

United Nations Children's Fund (UNICEF)

**Micro-assessment of Near East Council of
Churches - Gaza Area Committee**

FINAL REPORT

November 2014

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1. Executive Summary

United Nations Children's Fund (UNICEF) in collaboration with other United Nations agencies, bilateral and multilateral donors and civil society is committed to working with the Palestinian Authority (PA) and communities to improve the situation of women and children in the State of Palestine. In support of national priorities as outlined in the Palestinian National Development Plan (PNDP), a common framework for development assistance from United Nations agencies, United Nations Development Assistance Framework (UNDAF), was signed in August 2013 for the period from years 2014 to 2016.

In year 2007, UNICEF adapted the Harmonized Approach to Cash Transfers known as HACT, which is a common operational framework for transferring cash to government and non-government Implementing Partners (IPs). HACT aims to significantly reduce transaction costs and lessen the burden arising from the multiplicity of procedures and rules on IPs. Therefore, UNICEF is carrying out this micro-assessment of the IPs in order to assess their overall financial management capacity and the effectiveness of the control mechanism framework that these IPs have put in place.

Near East Council of Churches - Gaza area Committee (NECC) is one of UNICEF's IP. NECC is part of the Department of Service to the Palestine Refugees (DSPR). The DSPR is a department of the Middle East Council of Churches. NECC was founded in year 1952 for the purpose of launching a humanitarian program to assist Palestinians who took refuge in the Gaza Strip following the establishment of Israel in 1948. NECC has focused on the provision of humanitarian aid and contributing to an overall improvement in living conditions and to poverty alleviation. Its work has rested on respecting the humanity and dignity of those whom it helps and on adherence to clear transparency and accountability standards. NECC supports the Palestinian people through six key areas: Health (Maternal and Child Primary Health Care), Technical Vocational Education and training (Empowering Youth Economic Status), Educational Loans for university students, Psychosocial Support for children, mothers, and students to cope with the negative impact of Gaza Violence, Emergency Relief projects including cash Relief and job creation initiatives, advocacy policies and activities shared with the community, and community development program.

We conducted this micro-assessment in November 2014. We collected and reviewed needed documents and thoroughly discussed issues with NECC officers. Our representatives conducted site visits to NECC office in Gaza City. As part of the assessment, we held detailed discussions with NECC officers and staff, reviewed several relevant documents pertaining to NECC's legal registration and governing body, funds flow, organizational structure and staffing, accounting policies and procedures, financial audit, reporting and monitoring, information system, procurement procedures, program management performance, and examined the effectiveness of implementation of identified key internal control procedures.

As further explained in Annex I (Micro-assessment Questionnaire) and the “Assessment Results” section of this report, our assessment identified no issues where important improvements have to be introduced.

We wish to express our appreciation to NECC officers and staff for the courtesy and cooperation extended to our representatives during the course of their work.

2. Objectives and Scope

The overall objective of the micro assessment is to identify weaknesses in the financial management of NECC and determine areas of strengthening the capacity of NECC.

The specific objectives of the micro-assessment are to:

- ✓ Provide an overall risk rating based on responses provided on the micro assessment questionnaire.
- ✓ Identify the capacity-building needs for NECC.
- ✓ Determine the most appropriate Cash Transfer Modality (CTM) for NECC.
- ✓ Develop a Plan for Assurance Activities based on NECC’s overall risk level and CTM.

3. Methodology

The micro-assessment is primarily based on the review of the documentation received from NECC and UNICEF, the completion of Micro-assessment Questionnaire, discussions with NECC personnel and preparation of a report summarizing the results of the micro-assessment.

Our assessment procedures included, mainly, the following:

- Preparing and sending a detailed list of documents and information we need from NECC for the purposes of micro assessment.
- Coordinating the receipt of documents and agreement on site visit date with NECC.
- Reviewing the information and documents received from the NECC.
- Requesting NECC to prepare any additional documents to inspect during site visit to ensure efficient use of time.
- Performing a site visit to NECC, meeting with NECC officials, completing the Micro assessment Questionnaire (*Appendix IV of HACT*).
- Assigning a risk rating (high, significant, moderate or low) for each question based on the response and documents obtained.
- Determining the overall risk rating for each section.

- Determining the overall risk rating and specific identified risks.
- Discussing the results of the questionnaire with NECC personnel and the HACT focal point.
- Based on the identified overall risk rating, determining the most appropriate Cash Transfer Modality (CTM).

4. Assessment Results

4.1 Overall Risk and Specific Identified Risks

The overall risk and the specific identified risks for NECC are low. The financial management of NECC is adequate to manage the received funds.

4.2 Significant Risks and Recommendations for Mitigating these Risks

Based on our assessment of the ten subject areas on the Micro-assessment Questionnaire related to the financial management system of NECC, there are no significant risks where important improvements have to be introduced.

However, certain moderate risks are highlighted in the Micro-assessment Questionnaire and recommendations for mitigating these risks are presented under the remarks column in the completed questionnaire attached as Annex I.

4.3 Cash Transfer Modality (CTM)

Based on the results of our assessment, we recommend the Direct Cash Transfers to be used for NECC.

5. Annexes

Annex I: Micro-assessment Questionnaire (*Appendix IV of HACT*) with related attachments.

Annex II: NECC's management comments on Micro-assessment report.

Annex I: Micro-assessment Questionnaire (Appendix IV of HACT)

Programme-specific Information

The following information should be completed at the start of the micro assessment.

Implementing partner name:	Near East Council of Churches - Gaza Area Committee
Programme name:	Promoting the provision of quality Post Natal Care (PNC) in Darraj and Rafah areas served by NECC.
Programme number:	PCA/2014/12
Programme background:	The Programme aims to reduce morbidity pregnant women and mothers and neonates/children at the postnatal period, increase coverage of PNC services for women at the post natal period, deployment of a healthy culture so mothers are practising healthy behaviour for themselves and their children at the postnatal period and improve the quality of PNC services provided by NECC staff.
Programme location:	Darraj and Rafah areas served by NECC
Programme contact person(s):	Issa Tarazi,, Executive Director Amal Ayad, Senior Accountant. Gaza, Palestine 22/330 said Al'as Street, Rimal P.O. Box 49 Gaza Tel: 972/970 (0) 8 2860146/2822595 Fax: 972/970 (0) 8 2866331 Website: www.neccgaza.org E-mail: necc@neccgaza.org
Location of records:	NECC Office in Gaza
Currency of records maintained:	New Israeli Shekel (NIS)
Period of transactions covered by micro-assessment:	N/A
Funds received during the period covered by the attestation engagement:	N/A
Expenditures incurred/reported during the period covered by the attestation engagement:	N/A
Intended start date of micro-assessment:	November 18, 2014
Estimated number of days required for visit to IP:	6 days
Any special requests to be considered during the micro-assessment:	N/A
Cash transfer modality used by the IP:	Direct Cash Transfers

Micro-assessment Questionnaire

Implementing Partner: Near East Council of Churches - Gaza Committee Area

Date: November 27, 2014

Instructions: This questionnaire contains various questions related to nine subject areas, summarized further below. Please answer each question by indicating your response as ‘Yes’, ‘No’ or ‘N/A’ (for ‘not applicable’). Also, use the ‘Comments’ section next to each question to provide details of your assessment or to highlight any important matters. This document will be referenced subsequently by the agency when performing additional assurance activities related to the IP. Sufficient details should be provided in this document for the agency to understand the details of each response.

Assign a risk rating (high, significant, moderate or low) for each question based on the response obtained. (For example, if the question addresses an item that should ideally be marked ‘Yes’ but was marked ‘No’, it should be assessed for the level of risk it presents to the IP’s financial management system). Assigning risk ratings to each question requires judgment by the assessor as to how the response will affect the IP’s financial management system. The risk ratings to be used are:

- **High** – Response to question/subject matter provides a risk to the overall financial management system that has both a high likelihood of occurring and a potentially negative impact on the IP’s ability to execute the programme in accordance with the work plan¹ and stated objectives. Additionally, this risk has not been mitigated by any other controls/process that have been implemented by the IP;
- **Significant** – Response to question/subject matter provides a risk to the overall financial management system that has either a significant likelihood of occurring or a potentially negative impact on the IP’s ability to execute the programme in accordance with the work plan and stated objectives;
- **Medium** – Response to question/subject matter provides a risk to the overall financial management system that has a moderate likelihood of occurring and a potentially negative impact on the IP’s ability to execute the programme in accordance with the work plan and stated objectives; or
- **Low** – Response to question/subject matter provides a risk to the overall financial management system that has a low likelihood of occurring and a potentially negative impact on the IP’s ability to execute the programme in accordance with the work plan and stated objectives.

To determine the overall risk assessment for a subject matter section (e.g., Section 1. Implementing Partner), points are assigned that correlate with the level of risk. The points assigned to each question should be totaled and averaged based on the number of questions in the subject matter section. Questions that are not applicable to the IP (marked as ‘N/A’) should not be assigned a risk rating and should be removed from the total number of questions for the calculation. Points should be assigned as follows:

- H – High risk: 4 points

¹ Agency work plans can be annual, multi-year, rolling or joint.

- S – Significant risk: 3 points
- M – Moderate risk: 2 points
- L – Low risk: 1 point

The average number of points calculated should then be compared to the points rating above and assigned a corresponding risk (i.e., an average of 2.0 would indicate a moderate risk rating for the subject matter section). Numbers should be rounded as follows:

- 0.1 to 0.49: Round down to the closest whole number (i.e., an average of 3.3 would be rounded down to 3.0, indicating a ‘significant’ risk rating);
- 0.5 to 0.99: Round up to the closest whole number (i.e., an average of 1.99 would be rounded up to a 2.0, indicating a ‘moderate’ risk rating).

The same process should be followed for determining the overall risk assessment for the IP once the checklist has been completed

Summary of Risks Related to the Financial Management Capacity of the Implementing Partner

Tested subject area (see subsequent pages for details of each subject area summarized below)

	Total number of risk points	Total number of applicable questions	Overall risk assessment	Comments
1. Implementing partner:	5	5	1	
2. Funds flow:	5	5	1	
3. Organizational structure and staffing:	11	10	1	NECC does not have a training policy for accounting/finance staff.
4. Accounting policies and procedures:	40	41	1	
5. Internal audit:	5	5	1	
6. Financial audit:	8	7	1	NECC does not prepare annual audit plans.
7. Reporting and monitoring:	8	8	1	
8. Information systems:	5	5	1	
9. Procurement:	40	35	1	1. NECC does not have a specific code of procurement ethics. 2. NECC does not rotate staff positions for internal control purposes. 3. NECC does not prepare special procurement report. 4. NECC did not establish procedures for handling complaints. 5. NECC does not conduct a prequalification of suppliers.
10. Programme Management Performance	16	16	1	
Total:	143	137	1	Divide the total number of risk points by the total number of applicable questions in the subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.

Micro-assessment Questionnaire

Subject area	Yes	No	N/A	Low risk consideration	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/registration of the entity. <i>Retain copies of registration documents if available.</i>	✓			IP is registered in the country where the programme operates and is current with registration/reporting requirements.	1	NECC is registered in compliance with NGO Ordinance No. 1/2000 under # 2/1997 and 7143/2001. <i>See Attachment 1.1</i>
1.2 Has the IP received United Nations resources in the past? If so, provide details of amounts, from which agency and for what purpose.		✓		IP has received United Nations resources in the past and no issues were encountered with utilizing these funds.	1	NECC did not previously receive any funds from any UN agency. New cooperative agreement dated Aug. 2014 is signed with UNICEF.
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements? Please describe.	✓			The IP is compliant with applicable statutory requirements.	1	NECC Financial Manual requires issuance of monthly, quarterly, semi-annual, annual and when it is necessary. Such reports are issued on time.
1.4 Is the governing body for the IP independent from management? If so, please describe.	✓			The governing body of the IP is independent from management.	1	NECC BoD has no executive functions; its main functions include planning, supervision, etc. None of the BoD members is involved in any management function(s).
1.5 Does the IP have any pending legal actions against it? <i>Confirm this with the IP, and possibly through assessment of the general ledger and confirmation with external legal counsel provided by the IP. Provide details and actions taken by the IP to resolve the legal action.</i>		✓		The IP does not have any pending legal actions against it.	1	No pending legal actions against NECC as of 31-12-2013 according to the attached confirmation from the legal advisor. <i>See external legal advisor confirmation in Attachment 1.5</i>
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:	-					
Total number of applicable questions in subject area:	5					

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>Total number of risk points:</i>					5	
<i>Implementing partner overall risk assessment:</i>					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.
2. Funds Flow						
2.1 Can the IP easily receive and transfer funds? If so, please describe the process.	✓			The IP can receive funds directly from the agency.	1	NECC can receive funds directly from donors, including UNICEF fund using direct bank transfers to its bank accounts; NECC has bank accounts in both Bank of Palestine and Arab Bank. In addition, NECC-Gaza may receive funds through Department of Service to the Palestine Refugees (DSPR).
2.2 Are the proposed arrangements to transfer the funds to the IP satisfactory to the funding agency?	✓			The proposed arrangements are satisfactory to the funding agency.	1	NECC had received bank transfers from UNICEF to its bank account during 2014.
2.3 Have there been major problems in the past in receipt of funds by the IP, particularly where the funds flow from government ministries (if applicable)? If so, please describe.		✓		The IP has not had problems in the past regarding receipt of agency funding.	1	NECC deals with international donors and there was no problem(s) in this regard. On the other hand, NECC receives in-kind contributions from government ministries and does not receive funds.
2.4 In the past, has the IP had any problems in the management of funds received? If so, please describe.		✓		The IP has not had problems in the management of funds received from the funding agency.	1	NECC had no problem with the management of funds received.
2.5 Does the IP have capacity to manage foreign exchange risks? (If it is expected to be using funds outside the country.) If so, does the IP have experience managing foreign exchange risk?	✓			The IP has capacity and experience in managing foreign exchange risk.	1	All received funds are to be used in locally implemented programs. For transaction executed in other currencies, NECC uses bank exchange rates prevailing on

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						the date of transaction. In addition, NECC maintains contingency amount to cover any deficiency that may result from the exchange rate risks.
2.6 Does the IP have a process in place to access counterpart funds? Please describe.			✓	The IP has capacity and experience in assessing counterpart funds.		All received funds are to be used directly by NECC in locally implemented programs.
2.7 If some activities will be implemented by others, such as civil society groups or non-governmental organizations, does the IP have the necessary reporting and monitoring mechanisms to track the use of funds? Does the IP have experience with implementation of activities by external civil society or non-governmental organizations? If so, please describe.			✓	The IP has the necessary reporting and monitoring mechanisms in place to track the use of funds by external organizations. The IP also has experience with this process.		NECC directly implemented all its programs and had never implemented activities through external partner(s).
Total number of questions in subject area:	7					
Number of questions marked 'N/A' in subject area:	2					
Total number of applicable questions in subject area:	5					
Total number of risk points:					5	
Funds flow overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
3. Organizational Structure and Staffing						
3.1 Is the organizational structure of the IP's accounting/finance department appropriate for the level of financial volume? Does the organizational structure provide clear lines of reporting and accountability? If so, please describe. <i>Attach an organization chart if available.</i>	✓			The organizational structure of the IP's accounting/finance department is appropriate for the level of financial volume (including funding from the agency).	1	The organizational structure provide clear lines of reporting and accountability, Accounting Department consists of an accountant who is responsible for day to day transactions, and a senior accountant who is responsible for reviewing, approving and posting transaction, reporting to management on a Monthly, Semiannually and annually basis <i>See Organizational Chart in Attachment no. 3.1</i>
3.2 Are the level of posts and competency of staff appropriate for the level of financial volume in the accounting/finance department? Identify the staff, including job titles, responsibilities, educational backgrounds and professional experience. <i>Attach job descriptions and CVs of key accounting/ finance staff.</i>	✓			The level of posts and competency of staff are appropriate for the level of financial volume in the accounting/finance department.	1	Employees in Accounting Department had graduated from Al-Azhar University, faculty of Business & Administration, with a Bachelor Degree, Accounting major. Senior Accountant, Amal Tarazi has working experience for more than 10 years in a verity of entities including working for UNRWA. Accountant, Amani Owdeh has working experience for more than 10 years at several entities <i>See job descriptions and CVs of key accounting/ finance staff in Attachment no. 3.2</i>
3.3 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds? If so, please describe.	✓			The IP's accounting/finance function is staffed adequately to ensure sufficient controls are in place to manage agency funds.	1	Adequate controls are implemented in the Accounting Department, the accountant reviews all transactions and then prepares the financial documents and sends it to the Senior Accountant who reviews each transaction before posting it, then, and the Executive Director approves it, further, all activities fall within the scope of the internal audit service done by DSPR central office in Jerusalem.
3.4 Are accounting/finance staff familiar with United Nations procedures related to cash transfers (specifically the HACT framework)? If so, please provide details.	✓			The accounting/finance staff are familiar with United Nations procedures related to	1	Senior Accountant has practical experience for more than 10 years in dealing with variety of donors and entities including one year working with UN agencies (UNRWA).

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				cash transfers (specifically the HACT framework).		
3.5 Are there vacancies in positions considered key? If so, provide the estimated date of appointment.		✓		The IP does not have any vacancies in positions considered key.	1	At the present time, NECC has no vacancy/ies in any key position.
3.6 Are staff frequently transferred to other departments, offices, countries, etc.? If so, what is the estimated frequency?		✓		IP staff are not frequently transferred to other departments, offices, countries, etc.	1	NECC does not frequently transfer staff because of the limited number of employees in each department. Recommendation for Mitigating this Risk: NECC should exercise sufficient controls to compensate for the inability of transferring of staff or hiring new staff.
3.7 Does the IP have training policies for accounting/finance staff? Are necessary trainings undertaken? If so, please describe.	✓				2	NECC's Strategic Plan provides guidance for staff training, but the Accounting Department staff has not attended any training for a long time. Recommendation for Mitigating this Risk: NECC should set and execute a training policy for accounting/finance staff to develop their skills and knowledge.
3.8 Has there been significant turnover in the past five years? If so, has the rate improved or worsened? Does it appear to be a problem? If so, what is the IP doing to address this issue?		✓		The IP has not had significant turnover in the past five years.	1	No significant turn-over took place in the past 5 years.
3.9 Does the IP perform background verification/checks on all new accounting/finance and management positions? If alternative practices for processing new hires are in place, please provide a brief description.	✓			The IP performs background verification/checks on all new accounting/finance and management positions.	1	NECC has a well-defined process for employment as described in the manual and actually implemented. NECC performs background verification for new accounting or management positions.
3.10 Does the IP have a defined and documented internal control framework? Is this framework consistent with international standards? If so, please describe.	✓				1	
Total number of questions in subject area:	10					

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>Number of questions marked 'N/A' in subject area:</i>	-					
<i>Total number of applicable questions in subject area:</i>	10					
<i>Total number of risk points:</i>					11	
<i>Organizational structure and staffing overall risk assessment:</i>					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.
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?	✓			The IP has 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.	1	The software used is TOP Man Accounting System which is used in all the DSPR, including NECC, TOP Man Accounting System allows 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.
4.2 Are controls in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	✓			Controls are in place concerning preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained.	1	The Accountant is responsible for recording day to day transactions; Senior Accountant reviews each transaction before posting it, further, all activities fall within the scope of the internal audit service.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.3 Is the chart of accounts adequate to properly account for and report on activities and disbursement categories?	✓			The chart of accounts is adequate to properly account for and report on activities and disbursement categories in accordance with the established agreements.	1	Chart of Accounts provides adequate level of details, classifications and sub-classifications. It includes the five essential categories and its (sub) classification
4.4 Are controls in place for accurate cost allocations to the various funding sources in accordance with established agreements?	✓			Controls are in place for accurate cost allocations to the various funding sources in accordance with established agreements.	1	A cost center is opened for each agreement. The cost center specifies the beginning and end date of the agreement. Any payment to be allocated to a specific project must bear Project Manager signature.
4.5 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?	✓			The general ledger and subsidiary ledgers are reconciled at least monthly, and explanations are provided for significant reconciling items.	1	NECC Accounting System (Top Man) has integrated general and subsidiary ledgers that are linked to each other. Reconciliation(s) are done when differences are noted, and explanations are provided for significant reconciling items (if any).
4.6 Are all accounting and supporting documents retained permanently in a defined system that allows authorized users easy access? If so, please describe.	✓			Accounting and supporting documents are retained permanently in a defined system that allows authorized users easy access.	1	NECC keeps its accounting and supporting documents in a defined system in NECC offices.
4.7 Does the IP have policies and procedures for tracking and reporting United Nations resources as required in the HACT framework? If so, please describe.	✓			The IP has policies and procedures for tracking and reporting United Nations resources as required in the HACT framework.	1	NECC's Financial Manual includes policies and procedures for tracking and reporting donor resources, including United Nations. Those policies and procedures are in conformity with the best practices and HACT framework.
4b. Segregation of duties						
4.8 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?	✓			The following functional responsibilities are performed by different units/individuals: (a) authorization to execute a transaction; (b) recording of the	1	Management approval is required to execute transactions, the accountant records (enters) the transactions on the system, the Senior Accountant reviews and posts it on the system. Custody of assets is not under the authority of

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				1 transaction; and (c) custody of assets involved in the transaction.		any of the accounting/finance staff (i.e. Petty cash custodian is separated from accounting department)
4.9 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	✓			The functions of ordering, receiving, accounting for and paying for goods and services are appropriately segregated.	1	The Procurement Clerk prepares a Purchase Order and obtains the required authorization. The Executive Secretary and Procurement Committee should authorize the function of receiving purchases to a certain employee. The Accountant should record the purchase transaction in the accounting system after verifying the existence of all required supporting documents and prepares a cheque or bank transfer. The Senior Accountant reviews all the supported documents of the transaction and signs the payment vouchers.
4.10 Are bank reconciliations prepared by individuals other than those who make or approve payments?	✓			Bank reconciliations are prepared by individuals other than those who make or approve payments.	1	The Accountant who prepares the bank reconciliation does not have the authorities to approve payments. In addition, the Senior accountant reviews all the reconciliations and approves them.
4c. Budgeting system						
4.11 Do the IP's budgets lay down physical and financial targets?	✓			The IP's budgets lay down physical and financial targets.	1	A work plan (Budget) is prepared for each project or program.
4.12 Are IP budgets prepared for all significant activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	✓			IP budgets are prepared for all significant activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance	1	This budget includes: <ul style="list-style-type: none"> ○ Time schedules for the activities to be performed each period. ○ Goals and objections for each period. ○ Projected percentage of completion for each period. ○ Estimated cost for each period. ○ Measurement criteria that is used in evaluating actual performance.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.13 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	✓			Actual expenditures are compared to the budget with reasonable frequency, and explanations are required for significant variations from the budget.	1	A monthly Actual Vs Budget report is issued and reviewed in order to ensure the compliance with financial matters and with the time schedules for the completion of the work required and achievement of the goals of the program. Any variances are investigated. A quarterly Actual Vs Budget reports are shared and reviewed with DSPR central office in Jerusalem.
4.14 Are approvals required prior to significant variations from the budget?	✓			Approvals are required prior to significant variations from the budget.	1	Donor's approval is required prior to significant variations from the budget for restricted donations (funds). The Executive Director's approval is required prior to significant variations from the budget for unrestricted funds (i.e. funds received from HQ).
4.15 Does the IP have a designated individual(s) responsible for preparation and approval of budgets related to agency funding?	✓			The IP has a designated individual(s) responsible for preparation and approval of budgets related to agency funding.	1	Senior Accountant and related Project Manager: Prepare the project budget. Executive Secretary (Executive Director): Reviews and approves the budget, as part of a complete proposal that will be submitted to the donor.
4.16 Are procedures in place to plan activities, collect information from the units in charge of the different components and prepare the budgets? If so, please describe.	✓			Procedures are in place to plan activities, collect information from the units in charge of the different components and prepare the budgets.	1	Preparation of the activities budget is usually performed in an open discussion with NECC Units' heads.
4.17 Are the plans and budgets of activities realistic, based on valid assumptions and developed by knowledgeable individuals?	✓			The plans and budgets of activities appear to be realistic, based on valid assumptions, and developed by knowledgeable individuals.	1	Project budget is prepared based on the expected costs per item of each activity in the project's work plan. The basis of estimates of the budget amounts is documented. These estimates are based on actual historical information and current market prices of each line item in the budget.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4d. Payments						
4.18 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 actually received? Checking the accuracy of calculations, if any? 	✓			Invoice processing procedures are sufficient, including: receiving copies of purchase orders and receiving reports directly from issuing departments; comparing invoice quantities, prices and terms with those indicated on the purchase order and with records of goods actually received; and checking the accuracy of calculations (if any).	1	NECC has the following invoice processing procedures: Accountant: - Ensures the existence of the Supplier Invoice, Purchase Order and Receiving Report. - Ensures that all purchases control procedures are followed in conducting each purchase transaction. Senior accountant receives all the documents, make final revision and approves it. Then, the Executive Secretary signs the cheque. Before payment of Supplier's Invoice, each Invoice is matched with the approved Purchase Order and agrees the receiving details with respect of type, price and quantity.
4.19 Can the IP identify tax-exempt activities to ensure tax is not paid?	✓			The IP has the ability and experience to identify tax-exempt activities and ensure tax is not paid.	1	NECC reviews agreement(s) with donor to verify whether it requires tax exemption, if it does, NECC requires suppliers to issue a zero VAT invoice, invoices must be stamped Exempt by the Tax Department.
4.20 Are all invoices stamped 'PAID', dated, reviewed and approved, and clearly marked for account code assignment?	✓			Invoices are stamped 'PAID', dated, reviewed and approved, and clearly marked for account code assignment.	1	Paid invoices are stamped PAID to prevent duplicate payments. All supporting documents are reviewed and signed by the authorized signatories prior to signing the cheques.
4.21 Do controls exist for preparation and approval of payroll expenditures? Are changes properly authorized? If so, please describe.	✓			Controls exist for the preparation and approval of payroll expenditures and changes are properly authorized.	1	
4.22 Do controls exist for expense categories that do not originate from invoice payments, such as DSA, travel, consultancies?				Controls exist for expense categories that do not originate from invoice payments, such as DSA, travel, consultancies.	1	Expense categories that do not originate from invoice payments are properly controlled, i.e. Travel Expenses. • All travel missions outside the country are authorized and approved in advance by the Executive Secretary.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						<p>Per diem Expenses.</p> <ul style="list-style-type: none"> • Per diem rates vary depending on the destination. • Per diem rates are based on the cost of living at the specified country and may differ from country to another. • The cost of accommodation of the employees is approved in advance by the Executive Secretary. • Travel advance do not exceed estimated travel expenses. • All travel advance requests are to be approved by the Executive Secretary. • The Project Manager and the Executive Secretary review and approve the Travel Summary Report. <p>Field Workers Expenses.</p> <ul style="list-style-type: none"> • Job Arrangement Letter for field workers is prepared. • At the end of each poll the field worker reports his/her work and the related expenses in a standard report. • This report is approved by the Area Coordinator.
4e. Policies and procedures						
4.23 Does the IP have a single stated basis of accounting (e.g., cash or accrual)? If so, please describe.	✓			The IP has a single basis of accounting.	1	Records are maintained in accordance with the accrual basis of accounting.
4.24 Does the IP have an established accounting manual sufficient to ensure control of assets and proper use of agency funds? Are internationally accepted accounting standards followed? If so, which standard?	✓			The IP has an established accounting manual sufficient to ensure control of assets and proper use of agency funds. This manual follows an internationally accepted accounting standard.	1	Accounting manual (which is part of the DSPR Financial and Management Procedures Manual) cover in adequate details and provide sufficient controls of assets and funds received from donors. International Accounting Standards and Generally Accepted Accounting Principles (GAAP) applicable to not-for-profit organizations are applied.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.25 Does the IP have an adequate policies and procedures manual to guide activities and ensure staff accountability? If so, please describe.	✓			The IP has an adequate policies and procedures manual to guide activities and ensure staff accountability.	1	NECC has adequate policies and procedures including DSPR's regulations, accounting system, financial reporting, cash and banks, revenue and grant management, procurement policies and procedures, fixed assets management and payroll and accounting
4.26 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the IP?	✓			The IP has procedures in place to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure.	1	Any changes to Financial manual must be approved by the Executive Secretary and the DSPR central office in Jerusalem.
4.27 Are there written policies and procedures covering all routine financial management and related administrative activities? Are these accessible? Please describe.	✓			There are accessible written policies and procedures covering all routine financial management and related administrative activities.	1	Financial Manual provides sufficient and appropriate details on day to day transactions and management activities.
4.28 Do policies and procedures clearly define 'conflict of interest' and 'related party transactions' (real and apparent) and provide safeguards to protect the organization from them? If so, please describe.	✓			The IP has well-defined policies and procedures for 'conflict of interest' and 'related party transactions' (real and apparent) that provide adequate safeguards to protect the organization from them.	1	Wherever it is possible to have conflict of interest, the Manual clarify what is allowed and what is not, what to do and what to not. I.e. In procurement the manual provides that No employee or officer shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. It also provides that The officers and employees of NECC shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements.
4.29 Are manuals distributed to appropriate personnel? If so, please describe the manuals and the personnel who receive them.	✓			Manuals are distributed to appropriate personnel.	1	Every employee in NECC received a section of the Manual that is related to his position, i.e. Procurement Manual was delivered to the Procurement Department, Accounting Manual was delivered to the Accounting Department ...etc.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4f. Cash and banks						
4.30 Are there authorized signatories on the bank accounts that will be used for United Nations resources? How many signatories are on the bank account and how many are required to execute transactions? If so, provide names.	✓			The IP has signatories on the bank accounts that will be used for United Nations resources and more than one signatory is required for each transaction.	1	All bank transactions have two signatures designated as A and B signatory as follow: A signatory Executive Secretary (Executive Director), Dr. Issa Salim Tarazi. B signatory BoD Chairman, Suhel Anton Almedbek. BoD Vice Chairman, Arax Moner Wahed. BoD Treasurer, Maher Issa Ayyad. See Attachment no. 4.30
4.31 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?	✓			The IP maintains an adequate, up-to-date cashbook, recording receipts and payments.	1	A cash book is maintained by the petty cash custodian to record all cash receipts and cash payments.
4.32 Do controls exist for the collection, timely deposit and recording of receipts at each collection location? If so, please describe.	✓			Controls exist for the collection, timely deposit and recording of receipts at each collection location.	1	NECC's Centers collect cash from their patients for providing various services (the amount is relatively small), the Center representative receives the money from patients and issues a computerized receipt vouchers to patients. At the end of each date the Center representative prints the receipt report from the system and reconciles with the cash receipts and sends to the accountant in the main office. The accountant receives the cash and the receipt report and matches the amount with the report and issues pre-numbered manual Receipt Voucher (RV) in the name of the NECC's center and provides the center representative with the original RV, a copy of the RV is attached to the receipts and sent to the Senior Accountant, who reviews the cash and the RV and manages to deposits the cash into the Bank and then records in the accounting system.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.33 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant and unusual reconciling items?	✓			Bank balances and cash ledgers are reconciled monthly and properly approved. Significant and unusual reconciling items are explained.	1	Bank reconciliation is prepared by Accountant and reviewed by Senior Accountant on a monthly basis for all bank accounts. Also petty cash account reconciled every replenishment request. Cheques are kept in a safe that can be opened only by the authorized persons. Senior Accountant is responsible for the safe custody of chequebooks and ensures that it is always under lock and key. Petty cash funds are kept in a locked safe. The key to this safe is kept with the petty cash custodian.
4.34 Are agency resources be placed in a separate bank account?	✓			Agency resources are placed in a separate bank account.	1	NECC received funds from UNICEF during 2014; those funds are placed in a separate bank account.
4.35 Are cash and checks maintained in a secure location? Has access been properly designated and maintained?	✓			Cash and checks are maintained in a secure location and access has been properly designated and maintained.	1	Cheques are kept in a safe that can be opened only by the authorized persons. Senior Accountant is responsible for the safe custody of chequebooks and ensures that it is always locked. Petty cash funds are kept in a locked safe. The key to this safe is kept with the petty cash custodian.
4g. Safeguards for assets						
4.36 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse? If so, tour the facility to ensure the system has been implemented and followed.	✓			The IP has a system of adequate safeguards to protect assets from fraud, waste and abuse.	1	<ul style="list-style-type: none"> • All Fixed Assets are assigned with a coded serial number tagged on the asset. • A fixed assets register is used to record all fixed assets that are owned. • The Chief Accountant is notified of any movements of assets including those idle or unusable. • A year-end physical count is performed for all fixed assets. • All fixed assets are covered by an insurance policy.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
4.37 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts? If so, please describe.	✓			Subsidiary records of fixed assets and inventory are kept up to date and reconciled with control accounts.	1	NECC keeps an up-to-date Fixed Assets record, it frequently conducts fiscal count of assets and inventory in stores.
4.38 Are there periodic physical inventories of fixed assets and stocks? If so, please describe.	✓			The IP performs periodic physical inventories of fixed assets and inventory.	1	A year-end count is performed for all fixed assets. An annual physical count of inventories is performed, differentials between ledgers and fiscal count results are investigated, and appropriate adjustments of the general ledger is made to properly state the actual quantities on hand.
4.39 Are fixed assets and inventory adequately covered by insurance policies?	✓			The IP's fixed assets and inventory are adequately covered by insurance policies.	1	All fixed assets are covered by an insurance policy valid to 31 May 2015.
4h. Other offices or entities²						
4.40 Do any other offices/entities participate in implementation? If so, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?			✓	If the IP has other offices/entities participating in implementation, there are adequate policies and procedures to ensure appropriate oversight and monitoring of implementation. The IP also has experience with this process.		NECC didn't make any partnership with any other local entities to implement project activities; NECC directly executes all project activities. NECC has the experienced staff and the capacity to monitor and evaluate the project implemented by other entities (if any).
4.41 Does information flow among the different offices/entities in an accurate and timely fashion? If so, please describe.			✓	Information flows among the different offices/entities in an accurate and timely fashion.		
4.42 Does the IP have a process in place to evaluate the impact of any deficiencies or negative findings identified through reporting or discussions with the other offices/entities? If			✓	The IP has a process in place to evaluate the impact of any deficiencies or negative		

² This refers to sub-offices of the IPs or other parties.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
so, describe the process.				findings identified through reporting or discussions with the other offices/entities. The IP also has experience with this process.		
4.43 Does the IP maintain contractual agreements with other offices/entities?			✓	The IP maintains current contractual agreements with other offices/entities.		
4.44 Does the IP have a process to ensure expenditures of other offices/entities are in compliance with the work plan and/or contractual agreement noted in item 4.43?			✓	The IP has a process to ensure expenditures of other offices/entities are in compliance with the work plan and/or contractual agreements.		
4i. Other						
4.45 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?	✓			The IP has advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property.	1	NECC has advised employees, beneficiaries and other recipients to report their suspect fraud, waste or misuse of agency resources or property to: <ul style="list-style-type: none"> • Direct manager. • Local Legal Department. • Ethics and Compliance Office, directly by contacting George, Chief Compliance and Risk Officer; or email at: Goerge@dspr.com. • Refer to the Ethics and Compliance website for anonymous reporting procedures.
4.46 If yes to item 4.45, does the IP have a policy against retaliation for those who report fraud, waste or misuse of agency resources or property?		✓		The IP has a policy against retaliation for those who report fraud, waste, or misuse of agency resources or property.	1	A policy against retaliation for those who report is in process till now, the Executive Director participates in several workshops to develop it. By February 2015, it will be ready, and will be circulated.
Total number of questions in subject area:	46					
Number of questions marked 'N/A' in subject area:	5					

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>Total number of applicable questions in subject area:</i>	41					
<i>Total number of risk points:</i>					40	
<i>Accounting policies and procedures overall risk assessment:</i>					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.
5. Internal Audit						
5.1 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	✓			The internal auditor is sufficiently independent to make critical assessments.	1	The Finance Officer of the DSPR central office in Jerusalem is in charge of the Internal Audit Service for DSPR Areas committees including Al-Nasra, Gaza, Jordan and Lebanon. The appointment of the Internal Auditor was unanimously approved by all members of DSPR Central Committee. The internal auditor is reporting directly to Middle East Council of Churches (MECC) Central Committee.
5.2 Does the IP have stated qualifications and experience requirements for internal audit department staff? If so, please describe.	✓			The IP has stated qualifications and experience requirements for internal audit department staff.	1	NECC has no such department; however the internal auditor of the DSPR's central office is in charge of the Internal Audit Services for DSPR Areas' committees including NECC. The Internal Auditor has adequate qualifications and experience.
5.3 Will the activities financed by the agencies be included in the internal audit department's work programme?	✓			The activities financed by agency funds will be included in the internal audit department's work programme.	1	All DSPR activities, funded from whatever source, fall within the scope of the internal audit service.
5.4 Does the internal auditor have policies and procedures to take action on findings identified?	✓			The internal auditor has policies and procedures to take action on findings identified, if	1	Internal Auditor : • Communicates observations and develops recommendations of appropriate improvements, conducts subsequent

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				any.		<p>evaluations to determine adequacy of corrective actions.</p> <ul style="list-style-type: none"> • Draws attention to any flaws in the systems of the financial control. • Reports to the Executive Secretary of the Area Committee on findings of each internal audit and submits these reports to G130 central office.
5.5 Does the IP appear to have strong internal controls to ensure funds are expended for their intended purpose, to discourage and prevent improper use of funds, and to safeguard assets? If so, please describe.	✓			The IP appears to have strong internal controls to ensure funds are expended for the intended purpose, discourage and prevent improper use of funds, and safeguard assets.	1	Through our general overview to the NECC financial manual and procedures and what is actually applied, NECC has an adequate control system to ensure that fund is expended in accordance with the intended purpose.
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:	-					
Total number of applicable questions in subject area:	5					
Total number of risk points:					5	
Internal audit overall risk assessment:					1	<p>Divide total number of risk points by total number of applicable questions in subject matter section.</p> <p>This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.</p>
6. Financial Audit						
6.1 Are the IP's specific financial statements audited regularly by an independent auditor? If so, please describe the auditor.	✓			The IP's specific financial statements are audited regularly by an independent auditor.	1	NECC's Financial Position, Statement of Activities, Statement of Change in Net Assets, Statement of Functional Expenses, Statement of Change in Special Fund, and Cash Flow Statement are audited yearly. An independent auditor issues an auditor report for NECC's

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						Financial Statements. For the last three years Deloitte & Touché M.E. has audited those financial statements.
6.2 Are there any delays in audit of the IP? When are the audit reports issued?		✓		There are no delays in audits of The IP financial statements, and the financial statements are issued within a reasonable amount of time.	1	The Financial Statements are issued within the first three months following fiscal year end.
6.3 Is the audit of the IP's financial statements conducted according to the International Standards on Auditing?	✓			The audit of the IP's financial statements are conducted according to the International Standards on Auditing.	1	The audit of the NECC's financial statements is conducted according to the International Standards on Auditing.
6.4 Were there any major accountability issues brought out in audit reports of the IP over the past three years?		✓		No major accountability issues were brought out in audit reports of the IP over the past three years.	1	No major accountability issues were brought out in audit reports of NECC over the past three years. The Auditor issued a clean / unqualified report over the past three years.
6.5 Will the auditor audit the accounts related to the work plan or other contractual agreements with the agency? If not, will a separate auditor be appointed to audit the work plan financial statements?	✓			The auditor will audit the accounts related to the work plan or other contractual agreements with the agency.	1	Usually the overall audit covers the accounts related to work plan(s), and if the donor imposes requirements for a separate audit, a separate report is prepared.
6.6 Have any recommendations made by auditors in the prior three audit reports and/or management letters not yet been implemented?	✓			All recommendations made by the auditor in the prior three audit reports and/or management letters have been implemented.	1	In 2013 the Auditor noted that accounting entries are not posted by the Finance Officers in different areas on time. Management comments indicated that Note taken, provisional entries will be posted more constantly and in a timely matter on a monthly basis. This will be reviewed and monitored at the central office and area committee's level. Subsequently, NECC management addressed this issue and all entries are posted on time.
6.7 Historically, has the IP prepared audit plans?		✓			2	The external audit is conducted by external auditor on a yearly basis. Internal Audit function (including planning) as

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						described previously is performed by the Finance Officer of DSPR Central Office who is not an employee in NECC. Recommendation for Mitigating this Risk: NECC should prepare internal audit plan.
<i>Total number of questions in subject area:</i>	7					
<i>Number of questions marked 'N/A' in subject area:</i>	-					
<i>Total number of applicable questions in subject area:</i>	7					
<i>Total number of risk points:</i>					8	
<i>Financial audit overall risk assessment:</i>					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.
7. Reporting and Monitoring						
7.1 Are financial statements prepared specifically for the IP?	✓			Financial statements are prepared specifically for the IP.	1	NECC prepares the following statements: Financial Position, Statement of Activities, Statement of Change in Net Assets, Statement of Functional Expenses, statement of Change in Special Fund, and Cash Flow Statement.
7.2 What is the frequency of preparation of the financial statements mentioned in 7.1? Are the reports prepared in a timely fashion so they are useful to management for decision-making?	✓			Financial statements of the IP are prepared on a frequent basis so they are useful to management for decision-making.	1	Those financial statements are prepared semi-annually, and annually. A monthly Actual Vs Budget report is issued and reviewed in order to ensure compliance of financial matters and with the time schedules for the completion of the work required and achievement of the goals of the program, and variance is investigated. A quarterly Actual Vs Budget reports are shared

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						and reviewed with DSPR central office. Also, NECC prepares financial reports upon the donor's request.
7.3 Does the reporting system have the capacity to link the financial information with the work plan's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?		✓		The reporting system has the capacity to link the financial information with the work plan's physical progress.	1	Top Man Accounting System is used for financial matters. Separate applications are used to control and analyze physical progress in both health and educational program activities, those applications are well-controlled and used by experienced personnel, and manually linked to Top Man System.
7.4 Does the IP have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain and how they are to be used? If so, please describe.	✓			The IP has established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain and how they are to be used.	1	NECC Financial and Management Procedure Manual specify the reports to be issued. These reports are monthly, quarterly, semi-annual and annual financial reports and project financial reports for donors. In addition, NECC prepares liquidity report and income report every 3 months.
7.5 Does the IP have financial reports that compare actual expenditures with budgeted and programmed allocations?	✓			The IP has financial reports that compare actual expenditures with budgeted and programmed allocations.	1	A monthly Actual vs Budget report is issued and reviewed in order to ensure the compliance with the time schedules for the completion of the work required and achievement of the goals of the program, Variance is investigated. A quarterly Actual Vs Budget reports are shared and reviewed with DSPR's central office.
7.6 Are financial reports prepared directly by the automated accounting system or are they prepared using spreadsheets or some other means?	✓			Financial reports are prepared directly by the automated accounting system or using spreadsheets (or some other means) that are properly reviewed and approved.	1	Top Man Accounting System has the capacity to generate financial reports. Spreadsheets are only used in case a special report is required by a donor in a predetermined format (such as FACEs), but the financial information and data are generated from the Accounting System.
7.7 Does the IP appear to have been solvent (i.e. total assets greater than total liabilities) for the past three fiscal years? Are there any unexplained or ongoing inconsistencies?	✓			The IP appears to have been solvent (i.e. total assets greater than total liabilities) for the	1	NECC appears to have been solvent (i.e. total assets greater than total liabilities) for the past three fiscal years.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>Provide the amount of total assets and total liabilities for the current and prior fiscal year.</i>				past three fiscal years.		In 2013 Assets and Liabilities were \$ 4,711,980 and \$ 1,526,889 respectively. In 2012 Assets and Liabilities were \$ 4,758,527 and \$ 1,456,204 respectively. In 2011 Assets and Liabilities were \$ 4,812,820 and \$ 2,230,132 respectively.
7.8 Do the IP's total revenues/contributions exceed its total expenditures over the past three fiscal years? Have the IP's contributions been contracting (i.e. dwindling) over the past three years? If so, why and how will the organization address this issue? <i>Provide the amount of total revenues/contributions and total expenditures for the current and prior fiscal year.</i>	✓			The IP's total revenues/contributions exceed its total expenditures in the past three fiscal years, and its contributions have not been contracting in the past three fiscal years.	1	In 2013 Grants and local program revenues and Expenditures (without depreciation) were \$ 1,904,693 and \$ 1,909,458 respectively. In 2012 Grants and local program revenues and Expenditures (without depreciation) were \$ 2,152,128 and \$ 1,984,205 respectively. In 2011 Grants and local program revenues and Expenditures (without depreciation) were \$ 2,206,450 and \$ 2,432,463 respectively. Emergency Funds amount received by NECC through the last three years (504,691 in 2013, 608,234 in 2012 and 1,201,917 in 2011) causes the total revenues decreasing. Emergency Funds are received to meet urgent needs (i.e. war), and are expensed immediately, and is not received on an ongoing or constant basis.
Total number of questions in subject area:	8					
Number of questions marked 'N/A' in subject area:	-					
Total number of applicable questions in subject area:	8					
Total number of risk points:					8	
Reporting and monitoring overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
8. Information Systems						
8.1 Is the financial management system computerized? If so, does the IP have policies and procedures to maintain this system?	✓			The financial management system is computerized and properly maintained.	1	NECC uses Top Man Accounting System for financial, accounting and reporting matters, Al-Aseel application for Budgeting and a computerized HR application for HR related matters.
8.2 Does the IP have policies and procedures to restrict access to the computerized financial management system to appropriate personnel? If so, please describe them.	✓			The IP has policies and procedures to restrict accesses to the computerized financial management system to the appropriate personnel.	1	NECC limits the access to the system by assigning a username and password (an account) to each authorized person, that account limits the authority of the employee to the extent that allows him to perform his duties and functions.
8.3 Can the computerized financial management system produce the necessary financial reports?	✓			The computerized financial management system can produce the necessary financial reports.	1	
8.4 Are IP staff adequately trained to maintain the computerized financial management system?	✓			IP staff are adequately trained to maintain the computerized financial management system.	1	
8.5 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the data? If so, please describe them.	✓			The IP has appropriate safeguards to ensure the confidentiality, integrity and availability of the data.	1	The data is entered into the system by the Accountant and reviewed by the Senior Accountant to ensure its integrity. Also NECC Internal Auditor has an access to the data and he reviews it regularly. The related staff only has the access to the data. NECC makes back up for the data on daily basis.
Total number of questions in subject area:	5					
Number of questions marked 'N/A' in subject area:	-					
Total number of applicable questions in subject area:	5					
Total number of risk points:					5	

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>Information systems overall risk assessment:</i>					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.
9. Procurement						
<i>9a. General</i>						
9.1 Has the IP undertaken a procurement exercise with United Nations / World Bank / European Union resources in the past? If so, please describe it.		✓		The IP has undertaken a procurement exercise with UN/WB/EU resources in the past.	1	
9.2 Has the IP been audited by ECHO and selected as a Framework Partnership Agreement partner as per: http://ec.europa.eu/echo/files/partners/humanitarian_aid/fpa_partners.pdf		✓		The IP has been audited by ECHO and selected as a Framework Partnership Agreement partner.	1	
9.3 Has the IP been audited by ECHO and selected as a Humanitarian Procurement Centre partner as per: http://ec.europa.eu/echo/files/partners/humanitarian_aid/HP_C-register_en.pdf		✓		The IP has been audited by ECHO and selected as a Humanitarian Procurement Centre partner.	1	
<i>9b. Procurement principles, policies and procedures</i>						
9.4 Does the IP follow acceptable United Nations procurement principles? Do these principles promote broad participation from potential bidders? If so, please describe them.	✓			The IP follows acceptable United Nations procurement principles.	1	NECC's Financial Manual includes policies and procedures regarding procurement procedures. Those policies and procedures are in conformity with the best practice and UN procurement principles.
9.5 Does the IP have written procurement policies and procedures? <i>If yes, please provide a copy. If no, please attach an outline</i>	✓			The IP has written procurement policies and procedures.	1	NECC has written procurement policies and procedures, it is included as part of DSPR Financial and Management Procedures Manual.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
<i>of the tender procedures specifying the different procurement procedures, related thresholds and methodology for the assessment of tenders.</i>						<i>See Attachment no. 9.5</i>
9.6 Does the IP have a specific code of procurement ethics? <i>Please attach copy of the code.</i>		✓			2	NECC does not have a specific code of procurement ethics; however Procurement Policies and Procedures implicitly include details and guidance on procurement ethics. Recommendation for Mitigating this Risk: NECC should maintain a specific code of procurement ethics, which must be signed by Procurement Department staff to demonstrate their knowledge of it.
9.7 Does the IP have a specific anti-fraud and corruption policy? If so, please describe it.	✓			The IP has a specific anti-fraud and corruption policy.	1	This policy outlines acceptable and non-acceptable behaviors to ensure compliance with anti-corruption laws, such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. This includes compliance with all laws, domestic and foreign, prohibiting improper payments, gifts or inducements of any kind to and received from any person, including officials in the private or public sector, customers and suppliers.
9.8 Do the IP's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests?	✓			The IP's procurement rules and regulations contemplate a fair and impartial mechanism for revision of procurement protests.	1	
9.9 Does the IP frequently override purchasing procedures without proper authorization?		✓		The IP does not frequently override the purchasing procedures without proper authorization.	1	NECC is always committed to the procurement guidelines and donors requirements.
9.10 Are exceptions to procedures documented and sent to management for approval? Are the exceptions periodically analysed and corrective actions taken?	✓			Exceptions to procedures are documented and sent to management for approval. Exceptions are periodically	1	NECC always adheres to the procurement guidelines and donors requirements; however in case there are exceptions to procedures, NECC document such exception and sent to Executive

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				analysed and corrective actions are taken.		Director for approval.
9c. Internal control system						
9.11 Does the IP have a procurement committee for review and approval of contracts? If so, please specify composition of committee.	✓			The IP has a procurement committee that reviews and approves contracts.	1	NECC has procurement committee, which supervises and approves purchases with respect to type, quality, quantity and price before executing the purchase process. The procurement committee comprised of the following: <ul style="list-style-type: none"> • BoD Chairman, Treasurer and one member of BoD, Executive Director • Procurement Officer. • Senior Accountant. • Project Coordinator related project.
9.12 Does the IP identify the requested authorizations for each value level of purchases? At what value does the IP require written authorization of senior management for a purchase (value in US dollars)?	✓			The IP has defined authorization guidance and policies and procedures to ensure they are properly applied.	1	Procurement authorization limits are as follows: Up to 100: Approval required from Executive Secretary or Project Executive Secretary or Chief Accountant. Up to 500: Approval required from Executive Secretary or Project Executive Secretary and Chief Accountant. Up to 1,000: Approval required from Executive Secretary and Project Executive Secretary. Up to 10,000: Approval required from Procurement Committee. More than 10,000: Approval required from Procurement Committee and Central Committee member.
9.13 Does the IP use standard bidding documents and contracts?	✓			The IP utilizes standard bidding documents and contracts.	1	
9.14 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	✓			The procurement procedures and templates of contracts	1	

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				integrate references to ethical procurement principles and exclusion and ineligibility criteria.		
9.15 Does the IP obtain sufficient approvals before signing a contract, executing a purchase, or a payment? How many people give their approval before signing a contract or executing a purchase or a payment?	✓			The IP obtains sufficient approvals before signing a contract executing a purchase or a payment.	1	<p>The following represent purchasing process and required approvals:</p> <ol style="list-style-type: none"> Project Coordinator prepares a Purchase Request (PR). Procurement officer reviews the PR, the executive director reviews the PR and approves it. The procurement officer prepares method of procurement the request for quotation. Project Executive Secretary reviews and approves the PR. Chief Accountant reviews and approves the PR. Procurement Clerk prepares the Request for Quotation. Head of Procurement Committee reviews and approves the Requests for Quotation Procurement Committee indicates the supplier selected and the justification in the quotation sheet. Procurement Clerk prepares a Purchase Order and obtains the required authorization.
9.16 Does the IP rotate staff positions for internal control purposes? If yes, how often?		✓			2	<p>NECC does not rotate the staff because of the limited number of employees in each department.</p> <p>Recommendation for Mitigating this Risk: NECC should exercise sufficient controls to compensate for the inability for rotation or hiring new staff.</p>
9.17 Does the IP have formal guidelines and procedures in place 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?	✓			The IP has formal guidelines and procedures in place to assist in identifying, monitoring and dealing with potential conflict of interests	1	Wherever it is possible to have conflict of interest, the Manual clarifies what is allowed and what is not, what to do and what to not. I.e. In procurement the manual provide that No employee or officer shall participate in the

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
				with potential suppliers/procurement agents.		selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. It also provides that The officers and employees of NECC shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements.
9e. Procurement process						
9.18 Does the IP have a well-defined process for sourcing/pre-qualification of suppliers? Do formal procurement methods include broadly broadcasting procurement opportunities? <i>Please attach methodology for the assessment of suppliers.</i>		✓			2	NECC advertise in local newspapers to any new procurement opportunities(s). NECC does not make prequalification for the suppliers it makes post qualification. Recommendation for Mitigating this Risk: NECC should conduct a prequalification for suppliers.
9.19 Does the IP undertake regular market surveys? If so, describe the process.	✓			The IP undertakes regular market surveys.	1	Procurement Officer keeps an up-to-date list of frequently needed items; he obtains price offers from several suppliers to keep his list up-to-date.
9.20 Does the IP have a database of active suppliers? If so, please describe the process for maintaining this database.	✓			The IP has a database of active suppliers.	1	The database has been created from previous experiences with suppliers. It is updated through new dealing with exist or new suppliers.
9.21 Does the IP keep track of past performance of suppliers? If so, describe the process.	✓			The IP keeps track of past performance of suppliers.	1	NECC conducts a post evaluation of supplier performance. In addition the purchasing committee evaluates the received tenders financially and technically, technical evaluation includes evaluation of past experience.
9.22 Does the IP regularly check 'market' prices for goods and services purchased? If so, describe the frequency and process.	✓			The IP regularly checks 'market' prices of goods and services purchased.	1	Because Gaza market is unstable, NECC conducts market prices checks within short time interval.
9.23 Does the IP conduct public bid opening for formal procurement methods (invitation to bid and request for proposal)? What is the composition of public bid opening	✓			The IP conducts public bid opening for formal	1	NECC conducts public bid opening for formal procurement methods. The bid opening committee consists of: Senior accountant,

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
committees?				procurement methods.		procurement officer, executive director and one from the BOD.
9.24 Does the IP have a well-defined process in place to ensure a secure and transparent bid and evaluation process? If so, describe the process.	✓			The IP has a well-defined process in place to ensure a secure and transparent bid and evaluation process.	1	Bid invitations are always published in newspapers. Further, as mentioned in point 9.17 The officers and employees of NECC shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements.
9.25 Does the IP establish long-term agreements with suppliers based on a tender process?		✓		The IP establishes long-term agreements with suppliers based on a tender process.	1	NECC does not establish long-term agreements (agreements that exceeds one year) with suppliers, a new invitation for bids is conducted each six months.
9.26 Are long-term agreements reviewed/retendered? If so, how frequently? Please describe.			✓	Long-term agreements are reviewed and retendered.		NECC does not establish long-term agreements with suppliers.
9f. Awarding of contracts						
9.27 When a formal invitation to bid has been issued, does the IP award the procurement contract to the qualified bidder whose bid substantially conforms to requirements set forth in the solicitation documentation and offers the lowest cost?	✓			The IP awards procurement contracts to qualified bidders whose bids substantially conform to requirements set forth in the solicitation documentation and offer the lowest cost.	1	Contracts are made only with responsible contractors who possess the potential ability to perform successfully under the terms and Conditions of the proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
9.28 When a formal request for proposal has been issued, does the IP award the procurement contract to the qualified proposer whose proposal, all factors considered, is the most responsive to the requirements set forth in the solicitation documentation?	✓			The IP awards procurement contracts to qualified proposers whose proposals, all factors considered, are the most responsive to the requirements set forth in the solicitation process.	1	Cost or price analysis are made and documented in the procurement files in connection with every procurement action. Price analysis is accomplished in various ways, including the comparison of price quotations submitted, market prices and similar indexes, together with discounts. Cost analysis is the review and evaluation of each element of cost to determine reasonableness, allocability and allowability.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9g. Reporting and monitoring						
9.29 Are procurement reports prepared for the IP? If so, describe the preparation and frequency of these reports.		✓			2	NECC does not prepare special procurement report. Recommendation for Mitigating this Risk: Procurement reports should be prepared frequently for NECC.
9h. Information system						
9.30 Is the procurement system computerized? If so, is the system adequately maintained?		✓		The procurement system is computerized and adequately maintained.	1	The procurement system is not computerized, but it is adequately maintained.
9.31 Can the procurement system produce the necessary reports?			✓	The procurement system is capable of preparing the necessary reports.		The procurement is not computerized.
9i. Verification of procurement capacity						
9.32 Is the IP's procurement unit properly resourced in terms of number of staff and their qualifications?	✓			The IP's procurement unit is properly resourced in terms of number of staff and their qualifications.	1	There is only one Procurement Officer, with long experience in procurements and with knowledge of variety procurement guidelines from different donors. However, the work of the procurement Officer is well controlled and monitored by the procurement committee. NECC's procurement committee comprises: <ul style="list-style-type: none"> • BoD Chairman, Treasurer and one member of BoD Executive Director. • Procurement Officer. • Senior Accountant. • Project Coordinator related project.
9.33 Is the structure of the IP's procurement unit clear, with defined reporting lines that foster efficiency and accountability?	✓			The structure of the IP's procurement unit is clear, with defined reporting lines that foster efficiency and accountability.	1	NECC's Procurement Department is well defined within the organizational structure, so the approval process is done in an organized way.

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
9.34 Does the IP have a procurement strategy and appropriate tools and mechanisms to conduct procurement activities? If so, please describe.	✓			The IP has a procurement strategy and appropriate tools and mechanisms to conduct procurement activities.	1	Procurement Department develops procurement strategy, and conduct procurement activities.
9.35 Does the IP verify that established procedures for handling complaints are implemented? If so, please describe.	✓				2	There is a system for complaints from the suppliers but NECC has no written procedure for how to deal with the complaints. Recommendation for Mitigating this Risk: NECC should establish procedures for handling complaints and follow up on it.
9.36 Does the IP manage the procurement cycle following the established policies and procedures? If so, how do they verify this?	✓			The IP manages the procurement cycle per established policies and procedures.	1	NECC has a complete procurement cycle described in the Procurement Policies and Procedure section of the Financial Manual, those policies is adequately implemented. In addition, Procurement Department activities fall within the scope of the internal audit service.
9.37 Does the IP consistently apply transparency and integrity in the procurement process?	✓			The IP consistently applies transparency and integrity in the procurement process.	1	Bid Invitation is always published on newspapers. Further, as mentioned in point 9.17 The officers and employees of NECC shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements.
Total number of questions in subject area:	37					
Number of questions marked 'N/A' in subject area:	2					
Total number of applicable questions in subject area:	35					
Total number of risk points:					40	
Procurement overall risk assessment:					1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk

Subject area	Yes	No	N/A	Low risk consideration	Risk points	Remarks/comments
						rating.

Subject Area	Confirmed	Not Confirmed	N/A	Review/ Risk points	Remarks/Comments
10. Programme Management Performance					
10.1 Is the organisation's mission, mandate and values consistent with those of UNICEF? <i>(Attach supporting documents)</i>	✓				<i>See NECC's Values and Background in Attachment no. 10.1</i>
10.2 Does transparency exist in the organisation's policies, activities, structure, affiliation, and funding? <i>(Attach supporting documents)</i>	✓				<i>See NECC's the Financial Manual in Attachment no. 10.2</i>
10.3 Does the organisation have linkages/affiliations with other donors, NGOs, local community groups and/or government departments?	✓			1	<i>See Coordination with Stakeholders in Attachment no. 10.3</i>
10.4 What are the sources of core funds or income of the IP? <i>(Attach supporting documents)</i>	✓			1	The core sources of funds consist mainly of grants, donations and in kind donations. Other minor sources from local program revenues. <i>See Audited Statement of Activities in Attachment no. 10.4</i>
10.5 Is either the organization or any of its members mentioned on the <i>New Consolidated List of Individuals and Entities Belonging to or Associated with the Taliban and Al-Qaida Organisation as Established and Maintained by the Security Council Committee established by Resolution 1267?</i> <i>(See http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm)</i>		✓		1	None of NECC or its members are listed.
10.6 Has UNICEF previously co-operated with the organisation? Detail the level and nature and assessment of past performance	✓			1	UNICEF has not previously co-operated with NECC. New cooperative agreement dated Aug. 2014 is signed with UNICEF.

Subject Area	Confirmed	Not Confirmed	N/A	Review/ Risk points	Remarks/Comments
10.7 Is there any information available on the organisation's capacity from other UN agencies, NGOs or beneficiaries? Detail feedback	✓			1	NECC beneficiaries fill satisfaction questioners, and complaints boxes have been put in all NECC's centers. Feedback is reviewed by Heads of Centers.
10.8 Is the organisation open to participation by children and women and other beneficiaries in project planning and implementation?	✓			1	NECC believes in serving people irrespective to their faith, color, gender, political affiliation or geographical location. NECC provides diversified services to community in education, health and psychosocial support to children, women, youth and war victims.
10.9 Does the organisation have a clear position on not exposing beneficiaries, including children, to any form of discrimination, abuse and exploitation?	✓			1	NECC has child protection policy that prevents exposing beneficiaries to any form of discrimination, abuse and exploitation
10.10 Does the organisation reach out to vulnerable groups and network with the local community?	✓			1	NECC provides diversified services to community in education, health and psychosocial support to children, women, youth and war victims.
10.11 Does the organization engage in policy dialogue and advocacy?		✓		1	
10.12 Does the organisation have in place effective project planning, monitoring and evaluation systems?	✓			1	
10.13 Are any evaluations of projects executed by this IP available?	✓			1	1. Evaluation of Emergency Humanitarian Nutrition and Health Response for Vulnerable Children. <i>Attachment no. 10.13.A</i> 2. Evaluation of Gaza Community Health Program. <i>Attachment no. 10.13.B</i>
10.14 Does a computerized Information Management System exist in the organization?	✓			1	NECC has IMS for health program and medical stores. It also has HR system for HR related matters. MIS system for technical, educational and vocational training programmes is under process.
10.15 Can the IMS produce progress reports?	✓			1	
10.16 Are the staff adequately trained to maintain the system/database?	✓			1	
Total number of questions in subject area:	16				
Number of questions marked 'N/A' in subject area:	-				

Subject Area	Confirmed	Not Confirmed	N/A	Review/ Risk points	Remarks/Comments
<i>Total number of applicable questions in subject area:</i>	16				
<i>Total number of risk points:</i>				16	
<i>Programme performance management overall risk assessment:</i>				1	Divide total number of risk points by total number of applicable questions in subject matter section. This amount should be rounded as detailed on page 6 of this report and assigned an overall risk rating.

Annex II: NECC's Management Comments on Micro-assessment Report

We shared the report with NECC's management; and they agreed on the report with no comments.

From: necc.gaza
To: "[Suha Zalloum](#)"
Cc: "[Musa Abu Dieh](#)"; "[mahmoud mhasin](#)"; necc@neccgaza.org; "[Mr. George Stephan](#)"; [Araxi Waheed](#); [Dr. Sohail Madbak](#); [Dr. maher Ayyad](#); [Suhail Tarazi](#); [Elias Arteen](#)
Subject: RE: Micro Assessment of UNICEF Implementing Partner - Near East Counselling Churches
Date: Wednesday, May 20, 2015 12:02:45 PM

Dear Suha,

Warm greetings from Gaza.

Thank you for sharing with us the Draft of Micro-Assessment Report.

We have reviewed it and we approved it.

Thank you for your cooperation.

Best regards.

Dr. Issa Tarazi
Executive Director

From: Suha Zalloum [<mailto:suha.zalloum@el-wafa.ps>]
Sent: Wednesday, May 20, 2015 10:23 AM
To: 'necc.gaza'
Cc: 'Musa Abu Dieh'; mahmoud mhasin
Subject: Micro Assessment of UNICEF Implementing Partner - Near East Counselling Churches

Dear Dr. Issa,

After obtaining the approval from UNICEF to share with you the draft micro-assessment report for **Near East Council of Churches - Gaza area Committee (NECC)**, please find the attached report.

We need your agreement on the report, so we can issue in final.

Thanks and regards,

Suha Zalloum, CPA
Audit Manager

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