

Micro Assessment of ECOS - Espaço, Cidadania e
Oportunidades Sociais Commissioned By
United Nations Development Programme (UNDP)
15 July 2021

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To: UNDP / Brazil Office

15 July 2021

Dear Sirs,

This Micro Assessment of ECOS - Espaço, Cidadania e Oportunidades Sociais was completed in accordance with Contract # BRA10-962-38877-2021 dated on 27 May 2021 that was signed between the United Nations Development Programme "UNDP" and BDO Jordan.

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

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

This Micro Assessment report is intended solely for the information and use of the specified parties (UNDP/Brazil Office and the Implementing Partner: it is not intended to be and should not be used by anyone other than the specified parties.

Yours faithfully

BDO Jordan
Samman & Co.

Rami Samman
Managing Partner

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1. Background, Scope and Methodology

Background

The Micro Assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN Agencies' transfer of cash to government and non-governmental Implementing Partners (IPs).

The Micro Assessment assesses the IP's control framework. It results in a risk rating (low, moderate, significant or high). The overall risk rating is used by the UN Agencies, along with other available information (e.g. history of engagement with the Agency and previous assurance results), to determine the type and frequency of assurance activities as per each Agency's guideline and can be taken into consideration when selecting the appropriate cash transfer modality for an IP.

Scope

The Micro Assessment provides an overall assessment of the Implementing Partner's programme, financial and operations management policies, procedures, systems and internal controls, it includes:

- A review of the IP legal status, governance structures and financial viability; programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement; and
- A focus on compliance with policies, procedures, regulations and institutional arrangements that are issued both by the Government and the Implementing Partner.

It takes into account results of any previous Micro Assessments conducted of the Implementing Partner.

Scale of assessment

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

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

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

Points are assigned as follows:

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

Calculation of risk rating per subject area section

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

Calculation of overall risk rating

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

Methodology

We performed the Micro Assessment remotely via Microsoft teams on 10 June 2021.

Through discussion with management, observation and walk-through tests of transactions, we have assessed the Implementing Partner's and the related internal control system with emphasis on:

The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations Agencies:

- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

We discussed the results of the Micro Assessment with applicable UN Agency personnel and the IP prior to finalization the report. The list of persons met and interviewed during the Micro Assessment is set out in Annex III.

2. Summary of Risk Assessment Results

2.1 Executive summary of the overall risk assessment:

The table below summarizes the results and main internal control gaps found during application of the Micro Assessment questionnaire (in Annex IV), detailed findings and recommendations are set out in the section (3) below:

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
1. Implementing Partner	Low	<ul style="list-style-type: none"> We noted that the IP have a pending legal actions against outstanding small material disputes with vendors/contractors.
2. Programme Management	Low	<ul style="list-style-type: none"> We noted that the IP does not have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans.
3. Organizational Structure and Staffing	Low	<ul style="list-style-type: none"> We noted that the IP does not have a training policy for accounting/finance/ programme management staff. We noted that the IP does not have a documented internal control framework that evaluates internal controls covering the following components: <ul style="list-style-type: none"> Control environment. Risk assessment. Control activities. Information and communication; and Monitoring activities.
4. Accounting Policies and Procedures	Low	<ul style="list-style-type: none"> We noted that the IP does not have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements. We noted that the IP does not maintain monitoring control procedure such as using a "PAID" Stamp on all supporting documents attached with vouchers related to each project.
5. Fixed Assets and Inventory	Low	<ul style="list-style-type: none"> We noted that the IP does not use a system of adequate safeguards to protect assets from fraud, waste, and abuse. We noted that the IP does not use an inventory management system that enables monitoring of supply distribution.
6. Financial Management System	Low	<ul style="list-style-type: none"> No observations were noted.
7. Procurement and Contract Administration	Low	<ul style="list-style-type: none"> We noted that the IP does not use a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods, the

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
		<p>procurement process and tenders are currently being prepared manually and all the transactions are prepared on excel sheet (Microsoft excel).</p> <ul style="list-style-type: none"> • We noted that the procurement reports are not generated and reviewed regularly. • We noted that the IP does not have a policy on contracts management / administration.
Overall Risk Assessment	<i>Low</i>	

*High, Significant, Moderate, Low

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3. Detailed Internal Control Findings and Recommendations

#	Ref #	Description of finding	Recommendation	IP Management Response
1	1.8	We noted that the IP have a pending legal actions against outstanding small material disputes with vendors/contractors.	We recommend the IP to identify the financial impact of these outstanding actions and manage to settle them.	
2	2.1	We noted that the IP does not have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans.	We recommend the IP to have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans.	
3	3.5	We noted that the IP does not have a training policy for accounting/finance/programme management staff.	We recommend the IP to develop a training policy for accounting/finance/programme management staff.	

#	Ref #	Description of finding	Recommendation	IP Management Response
4	3.8	<p>We noted that the IP does not have a documented internal control framework that evaluates internal controls covering the following components:</p> <ul style="list-style-type: none"> • Control environment. • Risk assessment. • Control activities. • Information and communication; and • Monitoring activities. 	<p>For an effective internal control system, the IP's management should develop an internal control framework in order to achieve the following objectives:</p> <ul style="list-style-type: none"> • efficiency and effectiveness of operations. • reliability of financial reporting; and • compliance with laws and regulations. <p>This framework will guide the development of the IP's policies, procedures and systems and will support managers in assessing and enhancing their areas of responsibility.</p>	
5	4.2	<p>We noted that the IP does not have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements.</p>	<p>We recommend the IP to develop an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources.</p>	
6	4.14	<p>We noted that the IP does not maintain monitoring control procedure such as using a "PAID" Stamp on all supporting documents attached with vouchers related to each project.</p>	<p>We recommend the IP to use "PAID" stamp on all supporting documents related to UNDP project to ensure that the UNDP project's expenditures are not used/shared with other projects / donors.</p>	
7	5.1	<p>We noted that the IP does not use a system of adequate safeguards to protect assets from fraud, waste, and abuse.</p>	<p>We recommend the IP to maintain a system and documented policies and procedures that ensure adequate safeguards to protect assets from fraud, waste, and abuse.</p>	

#	Ref #	Description of finding	Recommendation	IP Management Response
8	5.7	We noted that the IP does not use an inventory management system that enables monitoring of supply distribution.	We recommend the IP to use an inventory management system that enables monitoring of supply distribution.	
9	7.3	We noted that the IP does not use a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods, the procurement process and tenders are currently being prepared manually and all the transactions are prepared on excel sheet (Microsoft excel).	We recommend the IP to use a computerized procurement system, which enhances the control over procurements. Also, this will save cost and time and reduce the chance of human errors.	
10	7.4	We noted that the procurement reports are not generated and reviewed regularly	We recommend the IP to produce a regularly procurement reports that can assist management in effective procurement decisions.	
11	7.16	We noted that the IP does not have a policy on contracts management / administration.	We recommend the IP to develop a policy on contracts management / administration.	

Annex I. IP and Programme Information

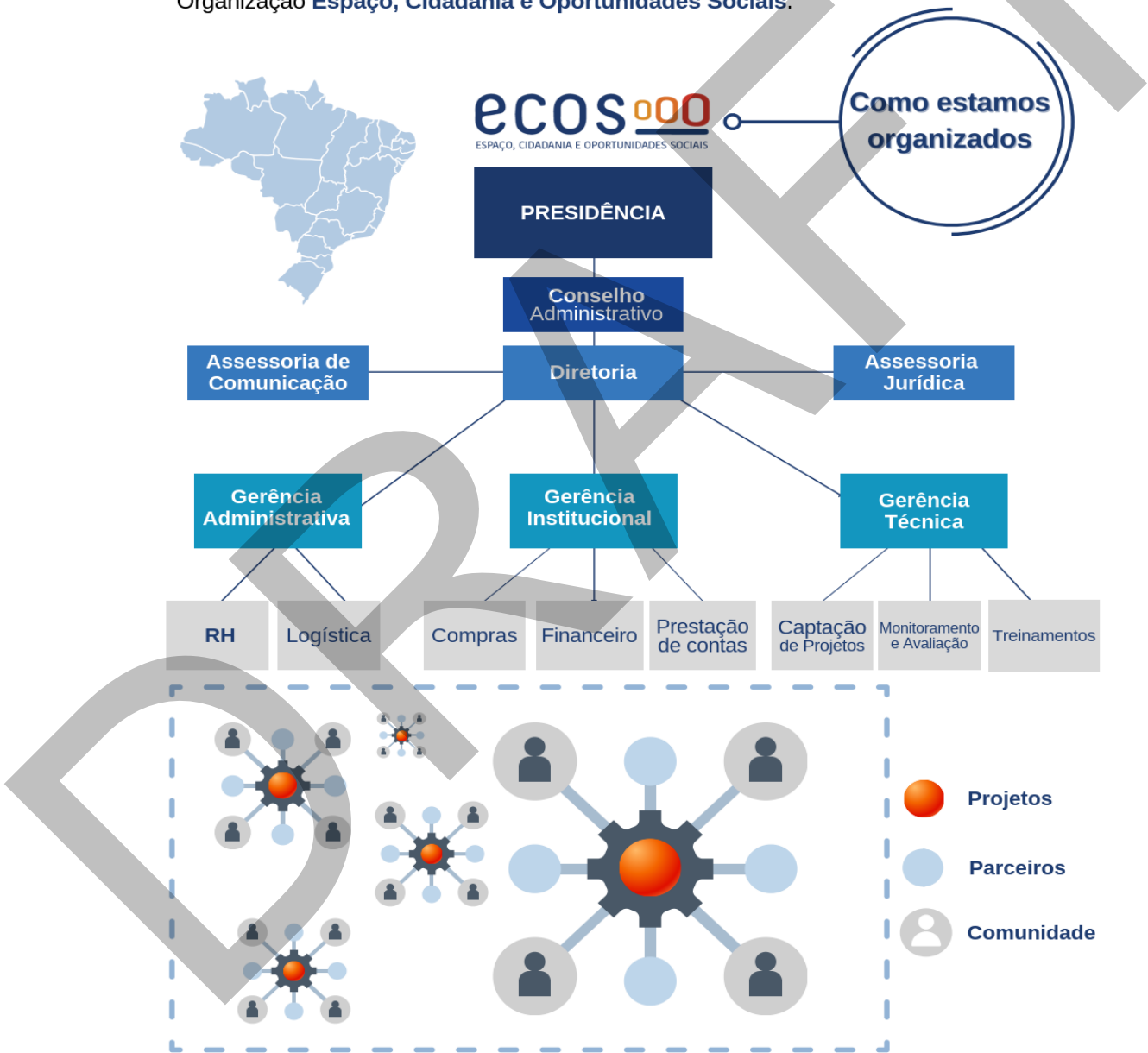
Implementing Partner name:	ECOS - Espaço, Cidadania e Oportunidades Sociais
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	N/A
Implementing partner contact details (contact name, email address and telephone number):	Vivian Bilhim - Project Manager Email: gerenciatecnica.ecos@gmail.com
Main programmes implemented with the applicable UN Agency/ies:	N/A
Key Official in charge of the UN Agency/ies' programme(s):	Graziela Silveira
Programme location(s):	N/A
Location of records related to the UN Agency/ies' programme (s):	N/A
Currency of records maintained:	R\$
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$);	N/A
Cash transfer modality/ies used by the UN agency/ies to the IP	N/A
Intended start date of Micro Assessment:	10 June 2021
Number of days to be spent on Micro Assessment:	2 Weeks
Any special requests to be considered during the micro assessment:	N/A

Annex II. Implementing Partner Organization Chart

2.3 Abrangência do Regulamento



Estão sob a regência deste **Manual de Compliance** e do **Programa de Integridade ECOS** a Presidência, a Secretaria Geral, a Diretoria Executiva, os conselheiros, os assessores, os colaboradores, os estagiários, os menores aprendizes, os voluntários, os assistidos, a imprensa, os parceiros e todos que atuam direta e indiretamente em atividades da Organização **Espaço, Cidadania e Oportunidades Sociais**.



Annex III. List of Persons Met

Name	Unit/organization	Position
Vivian Bilhim	ECOS - Espaço, Cidadania e Oportunidades Sociais	Project Manager
Guilherme Gombarovits	ECOS - Espaço, Cidadania e Oportunidades Sociais	Secretariat Coordinator.

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Annex IV. Micro Assessment Questionnaire

Key questions are assigned double the risk points, resulting in a weighted average method for calculating the overall and by subject area risk rating. Therefore, the risk rating assigned to the key questions have twice the weight in determining the risk rating.

Assume the following two scenarios with the same risk rating for the questions.

- Scenario 1: There are three non-key questions having equal weight.
- Scenario 2: The first question is key and the remaining two questions are non-key.

Scenario 1	Risk Rating	Points	Scenario 2	Risk Rating	Points
Question 1	High	4	Key Question 1	High	8
Question 2	Low	1	Question 2	Low	1
Question 3	Low	1	Question 3	Low	1
Total Risk Points:		6	Total Risk Points		10
Overall Risk	Moderate	2	Overall Risk	Significant	3.3

The Excel spreadsheet automatically assigns the risk rating by using the following algorithm:

- Only the applicable questions are taken into consideration
- The minimum possible points for the subject area are calculated, that is if all questions are assigned low risk rating
- The maximum possible points for the subject area are calculated, that is if all questions are assigned high risk rating
- The ranges for each risk rating are calculated by evenly distributing between the lowest and highest applicable points
- The actual risk points are matched with one of the four risk ranges to determine the overall risk category.

The same algorithm is applied when calculated the overall risk rating for the IP.

Micro-assessment workbook						
Implementing partner: Construindo um lugar Seguro - Curitiba				Date: 2/4/2021		
Subject area	Yes	No	N/A	Risk	Risk	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The IP is legally registered under the Brazilian law.
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.			N/A	N/A	-	
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?			N/A	N/A	-	IP sent their financial statements for 2017, 2018 and 2019 but they are not audited
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The IP sent MOMs
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?			N/A	N/A	-	the IP does not have external offices
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) <i>Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.</i>	Yes			Low	1	IP has own financial statements.
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	1	OK IP explained that they never had any major problems receiving funds from government ministries
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? <i>If so, provide details and actions taken by the IP to resolve the legal action.</i>	Yes			Moderate	2	there are outstanding disputes of small amounts
1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Low	1	Antifraud and corruption guidelines are present in item 3 "ECOS Integrity Program".
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?	Yes			Low	1	
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. <i>Examples: foreign exchange risk; cash receipts.</i>			N/A	N/A	-	The IP has not any key financial or operational risks that are not covered by this questionnaire
Total number of questions in subject area:	11					
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	8					
Risk score	1.1428571					
Area risk rating	Low					

Subject area	Yes	No	N/A	Risk	Risk	Remarks/comments
2. Programme Management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?		No		Moderate	2	the IP does not have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans
2.2. Do work plans specify expected results and the activities to be carried out to achieve results, with a time frame and budget for the activities?	Yes			Low	1	OK IP has shared a sample. Activities to be carried out are detailed in pages 24-35, time frame is detailed in page 52, and budget in page 53.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	Ok IP shared a sample of report with risks identified in a project and template report.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?	Yes			Low	1	IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?	Yes			Low	1	the IP can identify the tools and process for monitoring and evaluating a projects in page 44-48.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	IP sent a endline monitoring report
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	Ok, IP sent a endline monitoring report IP explained that they present monthly reports about the results achieved in each project.
2.8 Is it evident that the IP followed up on independent evaluation recommendations? <input type="checkbox"/>			N/A	N/A	-	No external audit in was performed in IP before.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	7					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	8					
Risk score	1.14285714					
Area risk rating	Low					

Subject area	Yes	No	N/A	Risk	Risk	Remarks/comments
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	Ok, IP has a Transparency Portal with all the the requirements for selecting and hiring each open position. I attached one of this documents and requested their HR procurement policy. Transparency portal: www.ecosbrasil.org/vagas
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	IP have jobs descriptions and signed by the employees
3.3 Is the organizational structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.	Yes			Low	1	IP sent a list of key staff information with job titles, responsibilities, educational backgrounds and professional experience.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Low	1	OK, checked Finance staff CVs. They are sufficiently experienced in my opinion.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?		No		Moderate	2	the IP does not have a training policies for accounting/finance/ programme management staff? Are necessary training activities undertake
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	the IP does not perform background verification/checks on all new accounting/finance and management positions
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	IP says no significant turnovers in the last 5 years. Key finance positions: Carlos Chamberlain -ECOS Finance department responsible - Hired since August 2015 Vivian Bilhim - Project Manager - Hired since August 2014 Ana vargas - Legal - Hired since August 2014 Luciana Tourinho - Administrative Coordinator - Hired since November 2017
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.		No		Moderate	2	The IP does not have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	10					
Risk score	1.25					
Area risk rating	Low					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?	Yes			Low	1	Finance management is performed by system Paiva Piovesan (Business V20, Finance V20, Next Finance). Inventory management is performed by ERP system Odoo. I asked IP about what kind of reports can be generated. "NASAJON is a platform in which the payroll expenses management is performed, accounting worked hours and days, payroll calculation, vacations, terminations and taxes related to payroll (INSS, FGTS, IR, PIS). ODOO is an ERP, where part of the management of purchases, service orders, financial department is performed. Can generate reports related to these mentioned subjects. PAIVA PIOVESAN is responsible for Finance and Next Finance Platforms, cash management (supplier bank information registry, accounts payables, and bank reconciliation). Can generate accounts payable reports, balances, reconciliations, expenditures segregated by costs centers and chart of accounts."
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?		No		Moderate	4	IP does not have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Moderate	4	IP explained that all supporting documents are made available in Google Drive. All systems are parameterized to use google drive as a document repository. There are 04 terabytes of storage space contracted and 04 terabytes contracted with dropbox for backup purposes. Each directory are made available according to user permissions.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	we noted that the IP's GL reconciled on montly basis
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	Yes			Low	1	OK. a) authorization to execute a transaction: Financial Department (b) recording of the transaction: Controller's department (c) custody of assets involved in the transaction: Bank
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	ordering: Project Coordinator receiving: Project field agent accounting: Controller's department; paying for goods and services: Financial department.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Low	1	Payment approval: Silvio dos Santos (President), Carlos Chamberlain, Pablo Botelho (Director) Bank reconciliation: Kelly Ferreira Borges (Administrative assistant), Aline Pereira Lima (Administrative assistant III) Requested a sample of bank reconciliation

4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	IP sent a detailed budget approved
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	IP sent a budget vs actual report
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			N/A	-	IP sent a sample of request for budget amendments the request for budget amendments are signed by IP's president and approved by the contractor.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	IP sent a sample of approved budget. I requested the approval thresholds table
4d. Payments						
4.12 Do invoice processing procedures provide for: <ul style="list-style-type: none"> · Copies of purchase orders and receiving reports to be obtained directly from issuing departments? · Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? · Checking the accuracy of calculations? 	Yes			Low	1	Ok Ip sent a sample invoice signed and stamped as "recebido" (received).
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	Ok there are approval thresholds registered in the banking system. Table of payment approval thresholds is registered in bank system and was provided. But is not specified in policy.
4.14 Are all invoices stamped 'PAID', approved, and marked with the project code and account code?		No		Moderate	4	Sample invoice sent is stamped as "Received", signed and marked with project code. IP says that with PNUD they will add a "Paid" stamp. I noted that there is no account code in the stamped invoice. There is no paid stamp currently, only a received stamp.
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	IP sent a sample of signed payroll sheets
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Low	1	IP sent a sample of signed timesheet.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	Travel and internal costs are control guidelines are described in Compliance Manual item 4.21 page 29.

4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?	Yes			Low	1	IP says accounting basis is accrual. Accountability reports can be issued as cash if required by the contractor
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	OK, IP explained that the Compliance manual presents their code of conduct (item 4), integrity program and other policies. This manual is available at their web site and training portal: [https://ecosbrasil.org/programa_de_integridade/] [https://www.treinamentos.org/programa-de-integridade] [https://www.treinamentos.org] Training about the integrity program are performed monthly via Google Meets. There are also posters about the integrity program in project main locations. This is satisfactory in my opinion.
4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Low	1	IP sent signed cheque and bank authorization matrix. Cheque signed by: Silvio dos Santos - President Pablo Grain - Treasurer
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	IP explained that they used pre-paid cards for small purchases, each project has its own pre-paid card. IP shared a sample of recording this expenses, bank statement and the receipts for each payment.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection, timely deposit and recording of receipts at each collection location?			N/A	N/A	-	NA
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	IP sent a cash and bank reconciliation
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?			N/A	N/A	-	IP says that there is no substantial expenditure paid in cash
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	IP carry out a regular petty cash reconciliation
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Low	1	IP says that cash and cheques are maintained in a safe under custody of their treasurer
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?			N/A	N/A	-	IP explained their process. I asked if they have a written policy or procedure
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?			N/A	N/A	-	NA
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?			N/A	N/A	-	IP does not have an internal auditor
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			N/A	N/A	-	IP does not have an internal auditor
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			N/A	N/A	-	IP does not have an internal auditor
4.32 Does the IP act on the internal auditor's recommendations?			N/A	N/A	-	IP does not have an internal auditor
Total number of questions in subject area:						32
Total number of applicable questions in subject area:						23
Total number of applicable key questions in subject area:						17
Total number of risk points:						32
Risk score						1.39130435
Area risk rating						Low

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?		No		Moderate	2	IP explained that they do not own significant assets, vehicles, systems are rented. All assets acquired during the execution of the projects are returned to the contractor. IP sent a sample of "Donation Term".
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	IP explained that some projects require a storeroom set up where inventory count is performed. counting form was provided for item 5.9. According to "5.8 MANUAL_ALMOXARIFADO" procedure all assets are registered in ERP NETSUITE
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	IP sent the inventory count report.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Low	1	IP says that there are insurance policies unless required in their workplan.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	1	IP explained that when a project requires asset safekeeping they rent warehouse spaces with high security. Shared a sample contract with a warehouse
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	1	Ok, IP explained that the rented warehouse spaces protects the inventory from damage. Identification and counted is performed as agreed with contractor in their work plan
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?		No		Moderate	4	IP explained that they have a system and inventory management procedure, I requested a sample inventory report
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Low	1	
5.9 Are regular physical counts of inventory carried out?	Yes			Low	1	Inventory count report sent
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	9					
Total number of applicable key questions in subject area:	2					
Total number of risk points:	13					
Risk score	1.4444444					
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6. Financial Reporting and Monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Significant	3	there is a specific P&P of what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	OK IP sent income statement and balance sheet from 2019
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.			N/A	N/A	-	IP said that there is no external audit report.
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past five years?			N/A	N/A	-	IP said that there is no external audit report.
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?			N/A	N/A	-	IP said that there is no external audit report.
6.6 Is the financial management system computerized?	Yes			Low	1	Ok, accounting and payroll system Nasajon.
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	IP sent a sample of chart of accounts generated in the system.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? <i>E.g. password access controls; regular data back-up.</i>	Yes			Low	1	IP explained that financial data is backed up by financial system provider, which has contractual obligation of maintaining data protection and encryption.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	5					
Total number of applicable key questions in subject area:	1					
Total number of risk points:	7					
Risk score	1.4					
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	OK IP sent the procurement policy
7.2 Are exceptions to procurement procedures approved by management and documented?	Yes			Low	1	the exceptions to procurement procedures approved by management and documented
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.		No		Significant	3	there is no a computerized procurement system
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.		No		Significant	3	there is no a procurement reports generated and reviewed regularly
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	Procurement structure: Fabio Magalhães - Procurement coordinator. Kassia Ferreira and André dos Santos - Procurement staff. IP sent their CVs. In my opinion staff is sufficiently experienced.
7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IP's procurement rules and regulations?	Yes			Low	1	Procurement structure: Fabio Magalhães - Procurement coordinator. Kassia Ferreira and André dos Santos - Procurement staff. IP sent their CVs. In my opinion staff is sufficiently experienced.
7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?			N/A	N/A	-	There is was no external audit in IP.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	IP explained that there are procurement thresholds according to each work plan.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	IP sent sample contract, and there are a references to ethical procurement principles and exclusion and ineligibility criteria
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	IP sent a sample contract signed by vice-president
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	Conflict of interest guidelines are established in their Compliance manual item 7.1 page 39. Procedures to assist identifying, monitoring and dealing with potential conflicts of interest are described in their procurement policy (quotations)
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of procurement opportunities?	Yes			Low	1	IP says: ECOS policy and procedure must be observed for any purchases and contracts. Suppliers must be treated with respect and integrity. The criteria that determines which supplier will be chosen is: need, price, quality, compliance, experience, reputation, delivery time, commercial conditions. At least three quotations must be submitted.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	the IP has an approved supplier list
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	Yes, the process follows the guidelines established in the call public notices. " IP sent a sample of selection criteria for a bidding process
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?			N/A	N/A	-	Partnership agreement" template with government body that explains the bidding process
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?		No		Significant	3	there is no a policy for the contracts management

7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?	Yes			Low	1	Financial Director - Bruno Grain CV is still missing. They did provide the signed job descriptions for the procurement department
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?	Yes			Low	1	Financial Director - Bruno Grain CV is still missing. They did provide the signed job descriptions for the procurement department
7.19 Does the IP have a policy on post-facto actions on contracts?	Yes			Low	1	I am not sure their answer is relevant for this question, please advise. IP says: Pages 31, 32 and 46 of our Compliance Manual establish the costs of non-compliance; the penalties for not adopting our rules; and what to do in the event of a breach on our Integrity Program. "The violation of the ethical principles described in this Code of Conduct, which causes material or immaterial damages to ECOS and its employees, will result in disciplinary actions that may result in the employee's dismissal, the termination of a contract signed with a third party, the removal of the Director or the Counselor, without prejudice to the applicable legal measures".
7.20 How frequent do post-facto contract actions occur?	Yes			Low	1	I am not sure their answer is relevant for this question, please advise. "IP says: On page 32, of the ECOS Compliance Manual, item 5.2.1, we mention two cases of penalties that occurred in 2019 in the state of Paraíba.
Total number of questions in subject area:		20				
Total number of applicable questions in subject area:		18				
Total number of applicable key questions in subject area:		4				
Total number of risk points:		24				
Risk score		1.33333333				
Area risk rating		Low				
Totals						
Total number of questions:		96				
Total number of applicable questions:		77				
Total number of applicable key questions:		31				
Total number of risk points:		102				
Total risk score		1.32467532				
Overall risk rating		Low				