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MICRO ASSESSMENT REPORT

NORAD SOUTH SUDAN

INTEGRATION FOR PEACE AND HOPE RESTORATION UGANDA (IPHR)



**TMK & CO.,
Certified Public Accountants,
6th Floor Southern Wing,
Workers House,
Plot 1 Pilkington Road,
P.O. Box 72397, Kampala, Uganda.
Telephone +256 414 232 861/312 370475/6
info@tmk.co.ug/kabengd89@tmk.co.ug**

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ABBREVIATIONS AND ACRONYMS

CPA	:	Certified Public Accountants
CV	:	Curriculum Vitae
HACT	:	Harmonised Approach to Cash Transfers
IPHR	:	Integration For Peace and Hope Restoration Uganda
IP	:	Implementing Partner
M&E	:	Monitoring and Evaluation
N/A	:	Not Applicable
NGO	:	Non-Government Organisation
NNGO:		Uganda Non-Government Organization
MIT	:	Ministry of Interior
UN	:	United Nations
NORAD	:	Government of the Republic of Norway
UGX	:	Ugandan Shillings
USD	:	United States Dollars

1.0 BACKGROUND, SCOPE AND METHODOLOGY

1.1 BACKGROUND

As part of the process of Harmonised Approach to Cash Transfer (HACT) by the Government of the Republic of Norway (NORAD), TMK & CO. Certified Public Accountants carried out a financial management capacity assessment on Integration For Peace and Hope Restoration (IPHR-UG) on behalf of NORAD during June 2022.

1.2 SCOPE

The micro-assessment report provides an overall assessment of IPHR-UG's programme, financial and operations management policies, procedures, systems and internal controls. It includes:

- a review of the implementing partner (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.

1.3 METHODOLOGY

We performed the micro-assessment on 15th June 2022 at the IP's Juba office.

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 international Organizations and,
- 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 of the report. The list of persons met and interviewed during the micro-assessment is set out in Annex III.

2.0 SUMMARY OF RISK ASSESSMENT RESULTS

The overall risk rating for the IP is Low.

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 3 below.

No.	Tested subject area	Risk rating	Brief justification for rating (main internal control gaps)
1.	Implementing partner.	Low	sufficient board of directors' oversight.
2.	Programme Management.	Low	The Programme Management internal controls are adequate.
3.	Organizational structure and staffing.	Low	The organizational structure and staffing related internal controls are adequate.
4.	Accounting policies and procedures	Low	Adequate allocation of shared costs across various projects; Payment vouchers bear project codes and account codes; While staff complete timesheets, they are adequate.
5.	Fixed Assets and Inventory	Low	evidence of periodic physical verification and counts of assets and inventory was availed.
6.	Financial Reporting and Monitoring	Low	The Financial Reporting and Monitoring related internal controls are adequate.

No.	Tested subject area	Risk rating	Brief justification for rating (main internal control gaps)
7.	Procurement and Contract Administration.	Low	No procurement reports were availed for review; The IP does not maintain evidence of checking vendors against UN sanction lists.
8.	Project Management- Information on legal standing and Thematic Assessment	Moderate	The IP did not maintain any workmen's compensation insurance or equivalent to cover claims for personnel injury or death. However, management stated that the IP has never been faced with any workmen's compensation claim or 3rd party claims for death.
	Overall Risk Assessment	Low	

3.0 DETAILED INTERNAL CONTROL FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES.

No.	Description of Finding	Recommendation	Management response
1	<p>sufficient board of directors’ oversight.</p> <p>The constitution of IPHR does stipulate a frequency for ordinary board meetings. However, we noted the following number of board minutes for the last 2 years: -2021: 2 minutes only; and, -2020: 2 minutes.</p> <p>Lack of sufficient board of directors’ oversight over management could lead to management accumulating unchecked control over finances and operations.</p>	<p>The board of directors should meet at least quarterly. Minutes of any meetings should always be documented and filed.</p>	<p>IPHR-Uganda has strengthened its governance practices with the Board of Directors actively involved in oversight. Board meetings are now regularly scheduled, with documented minutes to track strategic decisions. Now Board of directors’ seat after every three months</p>
2	<p>allocation of shared costs across various projects.</p> <p>IPHR has a cost allocation methodology that ensures accurate allocation of shared costs to various projects but doesn’t stipulate how much should be charged as shared. Management stated that shared costs are apportioned to various projects based on amounts provided for in the various project budgets by their donors.</p>	<p>Update the policy for allocation of shared costs.</p> <p>The accounting staff should always ensure that shared costs are charged based on level of resource utilisation.</p>	<p>The finance department has initiated the development of a comprehensive cost allocation policy to ensure accurate apportionment of shared costs across projects based on resource utilization. This step will ensure transparency, accountability, and fair cost distribution among donor-funded initiatives.</p>

No.	Description of Finding	Recommendation	Management response
3	<p>Payment vouchers bear general codes and note differences in account codes.</p> <p>For each payment voucher, while the identity of the donor financing the expenditure is reflected, project codes or account codes are not reflected.</p> <p>In situations where one donor is funding more than one project, failure to utilize specific project codes could lead to allocating expenditure to the wrong project.</p>	<p>Put in place separate project specific codes that should be reflected on the pertinent payment vouchers.</p>	<p>IPHR-Uganda is standardizing its payment processes by introducing project-specific codes on all payment vouchers. This enhancement will improve financial traceability and ensure accurate allocation of expenditures to the correct projects.</p>
5	<p>Lack of internal audit.</p> <p>The IP does not have an internal auditor.</p> <p>Without an internal auditor there is an increased risk of flouting of internal controls and specific donor guidelines.</p>	<p>Considering the diverse nature of donors and scale of activities, it is prudent that the IP recruits an internal auditor or plans for the organisation to benefit from internal audit services.</p>	<p>The Board of Directors approved the recruitment of an Internal Auditor to strengthen internal controls and ensure compliance with donor guidelines. An advert for this position has already been published as part of our ongoing commitment to transparency and accountability</p>

No.	Description of Finding	Recommendation	Management response
8	<p>No evidence was available to indicate that vendors are checked against United Nations and International organizations sanction lists.</p> <p>The procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria. However, on review of procurement transactions, we noted that the IP does not maintain evidence of checking vendors against UN sanction lists.</p> <p>Failure to check vendors against UN sanction lists could lead to engagements with sanctioned individuals or entities. This would represent a violation of UN funding regulations.</p>	<p>For each procurement transaction, management should maintain evidence of checking vendors against UN sanction lists.</p>	<p>IPHR has zero tolerance against vendors that engage in prescribed practices, as defined in UN and International organization sanctions list.</p> <p>IPRH conducts due diligence with vendors during prequalification's, and all these are considered in vender selection.</p>
9	<p>Lack of adequate safeguards regarding physical safety and security, social and environmental safeguards, etc.</p> <p>We noted that the IP does not maintain any workmen's compensation insurance or equivalent to cover claims for personnel injury or death.</p> <p>Lack of insurance against risks to staff, property and third-party claims could lead to significant losses in case of successful claims against the IP.</p>	<p>Put in place insurance cover against risks to staff, property and third-party claims.</p>	<p>The IP is in the process of procuring insurance cover against risks to staff, property and third-party claims.</p> <p>IPHR has no history of such claims although we recognize the importance of having the covers that is why we are seeking an insurance company to do the insurance for us.</p>

ANNEX I: IP AND PROGRAMME INFORMATION

The following information should be completed at the start of the micro assessment and annexed to the report as per the format in Annex 3.

Implementing partner name:	Integration For Peace and Hope Restoration Uganda
Implementing partner code or ID.	The partner codes are allocated from project to project
Implementing partner contact details (contact name, email address and telephone number):	Integration For Peace and Hope Restoration Uganda iphruganda@gmail.com executivedirector@iphruganda.org +256789801108 https://iphruganda.org 2250 Bukoto Ntinda Head office.
Main programmes implemented with the applicable UN Agency/ies and International Organizations:	Livelihoods and Women's Economic Empowerment Education and Digital Inclusion Water, Sanitation, and Hygiene (WASH) Health and Nutrition Disaster Management and Emergency Response Child Protection and Community Engagement (CESP)
Key Official in charge of the UN Agency/ies' programme(s):	Namaganda Hadija

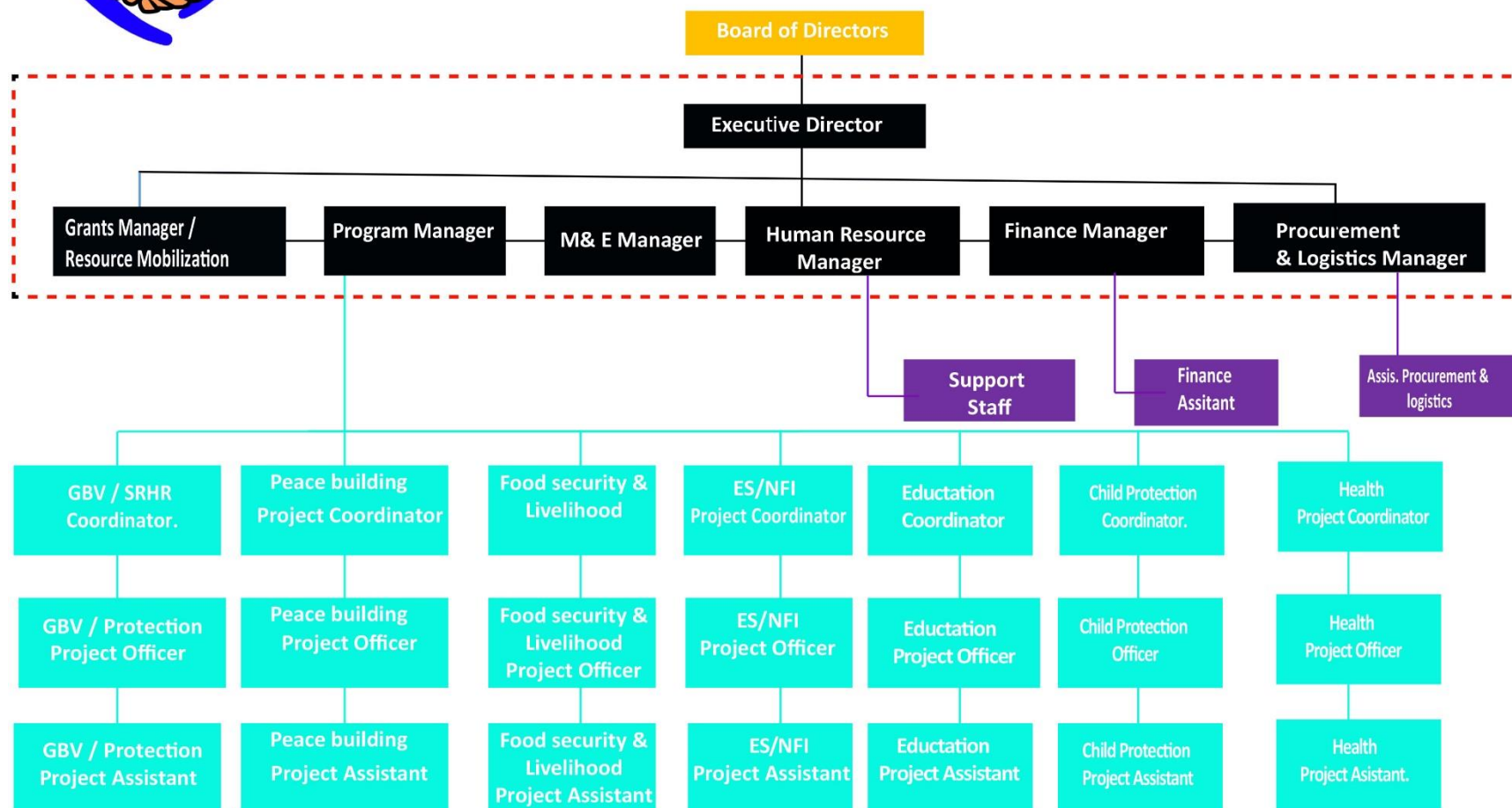
Implementing partner name:	Integration For Peace and Hope Restoration Uganda
	Executive Director iphruganda@gmail.com executivedirector@iphruganda.org https://iphruganda.org
Programme location(s):	Wakiso, Adjumani, Moyo, Kiryandogo, Moroto, Karamoja, Jinja and Gulu districts of Uganda
Location of records related to the Agency/ies' programme(s):	Kampala Uganda
Currency of records maintained:	USD
Latest expenditures incurred Indicate the amount (in US\$) and the financial reporting period;	Jan-Dec2021 \$ 50,000
Current or latest cash transfer modality/ies.	Cash Transfers
Intended start date of micro assessment:	15 June 2022
Number of days to be spent for visit to IP:	2 days.
Any special requests to be considered during the micro assessment:	None.

ANNEX II IMPLEMENTING PARTNER ORGANIZATIONAL CHART



INTEGRATION FOR PEACE AND HOPE RESTORATION - UGANDA

ORGANOGRAM



ANNEX III. LIST OF PERSONS MET

Name	Unit/organization	Position
Mutesi Hilder	IPHRU-UGANDA	Grants Manager
Akello Joan	IPHRU-UGANDA	Finance Manager
Babirye Regina	IPHRU-UGANDA	Programme Coordinator
Namaganda Hadijah	IPHRU-UGANDA	Executive Director
Kaweesi Shafik	IPHRU-UGANDA	Admin Management
Mohammedi Katongole	IPHRU-UGANDA	Head of Operations