAC adhere to the provisions of the HACT Framework as best they can do according to their level of understanding.</p> <ul style="list-style-type: none"> PLAC Maintain contractual agreements with regional offices. PLAC not afford to have different accountant in each regional, due to lack of fund. 	<p>PLAC needs assistance to develop policies and procedures in place including Human Resource manual, Accounting & finance manuals, asset management, procurement polices.</p> <p>PLAC needs assistant to establish adequate accounting system.</p> <p>PLAC needs policy and procedure manual for adequate cover fraud risk.</p> <p>PLAC needs assistances to establish Policies and control monitor.</p>
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		policy and procedure manuals should cover, fraud risks, interest and related party transactions,		
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		<ul style="list-style-type: none">• The IP should ensure that they adhere to the provisions of the HACT framework.• The management should ensure they develop appropriate policies and control to monitor regional offices activities.• The IP should maintain contractual agreements with the regional offices. • The IP should ensure functional Responsibilities are appropriately Segregated especially in the finance department.• The IP should develop accounting manuals to enhance efficiency in the finance department. • All employees should be trained on the policies and procedures in place. • The cash books should be well maintained and up to date.		
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<p>5.Internal audit:</p>	<p>High</p>	<ul style="list-style-type: none"> No internal audit function and neither internal audit staff mandated to continuously monitor internal controls. There is therefore no assurance mechanism within the IP on the effectiveness of existing internal controls to mitigate risks facing the IP. 	<ul style="list-style-type: none"> PLAC has not internal audit staff deployed in the PLAC office since there is no funds to recruit for such professional person. PLAC has not developed Risk mitigation plan which should be reviewed and updated regularly 	<ul style="list-style-type: none"> PLAC needs further financial support for internal audit function to ensure risks are identified and mitigated. PLAC also needs technical support to develop Risk Mitigation Plan which regularly updated and reviewed.
<p>6.Financial audit:</p>	<p>High</p>	<ul style="list-style-type: none"> No financial audit has ever been carried out 	<ul style="list-style-type: none"> PLAC has not prepared operational internal control system. 	<ul style="list-style-type: none"> PLAC has one account for the project funded by UNDP but not have account categories

		<ul style="list-style-type: none"> The planned audit will not cover Agency funded projects. 	<ul style="list-style-type: none"> PLAC has made Financial audit twice. first undertake private company but did not submit the report PLAC has no Fund for audit employee. Budget is controlled on an ongoing basis Key staff are involved in budget preparations All staff are aware of the budget provisions 	<ul style="list-style-type: none"> exist for separating project funds as there are no other projects funded by other donors. Budgeting process is integrated into annual implementation plans Financial unit responsible for the preparation of, management and implementation of the project budget Annual financial projections are not made
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<p>7.Reporting and monitoring:</p>		<ul style="list-style-type: none"> •Financial statements are not specifically prepared for the IP • The IP uses MS-Excel for its reporting which cannot link the work plans’ physical progress with the financial information. •No financial management policies and procedures in place. • All reports are prepared in excel sheets. No automated system in place. 	<ul style="list-style-type: none"> • Financial procedures and reporting systems are in place which is in line with HACT and financial procedure of UNDP. • PLAC financial reporting link to the project work plan with the financial information. 	<ul style="list-style-type: none"> • PLAC needs training on financial statements preparation as per the proper accounting standards • The IP needs technical assistance to develop financial management policies to govern the finance department statements as per the proper accounting standards
<p>8.Information systems:</p>		<ul style="list-style-type: none"> •Financial management system is not computerized. • No adequate safe guards for data. 	<ul style="list-style-type: none"> • The IP should not implement a computerized financial management system such as QuickBooks rather than using excel spreadsheet which is prone to errors and alterations. • The IP developed adequate safeguards for legal service data management 	<p>Legal Aid should appeal to the government to be part of the capacity building of Financial Management Information System (FIMS) which will enable them to generate computerized financial system inline with FIMS</p>
<p>9.Procurement:</p>		<ul style="list-style-type: none"> •No procurement policies in place. •The current procurement process in place cannot guarantee a fair and transparent process in the identification of 	<p>Not observed procurement department to handle all procurements, neither developed procurement policy to</p>	<ul style="list-style-type: none"> • There is a need to hire an external international consultant to support the development of the procurement policies with all the ingredients including procedures for
		<p>suppliers due to the various weaknesses highlighted in the detailed questionnaire.</p>	<p>govern all procurements when the need arises.</p> <ul style="list-style-type: none"> • 	<p>purchases, anti-fraud policies and corruption policies, ethical code of conduct for all procurements and procedures to govern conflict of interests when they arise should be adequately covered in the procurement manuals.</p>