



CARE Somalia Decision Making Committee (DMC)

Terms of Reference (TOR)

Introduction

CARE Somalia, guided by the provisions in the CARE USA Sub Agreement Management Policy (2010), has instituted a Decision Making Committee (DMC) to guide partner organization identification, selection and engagement approval, as well as to address any critical challenges with CARE and partners' performance over the course of project implementation.

The DMC will be convened once a quarter through face to face meetings and Skype calls where necessary. However, the DMC can be convened as a matter of urgency as and when need arises during partner organization selection processes as part of proposal development, following receipt of awards to be implemented with partner organizations as well as during evaluation of partner organization performance during implementation.

Composition of Decision Making Committee (DMC)

The DMC will comprise of a total of six persons/representatives from CARE Somalia office as follows:

- Assistant Country Director – Programs
- Program Coordinators – Urban Youth and Rural Women (at least one PC should attend each meeting)
- Program Quality Senior Advisor
- Emergency Director
- Program Support Coordinator
- Partnership Advisor
- Financial Controller
- Other key staff such as the Internal Auditor will be invited based on discussions and need

NB: The chair of the DMC will be the Assistant Country Director – Programs or the Emergency Director and the Partnership Advisor will provide required support in convening the meetings. The Partnership Advisor will document agreed actions from the meetings and ensure that these actions are filed as appropriate.

Terms of Reference (TOR) for Decision Making Committee (DMC)

The DMC members will:

- Sign a code of conduct with regard to being part of the DMC where each member will ensure that partner, identification, selection and engagement processes are ethical, fair, open and merit-based;
- Ensure all correspondence pertaining to partner selection and engagement is obtained and filed as required;
- Liaise with program teams to ensure that selection criteria for partner organizations is observed– see Annex 1 below for a sample of the minimum selection criteria;
- Short list and approve viable partner organizations based on selection criteria;
- Ensure that relevant DMC members (Program, Partnership, Finance, ACD and or CD approve partner agreement documentation and checklist are as per Annex 2 below;
- Ensure that agreed partner selection criteria, due diligence and capacity assessment is observed based on templates in Annex 3 and 4 respectively;
- Monitor implementation of capacity building plans for partner organizations based on capacity assessment reports and advise on ways of improving institutional development for partner organizations;
- Ensure partner monitoring mechanisms are in place at country office level; and
- Discuss and agree on actions to address critical gaps in CARE and partners' performance or violations of terms of agreements (based on burn-rate reports, monitoring reports, audit findings, spot-checks, etc.).

Annex 1: Minimum partner organization selection criteria

Guiding questions:

- Does the partner organization have adequate policies and procedures to guide the management and utilization of its resources?
- Does the partner organization have acceptable financial, management and governance systems and personnel capable of recording transactions and effectively monitoring the use of funds?
- What are the current and past activities of the partner organization? Are they in line with CARE current activities, mission and vision?
- With whom has the partner organization been affiliated in the past? If the partner organization has received funds from international organizations with which CARE is familiar, can such organization provide a positive reference for the entity?
- If the partner organization has worked with CARE before, would the organization be recommended based on the previous working relationship?
- What is the reputation and standing of the partner organization and its key personnel in the target community?
- Is the partner organization's staff, particularly management, reputable? Is it possible to perform a character/credit check on key personnel?
- Is the partner organization legally established in a manner appropriate for both CARE purposes and those of the donor?
- Is CARE satisfied that the partner organization does not support any kind of organization, establishments or person that CARE USA knows or has a reason to know advocates terrorism or engages in terrorist activity?
- Do the partner organization's financial statements for the last three (3) years, preferably audited, include opinion qualifications? Do they indicate financial sustainability and good quality financial management?
- What are the potential risks associated with CARE's engagement with the partner organization?
- Does the partner have strong technical experience for the programmatic sectors of implementation that CARE wishes to engage in?

Annex 2: Partner Agreement Review and Approval Checklist

Partner Agreement Code: _____ PN(s): _____ FC(s) _____

Name of Partner Organization: _____

Complete Address of Partner Organization: _____

Project/Initiative Name: _____

Sub Award Amount: In currency of Award _____

In USD Equivalent _____

Sub Award Start Date _____ End Date _____

Prime Award Start Date _____ End Date _____

A. Information required to finalize partner agreement

Gather the following information.

Partner Banking Information	
Name of Account:	
Address of Account Holder:	
Bank Name:	
Branch:	
Bank Street Address:	
Bank City / Country:	
Bank Account Number:	

Swift Code/Routing#:	
Partner Organization Selection and Due Diligence	
Prime Donor Agreement is signed: ___ Yes ___ No	
Partner organization eligibility documented? ___ Yes ___ No	
Bridger completed? ___ Yes ___ No	
Due diligence Assessment Completed and Documented: ___ Yes ___ No	
Check appropriate Risk Ranking: ___ Low Risk ___ Medium Risk ___ High Risk	
Special Conditions/Areas of Risk: _____	

Accounting Basis (for cash partner agreements)	
Check partner organization's basis: ___ Accrual ___ Cash	
Proposal / Project Description	
Technical review of sub award activity has been completed and approved ___ Yes ___ No	
Budget	
Budget has been reviewed and approved. ___ Yes ___ No	
ICR to CARE on the value of the sub award ___ Yes ___ No	
ICR amount _____ or % _____	
Total Cost Share Amount:	Currency of Award _____ USD Equivalent _____
Payment Method	
Check appropriate type:	___ Cost reimbursement ___ Advance/Reimbursement
	___ Performance based (FOG) ___ In Kind
	___ Other (Describe) _____

Partner organization status

Partner Organization is US-based ____ Yes ____ No

B. Checklist of Provisions / Clauses in the Partner agreement

	Yes	No	N/A
Sub-agreement Terms and Conditions			
Purpose of Partner agreement			
Period of Partner agreement			
Partner agreement Total Monetary Amount			
Obligated Amount			
Incremental Funding			
Payment Method			
Budget (e.g. line item flexibility; provisions for special audit requirements or performance bonds)			
Indirect Cost Rate, NICRA			
Reporting			
Performance Report Requirements (including frequency & due date)			
Financial Report Requirements (including frequency & due dates)			
Final Report Requirements (including due date)			
Substantial Involvement Understanding			
Key Personnel			
Special Partner agreement Provisions (Donor specific may apply)			
Audit			
Authorized Geographic Code			
Procurement			
Confidential Information			
Conflict of Interest			
Controlling Laws			

Executive Order on Terrorist Financing			
Lower Tier-Sub-recipients			
Program Income			
Prohibition of Prostitution			
Restriction in Financing Faith-Based Organization's Activities			
Severability			
Title to and Care of Property			
International Travel			
Visibility/Branding/marketing			
Resolution of Conflicts / Disputes			
Assignment			
Partner agreement Amendments			
Termination and Suspension			
Code of Conduct			
Line Item Flexibility			
Refunds			
Closeout Process and On-Going Responsibility After Closeout			
Any Special provisions (describe)			
Attachments			
Scope of Work			
Budget			
Work plan			
Financial Report Format			
Program Report format			
Monitoring Plan			
Applicable Donor Regulations & Provisions			
Partner organization Certifications (USG only)			

Prepared by: _____

Date: _____

Approved by (Member of Decision Making Committee):

Name: _____

Title: _____

Signature: _____

Date: _____

Approved by (Country Director/Designate):

Name: _____

Title: _____

Signature: _____

Date: _____

NB: The approval process must demonstrate segregation of duties. Consequently, the CD's designate must be a different person from the DMC Member.

Annex 3: Due Diligence Assessment Form

Instructions

Background

The Due Diligence Assessment is conducted to determine if a sub-recipient has sufficient technical capacity and systems in place to implement CARE sub-agreements in accordance with the requirements of CARE and its specific donor.

The assessment is used to **establish a risk rating** (e.g. low, medium or high) for each sub-recipient. The risk rating in turn is used to identify which 'special conditions' (or financial and administrative requirements) must be stated in the sub-agreement document with the particular sub-recipient. The assessment is also used to **inform a capacity building plan** for the sub-recipient to address any gaps identified during the process.

As the Due Diligence Assessment requires considerable resources, it is **only conducted with short-listed sub-recipients**, in other words sub-recipients who have met the Minimum Eligibility Requirements.

The Due Diligence Assessment is **not the same as an 'Organizational Capacity Development assessment'**. If such an assessment is warranted, for example because an objective of the specific project is to build capacity, effort should be made to combine the Due Diligence and the Organizational Capacity Development assessments.

Objective

The objective of this tool is to assist CARE staff to:

- Develop context specific tool(s) for collecting data on sub-recipient risk.
- Design an objective system to assign a risk level (low, medium or high) to each sub-recipient assessed.
- Determine how, specifically, the data will be collected; and
- Identify who, specifically will be responsible for data collection

Tasks

1. Review the <Due Diligence Assessment-Example> provided below and **determine specifically which factors will be assessed**.
 - While this example contains the minimum set of factors for all donors, and it is strongly advised that all listed factors be included in your assessment, some small community-based organizations may not have all systems in place. In such cases, factors related to these non-existent system may be deleted.

- When working with large international NGOs, additional factors or more complex systems may be required. Refer to the specific agreement with the donor and develop additional factors, as needed.
 - For many projects, specific technical experience is required of the sub-recipient. If these requirements have not already been evaluated in the short-listing process (i.e. by establishing them as part of the Minimum Eligibility Requirements), technical sectors must develop specific factors to be assessed.
 - Any Minimum Eligibility Requirements that have not been fully evaluated or verified during the short-listing process should also be added as factors for assessment during due diligence.
 - A due Diligence Assessment is time consuming for CARE and disruptive for the sub-recipient. Make every attempt to keep the number of factors to be assessed to a minimum. Keep in mind, the focus of this assessment is to determine the likelihood that a sub-recipient will be able to complete all requirements of the sub-agreement (including the Scope of Work) – so that measures to avoid problems can be established at the onset. The focus of the assessment is NOT to learn everything about a specific organization.
- 2. Design a numeric scoring system.** Prioritizing and assign 'weight' (i.e. a numeric score) to each statement used to assess each factor. Keep in mind, a statement that describes full compliance is always scored '0'. The higher the score, the more risk. Maximum total overall score should add up to no more than 100.
- 3. Determine how each factor will be assessed.** specifically how data on the factor will be collected. Keep in mind there are two <general> methods of assessment.

Basic assessment: does not involve visiting the potential sub-recipient's office. It is done by:

- Asking sub-recipients to respond to a CARE-developed questionnaires.
- Obtaining information from sub-recipient's 'references', or from donors or other agencies who have had a working relationship with the sub-recipient.
- Interviewing CARE staff with knowledge of or experience working with the sub-recipient.
- Obtaining and reviewing copies of the sub-recipient's:
 - a. Written policies and procedures manual(s)
 - b. Description of accounting system
 - c. Organizational charts
 - d. Job descriptions or equivalent
 - e. Auditor's reports

Expanded assessment: requires carrying out the basic assessment steps and also visiting the sub-recipient's office to more fully assess the organization's financial, administrative and programmatic capability, facilities, etc. Procedures include:

- Interviewing personnel
- Observing operations, and
- Testing the sub-recipient's most important internal controls.

- At this point also determine if the assessment team will need to record the specific evidence examined or name of the individual interviewed to assess each factor.
 - Keep in mind it may be necessary to design two separate 'tools' (or formats): one to include all factors assessed through a 'desk review' and the other containing factors to be assessed through interviews or inspection of systems at the sub-recipients office.
 - Wherever possible, the information should be triangulated (collected from at least three sources) to ensure objectivity.
 - Record the rationale for selecting the method(s).
4. Determine who will conduct the Due Diligence Assessment. Identify the skill set needed for Assessment Team members, that is to say the assessment of some factors may require staff trained in finance, while others will require program staff trained in the specific technical area of the proposed sub-agreement..
5. Ensure that the finalized tool(s) for data collection contains space for:
- Name of Organization being assessed.
 - Name(s) and signature(s) of CARE staff member conducting assessment.
 - Name(s) and signature of senior officer(s) from organization being assessed.

Instructions:

Read all statements under each heading and place a check mark next to the statement which best describes the organization. Unless otherwise instructed, check only one box under each heading.

After checking all appropriate statements in a SECTION, add up the score corresponding to the checked statements and place that number in the box labeled '**Total Score**' for that section.

SECTION I. Inherent Risk

1. **Dollar Value of Proposed Sub-Agreement** (exposure due to the size of this proposed sub-agreement).

Score

- ___0 0 - \$10,000
- ___1 \$10,001 - \$50,000
- ___2 Over \$50,001

2. **Complexity of Funding**

Score

- ___0 Funding is relatively simple in terms of allowable expenditures and documentation required.
- ___1 Funding is moderately complex in terms of allowable expenditures and documentation required.
- ___2 Funding is very complex in terms of allowable expenditures and documentation required.

3. **Security** (exposure due to the security or political climate of the country)

Score

- ___0 Relatively stable
- ___1 Somewhat risky
- ___2 High risk
- ___3 Closed society/hostile factions

4. **Additional Considerations** (exposure due to other considerations the Reviewer is aware of)

Score

- ___0 No additional considerations which may affect the sub-agreement
- ___1 2 3 4 Additional considerations (communication difficulties or satellite offices or activities) which may affect the sub-agreement are: (Please describe the situation and circle the appropriate score).

TOTAL SCORE FOR INHERENT RISK

SECTION II. Staffing

1. **Staff Qualifications**

Score

- ___0 Staff in key positions is professionally trained in program area being funded and have one or more years experience in that position.
- ___1 At least half of staff in key positions are professionally trained in program area being funded and have some experience.
- ___2 Staff in key positions have little or no experience or training in program area being funded.

-
2. **Management Turnover** (exposure due to frequent management turnover)

Score

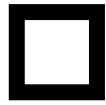
- ___0 There have been no changes in key positions for the past 12 months.
- ___1 There is a new staff or a vacancy in 1 or more key positions.
- ___2 There are new staff or vacancies in the senior Finance or Administration positions.

-
3. **Additional Considerations** (exposure due to other considerations the Reviewer is aware of)

Score

___0 No additional considerations which may affect the sub-agreement

___1 2 3 4 Additional considerations which may affect the sub-agreement are: (Please describe the situation and circle the appropriate score).



TOTAL SCORE FOR STAFFING

SECTION III. Past Performance

1. **Organization's Technical Experience** (exposure due to the organization's lack of experience)

Score

- ___0 Organization has a successful history of work in the specific technical area.
- ___1 Organization is relatively new or is an offshoot of an experienced organization.
- ___2 Organization is new and inexperienced.
-

2. **Experience with CARE**

Score

- ___0 Organisation has met program objectives specified in an MOU/contract/funding agreement through CARE for 2 or more years.
- ___1 Organisation has met program objectives specified in an MOU/contract/funding agreement through CARE for less than 2 years.
- ___2 This is the first year the organization will work with CARE (no basis for evaluation)
- ___3 Program compliance history with CARE includes weaknesses in service delivery/program objectives.
-

3. **Experience with Sub-Agreement Management**

Score

- ___0 The organization has implemented a prior sub-agreement, through CARE, funded by the specific donor.
- ___1 The organization has implemented a prior sub-agreement, through another INGO, funded by the specific donor.
- ___2 The organization is receiving a sub-agreement funded by the specific donor for the first time.
-

4. **Prior Audit Finding**

Score

- ___0 No significant audit findings for the past two years.
- ___1 Minor audit findings with completed or pending corrective actions
- ___2 Material/significant audit findings within the past two years which relate to the organization's ability to administer a sub-agreement (i.e. deficiencies in reconciliation functions, sub-recipient monitoring, compliance with donor requirements, etc.) **OR** audit findings not resolved.

5. **Financial Reports** (NOTE: **Check ALL That Apply!**)

Score

- ___0 CARE has no prior experience with the organization and / or has never required financial reports.
- ___0 Financial reports are accurate, in the correct format, and submitted timely.
- ___1 Financial reports are frequently submitted late, and contain errors and/or omissions
- ___2 Financial reports are consistently submitted late (i.e. over two weeks of the due date) or contain significant discrepancies.
- ___2 Organisation does NOT have a mechanism for review and follow-up on reports.

Additional comments:

6. **Narrative or Performance Reports** (NOTE: **Check ALL That Apply!**)

Score

- ___0 CARE has no prior experience with the organization and / or has never required narrative reports.
- ___0 Narrative reports are accurate, in the correct format, and submitted timely.
- ___1 Narrative reports are frequently submitted late, and contain errors and/or omissions
- ___2 Narrative reports are consistently submitted late (i.e. over two weeks of the due date) or contain significant discrepancies.
- ___2 Organisation does NOT have a mechanism for review and follow-up on reports.

Additional comments:

7. **Additional Considerations** (exposure due to other considerations the Reviewer is aware of)

Score

___0 No additional considerations which may affect the sub-agreement.

___1 2 3 4 Additional considerations which may affect the sub-agreement are: (Please describe the situation and circle the appropriate score).



TOTAL SCORE FOR PAST PERFORMANCE

SECTION IV. Accounting Systems

1. Chart of Accounts

Score

- ___0 Organisation has a Chart of Accounts that allows for allocation, tracking and reporting of costs sufficient for CARE's donor reporting (i.e. account categories exist for separating CARE funds/expenses from others).
- ___2 Organisation has no system to consistently separate CARE funds/expenses from others.
-

2. Type of System

Score

- ___0 Organisation has a computerized accounting system to record transactions.
- ___1 Organisation uses a manual ledger system.
-

3. Bank Account

Score

- ___0 Organisation has a bank account in the name of the organization, OR payment will be on a cost reimbursable basis.
- ___2 Organisation cannot establish a bank account; cash must be maintained outside of a bank. (Note - such sub-agreements should have a special condition regarding cash management procedures.)
-

4. Cash Management

Score

- ___0 Written policies and procedures define cash handling (including advances and petty cash) AND staff are knowledgeable concerning the policies and procedures.
- ___1 There are no written policies on cash handling OR staff are not familiar with the policies and procedures.
-

5. **Cashier**

Score

- ___0 Organization has a staff member designated as cashier.
___1 Organisation has no dedicated cashier.
-

6. **Budgeting (NOTE: Check ALL That Apply!)**

Score

- ___0 Organisations's Finance unit is responsible for the preparation of, management and implementation of the annual budget.
___1 Little or no guidance material and instructions are available to provide direction to those preparing or revising the budget.
___2 No annual budget is prepared.
___1 There is no evidence that the budgeting process is integrated into annual implementation plans.
___3 There is no evidence that the actual expenditures are periodically compared to budgets.
-

7. **Financial Reporting (NOTE: Check ALL That Apply!)**

Score

- ___0 Accounts are close and reconciled monthly and a report is prepared.
___2 Accounts are NOT closed monthly OR a monthly report is not prepared.
___0 Accounts are closed and reconciled annually.
___2 Accounts are NOT closed and reconciled annually
___0 Annual financial report is prepared by a registered firm of auditors.
___2 Annual financial report is prepared by the organization.
___2 Annual financial report does NOT include a balance sheet.
-

___1 There is no evidence that the annual financial report is reviewed by the financial committee of the board.

___1 There is no evidence that the annual financial report is used for planning and review purposes.

8. **Additional Considerations** (exposure due to other considerations the Reviewer is aware of)

Score

___0 No additional considerations which may affect the sub-agreement.

___1 2 3 4 Additional considerations which may affect the sub-agreement are: (Please describe the situation and circle the appropriate score).



TOTAL SCORE FOR ACCOUNTING SYSTEM

SECTION V. Internal Control Procedures

1. Accounting System Controls

Score

- ___0 System of accounting appears to incorporate strong system of controls, including self balancing accounts (double entry), integrated system of accounts and the preparation of periodic financial reports.
- ___1-4 System of accounting indicates an average or weak system of controls. (assign a numeric score based on the strength of the system).
- ___5 System of accounting is not yet established - proposed accounting procedures describe a strong system of controls.
- ___6 System of accounting is not yet established - proposed accounting procedures describe an average or weak system of controls. (Follow up required for organizations with weak controls).
-

2. Sufficient Documentation

Score

- ___0 Vouchers, invoices, and timesheets (with appropriate supporting documents) are maintained for all payments.
- ___1-2 Circumstances may preclude maintaining vouchers, invoices, and timesheets (explain below). These circumstances, appear reasonable and should not pose a significant audit risk.
- ___3 Circumstances may preclude the maintenance of vouchers, invoices, and timesheets (explain below). These circumstances may pose a significant audit risk.
- ___4 Vouchers, invoices, and timesheets (with appropriate supporting documents) could NOT be located due to insufficient or non-existent filing system.
-

Spot check documentation and record all that apply in the table below.

	Are originals, i.e. not copies	Are pre-numbered	Are properly accounted for	Are approved/authorized	Are supported	Are properly recorded and filed
Cash receipts/ Disbursement vouchers						

Petty cash vouchers						
Invoices						
Timesheets		X				

3. Separation of Duties¹

Score

- ___0 Approval, custody of assets, and recording of transactions are properly segregated.
- ___1 Due to size, segregation of duties is not possible. Based on organization's circumstances, current procedures are deemed adequate.
- ___2 Organization has weak system of segregation of duties.

4. Appropriate Supervision (NOTE: Check ALL That Apply!)

Score

- ___0 Supervisors continuously review and approve the assigned work of their staffs.
- ___2 There are insufficient numbers of staff to provide adequate supervision.
- ___0 Management reviews performance reports.
- ___2 There is no evidence that management reviews performance reports or performance reports are not written.

¹ Segregation of duties controls include:

- The individual responsible for the cash receipts function does not sign checks or reconcile the bank accounts, and is not responsible for non- cash accounting records such as accounts receivable, the general ledger, or the general journal.
- The person receiving cash does not have the authority to sign checks and reconcile bank accounts and does not have access to accounting records other than cash receipts.
- Different individuals are responsible for purchasing merchandise or services, receiving merchandise or services, and approving vouchers.
- Different persons prepare checks, sign checks, reconcile bank accounts, and have access to cash receipts.
- Physical inventory and property inspection is segregated from daily control and custodianship.
- Staff members responsible for receiving property do not keep related financial records or have sole authority to approve the transfer, sale, or other disposition of property.

5. **Controlled Access to and Accountability of Resources (NOTE: Check ALL That Apply!)**

Score

- ___0 Cash is kept in safe custody.
- ___2 Unauthorized persons may have access to cash.
- ___0 Surprise cash counts are conducted and documented.
- ___2 There is no evidence of surprise cash counts occurring.
- ___0 Procurement procedures are documented and being followed
- ___2 Procurement procedures do NOT exist or there is evidence they are not properly followed.
- ___2 Deliveries are not consistently verified as to price, quantity, quality and type
- ___0 Organisation has an up-to-date Fixed Assets Register
- ___2 A random sample of fixed assets reveals that not all assets are recorded in the fixed assets register
- ___0 Organisation has written inventory management procedures.
- ___0 Organisation has up-to-date inventory register
- ___2 Inventory register does not exist OR A random sample of fixed assets reveals that not all inventory is accurately recorded in the register.
- ___0 Access to critical forms, records, data files and equipment is limited to authorized staff.
- ___3 Access to critical forms, records, data files and equipment is NOT restricted to authorized staff.
- ___0 Assets and records are protected against physical harm.
- ___3 Insufficient measures are in place to protect assets and records against physical harm.

___0 A mechanism to inform management of the existence of suspicious or illegal activities is in place.

___2 Management control methods are inadequate to investigate suspicious or exceptional activities or to take appropriate and timely corrective action.

6. Transaction Authorization

Score

___0 Organisation has written authority limit levels and designated staff to authorize transactions.

___2 There are no written authority limit levels OR no staff designated to authorize transactions.

7. Approval² of Transactions

Score

___0 Transactions are properly approved by persons having the authority to do so.

___2 Transactions are not approved by persons having the authority to do so, or there are no established procedures for securing prior approval of transactions.

8. Sub-recipient Monitoring

Score

___0 The organization will NOT establish sub-agreements with second-tier sub-recipients.

___1 Sub-recipient monitoring procedures deemed above average.

___3-4 Sub-recipient monitoring procedures deemed average.

² Tasks undertaken as part of 'approval' include:

- Prior or related transactions are checked for conformity with transaction being recorded (for example, match invoice to purchase order)
 - Amount of coded transactions are checked against source documents
 - Transactions are processed on a real time basis
 - Calculations, extensions, additions, and accounting classifications are independently reviewed.
-

___5 Sub-recipient monitoring procedures deemed below average or organization has little or no prior experience monitoring sub-recipients.

9. **Audit Coverage**

Score

___0 Organization has regular (or recent) Government Auditing Standards Audits performed by an external auditor.

___1 Organization has regular (or recent) generally accepted auditing standards (or equivalent) audits performed by an external auditor.

___2 Organization does not have regular GAAS or GAGAS audits performed by an external auditor.

___3 Organization has never had an external audit.

10. Additional Considerations (exposure due to other considerations Internal Audit is aware of)

Score

___0 No additional considerations which may affect internal controls.

___1,2,3,4 Indicate any additional considerations which may affect the internal controls of the organization. Describe the situation and indicate an appropriate risk ranking.



TOTAL SCORE FOR INTERNAL CONTROL PROCEDURES

RISK RANKING SUMMARY WORKSHEET

Sub-recipient Organisation Name: _____

Agreement Number : _____

Transfer the totals from the five sections onto the summary worksheet at the end of this document.

Total Score

Section

Inherent Risk - the likelihood that external factors could preclude the organization from successfully completing the project.

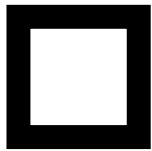
Staffing

Past Performance

Accounting System

Internal Control Procedures

TOTAL SCORE FOR ORGANISATION



(Total should not exceed 100 points)

Based upon the above total, place a check mark next to the risk ranking of the organization.

_____	0 to 30	Low Risk
_____	31 to 69	Medium Risk
_____	70 to 100	High Risk

The above ranges should be used only as a guideline and adjusted by each Project as appropriate.

Annex 4: Organizational Capacity Assessment Tool

CARE SOMALIA

ORGANIZATIONAL CAPACITY ASSESSMENT TOOL (OCAT-1)

FOR LOCAL PARTNER NGOs

NAME OF ORGANIZATION: _____

DATE OF ASSESSMENT: _____

CONDUCTED BY: _____

Names of interviewees:

- | | |
|----------|-----------------|
| 1. _____ | Position: _____ |
| 2. _____ | Position: _____ |
| 3. _____ | Position: _____ |
| 4. _____ | Position: _____ |
| 5. _____ | Position: _____ |
| 6. _____ | |

Assessment scores:

- 1- Not functioning, needs urgent attention
- 2- Unsatisfactory, needs major improvements
- 3- Needs Improvements
- 4- Adequate, room for some improvements
- 5- Excellent, needs maintaining

1. INSTITUTIONAL SET-UP

	Indicators	Score					Remarks
		1	2	3	4	5	
1	NGO is formally registered with the relevant legal authority.						
2	A clear governing document/ constitution that govern the NGOs operations are in place.						
3	An organizational structure/chart has been written down.						
4	The organization's structure is clear and understood by the members.						
5	The structure is functioning well.						
	AVERAGE SCORE						

2. GOVERNANCE

	Indicators	Score					Remarks
		1	2	3	4	5	
1	NGO has a functional board or governing body.						
2	Board meets on a regular basis.						
3	The roles and functions of the board are written down and understood.						

4	The organizations members are consulted and participate in decision-making.						
5	The organizations leaders and board members are accountable to its members (GB).						
6	Systems are in place to ensure appropriate involvement of all levels of staff in decision making..						
7	Annual general meeting (AGM) for the organizations members is held.						
8	Trustees of the board are elected by the AGM						
	AVERAGE SCORE						

3. STRATEGIC PLANNING

	Indicators	Score					Remarks
		1	2	3	4	5	
1	Clear and consistent vision and mission statements exists that provide focus and direction.						
2	Members understand the vision and mission of the organization.						
3	Organizational values and principles exist and have been written down.						
4	A clear long-term (3-5 years) strategic plan document is in place.						
5	Key stakeholders (including beneficiaries) have been involved in						

	developing the strategic plan.						
	AVERAGE SCORE						

4 FINANCE & ADMINISTRATION

	Indicators	Score					Remarks
		1	2	3	4	5	
1	Clear financial policies and procedures exist and are written down.						
2	Financial and administrative procedures are adhered to.						
3	Budgets are prepared for all of the costs of running the organization, every year.						
4	Supporting documents and bank statements are available for every transaction of the current year.						
5	All transactions are recorded in a cashbook.						
6	A standard Chart of Accounts is used to code all the financial transactions in the cashbooks.						
7	Financial duties are split between different members of staff.						
8	All cash kept in the office is kept in a locked cash box or safe.						
9	Stock control systems exist and are followed						
10	NGO is accurate and timely in the submission of financial reports.						

11	Audits are conducted on a regular basis (internal 2 x year, external 1 x year).						
12	Supply Chain Management System is in place and functional to address emergency need and Scale up.						
13	Security SOPs and management is in place and functional to address emergency need.						
	AVERAGE SCORE						

5. HUMAN RESOURCES

	Indicators	Score					Remarks
		1	2	3	4	5	
1	A clear human resource management policy document is in place						
2	Job descriptions exist for all staff and are clearly defined.						
3	Staff members understand their roles and know how to perform.						
4	NGO has a functional system in measuring and evaluating staff performance.						
5	The organization has clear policies on pay and reward, which are consistently followed.						
6	The organization identifies staffs training needs and provides						

	opportunities for staff development.						
7	Recruitment processes are transparent, fair and competitive.						
8	Grievances and conflict resolution procedures exist.						
9	Disciplinary procedures are in place and functional.						
10	Health and safety policy is in place						
	AVERAGE SCORE						

6. ORGANISATIONAL CULTURE

	Indicators	Score					Remarks
		1	2	3	4	5	
1	There is a common factor binding the members of the organization together.						
2	Staff members are interested and contribute to the organizations existence and development.						
3	There is no significant distance and inequality between those in charge and the subordinates.						
4	There is a fair representation of men and women, age and ethnicity at all levels in the organization.						
5	Team work exist and is very fruitful						
6	Staff is encouraged to take initiative and be pro-active.						

7	Staff well being, quality of life and caring for colleagues take an important place in day to day operations of the NGO.						
8	The office environment is conducive to work in						
9	Staff is committed and motivated in their work						
10	Organization has a code of conduct, GED policy written down and functional.						
	AVERAGE SCORE						

7. INDIVIDUAL SKILLS & COMPETENCES

	Indicators	Score					Remarks
		1	2	3	4	5	
1	The management have the leadership skills (and qualifications) needed to carry out all managerial activities.						
2	The finance staff have the skills (and qualifications) needed to carry out all financial activities.						
3	Program officers have good technical expertise for the relevant sectors they work in.						
4	Program officers have excellent facilitation skills for training community members.						
5	Staff possesses sound basic communication skills (e.g. listening,						

	presenting, interviewing, feedback etc.)						
6	Staff is skilled in effective meeting management.						
7	Majority of staff is fluent in English speaking and writing.						
8	Majority of staff is computer literate						
9	Key staff has quality report writing skill						
	AVERAGE SCORE						

8. INTERNAL COMMUNICATION

	Indicators	Score					Remarks
		1	2	3	4	5	
1	NGO management conduct regular staff meetings						
2	The organization keeps a record of major decisions, activities, minutes and progress reports.						
3	Systems are in place to ensure information sharing among all staff						
4	NGO staff has sufficient access to sources of information (such as standard manuals, internet/email etc.)						
5	An efficient filing system is in place						
	AVERAGE SCORE						

9. FACILITIES & EQUIPMENT:

	Indicators	Score					Remarks
		1	2	3	4	5	
1	The organization has adequate working space to support its activities.						
2	Equipment and stationary are sufficient for the basic work of the organization.						
3	NGO has sufficient transport means to conduct work.						
4	NGO has sufficient communication tools (such as telephones and internet)						
	AVERAGE SCORE						

10. PROGRAM MANAGEMENT & SERVICE DELIVERY

	Indicators	Score					Remarks
		1	2	3	4	5	
1	NGO can design and write good project proposals.						
2	Staff is familiar with use of key tools for community needs assessment and Rapid Assessment in emergencies.						
3	NGO applies participatory methods and demonstrates community participation in planning and decision making.						
4	NGO is familiar with Log frame methodology and use it for M&E						

	activities to ensure project objectives achieved...							
5	Clear individual work plans for all staff, and an annual work plan for the program are in place.							
6	NGO has an effective participatory Monitoring & Evaluation system that is being implemented.							
7	Staff is skilled in report writing and has the ability to write clear and concise reports in time.							
8	Programs are delivered efficiently, making the best use of resources available.							
9	Programs are cost effective							
10	Services are delivered timely.							
11	Cross-cutting issues are mainstream in program management (Coordination, DRR, Environment, Gender and Targeting)							
12	Key staff has knowledge of Sphere and HAP standards and are applied during program management.							
13	Staff is aware and using accountability principals during work.							
14	Staff is aware of Conflict sensitivity and Do NO Harm policies...							
15	Do staff aware about beneficiaries data management (desegregated: age and sex)							
16	AOP							

17	What is the organization CORE competency (WASH, Health/Nutrition, Food Distribution, NFIs dist, Shelter, protection and Advocacy etc)						
	AVERAGE SCORE						

11. PUBLICITY & FUNDRAISING

	Indicators	Score					Remarks
		1	2	3	4	5	
1	NGO has a fundraising strategy document and implements it.						
2	The NGO is aware of the existing sources of funding						
3	NGO mobilizes support from local sources						
4	NGO has multiple sources of funding						
5	The NGO has some savings and reserve for a time of funding shortfall						
6	NGO is raising money through income generating activities.						
7	NGO organizes public events for fundraising.						
8	NGO receives private, individual donations.						
9	Information on the NGOs activities are publicly disseminated (e.g. newsletter, brochures, organizational profile, annual reports etc.).						

10	The organization is visible within the community (display/signboard, logo, T-shirt, caps, stickers etc.).						
	AVERAGE SCORE						

12. EXTERNAL RELATIONS & NETWORKING

	Indicators	Score					Remarks
		1	2	3	4	5	
1	The NGO has a good relationship and works together with government departments.						
3	There is support and goodwill from the community for the organization.						
4	NGO cooperates and shares resources with other LNGOs and community.						
5	NGO cooperates and shares resources with the international community (UN, NGOs).						
6	NGO has relations with the private sector (businesses) for technical, material or human resources.						
7	NGO is part of coordination networks and plays an active role in promoting it.						
8	NGO has the ability to maintain sustainable and fruitful relationships with other parties (community, government and clusters etc).						
9	NGO has agreements or MoUs with external parties that are not based on funding (strategic partnership).						

	AVERAGE SCORE		
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Any other issues, not mentioned in this questionnaire, that are regarded weak in the institution and should be enhanced?

1										
2										
3										
4										
5										
6										

TOTAL SCORE LIST

S#	Topic	Score	Comments
1	Institutional set-up	0	
2	Governance	0	
3	Strategic Planning	0	
4	Finance & Administration	0	
5	Human Resources	0	
6	Organizational Culture	0	

7	Individual Skills & Competences	0	
8	Internal Communication	0	
9	Facilities & Equipment	0	
10	Program management & Service delivery	0	
11	Publicity and fundraising	0	
12	External relations & Networking	0	

Overall Capacity Assessment score: -----0-----

Findings and Recommendations:

- Institutional set-up
- Governance
- Strategic Planning
- Finance & Administration
- Human Resources
- Organizational Culture
- Individual Skills & Competences
- Internal Communication
- Facilities & Equipment
- Program management, Service delivery & sustainability
- Publicity and fundraising
- External relations & Networking