UNDP Micro Assessment

Department of National Parks and Wildlife

Moore Stephens LLP

London

4 December 2018

UNDP Zambia – Department of National Parks and Wildlife

Contents

MICRO ASSESSMENT FINDINGS

1.1. BACKGROUND, SCOPE AND METHODOLOGY

Background

The micro assessment is part of the requirements under the Harmonized Approach to Cash Transfers (HACT) Framework. The HACT framework represents a common operational framework for UN agencies' transfer of cash to government and non-governmental implementing partners.

The micro assessment assesses the implementing partner'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 implementing partner.

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

It takes into account results of any previous micro assessments conducted of the implementing partner.

Methodology

We performed the micro assessment at the locations and on the dates set out in Annex I.

Through discussion with management, observation and walk-through tests of transactions, we have assessed the implementing partner's 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 implementing partner prior to finalization of the report. The list of persons met and interviewed during the micro assessment is set out in Annex III.

Results

The results of our micro assessment are set out in section 1.2 below, and our detailed internal control findings and recommendations in section 1.3.

Martin Daniel
Partner
Moore Stephens LLP
4 December 2018

1.2. SUMMARY OF RISK ASSESSMENT RESULTS

The table below summarizes the results and main internal control gaps found during application of the micro assessment questionnaire (in Annex IV). Detailed findings and recommendations are set out in section 1.3 below.

Tested subject area	Risk assessment*	Comments
1. Implementing partner	Low	The Department of National Parks and Wildlife (DNPW) is a department in the Ministry of Tourism and Arts (MTA) in Zambia. The Ministry draws its mandate from the portfolio functions stipulated in the Government Gazette Notice No. 836 of 2016. The DPNW is mandated by the Zambia Wildlife Act No. 12 of 1998 to manage and conserve Zambia's wildlife to conserve wildlife and to protect the environment under its jurisdiction. It implements its activities through its 32 area management units situated in different locations within Zambian. The DPNW is also the headquarters to the area management units. The IP is compliant with its reporting requirement to the Ministry of Tourism and Arts in Zambia. Monthly senior management level meetings chaired by the Director of the DNPW are held at the IP. On a governance level, the directors at the MTO meet at least quarterly to discuss strategic matters related to the IP.
2. Programme management	Low	The IP uses government standards and guidelines in programme management. The framework for development of programmes, projects and the activities is the Wildlife Conservation Act. Detailed annual workplans outlining expected results, activities, costs and timelines are developed by the IP. Risk assessments for projects is done at the project development stage with mitigation measures identified and put across. There is however need for a mechanism for continued identification of risks during the project implementations stages and the tracking of the implementation of the mitigation measures put in place.
3. Organisational structure and staffing	Low	The IP has a government standard organogram in place with clear reporting lines and the positions are staffed with qualified personnel. All key personnel are employed through Public Service Management Division (PSMD), who have the government mandate to recruit transparently and competitively. Standard government Job Descriptions are retained on employee files. For non-key personnel, the IP has a database of curriculum vitae from different individuals who apply from time to time. When there is a vacancy within the organisation, suitable CVs are obtained from the database and are subjected to a selection process.

4. Accounting policies and procedures	Low	The IP uses government standards offering guidance in the operations of the accounting unit. These include the following: The Public Finance Act; The Public Procurement Act; The Financial Regulations; The Employment Act; The Public Procurement Regulations. Several Cabinet Circulars and desk instructions are also in use. Duties are appropriately segregated in the finance unit. The unit is headed by the Principal Accountant who is assisted by Senior Accountants, Accountants and Assistant Accountant. The IP has a maximum payment authorisation threshold of ZMW10,000.00. All payments above this threshold are submitted to the Permanent Secretary based at the ministry HQ for approval. There may be need for the MTA and the IP to consider revising the approval threshold as the current amount appears to be too low considering the level of procurements made by the IP.
5. Fixed assets and inventory	Low	The IP uses government standard policies in the management of its fixed assets and inventory. A fixed assets register is maintained at the organisation. Physical verification of assets is undertaken annually by the IP. Motor vehicles are insured, whilst other assets are not. There is also a need to tag the IP's assets with unique identification numbers to improve asset management.
6. Financial reporting and monitoring	Low	Financial reporting procedures are contained in the Finance Act and the Financial Regulations. The IP prepares monthly, quarterly and annual statements within the government's IFMS accounting system which is managed by the Ministry of Finance. Its annual statements are audited by Auditor General. The IP uses the IFMS accounting system. The system is able to produce different financial reports and detailed ledgers by donor. Donor reports can then be prepared from the information extracted from the IFMS.
7. Procurement	Low	The IP is guided by standard Government procurement policies. The policies are stipulated in the Public Procurement Act and the Public Procurement Regulations. There is a functioning procurement unit in place headed by the Senior Purchasing and Suppliers Officer who is assisted by a team of qualified procurement personnel. Segregation of duties in the procurement unit is adequate.
Overall risk assessment	Low	

* High, Significant, Moderate, Low

1.3. DETAILED INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

No.	Description of finding	Recommendation	Partner comments
1.	**Lack of a risk register**		
	We noted that the IP identifies risks at the project development stages and mitigation measures are put in place. However, we noted that the mechanism for continued identification of risks and putting measures to mitigate them during the projects implementation stages needs to be improved. Currently there is no Risk-Register maintained that records identified risks and the steps to be taken by the organisation to mitigate them.	The risk register becomes essential as it records identified risks, their severity and the actions to be taken by management to mitigate them. It can be a simple document, spreadsheet, or a database system. Further, the register provides a framework in which problems that threaten the delivery of the anticipated benefits are captured. Management should view the risk register as a management tool which, through a regular review and updating process, identifies, assesses, and manages risks down to acceptable levels.	None
2.	**Control weaknesses regarding safeguards over assets**		
	We noted the following control weaknesses regarding the safeguards over assets: • assets are not labelled with unique identification numbers; and • all assets are uninsured except for motor vehicles.	We recommend to the IP that: • Management should assign and label assets with unique asset numbers that should also be captured in the fixed assets register and; and • All major assets should be insured in order to minimise the loss in the event of damage or loss of an asset.	None

3.	Lack of recommendations tracking register		
	We noted that the Auditor General's office and internal audit department carries out yearly audits and also covers donor projects periodically. Recommendations for improvements of operations are normally documented in the respective management letters. However, we noted that management had not implemented a formalised record for follow up of recommendations for implementation. For example, an independent project evaluation was conducted in October 2017. Our review indicated that management was not tracking the implementation of recommendations made in that evaluation. The following were examples of recommendations included in the report which we could not confirm whether their implementation is being tracked: • Urgent need for acceleration of project implementation; • Need to revise the Project organization structure; • Revision of the Project financial management system and devolution of fiduciary responsibilities to the Project organization arrangements; • Elaborate and implement a communication and visibility strategy; • Revision of the indicators; • Develop and implement a National strategy for a holistic wildlife crime action, based on a multi-sectorial multi-agency approach.	We recommend that management implements an Audit Recommendation Follow-Up Register which will track all recommendations (External; Internal and Donor Audits) for implementation. All the recommendations coming from various reviews should be grouped in one register and tasked to respective units for implementation. The Register should be subjected to periodical review at management level and audit committee level to assess status of implementation of recommendations.	None

1.4.   ADDITIONAL QUESTIONS

The UNDP Zambia Office asked us to add seventeen additional questions to the standard HACT Framework micro-assessment questionnaire in order to fulfil specific risk assessment objectives. The results of these additional questions are reported in Annex V below.

ANNEXES

ANNEX I: IMPLEMENTING PARTNER AND PROGRAMME INFORMATION

Implementing partner name:	Department of National Parks and Wildlife (DNPW)
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	UNDP
Implementing partner contact details (contact name, email address and telephone number)	Private Bag 1, Chilanga Tel: +260 211 279 080/ 278471/ 278335/ 278530/ 278366/ 278129/ 278555/ 278629 Tel/Fax: +260 211 278129/ 278571/ 278244 Email: info@zawa.org.zm
Main programmes implemented with the applicable UN agency/ies	GEF 5
Key official in charge of the UN agency/ies' prorgamme(s)	Mr. Namushnawa Mr. Chaka Kaumba Mr. Loyd Konde
Programme location(s)	Zambia
Location of records related to the UN Agency/ies' prorgamme(s)	Department of National Parks and Wildlife – Head office in Chilanga
Currency of records maintained	ZMW
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US$)	The IP is on a direct payment modality
Cash transfer modality/ies used by the UN agency/ies to the implementing partner	Direct payment
Intended start date of micro assessment	27 August 2018
Number of days to be spent for visit to implementing partner	2 days
Any special requests to be considered during the micro assessment	None

ANNEX II: IMPLEMENTING PARTNER ORGANISATIONAL CHART

13.7 Appendix 'Ei' Department of National Parks and Wildlife
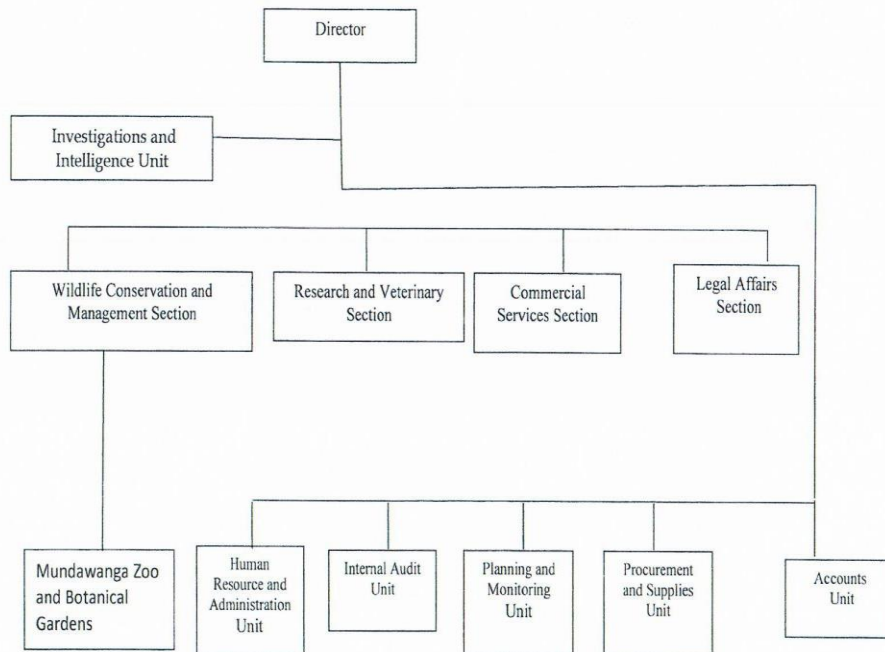
ANNEX III: LIST OF PERSONS MET

Name	Unit / organisation	Position
Ms. Angela Nshimbi Chisengele	DNPW	Senior Accountant
Mr. Chaka Kaumba	DNPW	Planning
Julius Kaira	DNPW	Senior Internal Auditor

ANNEX IV: MICRO ASSESSMENT QUESTIONNAIRE

Subject area *(key questions in bold)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	The Department of National Parks and Wildlife is a department in the Ministry of Tourism and Arts in Zambian (MTA). The Ministry draws its mandate from the portfolio functions as stipulated in the Government Gazette Notice No 836 of 2016. The Department of National Parks & Wildlife (DNPW) is mandated under the Zambia Wildlife Act No. 12 of 1998 to manage and conserve Zambia's wildlife. Its core mandate is to conserve wildlife and protect the environmental under its jurisdiction.
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.		No		Low	1	The IP is currently receiving funding from the UNDP for the GEF 5 Project under the Direct Payment funding modality. Additionally, it has received funding from the World Bank and the Germany government. There have not been significant issues noted in the managing of these funds.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	Being a government ministry, there is no statutory reporting requirement. However, the DNPW is required to submit quarterly progress report to the MTA. In addition, they are also required to be audited annually by the office of the Auditor General. The most recent audit was conducted for the financial year ending 2017.

1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The governing body of DNPW is constituted at the MTA. The Director of DNPW with other directors at MTA meet at least once every quarter to discuss strategic matters relating the DNPW. Further on a monthly basis, senior management level meetings are held at the IP.
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?	Yes			Low	1	The IP works with 32 area management units which are responsible for implementing the activities of the organisation on the ground level. These offices are managed by DNPW with direct supervision and regular monitoring from DNPW. The 32 area management units use the policies provided by the Government of Republic of Zambia (GRZ) on project implementation and finance and operation procedures.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) *Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.*	Yes			Low	1	As a Government institution, DPNW is considered financially stable. The main funder is the Government and various donors supporting various projects.
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	The IP receives its funds from Government through the Ministry of Finance (MOF). The MOF introduced the IFMS system which facilitates easier funds flow to the IP. We were not informed of any problems in the past in the receipt of funds.
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? *If so, provide details and actions taken by the IP to resolve the legal action.*		No		Low	1	We were informed that there were no legal actions against the IP at the time of our assessment.

1.9 Does the IP have an anti-fraud and corruption policy?	Yes			Low	1	The IP subscribes to the Zambian Anti-Corruption Act.
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	The Anti-Corruption Commission on a regular basis advises members of staff on matters of fraud and the available reporting procedures. Further, the Anti-Corruption Act is a public document which is accessible by staff members. Sensitisation meetings on the civil service disciplinary code are done in the unit offices to ensure that all staff members of the DNPW are aware of the procedures for reporting fraud and how to handle suspicions of corruption.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. *Examples: foreign exchange risk; cash receipts.*		No		Low	1	We did not identify other key financial or operational risks during our assessment.

Total number of questions in subject area:	**11**
Total number of applicable questions in subject area:	**11**
Total number of applicable key questions in subject area:	**5**
Total number of risk points:	**11**
Risk score	**1**
Area risk rating	**Low**

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2. Programme management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?	Yes			Low	1	Programmes and plans are developed from the Wildlife Conservation Policy
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	Detailed annual workplans outlining expected results, activities, costs and timelines are maintained by the IP
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Significant	3	Whilst the IP has a mechanism for identifying risks during the project development stages, we have noted that the mechanism for constant identification of risks during the implementation stages is weak and can therefore be improved. The IP could do so by developing a risk register which records risks identified, mitigation measures and the tracking of the implementation of the measures put in place. **Refer to internal control finding 1.**
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	The IP has a Monitoring and Evaluation framework in place from which various monitoring checklists are developed. These checklist are used by the M&E monitoring teams.
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 has a Monitoring and Evaluation framework in place.

2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	Monitoring review meetings are undertaken on a regular basis. Additionally, we confirmed that the Regional Commanders (heads of units) perform monitoring of implementation of activities on a regular basis.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	Specific monitoring tools are developed for each project
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Significant	3	A Mid-term review was conducted on the project by MTR International Consultant who were commissioned by UNDP. We obtained the final report of 10 October 2017 in order to assess whether the IP made follow up to the recommendations made from the evaluation report. We noted that there was no recommendation tracking register maintained by the IP **Refer to internal control finding 3.**

Total number of questions in subject area:	**8**
Total number of applicable questions in subject area:	**8**
Total number of applicable key questions in subject area:	**2**
Total number of risk points:	**12**
Risk score	**1.5**
Area risk rating	**Low**

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3. Organizational structure and staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Moderate	4	We were informed that the IP is mandated to recruit when there is a vacancy within its organisational structure. Once a suitable candidate has been identified, recommendation is made to the headquarters who will also make a recommendation to the Public Service Management Division and the Civil Service Commission for employment. The IP has a database of CVs from different individuals who apply from time to time. When there is a vacancy within the organisation, suitable CVs are obtained from the database and are subjected to a selection process. Adverts are normally not done for junior positions because the IP already has a lot of suitable CVs within its database. The criteria for selection is established together with HQ and in order to enhance transparency in the selection process, shortlisting and the interview process is facilitated together with the Public Service Management Division and the Civil Service Commission who have the mandate to recruit in the Government. The recruitment processes is guided by the Employment Act. Senior positions are advertised in the press and recruitment is handled by the Civil Service Commission
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	We reviewed and confirmed that standard job descriptions are maintained by the IP and maintained on each employee file.

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	The accounts office operates a government prescribed structure. Accounts personnel are appointed and assigned by the MOF who appoints based on a set criterion that meets required government qualification standards. We were informed that all the accounting staff members are registered with Zambia Institute of Chartered Accountants (ZICA) as required by law. We noted that the key staff in the accounts department is the Principle Accountant (PA). At the time of our assessment the position was held by Mr Namushanawa Nyambe who holds the ACCA qualification. The PA is assisted by 2 Senior Accountants. We found that the Senior Accountants were Angela Nshimbi Chisengele who holds an MBA, ACCA and BSC in Finance and Mr. Mpande Sibbukku who holds a Bachelor's Degree in Accounting. All the key finance staff members have more than 5 years working experience and are suitably qualified to manage the financial functions of the organisation. The organisation is headed by a Director. At the time of our assessment, the Director of the Department of National Parks and Wildlife was Mr. Zyambo. He reports to the Permanent Secretary at the MTA.

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	All financial positions are adequately staffed as per the organogram. We noted that the IP has adequate staff as noted at Section 3.3 to ensure that sufficient controls are in place to manage the institutional and donor funds. The hierarchy in the Accounts Department is as follows: Principal Accountant Senior Accountants x 2 Accountants x 4 Assistant accountants x3 Additionally, there are 4 accountants situated in the unit areas to manage funds at the unit level.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?	Yes			Low	1	The IP has a training development policy in place. A training plan is developed every year in line with the training development policy. At the time of our assessment, we found that the IP had sent 15 officers for training at the South Africa wildlife management college. We were also informed that the organisation pays for staff in the accounting department to help them obtain professional qualifications.
3.6 Does the IP perform background verification/checks on all new accounting/finance and management positions?	Yes			Low	1	Vetting is done for recruitments undertaken by the IP. Certificates are sent to respective institutions for validation and candidates require clearance by the Zambia Police before employment is done in order to ensure that the IP is not employing people with criminal records.

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	We noted that there is no significant staff turnover for key finance positions. Staff are however rotated by the MOF as a normal government procedure.
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.	Yes		Low	1	The internal control framework is contained in the different government policies. Some of these are the Finance Act, the Financial Regulations, the Procurement Act, Procurement Regulations, Employment Act and the Stores Regulations. Other policy guidelines are issued in ministerial circulars and desk instructions

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:	**11**
Risk score	**1.375**
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	The IP uses the Integrated Financial Management System (IFMS). Profiles are set up on the system by MOF according to the inputs provided by IP. These inputs then form budgets/requests to be funded by the MOF. The system is able to generate income and expenditure reports according to the different components of the donor budgets
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?	Yes			Low	1	Costs are allocated to various funding sources using the Chart of Accounts and the budget allocation as per contracts with donors. In addition, separate ledgers for each funding source are maintained to ensure accurate allocation of the costs.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	All supporting documents are maintained in the records room. Access to the records room is restricted to authorised finance personnel.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	Yes			Low	1	The IP has units in the management areas who submit expenditure returns on a monthly basis. The returns are reconciled to the IP's main ledger on a quarterly 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	Appropriate segregation of duties is in place. we confirmed the following responsibilities: The Assistant Accountants inputs the transactions onto the IFMS, the Accountants reviews the transactions. The Principal Accountant releases the transaction into the system. the Senior Accountant posts the transactions and prints the Purchase Orders for filling. The DNPW Director approvals payment below ZMW10,000. All transactions above ZMW10,000.00 are approved by the Permanent Secretary at the headquarters. There is a stores department in place who are the custodians of assets involved in a transaction.
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	We confirmed that the procedures for ordering, receiving, accounting and paying for the goods are appropriately segregated as follows: 1) The user department requests for goods and services and the procurement department makes orders using the Public Procurement Act and the Public Procurement Regulations as guidelines during the ordering process. 2) The stores section (under procurement is in charge of receiving items involved in a transaction); 3)The accounting department pays for the goods as per invoice, LPO and GRN

4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?	Yes			Moderate	4	The IP is under the Treasury Single Account (TSA) system which is managed by the MOF. Therefore, the IP is not in custody of any bank accounts. Bank reconciliations are therefore done by the MOF who are the custodian of the Treasury Single Account (TSA) system being implemented by the government. However, on a daily basis comparison of TSA and the IPs cashbook records are done.
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	Detailed budgets are prepared broken down into cost centers, programmes and activities.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	Variance analysis is done within the IFMS system. Any variances are to be explained by the budget holder. However, there is no requirement to explain variations from the budget for the GRZ funds. This is because the IFMS does not accept expenditures beyond budgeted amounts profiled on the system
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	Amendments to the budgets are done during the budgeted development stages. Once the budgets have been approved, the Appropriation Act comes into place and therefore no amendments can be made. For donor funds, approval to amend the budgets would be sought from the donors.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	Budgets are approved by the Permanent Secretary (PS) at the ministry

4d. Payments						
4.12 Do invoice processing procedures provide for: **· Copies of purchase orders and receiving reports to be obtained directly from issuing departments?** **· Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received?** **· Checking the accuracy of calculations?**	Yes			Low	1	We noted that payment processing procedures are detailed in the Public Procurement regulations and the Finance Act. We noted the following payment process: i. A requisition is raised by the user department and approved by the departmental head; ii. A supplier is selected using the appropriate method based on procurement thresholds as stipulated in the Procurement Act; iii. A Purchase Order is prepared by the Procurement Unit through the HQ; iv. A Goods Received Note is raised by stores upon receipt of the goods purchased; v. An invoice is received from the supplier vi. A payment voucher is raised by the Accounts Department on the basis of the Invoice, Purchase Order and the Goods Received Note.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Moderate	4	All payments are authorised by the Director of the DNPW within the threshold of ZMW 10,000.00. All payments above are authorised by the PS at the MTA.
4.14 Are all invoices stamped '*PAID*', approved, and marked with the project code and account code?	Yes			Low	1	We reviewed some payment documents and we confirmed that they are stamped paid

4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	The Human Resources Management Officer prepares the payroll and submits to the HR manager for checking. The Director -DNPW approves the payroll at the IP level and submits to the ministry for approval by the HR Director. There are 2 trained Payroll Management and Establishment Control (PMEC) end users at the IP who inputs the approved payroll onto the PMEC payroll system for salaries to be paid by the MOF. Salary payments are facilitated by the MOF
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?	Yes			Moderate	4	The Government employs on a full-time basis and therefore it does not have a system for paying staff according to time worked. To ensure that staff members paid actually work, the IP holds management meetings in which departments give performance reports against set targets. Quarterly performance assessments are undertaken by the supervisors on members of staff.
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	Controls on imprest are stipulated in the Financial Regulations. Payments made in cash are acquitted using the acquittal form 44. DSA is paid according to staff scale. A trip report is a requirement at the end of a trip for which DSA is being paid for. Payment is made directly to the employee's account.

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	Cash basis system of accounting.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?	Yes			Low	1	Standard Government policies are in place. We noted that polices are stipulated in the different Government manuals. The major policies and procedures are the Finance Act, Financial Regulations, Procurement Act and the Employment Act. The manuals are circulated to staff and are readily accessible from relevant online domains
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	The IP requires dual signatories for authorisation of payments: Panel A is comprised of PA and SA in the accounts department Panel B is comprised of 2 administrators. MOF is in charge of authorising and renewal of signatories.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes			Low	1	Cashbooks are updated on a daily basis as transactions are posted onto the IFMS.
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	-	There are no micro-finance activities done by the IP.

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	Account balances are reconciled in IFMIS on a daily basis. A monthly review is done the Accountant and reviewed by the Senior Accountant.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?	Yes			Low	1	Controls over cash payments are stipulated in the Finance Act and the Financial Regulations. We were informed that the IP does not make any cash payments.
4.25 Does the IP carry out a regular petty cash reconciliation?	Yes			Low	1	N/A for assessment. The IP does not maintain any petty cash
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	The IP has a secured safe. Revenue collected from animal fees, out fitters (vendors operating from the parks) and hunting fees are kept.
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?	Yes			Low	1	Computers are protected by passwords with up-to date virus protection, roles on the IFMS system are segregated between finance staff.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external entities are in compliance with the work plan and/or contractual agreement?	Yes			Low	1	The IP implements its activities through its area management units situated across the country. The units submit expenditure returns on a monthly basis to the IP. Tight expenditure controls are exercised to ensure that the funds are spent in accordance with the budgets. The IP undertakes financial monitoring visits and the internal audit department also visits these units on a regular level

4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes			Low	1	There is an internal audit department in place headed by the Senior Auditor with 2 assistants. Administratively the department reports to the PS and the DNPW Director and functionally to the Controller of Internal Audits at the MOF
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?	Yes			Low	1	Internal Auditors are employed by MoF based on a stated employment criterion set by the Government.

At the time of our assessment, the Senior Internal auditor was Mr. Julius Kaira who holds a Degree in Administration and is also pursuing the ZICA qualification. He previously worked for Auditor General's office and has more than 6 years' working experience in the auditing field |
| 4.31   Are the activities financed by the agencies included in the internal audit department's work programme? | Yes | | | Low | 1 | Internal audit functions are performed on all funds. |
| 4.32 Does the IP act on the internal auditor's recommendations? | Yes | | | Significant | 3 | We were informed by the Senior Internal Auditor that internal audit recommendations are taken on board by management. However, as noted under 2.6, there is no recommendation tracker maintained by the IP.
Refer to internal control finding 3. |
Total number of questions in subject area:	**32**					
Total number of applicable questions in subject area:	**31**					
Total number of applicable key questions in subject area:	**19**					
Total number of risk points:	**42**					
Risk score	**1.355**					
Area risk rating	**Low**					

Subject area *(key questions in **bold**)*	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?	Yes			Significant	3	A fixed assets register is maintained in place. However, assets are not consistently tagged with unique identification numbers **Refer to internal control finding 2.**
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	The IP reconciles the asset records from the area management units on a regular basis at least monthly.
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	Physical verifications of the assets are undertaken on an annual basis
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Significant	3	The IP insures motor vehicles. However, buildings, office equipment and furniture is not insured. **Refer to internal control finding 2.**
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?	Yes			Low	1	There are store rooms maintained with adequate security. The IP's premises are guarded by security on a 24 hr basis. We were informed that items are stored according to their value. High value items such as ivory and sensitive items such as fire arms are stored in a separate store rooms from the low value items such as stationery
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?	Yes			Low	1	Inventory is maintained and properly secured and stored in an orderly manner

5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?	Yes			Low	1	Standard Government Stores Regulations are used by the IP.
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?	Yes			Low	1	The IP has two (2) stores clerks who are in charge of the store rooms. We found that the duties in stores are segregated between these two officials. We noted that the duties of receipts and issues have been segregated between the store's clerks
5.9 Are regular physical counts of inventory carried out?	Yes			Low	1	Quarterly and annual physical counts are done by the procurement department

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	**1.444**
Area risk rating	**Low**

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6. Financial reporting and monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?	Yes			Low	1	The IP uses financial reporting procedures contained in the Finance Act and the government financial regulations. The policies clearly outline the reports to be prepared and their frequency.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	Annual Income and expenditure statements are prepared and submitted to the MOF. This is done within the IFMIS
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.	Yes			Low	1	The financial statements are audited by the Auditor General's Office as per Government standard requirement. We noted that the most recent audit was for the year ending 2017.
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 three years?		No		Low	1	None were noted
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?		No		Low	1	None were noted
6.6 Is the financial management system computerized?	Yes			Low	1	The IP uses the IFMIS which is an accounting application used by the government
6.7 Can the computerized financial management system produce the necessary financial reports?	Yes			Low	1	We noted that the system is able to produce different financial reports by donors such as detailed ledgers and income and expenditure reports

6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? *E.g. password access controls; regular data back-up.*	Yes			Low	1	ICT standard guidelines are in place. Back up of the accounting information is done at the MOF where the IFMIS is hosted. Computers are protected by Kaspersky anti-virus and passwords

Total number of questions in subject area:	**8**
Total number of applicable questions in subject area:	**8**
Total number of applicable key questions in subject area:	**3**
Total number of risk points:	**8**
Risk score	**1**
Area risk rating	**Low**

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and contract administration						
7a. Procurement						
7.1 Does the IP have written procurement policies and procedures?	Yes			Low	1	The IP is guided by the Public Procurement Regulations of 2011 and the Public Procurement Act of 2008
7.2 Are exceptions to procurement procedures approved by management and documented ?	Yes			Low	1	The Procurement Act provides that a waiver from procurement procedures should be sought from the Zambia Public Procurement Authority (ZPPA). However, the IP Director of the DNPW can only approve payments up to ZMW 10,000.00. All payments above ZMW 10,000.00 are approved by the PS. Therefore, procurements above ZMW10,000.00 are facilitated by the ministerial procurement committee at the HQ (MTA)
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.	Yes			Low	1	A manual system is in place at the IP. It has segregation of duties in requesting, approving and receipting of goods.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	Weekly status reports on procurement are generated for management updates and quarterly reports are compiled from the weekly reports.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	The current procurement structure is comprised as follows: - Head of Procurement (stationed at the HQ) - Chief Procurement Officer (stationed at the HQ)

						- Senior Purchasing and suppliers Officer stationed at the (HQ) - One Senior Purchasing and Suppliers Officer stationed at the IP - Two Purchasing and Supplies officers stationed at the IP - Two Purchasing Assistants stationed at the IP The procurement department at the IP is an extension of the procurement department at the HQ. Therefore, some procurement assignments at the HQ maybe assigned to personnel at the IP at the discretion of the Director Procurement. The IP procurement staff may also be assigned with general procurement assignments of the Ministry and not just of the DNPW
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	We noted that all the officers in the Procurement Unit are qualified and paid up members of the Zambia Institute of Purchasing and Supplies. We also noted that the officers are conversant with the government procurement systems and some donors such as the World Bank.
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?		No		Low	1	We did not see any specific recommendation relating to procurement in the past five years. However, we were informed that the IP has a good record of implementing recommendations.
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	The IP can only make procurement payments up to ZMW 10,000.00. All procurements and payments above this threshold are facilitated by the headquarters using the ministerial procurement committee. At the DNPW, the user writes directly to the director for approval of procurement and when

						approved, the director re-assigns the procurement to the procurement department who then source for a supplier using simplified bidding which requires a minimum of three (3) quotations. For procurements that are above ZMW10,000.00 approval will be sought from the PS and the procurement will be facilitated by the Procurement Director at the headquarters. At the ministry, procurements between ZMW10,000.00 to ZMW 50,000.00 are justified by a minimum of three (3) quotations and those that are above ZMW 50,000.00 to ZMW500,000.00 are justified by a minimum of three quotations and approval of the ministerial procurement committee as per requirements of the Procurement Act. However, to enhance transparency, open bidding is used for procurements within this threshold. For Procurements that are above ZMW500,000.00, open bidding is used, however, approval for single sourcing is sought from the ZPPA for procurement of sensitive and specialized items such as fire arms.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	Standard ZPPA contracts are used
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	The ZPPA guidelines and the Procurement Act provide guidelines. Contracts are signed at the headquarters.

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	ZPPA provides guidance. Staff involved in procurement are given interest declaration forms to declare any potential conflict of interest. Additionally, the ministerial procurement committee signs confidentiality and conflict of interest forms.
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	Suppliers are selected using simplified bidding, open national bidding, open international bidding, limited bidding and direct bidding. Additionally, the IP relies on the ZPPA supplier database
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	Past performance of suppliers is tracked
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	Section 65 of the Public Procurement regulations stipulate the process to ensure a secure and transparent bid and evaluation process. Public tender bids are held for larger procurements (according to thresholds in the Procurement Act) at the HQ.
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?	Yes			Low	1	Solicitation documents are prepared by the ZPPA.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?			N/A	N/A	-	N/A for assessment - Contracts are managed by the HQ

7b. Contract Management - *To be completed only for the IPs managing contracts as part of programme implementation.* ***Otherwise select N/A for risk assessment***						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?			N/A	N/A	-	N/A for assessment - Contracts are managed by the HQ
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management instruments?			N/A	N/A	-	N/A for assessment - Contracts are managed by the HQ
7.19 Does the IP have a policy on post-facto actions on contracts?			N/A	N/A	-	N/A for assessment - Contracts are managed by the HQ
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	N/A for assessment - Contracts are managed by the HQ
Total number of questions in subject area:	**20**					
Total number of applicable questions in subject area:	**15**					
Total number of applicable key questions in subject area:	**5**					
Total number of risk points:	**15**					
Risk score	**1**					
Area risk rating	**Low**					

Totals		
Total number of questions:	**96**	
Total number of applicable questions:	**90**	
Total number of applicable key questions:	**39**	
Total number of risk points:	**112**	
Total risk score	**1.244**	
Overall risk rating	**Low**	

ANNEX V: ADDITIONAL QUESTIONS

Subject area *(key questions in **bold**)*	Yes	No	N/A	Risk Assessment	Remarks/comments
Additional questions					
1. Can the IP easily and quickly disburse funds? How long does it take to disburse funds upon receipt of invoice? Have there been any major problems in the past in the disbursement of funds?	Yes			Low	The IP does not have problems with disbursing funds. The bank account operated by the IP allows it to transfer funds without problems.
2. Does the IP systematically review the work-plan and adjust activities as necessary? If yes, how often does it happen and are those agreements recorded and formally reflected in a project budget revision? Does the IP systematically forward to the donor partner a record of such reviews and formal project / budget revisions?	Yes			Low	Monitoring review meetings are undertaken on a regular basis at least once monthly. Additionally, we confirmed that the Regional Commenters (heads of units) perform monitoring of implementation of activities on a regular basis. These reviews assist with tracking of activities planned. Where a donor is involved in project being reviewed, the results of the reviews are shared with the auditors/reviewers of the donor.
3. Is there a logical system where the IP checks to ensure that there is cause effect relationship between the planned activities and the goods and services being procured? Are the proposed goods and services to be procured approved by the appropriate IP/RP authority level?	Yes			Moderate	The procurement department at the IP is an extension of the procurement department at the HQ. Therefore, some procurement assignments at the HQ maybe assigned to personnel at the IP at the discretion of the Director Procurement for the ministry. The IP procurement staff may also be assigned with general procurement assignments of the Ministry and not just of the DNPW. All procurements plans are reviewed and approved by the procurement director at the Ministry HQ.
4. Are there decisions not being made or activities not being implemented due to staff unavailability and engagement in other projects, travels, and or meetings?		No		Low	The Department of National Parks and Wildlife is a department in the Ministry of Tourism and Arts in Zambian (MTA). The ministry HQ makes decisions for the department, and the director of DNPW is also involved in decision making. There is sufficient staff to carry out project activities.
5. Is there an effective back up system in the absence of staff? Does the IP/RP have a leave plan in place to support business continuity in the absence of staff?	Yes			Moderate	The IP is a government department and adheres to local regulation on leave and legal absence from the office. There is reassignment of responsibilities to ensure that all responsibilities at the office are being undertaken.

6. Is there a systematic process of handing over duties through briefing session and notes?	Yes			Low	The IP HR policy requires formal handover of responsibilities to ensure that work is not disrupted in the absence of staff.
7. Are there performance agreements in place for the staff, which incorporate achievement of the planned outputs of their allocated projects?		No		Low	The IP remunerates staff based on contractual agreement on a monthly basis based on agreed grades and rates on employment as per government grade matrix.
8. Is there a data / records back up plan to ensure business continuity when the system goes down?	Yes			Low	The IP require staff to back up data and ensure that the information is safeguarded from loss, misuse and theft.
9. Does the IP have a filing and records retention policy?	Yes			Low	The IP uses a chronological filing system. All IP information is kept for up to 10 years at which they are archived according to the government regulations.
10. Can the IP open a dedicated project bank account?	Yes			Low	The IP can open a bank account.
11. Does the IP understand that it needs to comply with the UNDP Financial Rules and Regulations when applying for project advances?	Yes			Moderate	The IP has undertaken a UN project before and understands that UNDP financial rules should be applied at the project
12. Does the IP understand the requirements for receiving project advances from UNDP?		No		Low	The IP has implemented a UNDP project before, and understands the UN procedures of receiving and retiring project advances.
13. Does the staff actively refer to the procurement policies and abide by them?	Yes			Moderate	The IP uses the Public Procurement Act and Public Procurement Regulations, it also uses the Zambia Public Procurement ACT Guidelines (ZPPA).
14. Does the IP have experience with procuring the types of goods and services included in the attached Project Document?	Yes			Moderate	The IP have implemented programmes of a similar nature previously.
15. Are the contracts payments linked to satisfactory receipt of clearly stated goods and services?	Yes			Low	Contracts are signed with HQ and consultants whose payment is based on satisfactory performance.
16. Is there a systematic management arrangement to ensure the IP actively monitors the work of the consultants, so that at the end of their contracts, the planned deliverables are actually delivered?	Yes			Low	This is managed through HQ and no contracts are entered into by the department.
17. If there is a policy, is it actively used?	Yes		N/A	N/A	The IP uses the Public Procurement Act and Public Procurement Regulations. This is managed through HQ and no contracts are entered into by the department.

ANNEX VI: MATTERS FOR UNDP FOLLOW UP

Area	Observation	Recommendation	Priority
Programme management	A Mid-term review was conducted on the project by MTR International Consultant who were commissioned by UNDP. We obtained the final report of 10 October 2017 in order to assess whether the IP made follow up to the recommendations made from the evaluation report. We noted that there was no recommendation tracking register maintained by the IP to confirm whether recommendations have been fully implemented.	UNDP should check that the IP is following up on the recommendations made by previous reviewers.	Significant