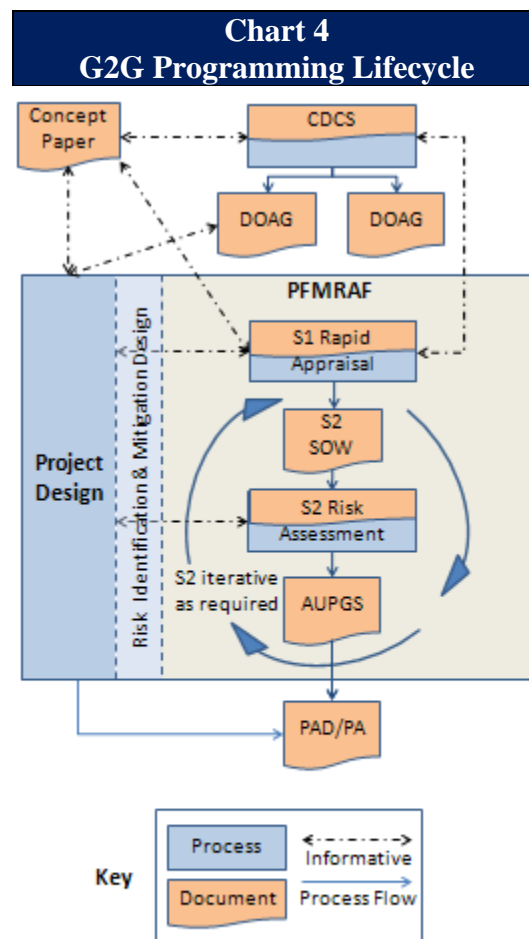


PFMRAF Integration into Project Design

Introduction

The PFMRAF informs the decision to use partner government systems and is a fundamental component of project design that includes G2G direct assistance. The results of the PFMRAF, primarily the fiduciary risks identified in the Stage 2 Risk Assessment, and the corresponding risk mitigation measures, are integrated into the final project design and included in the project appraisal document (PAD).⁴

Chart 4 (G2G Programming Lifecycle) illustrates the integrated relationship between PFMRAF and project design. Both processes are mutually informative and iterative and should guide decision making on all aspects of the final project design.



⁴ See ADS 201 (Planning) for specifics on the project design process.

Risk Mitigation Plan

A risk mitigation plan is required for all projects incorporating G2G direct assistance. It is a component of the Authorization to Use Partner Government Systems (AUPGS), which is required for inclusion in the PAD. The fiduciary risk mitigation plan is informed by the entire PFMRAF process, but primarily by the Stage 2 Risk Assessment. It outlines the project specific fiduciary risks and corresponding mitigation measures to be incorporated in the final project design. Risk mitigation plans must account for all project specific fiduciary risks identified. Non-fiduciary risks and associated risk mitigation plans identified by other means must be also be addressed and included in the PAD. However, the cost-benefit of mitigation should be a consideration in final project design. The more extensive the mitigation plan, the more difficult it may be to work within the confines of the partner government systems.

The risk mitigation plan should be specific, realistic and actionable to the project. It should also specify implementation and oversight responsibilities for the mitigation measures accordingly. Mitigation measures that do not address the specific risk are of little value. For example, if a weak information technology process was identified as a risk in a particular area, recommending implementation of a new information technology (IT) system that will take longer to implement than the life of the project would be unrealistic because of the timing and complexity.

Risk mitigation plans should be commensurate with the level of risk identified for the specific project. In PFMRAF, the risk score (Critical, High, Medium, or Low) drives the appropriate level of treatment to mitigate the risk. For example, when G2G is undertaken in a “Critical” environment, the risk mitigation plan will be extensive and require substantial supervision. Alternatively, a “Low” risk environment may only require routine monitoring and oversight. It is also important to consider and explain any changes in the risk environment since the completion of the Stage 2 Risk Assessment and those included in the final project design.

Mitigation measures may be actions undertaken by the partner government, USAID, other parties, or combinations thereof. While the PGS team should share and negotiate mitigation measures with the partner government implementing entity, the content and sufficiency must represent the independent judgment of the PGS Team and Mission Director.

Every project is a unique endeavor. It will be the rare exception that two projects within one country but in different sectors would encounter the same risk profile and require the same mitigation measures. For example, a risk mitigation plan originally developed for the health sector may not be applicable to an education project in the same country. Therefore, risk mitigation plans should be distinct and relevant to the project. In summary, professional and subjective judgment is required to determine the appropriate level of risk mitigation for the project. Table 5 (Illustrative Risk Mitigation Plan) illustrates a typical risk mitigation plan.

Table 5 Illustrative Risk Mitigation Plan								
Identified Risk	Potential adverse effect of risk	Recommendation from risk assessment	Impact	Prob.	Risk Rating	Mitigation Measure	Responsible Parties	USAID follow-up, monitoring (e.g. qtrly)
There are no fixed asset records nor are there efforts to reconcile a physical count of fixed assets to fixed asset records.	Lack of proper accounting and verification of fixed assets provides inadequate control over fixed assets. Assets can be easily removed from the district premises without management's knowledge.	Entity prepares a fixed asset registry that contains detailed fixed asset information. Conduct annual inventory of fixed assets and reconcile to the fixed asset registry.	2	2	Med.	1. Prepare fixed asset register with data on all fixed assets; 2. Establish procedures for annual inventory of fixed assets and reconcile to register.	Financial Analyst; Technical Officer	Semi-Annually

Authorization for Use of Partner Government Systems (AUPGS)

The AUPGS can be considered the capstone document which affirms that the due diligence required for G2G (e.g. PFMRAF) has been completed. It includes the Mission's fiduciary risk mitigation plan, informed by applicable project design analyses, inputs or outputs to be financed, selection of final methods of implementation and financing, and final judgments with respect to the level of fiduciary risk and related accountability of USAID financing. The AUPGS forms a part of the PAD which is signed by the Mission Director, approving the project and defining terms and conditions applicable to use of partner PFM systems.

A single AUPGS may cover more than one project implemented by a single partner government entity, or multiple partner government entities implementing the same project, so long as project and entity specific mitigation measures are clearly identified.

Mandatory Components – AUPGS

The AUPGS should include the following components:

1. Summary of key findings of PFMRAF
2. Affirmation of PFMRAF completion
3. Final Risk Mitigation Plan
4. Mission Director/Principal Officer concurrence.

G2GRMT Review

The Risk Mitigation Plan and AUPGS do not require clearance from G2GRMT. However, the G2GRMT is available to review the documents upon request. Please send questions to: **G2GRMT@usaid.gov**

Appendix 1: Sources of Information

Country and Regional

Department of State, Political Affairs

<http://www.state.gov/p/>

CIA World Fact Book

<https://www.cia.gov/library/publications/the-world-factbook/>

IMF Country Reports

<http://www.imf.org/external/country/index.htm>

World Bank Country and Regional Reports

<http://www.worldbank.org/en/country>

Organization for Economic Cooperation and Development (OECD)

<http://www.oecd.org/development/>

Relevant Country Specific Organizations

- Ministry of Finance, Planning, or Budget.
- Central bank.
- Supreme audit institution (SAI).
- National procurement body
- Sector or line ministry

PFM and Procurement

Public Expenditure and Financial Accountability (PEFA)

<http://www.pefa.org/>

Country Procurement Assessment Reports (CPAR)

<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/PROCUREMENT/0,,contentMDK:20108359~menuPK:84285~pagePK:84269~piPK:60001558~theSitePK:84266,00.html>

IMF Public Financial Management Blog.

<http://blog-pfm.imf.org/>

Governance

World Bank Governance Indicators

<http://info.worldbank.org/governance/wgi/index.asp>

International Organization of Supreme Audit Institutions (INTOSAI)

<http://www.intosai.org/>

International Budget Partnership

<http://internationalbudget.org/>

Transparency International

<http://www.transparency.org/>

Anti-Corruption Resource Centre

<http://www.u4.no/>

Overseas Development Institute

<http://odi.org.uk>

International Crisis Group

<http://www.crisisgroup.org/>

Business Monitor International

<http://www.businessmonitor.com/cgi-bin/request.pl>

World Economic Forum

<http://www.weforum.org/reports>

Regional Development Banks

Inter-American Development Bank

<http://www.iadb.org/en/inter-american-development-bank,2837.html>

African Development Bank Group

<http://www.afdb.org/en/>

Asian Development Bank

<http://www.adb.org/>

European Bank for Reconstruction and Development (EBRD)

<http://www.ebrd.com/pages/homepage.shtml>

Bilateral and Multilateral Organizations

UK Department for International Development (DfID)

<https://www.gov.uk/government/organisations/department-for-international-development>

Department of Foreign Affairs, Trade, and Development Canada (formerly CEDA)

<http://www.international.gc.ca/development-developpement/index.aspx>

Japan Bank for International Cooperation (JBIC)

<http://www.jbic.go.jp/en>

Swedish International Development Cooperation Agency (SIDA)

www.sida.se/English/

Australian Aid

<http://aid.dfat.gov.au/Pages/home.aspx>

European Commission: EuropeAid Development and Cooperation

http://ec.europa.eu/europeaid/index_en.htm

United Nations Economic Commission for Africa

<http://www.uneca.org/>

Project Management

Project Management Institute

<http://www.pmi.org/>

International Project Management Association

<http://ipma.ch/>

Risk Management

Committee of Sponsoring Organizations (COSO) of the Treadway Commission

- Embracing Enterprise Risk Management
http://www.coso.org/documents/EmbracingERM-GettingStartedforWebPostingDec110_000.pdf
- Developing Key Indicators to Strengthen ERM
<http://www.coso.org/documents/COSOKRIPaperFull-FINALforWebPostingDec110.pdf>
- Enterprise Risk Management – Integrated Framework: Executive Summary
http://www.coso.org/documents/COSO_ERM_ExecutiveSummary.pdf

Casualty Actuarial Society: Overview of Enterprise Risk Management

<http://www.casact.org/research/erm/overview.pdf>

The Institute of Risk Management

- Risk Appetite & Tolerance Guidance Paper
<http://www.theirm.org/publications/documents/IRMRiskAppetiteFullweb.pdf>
- A Structured Approach to Enterprise Risk Management and the Requirements of ISO 31000
http://www.theirm.org/documents/SARM_FINAL.pdf
- Risk Management – Why and How: An illustrative introduction to risk management for business executives
<http://www.irmi.com/online/riskmgmt/default.aspx>

CGMA Report: Fraud Risk Management – A guide to good practice

<http://www.cgma.org/Resources/Reports/DownloadableDocuments/fraudriskmanagement.pdf>

CFA: Core Competencies in Public Service Risk Management

http://www.alarm-uk.org/news/2011/core_competencies.aspx

DfID: How to note: Managing Fiduciary Risk when Providing Financial Aid

<http://www.dfid.gov.uk/Documents/publications1/how-to-fiduciary-fin-aid.pdf>

CIDA: Fiduciary Risk Evaluation Tool

<http://web.acdi-cida.gc.ca/fiduciaryrisk>

AusAID

- Risk Management Framework

<http://www.ausaid.gov.au/publications/pdf/ausaid-risk-management-framework.pdf>

- Risk Management Policy

<http://www.ausaid.gov.au/publications/pdf/Risk%20Management%20Policy.pdf>

- Risk Management Guide

http://www.ausaid.gov.au/publications/pdf/Risk_Management_Guide-final_7-3-06.pdf

Appendix 2: Stage 1 Rapid Appraisal Checklist

Country Relationship and General Questions

1. What is the development rationale for use of partner government PFM systems?
2. Is the government supportive of a G2G arrangement with USAID? Are they willing to make documentation available to USAID for review?
3. Describe the constraints and challenges the country has faced in implementing donor assistance through its PFM, including procurement, system.

Budget Formulation and Allocation

4. Describe the timing and roles and responsibilities of the legislative and executive branches in budget formulation. Begin with a multi-year planning framework, if such exists, and continue through the budget formulation, submission, and enactment steps.
5. Is the budget received, reviewed, and approved by parliament in a timely fashion? Does the legislature monitor and opine on budget execution? Is the legislature directly involved in expenditure management as in the U.S. case of “notifications?” Does the legislature meet budget procedural deadlines?
6. What discretion related to allocation of funds does the Ministry of Finance have after receiving an approved budget from the legislature? Are in-year and year-end budget variance reports made public? What steps are taken to address variances, particularly in cases of spending in excess of an appropriation? What, if any, allotment or apportionment process is in place? Does such process result in either arrears or cash rationing? To what extent and how does it affect the private sector, including the banking system?
7. Describe the linkage between the budget and the national poverty reduction strategy or sector development plans.

Procurement

8. Describe the legal and regulatory framework and organizational structure for public procurement at the national level and subnational levels, including:
 - a. Is the national and subnational legal framework described consistent with the international standards, principles, procedures, guidelines, and indicators of good practice, etc., as set out in such instruments as the UNCITRAL Model Law on Public Procurement (2011); the World Bank Guidelines on Procurement (2011) and CPARs; the WTO Agreement on Government Procurement (2012); relevant PEFA criteria; and the OECD-DAC Methodology for Assessing Procurement Systems (MAPS)?
 - b. Does the national legal framework apply to all national and subnational procurements using government funds?

- c. Do national and subnational legal frameworks mandate the use of competitive bidding procedures unless another procedure is properly justified?
 - d. Do national and subnational legal frameworks require adequate notification and advertising of bidding opportunities and public notice of contract awards?
 - e. Are there national preference rules that favor local contractors or vendors?
 - f. Are private sector entities able to access the government procurement market without significant constraints or barriers to entry?
 - g. Do mandatory, uniform implementing regulations, rules and/or guidelines exist at the national and subnational levels?
 - h. Are national and subnational procurement laws and regulations freely accessible to the general public including prospective bidders?
9. Describe the extent to which ministries, departments, and agencies (MDAs) and subnational governments conduct their own procurements in accordance with the overall national legal framework, including:
- a. Do MDAs and subnational governments conduct their own procurements in accordance with their own legal frameworks that differ from or supplement the national legal framework?
 - b. Does a centralized contracting entity procure on behalf of the MDAs and subnational governments in accordance with the overall national legal framework?
 - c. Do MDAs have and utilize standard procurement operating procedures, manuals, bidding documents, contract forms, and templates?
10. Describe the authorities, functions, and roles and responsibilities of key national and subnational procurement regulatory, policy, oversight, and internal and external audit bodies responsible for such functions as:
- a. Legal Norms (development of legislation and regulations in coordination with other public sector institutions);
 - b. Procurement Policy (formulation of policies and issuance of guidelines furthering policy objectives);
 - c. Procurement Practices (identification and promotion of “best practices” in procurement);
 - d. Technical Support (provision of advisory services and technical assistance and resources to procuring entities through research, publications, forms, and other means);
 - e. Professional Development (development of a professional workforce through training programs, standards, and certification/accreditation);
 - f. Monitoring and Oversight (internal and external monitoring and oversight of overall operation of the public procurement system and activities of procuring entities);
 - i. Do procuring agencies have in place and carry out regularly an institutionalized system of effective internal controls?
 - ii. Are internal audits regularly and systematically performed, reviewed, and acted on with a view to correcting deficiencies and making systemic improvements?

- iii. Do external oversight bodies such as a supreme audit institution (or an anticorruption body, etc.) have and carry out a role/mandate/jurisdiction in performing external audits and investigations of procurement functions?
 - g. Data Collection and Dissemination (collection of purchasing data and other quantitative and qualitative information from procuring entities through required reporting; and compilation and dissemination of statistics and periodic reports);
 - i. Is there an effective institutional system that collects, analyzes and disseminates information and statistics that aid monitoring of the performance of the entire system in accomplishing its objectives and aid formulation and implementation of improvement plans?; and
 - h. Outreach Programs (promotion of public understanding of and confidence in the public procurement system; provision of useful information to suppliers; liaison with universities, professional associations, trade associations, and other non-governmental organizations; and establishment and participation in intergovernmental commissions, committees and working groups).
11. Describe the complaints/due process institutions and mechanisms established by national and subnational legal and regulatory frameworks, including:
- a. Does the legal and regulatory framework for public procurement require, and operational practices maintain, adequate documentary records of procurement proceedings consistent with international standards (e.g., Article 25 of the UNCITRAL Model Law on Public Procurement)?
 - b. Which entities are charged with handling disputes related to contract award and formation (i.e., protest), eligibility, and contract execution/management?
 - c. Are procuring entity decisions subject to appeal to the judicial branch?
 - d. Are dispute resolution bodies sufficiently independent and insulated from actual procurements and political interference?
 - e. Are decisions binding on the affected parties?
 - f. Does the legal and regulatory framework require resolution of complaints within a certain timeframe?
 - g. Are there hidden barriers to successful protests such as short periods to excessive documentation requirements that make it impossible for small firms to file an acceptable protest?
12. Describe the sanctions regime analogous to a suspension and debarment system, including:
- a. Does the Government or MDA have policies or procedures in place that set forth a clear code of ethical conduct, including the avoidance of improper business practices and personal conflicts of interest (e.g., signed affidavits or affirmations attesting to “no personal interest” in a procurement that the Government official is working on)?
 - b. How well do agencies comply with the laws and regulations relating to procurement, e.g., use of competitive methods and transparency, including clear bidding documents, reasonable time to prepare bids, and processing complaints?

13. Describe the host country commitment to and regime for professional development and training of procurement staff at national and subnational levels, including:

- a. Do permanent and sustainable professional development and training programs exist for procurement staff at national and subnational levels?
- b. Describe any professional qualifications for procurement staff.
- c. What provisions are made for professional development and training MDA staff in all essential public procurement functions, including planning disciplines such as preparing reliable estimated budgets and drafting appropriate technical specs, relevant evaluation criteria, and clear instructions to bidders?
- d. What provisions are made for professional development and training of procurement monitoring, oversight and audit staff?
- e. Does a system exist to track the quality of procurement actions and evaluate the performance of procurement staff?

14. Describe the extent to which public procurement is mainstreamed and integrated as a component of the overall public sector governance system of the recipient country.

- a. Is procurement planning linked to the budget formulation process?
- b. Is procurement execution linked to budget law and financial procedures to ensure efficiencies?
- c. To what extent are there any means to track the quality of procurement planning, execution, and integrity and quality of procurement outcomes (e.g. realization of “value for money” through open and competitive processes untainted by fraud or corruption)?

15. Describe the extent to which in the recent past other donors or development partners or USG agencies have used the host country’s procurement systems at the national or subnational level and supported institutional capacity development and procurement workforce capacity development.

- a. What has been the recent experience of USAID, if any, in using host country public procurement systems at the national and subnational levels?
- b. What has been the recent experience of other USG agencies and other donors in using host country public procurement systems at the national and subnational levels?
- c. What has been the recent experience of the World Bank with National Competitive Bidding (NCB) in the host country as well as with International Competitive Bidding (ICB)?
- d. What has been the recent experience, if any, of the Millennium Challenge Corporation, with MCC-funded procurements in the host country?
- e. What institutional and workforce capacity development programs have donors supported in the recent past?

Cash Management and Control

16. Describe the general fund cash management process. Does the partner country use a Treasury Single Account (TSA) system for cash management (e.g. maximize investments or minimizing borrowing requirements)? Describe the TSA arrangements, including accounting, and reporting on cash management. If the partner country does not use a TSA, provide context.
17. Describe the cash management process when receiving funds from an international donor. How would the partner government comply with its cash management requirements if USAID were to transfer funds to it. Would they be able to establish a separate dollar account adequate to meet USAID legislative requirements for funds accountability? Can the accounting system provide sufficient data to satisfy USAID reporting requirements, including interest rebate requirements? Will an account(s) established for receipt and disbursement of USG funds be at the central or a commercial bank? If the latter, what selection arrangements exist?

Accounting and Control

18. Describe the partner government accounting system(s) and level of sophistication. Is there an integrated financial management system in place? To what extent are electronic and manual processes used? What accounting standards are used and applied in the management of public resources?
19. Is the chart of accounts based on object of expenditure, or economic classification? Does the system permit reporting consistent with the IMF's Government Financial Statistics (GFS) Manual?
20. Do the accounting records identify, segregate, accumulate and record all aid project costs by source? What has been the experience of other donors in this regard?

Audit and Internal Controls

21. Describe the supreme audit institution and their role in overseeing the use of public resources. Is this organization financially and operationally independent? How aligned are they with international best practices?
22. Does the internal audit function exist within partner government entities? Describe their roles and responsibilities.
23. Describe the formal policies and procedures in place to ensure a functioning internal control system. Is there a national and/or regional internal control program in place that charges entities to adopt a system of internal controls?
24. Is there an operational code of ethics for professional management of governmental financial resources? Does the ethics code cover competence, confidentiality (i.e. prohibits use of confidential information for gain), and integrity (i.e. banning conflicts of interest) and objectivity

i.e. present information that is technically accurate and decision relevant? Is it enforced and are sanctions applied for violations?

Human Resources

25. Does the government have a merit-based civil service system? Describe the legal basis for that system. What are the training requirements and policies dealing with ethics, codes of conduct, and whistle-blower protections? Describe the roster and time and attendance systems for the public sector.
26. What evidence is there that capacity building programs intended to reach individuals with specific responsibilities at various levels of government actually reach them?
27. Does the civil service law cover disclosure of personnel assets, liabilities, and non-government sources of income as well as non-monetary services or allowances?
Does the law cover conflicts of interest and probable sanctions? If so, is the law enforced?

Public Accountability

28. Has the government started or undergone transparency and accountability reform?
29. Describe the government institutions and organizations that provide accountability such as prosecutor's offices, legislative committees, the supreme audit institution or inspector(s) general. Do these organizations have independent authority to investigate, prosecute, or sanction? Who controls their budget? Are there linkages between these institutions and are they effective?
30. What roles do civil society organizations, private sector entities, or the media play in accountability oversight of public resources?
31. Does the government have an active anti-corruption program? Is the state able to address both high-level and low-level corruption? What evidence is there that the anti-corruption laws are being enforced? If an Anti-Corruption Commission exists, is it fully staffed with capable members, sufficiently funded and able to enforce or report recommendations?

Fiscal Transparency

32. Are there laws providing freedom to access information? Does the government have the will, capacity and staff to respond to information requests? Does this include request for information about financial dealings of the government?
33. Are "user friendly" budgets and other financial documents made available to the public? How accessible are the national budget and supporting documents to the public and civil society organizations? Is the budget prepared with input from different branches and levels of

government? If the Open Budget Initiative (www.internationalbudget.org) covers the country, the results of its most recent survey should be summarized.

34. Do supporting and available documents include information on extra-budgetary funds and contingent liabilities?
35. Can the budget process be followed by the public, civil society and media? Are there junctures where the public and civil society can contribute to the process?

Democracy and Political Considerations

36. Are there any civil disturbances, border or regional conflicts or upcoming political events such as national elections that could affect successful implementation?
37. Are laws applied equally across political and other affiliations such as ethnicity gender, religious, or region?
38. Do actors within or outside the political system have de facto veto power over state decisions? That is, is there evidence that one political party or an elite group(s) has revised or ignored decisions made through government deliberative or administrative procedures? Are officials able to act with impunity?
39. What evidence, if any, is there of bias or favor by the state in allocation of jobs and resources among major groups, particularly where merit is not a factor?
40. Is government decision-making transparent? Do citizens have access to information on the performance of public officials? How free and able are the media to investigate and report on government misconduct? How engaged are citizen groups in oversight of government budgets and performance?

PUBLIC FINANCIAL MANAGEMENT RISK ASSESSMENT (PFMRAF) STAGE 2 QUESTIONNAIRE
VERSION 2 (3-12-2014)

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OVERVIEW AND INSTRUCTIONS

Overview:

The Stage 2 Risk Assessment is designed to identify the fiduciary risk(s) US government funds may be exposed to when administering a program/project/activity using the partner government public financial management system(s). The Stage 2 Questionnaire is a tool to help risk assessment teams conduct this assessment. The questionnaire consists of a comprehensive list of illustrative questions by functional area, evaluation criteria/questions and sub-criteria that help to evaluate adherence to common PFM best practices, standards and internal controls.

The Stage 2 Questionnaire is a starting point from which to develop the relevant questions that will address the scope of areas to be reviewed in a Stage 2 Risk Assessment. There is no requirement to use the questionnaire in its entirety; rather, focus on those functional areas and questions that are considered relevant for the specific assessment. It is also appropriate to draw upon other relevant professional guidelines or checklists (i.e., AICPA or IIA questionnaires or AICPA checklists) to develop a customized questionnaire.

Completion of a customized Stage 2 questionnaire will become the primary source of evidence for the Stage 2 Risk Assessment. The existing format can be logically cross-walked or referenced to support information in a Stage 2 Risk Assessment report.

Navigation Tools:

To guide risk assessment teams, this document has two navigation tools to help users:

1. **The Navigation Pane** – The pane can be activated by using the “Control” and “F” key. The navigation pane lists the various sections of the document and can be used by users to move around the document.
2. **The Index** – Page 1 of the document contains an index with links to the various pages in the document. To move around the document, users can use the “Control” key and click on the page numbers listed on the index.

Format and Instructions:

There are nine PFM sections covered in the questionnaire as described further below. Within each section the opportunity to evaluate specific criteria/questions and identify related fiduciary risk is provided:

Column I – Criteria/Questions - Identifies the criteria or questions to be evaluated. Although some questions may appear to generate “Yes/No” responses, the intent is for the assessor to understand and describe what was found or observed in response to the question posed and to assess whether such findings might pose a fiduciary risk. Doing so will evidence the rigor applied in conducting the assessment.

Column II – Observations & Assessment – Used to describe the assessor’s observation and assessment relative to criteria/question evaluated. Inputs to this determination include interviews conducted, results of tests conducted, documents reviewed and other observations. Assessments that result in absence of or deviation from the criteria and which pose an issue or risk can also reference appropriate mitigation strategies.

Column III – Reference – Used to identify sources of information that support the basis for Observations and Assessment in Column II. For example, date of meeting(s) held with specific government officials; tests conducted; and names of documents referenced to gather data.

Column IV – Issues/Risk Indicator - Used to indicate whether information in Column II poses an issue or potential risk, by indicating “Yes,” “No,” or “Maybe.”

Column V - Risk Identification – This appears at the end of every section and should be used to determine and list fiduciary risk identified. Utilizing “Yes” and “Maybe” responses indicated in Column IV and revisiting related assessment information from Column II in the preceding section, a determination can be made as to whether these findings, individually or in combination with other findings pose a fiduciary risk. The risk(s) should be identified in this section. Please note that once risks have been identified they will need to be evaluated for “Probability” and “Impact” to arrive at an overall risk rating; and appropriate risk mitigation strategy.

Questionnaire Sections:

1. **Entity Features:** This section helps the assessor obtain a general understanding of the entity, its environment, and organization structure. Overarching relevant laws and regulations, key functions and decision making processes are also covered.
2. **Budget:** This section covers functional budget formulation and planning, including processes for developing a budget to achieve entity and/or program objectives, tracking of expenditures against the budget, and other related areas.
3. **Procurement:** This section covers the acquisition of goods and services life cycle, including procurement specific laws and regulations, bidding process, technical requirements, contracts management and oversight mechanisms.
4. **Cash Management and Treasury:** This section covers functional processes and controls, including cash planning and management to meet existing obligations and programmatic objectives and banking practices.
5. **Accounting and Reporting:** This section covers remaining functional processes related to budget execution, including accounting, payment processing, asset management, and reporting.
6. **Human Resources and Payroll:** This section covers broad functional practices and controls related to human resources and payroll, including strategic resource planning, hiring practices, timekeeping and fraud prevention.
7. **Internal Control:** This section covers the general internal or management control of an entity, including control environment, risk assessment, information and communication, and monitoring activities. Control activities, the wide range of diverse activities, such as policies, approvals, verifications, and reconciliations applied, have been interspersed within each of the functional areas.
8. **Information Technology:** This section is specific to management practices over information systems and applications within the PFM context. It includes general controls, disaster recovery and backup procedures, physical security and application controls.
9. **Audit and Compliance:** This section addresses oversight entities, including related audit reports to gain insights on reported entity weaknesses and challenges. Entity compliance with donor and other administrative requirements are also covered.

Section 1:

Entity Features

Date:

Author(s):