



IIDC Sub-Grant Recipient Risk Assessment

Financial/Administrative Risk Assessment

The purpose of this tool is to develop a financial/administrative risk ranking for a proposed recipient of IIDC funds. An IIDC staff member should complete this tool during the pre-award process by selecting the appropriate answer for each category. After rating all categories, add up the numerical values to derive the risk score. Based on the assessed financial/administrative risk, IIDC should take action accordingly in terms of monitoring and supporting the recipient.

Name of Organization and Acronym:	
Type of Organization (CBO or National NGO)	
Address (Physical location and Postal Address):	
Legal Status:	
Name and Position of contact person from the Assessed Organization:	
Assessment done by (IIDC staff):	
Assessment reviewed by (IIDC staff):	

1. Organizational context – Exposure due to the location, size, or relative newness of the organization

Risk Level Area of operations

- 0 location is not inherently risky
- 1-3 location is facing low to moderate risk
- 5 location is highly unstable, due to civil unrest and/or propensity for natural disasters

Risk Level Size of organization

- 0 organization has > 30 employees
- 1 organization has between 16-30 employees
- 2 organization has between 11-15 employees
- 4 organization has between 5-10 employees
- 5 organization has fewer than 5 employees

Risk Level Age of organization

- 0 organization is older than 10 years
- 1 organization is 3-10 years old
- 3 organization is < 3 years old

Risk Level Proposed grant's portion of organization's operating budget

- 0 <10%
- 1 10-30%
- 2 30-50%
- 4 50-75%
- 6 >75%

Notes:

2. Prior Experience – Exposure due to prior award experience

Risk Level	Prior Experience (if known—if not known, score as a 3)
<input type="checkbox"/> 0	The organization has had successful financial management results and has achieved programmatic objectives in previous awards.
<input type="checkbox"/> 2	The organization has had reasonable financial management and has achieved objectives in previous awards with a few minor problem areas.
<input type="checkbox"/> 3	The organization is a first-time recipient
<input type="checkbox"/> 5	The organization has had poor financial management results and has not achieved programmatic objectives results in previous awards.

Notes:

3. Sources of Financial Support - Exposure due to the organization's lack of diverse funding support

Risk Level	Sources of Financial Support
<input type="checkbox"/> 0	International funding
<input type="checkbox"/> 1-3	International & Local funding
<input type="checkbox"/> 5	Only local funding from Trustees and Founders

Notes:

4. Accounting System and Procedures - Exposure due to a weak accounting system and undocumented accounting procedures

Risk Level	Accounting System and Procedures
<input type="checkbox"/> 0	System of accounting appears to incorporate strong system of controls, including self-balancing accounts (double entry), integrated system of accounts and the preparation of periodic financial reports.
<input type="checkbox"/> 1-3	System of accounting, as described indicates an average or weak system of controls.

- 4 System of accounting is not yet established - proposed accounting procedures describe a strong system of controls.
- 5 System of accounting is not yet established - proposed accounting procedures describe an average or weak system of controls. (Follow up required for organizations with weak controls - see Additional Considerations at the end of this form).

Notes:

5. Separation of Duties - Exposure due to the lack of separation of duties

- | Risk Level | Separation of Duties |
|----------------------------|--|
| <input type="checkbox"/> 0 | Adequate separation of duties - approval, custody of assets, and recording of transactions are properly segregated. |
| <input type="checkbox"/> 3 | Due to size, segregation of duties is not possible. Based on organization's circumstances, current procedures are deemed adequate. |
| <input type="checkbox"/> 5 | Organization has weak system of segregation of duties. |

Notes:

6. Approval of Transactions - Exposure due to the lack of proper approval of transactions

- | Risk Level | Approval of Transactions |
|----------------------------|--|
| <input type="checkbox"/> 0 | Transactions are properly approved by a responsible organization official. |
| <input type="checkbox"/> 3 | For the most part, transactions are properly approved by a responsible organization official. |
| <input type="checkbox"/> 5 | Transactions are not approved by a responsible official, or there are no established procedures for securing prior approval of transactions. |

Notes:

7. Supporting Documentation - Exposure due to the lack of complete accountability i.e. invoices, vouchers and timesheets

Risk Level	Supporting Documentation
<input type="checkbox"/> 0	Invoices, receipts and vouchers are maintained for all payments.
<input type="checkbox"/> 1-4	From time-to-time, circumstances may preclude maintaining invoices, vouchers and timesheets. These circumstances appear reasonable and should not pose a significant audit risk.
<input type="checkbox"/> 5	Systems for maintaining invoices, receipts and vouchers are weak or nonexistent.

Notes:

8. Audit Coverage - Exposure due to the lack of prior audits.

Risk Level	Audit Coverage
<input type="checkbox"/> 0	Organization has regular (or recent) Statutory Standard Audits performed by an external auditor.
<input type="checkbox"/> 1	Organization has regular (or recent) generally accepted auditing standards (or equivalent) audits performed by an external auditor.
<input type="checkbox"/> 5	Organization does not have regular Statutory or GAGAS audits performed by an external auditor.
<input type="checkbox"/> 10	Organization has never had an external audit.

Notes:

9. List any additional considerations / observations

Total Points for Financial / Administrative Risk	
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Based on the totals points, place a check mark next to the appropriate risk ranking

- 0 to 25 **Low Risk**
- 26 to 50 **Medium Risk**
- >50 **High Risk**

If high risk, indicate one, or more, of the following actions that IIDC will take:

- Adding funds to the recipient’s budget to obtain targeted help in weak areas (for example, project bookkeeper, auditor, or consultant)
- Using professional trainers or attending a training workshop
- Conducting training sessions using IIDC staff (excludes routine site visits)
- Scheduling a site visit within 3 months of project start date, for monitoring and support
- Putting the recipient in contact with a similar organization that is well-managed and lower risk, so that mentoring among colleagues can occur
- Adding special conditions to the award document to reduce the risk exposure (for example: imposing more prior approvals, not providing an advance, requiring original receipts and Invoices, conducting an Audit.
- Other, please describe:
