

Micro Assessment of State Agency "Environmental project implementation unit" at the Ministry
of Nature Protection of the Republic of Armenia
Commissioned by UNDP
Name of the 3rd Party Service Provider: BDO Armenia CJSC
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1. Background, Scope and Methodology

Background

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

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

Scope

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

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

It takes into account results of any previous micro assessments conducted of the Implementing Partner.

Methodology

We performed the micro-assessment from 03/08/2016 to 10/08/2016 at EPIU office (129 A. Armenakyan, 0047, Yerevan, Republic of Armenia).

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

- The effectiveness of the systems in providing the Implementing Partner's management with accurate and timely information for management of funds and assets in accordance with work plans and agreements with the United Nations agencies;
- The general effectiveness of the internal control system in protecting the assets and resources of the Implementing Partner.

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

2. Summary of Risk Assessment Results

2.1 Implementing Partner

“Environmental Project Implementation Unit” State Institution is the successor of previously operating “Natural Resources Management and Poverty Reduction Project” EPIU State Institution and “Environmental Project Implementation Unit” SNCO reorganized on the bases of the latter. “Natural Resources Management and Poverty Reduction Project” EPIU State Institution was formed according to N786 decree (August 29, 2001) of the RA Government. According to N1191-N decree of the RA Government, “Environmental Project Implementation Unit” State Institution was founded on the bases of “Center of Environmental Programs” SNCO in 2010.

EPIU State Institution of the RA Ministry of Nature Protection is an organization without the status of juridical person within the structure of the Ministry of Nature Protection. It was registered on 04.02.2011 in accordance with RA Legislation. The Founder of the EPIU is Government of Republic of Armenia. It has its statute, which stipulates the rights and responsibilities, statutory objectives of EPIU, its functions, structure, management, organization of its activities, etc.

The main objective of the institution is the provision of efficient implementation of the RA environmental sector projects. The principal spheres of the center activity include programs and works of the RA Ministry of Nature Protection and territorial administration bodies, the RA State budget of environmental sector, as well as developed due to the means provided to the RA by grant and international creditor organizations of foreign states approved by the RA Government.

EPIU has statutory reporting requirements according to RA legislation. According to the Statute of EPIU it is under the supervision of the Ministry of Nature Protection on behalf of the Government of Armenia and directly managed by the Director. EPIU presents monthly, quarterly, annual project and financial reports to the supervising bodies.

EPIU didn't have any problematic issues with the funds flow from state budget and resources of International organizations during its activities period, because all funds flows are initially planned and stipulated by the Law on Budget of RA annually and financial planning of each program financed by international organizations. Main funding is received from State budget as per Annual Budget plan. It ensures the stabile work of EPIU and implementation of governmental actions in relation to nature protection. The other source of funding is the grants received from international resources as per contracts signed for implementation of specific actions. As of now EPIU received funding from UN, World Bank, Global Ecological Fund, etc.

2.2 Programme Management

EPIU didn't adopt written polices, templates, checklists for developing programmes and plans. The Project manager is responsible for the whole program implementation and in practice by its stated position obligation has to keep track of the project development. Project documents clearly identify risks facing the project implementation, risks overall affection and possible mechanisms to mitigate them. Actually the required monitoring and oversight function is done, but no formal checklists are kept for the programme management. EPIU is currently in the process of adopting such internal policies and procedures.

2.3 Organizational Structure and Staffing

EPIU staff list is preliminary approved by the Ministry of the Nature Protection. Currently there are vacant positions under organizational structure of EPIU.

The recruitment is done on competitive grounds. EPIU's statute indicates that the Director is appointed by Prime Minister of RA on competition basis. The competition procedures are stated by Government of RA. The procedures are designed in manner to embrace transparency and competition. For each position detailed responsibilities list is kept. EPIU organizational structure is appropriate for the work to be carried out under RA Government and international organizations funding programs. Organizational structure is attached to our evaluation report as Annex II-3B.

Key staff of EPIU includes Director, Deputy Director, Chief Accountant, Legal adviser, Head of Budget funded project implementation division, Head of Environmental education division, Head of Case Management and Procurement Division, Head of Donor funded project implementation division. Educational backgrounds and professional experience of the staff complied with the actual activities performed by staff.

EPIU doesn't have adopted written training policy; however staff members still participate in trainings to have required skills and knowledge. Procurement specialist passed special training course in Italy financed by the World Bank project. Due to the nature of activities the Accounting /Finance /Programme staff should pass trainings and participate in qualification improvement activities. Currently EPIU is in the process of adopting internal training policy, which will insure in adequate training planning for the staff.

2.4 Accounting policies and procedures

The accounting department is responsible for keeping financial accounts of funds and expenditures of different projects under IP's implementation as well as expenditures financed from State Budget. The record-keeping is carried out by applying excel tool. The proceeds and disbursements of funds of each project are recorded in separate excel files in cash basis method of accounting.

Separate budgets are prepared for each project and approved by corresponding donor. The budget of expenditures financed from State Budget is approved by the Ministry of Nature Protection. The IP does not have formal written accounting policy. However, in practice, cash basis of accounting is applied.

The IP has separate bank account for each Project and state treasury account for expenditures financed from State Budget.

The Bank reconciliations are done monthly by accountant and approved by Chief Accountant and Director.

All payments are authorized by Chief Accountant and Director.

The IP does not have petty cash.

2.5 Fixed Assets and Inventory

The assets of EPIU are the property of the RA Government and EPU has only right to use them. The Director is liable for waste and damage to that Property. Property is kept in a prescribed manner; adequate safeguards are kept, such as assigning responsible persons to each type of property, locked rooms, keeping guard, etc.

Physical verification of fixed assets is organized periodically, at least on annual basis. Physical verification is performed also in case of hand-over. Verification is done by preliminary approved committee members. EPIU doesn't have material inventory to keep warehouse and carry out warehouse management functions. In practice for immaterial turnover of inventory the Case management and Procurement unit is responsible.

2.6 Financial Reporting and Monitoring

The IP does not have adopted formal procedures for financial reporting that specify what reports are to be prepared, the source system for key reports, the frequency of preparation and the content. The overall financial statements are prepared on yearly basis. Other financial reports are provided to donors and State Budget. The frequency and content of these reports are defined by Ministry of Nature Protection and by separate donors.

The IP's overall financial statements are not audited by an independent auditor. However, the financial statements of separate projects are regularly audited by external independent auditor.

2.7 Procurement and Contract Administration

The IP doesn't have adopted written procurement policy, however as a governmental organization the procurement process is done according to RA Law on Procurements and Government decisions N 1370-N, 168-N, 1481-N.

Within the organizational structure the IP has Case management and Procurement unit, which coordinates the whole purchasing process. The RA Law on Procurement is in place to insure in the organization of competitive, efficient, transparent, open and indiscriminate procurement process. The IP has to comply with these requirements.

The contracts have articles with references to ethical principles. The whole process is done via electronic system through armeps.am. EPIU doesn't have contract management policy, however the operational policy which is in the development process will stipulate the main responsibilities in managing contracts.

The table below summarizes the results and main internal control gaps found during application of the micro-assessment questionnaire (in Annex IV). Detailed findings and recommendations are set out in section 3. below.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
1. Implementing partner	Low	Based on the risk rating assigned to the questions of part 1 presented in annex II-3D, the overall average risk of the section was calculated to be low. However, we presented finding and proposed recommendation related to the lack of written policies and procedures on certain functions in Part 3 "Detailed Internal Control Findings and Recommendations" of this report (Finding 2).
2. Programme Management	Low	Although based on the answers of the questions of part 2 presented in annex II-3D, the overall average risk of the section was assessed low, we presented finding and proposed recommendation related to the lack of written policies and procedures on certain functions and processes in Part 3 "Detailed Internal Control Findings and Recommendations" of this report (Finding 2).
3. Organizational structure and staffing	Low	The risks assigned to the questions of part 3 (annex II-3D) formulated the overall average risk of the section to be low. However, we presented finding and proposed recommendation related to the staff trainings Part 3 "Detailed Internal Control Findings and Recommendations" of this report (Finding 1).
4. Accounting policies and procedures	Low	The risks assigned to the questions of part 4 (annex II-3D) formulated the overall average risk of the section to be low. However, several internal control gaps were revealed related to the accounting function, which we presented in the form of findings in Part 3 "Detailed Internal Control Findings and Recommendations" of this report (Findings 3, 4, 5, 6).
5. Fixed Assets and Inventory	Low	The overall average risk rating of the section was assessed to be low for the following reasons: the IP has adequate safeguards to protect assets, and the IP does not have warehouse and does not keep inventory balances.

Tested subject area	Risk assessment*	Brief justification for rating (main internal control gaps)
6. Financial Reporting and Monitoring	Moderate	Based on the answers of the questions of part 6 presented in annex II-3D the overall risk of the section was assessed to be moderate. Thus, we presented finding and proposed recommendation related to the improvement of financial reporting procedure in Part 3 "Detailed Internal Control Findings and Recommendations" of this report (Findings 7).
7. Procurement	Low	The risks assigned to the questions of part 7 (annex II-3D) formulated the overall average risk of the section to be low. Though the IP does not have written procurement policy as described in Finding 2 of Part 3 "Detailed Internal Control Findings and Recommendations" of this report, the procurement is done according to RA Law on Procurements and Government decisions N 1370-N, 168-N, 1481-N by the separate procurement unit of the IP.
Overall Risk Assessment	Low	

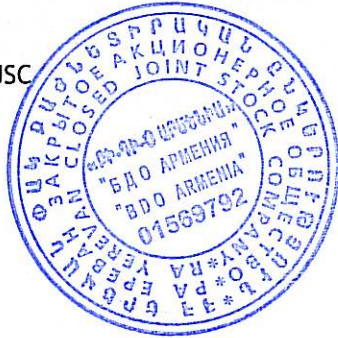
**High, Significant, Moderate, Low*

3. Detailed Internal Control Findings and Recommendations

No.	Description of Finding	Recommendation
1	<p>Staff training <i>We found that staff employed in the finance department, who were primarily accountants, had not received adequate trainings programs as it could be appropriate for working with international organizations.</i> <i>Lack of sufficient training increases the risk of error and failure to comply with the international organizations financial reporting requirements.</i></p>	<p><i>We recommend ensuring staff are properly trained and aware of international organizations financial reporting requirements.</i></p>
2	<p>Policies and procedures <i>We found that the IP doesn't have formal written policies and procedures on different processes and functions such as Procurement, Monitoring and Evaluation, Anti-Fraud and Corruption, Contracts Management, Accounting, Internal Control Framework.</i></p>	<p><i>We recommend adopting written policies and procedures on key processes and functions and properly communicating it to appropriate staff members.</i></p>
3	<p>Accounting system <i>We found that the accounting entries and general ledger of the overall activities of the IP is not properly maintained in appropriate accounting software: instead, the record keeping of the expenditures and funds of each project is done in separate excel files.</i></p>	<p><i>We recommend either implementing appropriate accounting system which will allow proper recording of all financial transactions of the IP, or develop appropriate excel file which will include financial transactions and general ledger for the whole activity of the IP.</i></p>
4	<p>Cost allocation methodology <i>We found that the IP does not have formal methodology on cost allocation to the various funding sources.</i></p>	<p><i>We recommend developing cost allocation methodology to ensure that expenses are accurately charged to different projects.</i></p>
5	<p>Invoices <i>We found that the invoices are not stamped 'PAID', and marked with the project code and account code.</i></p>	<p><i>We recommend stamping invoices "PAID" and marking with the appropriate project codes.</i></p>
6	<p>Staff time allocation <i>We found that there are no procedures in place for allocating staff time spent on different projects.</i></p>	<p><i>We recommend preparing detailed timesheets which will allow checking the staff time allocation to different projects.</i></p>
7	<p>Financial reporting <i>We found that the IP does not have formal</i></p>	<p><i>We recommend adopting formal procedure</i></p>

No.	Description of Finding	Recommendation
	<i>procedure on financial reporting that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used.</i>	<i>on financial reporting with specifying the report type, content, the source system for key reports, the frequency of preparation.</i>

"BDO Armenia" CJSC
 Managing Partner



Auditor

20 October 2016
 Yerevan

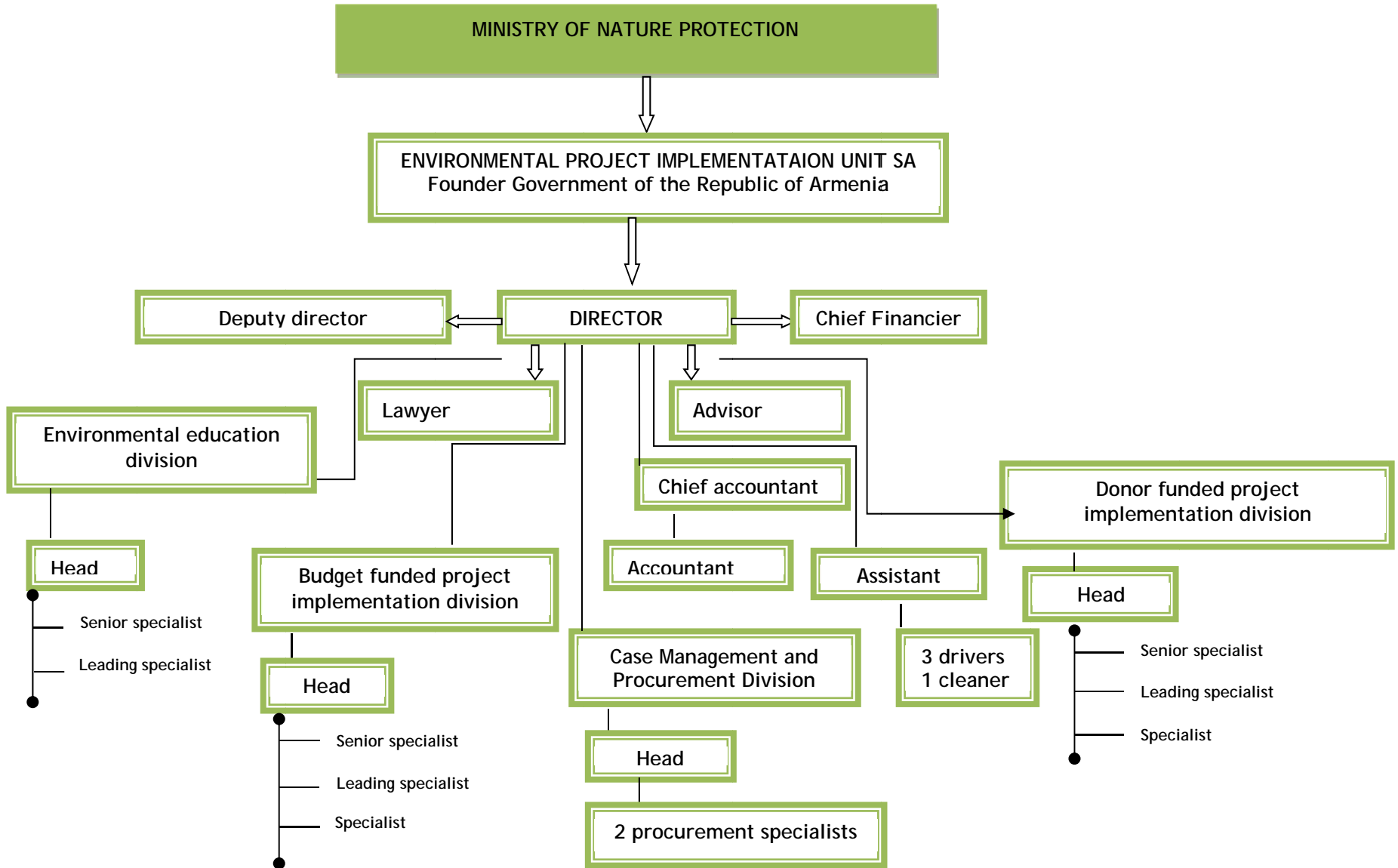
V. Sahakyan

L. Nersisyan

Annex II-3A. IP and Programme Information

Implementing partner name:	State Agency "Environmental project implementation unit" at the Ministry of Nature Protection
Implementing partner code or ID in UNICEF, UNDP, UNFPA records (as applicable)	Code in UNDP: 004250
Implementing partner contact details (contact name, email address and telephone number):	Mr. Gevorg Nersisyan, Director Tel: +374 91417083
Main programmes implemented with the applicable UN Agency/ies:	"Development of Protected Area Systems in Armenia" "Clima East Pilot Project"
Key Official in charge of the UN Agency/ies' programme(s):	Mr. Armen Martirosyan, Manager, Sustainable Growth and Resilience Portfolio
Programme location(s):	Syuniq and vayots Dzor regions of Armenia ("Development of Protected Area Systems in Armenia" project components) Vardenis sub-region, Gegharkunik region. Armenia (Clima East pilot project component)
Location of records related to the UN Agency/ies' programme(s):	EPIU office, 129 A. Armenakyan, 0047, Yerevan, Republic of Armenia
Currency of records maintained:	AMD
Expenditures incurred/reported to UNICEF, UNDP and UNFPA (as applicable) during the most recent financial reporting period (in US\$);	USD 15,999.99 has been the most recent financial reporting for activities carried out over Nov-Dec 2014
Cash transfer modality/ies used by the UN agency/ies to the IP	Nex Advance
Intended start date of micro assessment:	03/08/2016
Number of days to be spent for visit to IP:	4 days
Any special requests to be considered during the micro assessment:	

Annex II-3B. Implementing Partner Organizational Chart



Annex II-3C. List of Persons Met

Name	Unit/organization	Position
Gevorg Nersisyan		Director
Samvel Baloyan		Deputy Director
Hakob Hakobyan	Accounting	Chief Accountant
Anjela Manukyan	Accounting	Accountant
Hayk Vardanyan	Case Management and Procurement Division	Chief procurement specialist

Annex II-3D. Micro Assessment Questionnaire

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1. Implementing Partner						
1.1 Is the IP legally registered? If so, is it in compliance with registration requirements? Please note the legal status and date of registration of the entity.	Yes			Low	1	<p>“Environmental Project Implementation Unit” State Institution is the successor of previously operating “Natural Resources Management and Poverty Reduction Project” EPIU State Institution and “Environmental Project Implementation Unit” SNCO reformed on the bases of the latter. “Natural Resources Management and Poverty Reduction Project” EPIU State Institution was formed according to N786 decree (August 29, 2001) of the RA Government.</p> <p>According to N1191-N decree of the RA Government, “Environmental Project Implementation Unit” State Institution was founded on the bases of “Center of Environmental Programs” SNCO in 2010. EPIU State Institution of the RA Ministry of Nature Protection is an organization without the status of juridical person within the structure of the Ministry of Nature Protection. It was registered on 04.02.2011 in accordance with RA Legislation. The Founder of the IP is Government of Republic of Armenia.</p> <p>It has its statute, which stipulates the rights and responsibilities, statutory objectives of EPIU, its functions, structure, management, organization of its activities, etc.</p>
1.2 If the IP received United Nations resources in the past, were significant issues reported in managing the resources, including from previous assurance activities.		No		Low	1	<p>The IP implemented activity under "Development of protected area systems in Armenia" project funded by UNDP during 2010-2013. As per discussion with management and based on Project Audit report no material issues were reported in managing resources received from UN.</p>

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1.3 Does the IP have statutory reporting requirements? If so, are they in compliance with such requirements in the prior three fiscal years?	Yes			Low	1	The IP has statutory reporting requirements according to RA legislation. No case of incompliance was recorded during its activity period. According to the Statute of EPIU it is under the supervision of the Ministry of Nature Protection on behalf of the Government of Armenia and directly managed by the Director. Monthly Project implementation reports are prepared and presented to the Ministry of Nature Protection by the third day of the following month. Furthermore, quarterly and annual financial reports are presented to the Ministry of Nature Protection and the Ministry of Finance. Signed hard copies are sent to the Ministries; however electronic version is also preceded by the eighth day of the following month. As per review of annual reports for the prior three fiscal years no incompliance was identified.
1.4 Does the governing body meet on a regular basis and perform oversight functions?	Yes			Low	1	The governing bodies of the IP as per Statute are Government of RA and on behalf of the Government RA Ministry of Nature Protection. Strategic decision making process highly depends on the Ministry of Nature Protection and the Government of Armenia, e.g. approval of the list of business activities to be carried out by the IP, reorganization and liquidation, contracting Director, strategic management of EPIU assets, etc. EPIU financial and economic activities are directly controlled by the Ministry of Nature Protection at strategic level. Although the overall strategic governance is performed by these bodies, the day to day management is done by the Director of the IP. The latter is contracted by the Prime Minister. At least once a year the governing body discusses the results of annual audit report and

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						activities performed during the year. The oversight function is also performed by receiving monthly reports from the IP. The IP passes not only internal audit by the Ministry of Nature Protection, but also passed check performed by Control Chamber of the Republic of Armenia. The main objective of check was to insure in efficient spending of grants received under international financing structure. No significant issues were reported by the Control Chamber of the Republic of Armenia.
1.5 If any other offices/ external entities participate in implementation, does the IP have policies and process to ensure appropriate oversight and monitoring of implementation?		No		Moderate	4	No formal policy developed by the IP. However by common practice for major contracts with the international organizations the IP is responsible only for its part of contracted action. Sometimes when action is sub-granted to third side, the IP states by contract and technical proposal that appropriate oversight and monitoring is the function of the IP and have to be done in prescribed manner, specifying the way how the monitoring should be done. The Project implementation department is in charge of reporting and monitoring the process of use of funds for special projects. Besides, this department participates in the process of control within the framework of their functions and responsibilities.
1.6 Does the IP show basic financial stability in-country (core resources; funding trend) Provide the amount of total assets, total liabilities, income and expenditure for the current and prior three fiscal years.	Yes			Low	1	The entity is not -for- profit organization and doesn't have legal entity status. The assets are mainly composed of PPE, which is not the property of the entity, but the Government of RA. The IP has only right to use the assets without owning them. The income of the entity consists of funds received from State Budget and grants from international organizations. Expenses of entity are preliminary approved by Ministry of Finance.

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						<p>Based on annual financial reports presented main financial figures were as following</p> <p>2013 <i>Assets-315,307K'AMD</i> <i>Liabilities-315,307K'AMD</i> <i>Income-50,499K'AMD</i> <i>Expenses-50,499K'AMD</i></p> <p>2014 <i>Assets-262,359K'AMD</i> <i>Liabilities-262,359K'AMD</i> <i>Income-491,094K'AMD</i> <i>Expenses-491,094K'AMD</i></p> <p>2015 <i>Assets-165,812K'AMD</i> <i>Liabilities-165,812 K'AMD</i> <i>Income-391,252K'AMD</i> <i>Expenses-391,252 K'AMD</i></p>
1.7 Can the IP easily receive funds? Have there been any major problems in the past in the receipt of funds, particularly where the funds flow from government ministries?	Yes			Low	1	<p>As per management opinion and our knowledge there have never been any problematic issues with the funds flow from state budget and resources of International organizations, because all funds flows are initially planned and stipulated by the Law on Budget of RA annually and financial planning of each program financed by international organizations. Main funding is received from State budget as per Annual Budget plan. It ensures the stabile work of the IP and implementation of governmental actions in relation to nature protection. The IP received funding from international resources also, as per contracts signed for implementation of specific actions. As of now the IP received funding from UN, World Bank, Global Ecological Fund, etc. no problems relating to funding as per our knowledge and observation.</p>

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
1.8 Does the IP have any pending legal actions against it or outstanding material/significant disputes with vendors/contractors? <i>If so, provide details and actions taken by the IP to resolve the legal action.</i>		No		Low	1	As per management representation and based on our procedure performed the IP doesn't have any pending legal actions or outstanding material disputes with vendors/contractors. Overall risk of such events is considered low because of the nature of the IP legal status and the founder being the Government of RA.
1.9 Does the IP have an anti-fraud and corruption policy?		No		Moderate	2	The IP has no written policy in place for anti-fraud and corruption activities identification and subsection. Management is aware and sure that no case of fraud occurred due to nature of the activities of the entity, however the IP in the process of adopting such policy.
1.10 Has the IP advised employees, beneficiaries and other recipients to whom they should report if they suspect fraud, waste or misuse of agency resources or property? If so, does the IP have a policy against retaliation relating to such reporting?		No		Moderate	2	As per Statute Director of the IP is liable for the waste of agency resources and property. Due to the fact that the IP didn't adopt written policy, the knowledge of employees towards steps when suspecting fraud and misuse of agency property and resources, is left to informal flows of information. However the IP is in process of adopting the Code of conduct and Ethical standards, which will ensure that employees and other beneficiaries are aware of their responsibilities and steps in relation to Fraud and corruption subsection and retaliation.
1.11 Does the IP have any key financial or operational risks that are not covered by this questionnaire? If so, please describe. <i>Examples: foreign exchange risk; cash receipts.</i>	Yes			Moderate	2	We noted that IP is exposed to foreign exchange risk in relation to funding received from international organizations. Expenses are done in local currency, Armenian Dram, while funding is in foreign currency, which can result in gain or loss for the IP. However the risk is not significant. Also is present cash receipts risk due to funding to be received from international organizations, which is

Micro-assessment workbook

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						not predictable and depends on many factors outside of the control of the IP.
Total number of questions in subject area:	11					
Total number of applicable questions in subject area:	11					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	17					
Risk score	1.545					
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
2. Programme Management						
2.1. Does the IP have and use sufficiently detailed written policies, procedures and other tools (e.g. project development checklist, work planning templates, work planning schedule) to develop programmes and plans?		No		Moderate	2	The IP didn't adopt written policy for developing programmes and plans for all cases; work plans are prepared for each specific case. No template is adopted and kept. The Project manager is responsible for the whole Programme implementation and in practice by its stated position obligation has to keep track of the project development. Actually the work is done, but no formal checklists are kept.
2.2. Do work plans specify expected results and the activities to be carried out to	Yes			Low	1	For each specific project work plans are prepared. The work plans clearly indicate the description of the Project, its objective, the scope, detailed activities

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
achieve results, with a time frame and budget for the activities?						and expected results.
2.3 Does the IP identify the potential risks for programme delivery and mechanisms to mitigate them?	Yes			Low	1	In practice the Project document clearly identified risks facing the project implementation, risks overall affection and possible mechanisms to mitigate them.
2.4 Does the IP have and use sufficiently detailed policies, procedures, guidelines and other tools (checklists, templates) for monitoring and evaluation?		No		Moderate	2	No formal internal policy adopted, however monitoring function is mentioned as an article in project document or work plan. No such checklist or templates are developed and kept for all cases by the IP.
2.5 Does the IP have M&E frameworks for its programmes, with indicators, baselines, and targets to monitor achievement of programme results?		No		Moderate	2	No such quantitative indicators or baselines according to which are tested actual results. The project coordinator is in charge of monitoring, which in practice is done, but there is no formal track kept with baselines and target/actual verification.
2.6 Does the IP carry out and document regular monitoring activities such as review meetings, on-site project visits, etc.	Yes			Low	1	The normal practice is that for office meetings minutes are prepared and kept. For on-site meetings are prepared special reports, where is documented the results of the visit.
2.7 Does the IP systematically collect, monitor and evaluate data on the achievement of project results?	Yes			Low	1	The normal practice is that for meetings in office minutes are prepared and kept. For on-site meetings are prepared special reports, where the results of the visit. is documented.
2.8 Is it evident that the IP followed up on independent evaluation recommendations?	Yes			Low	1	External audit reports demonstrate unqualified opinions. Recommendations from audits were highly followed by the management.
Total number of questions in subject area:	8					
Total number of applicable	8					

Micro-assessment workbook						
Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
questions in subject area:						
Total number of applicable key questions in subject area:	2					
Total number of risk points:	11					
Risk score	1.375					
Area risk rating	Low					

Subject area (key questions in bold)	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
3. Organizational Structure and Staffing						
3.1 Are the IP's recruitment, employment and personnel practices clearly defined and followed, and do they embrace transparency and competition?	Yes			Low	1	The recruitment is done on competitive grounds. The IP's Statute indicates that the Director of the IP is appointed by Prime Minister of RA on competition basis. The staff list is preliminary prepared by Ministry of Nature Protection and presented to RA Prime Minister. The competition procedures are stated by Government of RA. The procedures are designed in manner to embrace transparency and competition.
3.2 Does the IP have clearly defined job descriptions?	Yes			Low	1	Job descriptions are presented in Employment /Service contracts. For each position detailed responsibilities list is kept. Director of the IP is appointed by Prime Minister of RA on competition basis and Government decision is prepared for that. Duties under this position are stated in IP's Statute.
3.3 Is the organizational	Yes			Moderate	4	As per our view the IP's organizational structure is

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
structure of the finance and programme management departments, and competency of staff, appropriate for the complexity of the IP and the scale of activities? Identify the key staff, including job titles, responsibilities, educational backgrounds and professional experience.						appropriate for the work to be carried out under RA Government and international organizations funding programs. Organizational structure is attached to our evaluation report as Annex II-3B. Key staff of the IP includes Director, Deputy Director, Chief Accountant, Legal adviser, Head of Budget funded project implementation division, Head of Environmental education division, Head of Case Management and Procurement Division, Head of Donor funded project implementation division. Job requirements are prepared and presented for approval to Ministry of Nature Protection. Educational backgrounds and professional experience of the staff complied with the actual activities performed by staff as per CVs.
3.4 Is the IP's accounting/finance function staffed adequately to ensure sufficient controls are in place to manage agency funds?	Yes			Moderate	4	In practice accounting function is performed by 2 accountants who have sufficient experience, knowledge and skills to cover current volume of financial and accounting works. In stated organizational structure there is one finance specialist vacant position which can be filled as soon as necessity will be.
3.5 Does the IP have training policies for accounting/finance/ programme management staff? Are necessary training activities undertaken?		No		Moderate	2	Due to the nature of activities the Accounting /Finance /Programme staff should pass trainings and participate in qualification improvement activities. The IP doesn't have adopted written training policy, however staff members still participate in trainings to have required skills and knowledge. Procurement specialist passed special training course in Italy financed by the World bank project.
3.6 Does the IP perform background verification/checks on all new accounting/finance and	Yes			Low	1	In practice for key positions checks are background checks are performed.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
management positions?						
3.7 Has there been significant turnover in key finance positions the past five years? If so, has the rate improved or worsened and appears to be a problem?		No		Low	1	The finance/accounting staff is the same for several years.
3.8 Does the IP have a documented internal control framework? Is this framework distributed and made available to staff and updated periodically? If so, please describe.		No		Moderate	2	The IP didn't have adopted internal control framework. The IP is in the process of developing such framework.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	16					
Risk score	2					
Area risk rating	Low					

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4. Accounting Policies and Procedures						
4a. General						
4.1 Does the IP have an accounting system that allows for proper recording of financial transactions from United Nations agencies, including allocation of expenditures in accordance with the respective components, disbursement categories and sources of funds?		No		High	8	The accounting of the IP is done in excel files. The IP does not keep accounting entries for its overall activities, instead, the record keeping of the expenditures and funds of each project is done in separate excel files. However, as per discussions with the Management the IP is in the process of acquiring and implementing accounting system, which will allow for proper record keeping.
4.2 Does the IP have an appropriate cost allocation methodology that ensures accurate cost allocations to the various funding sources in accordance with established agreements?		No		High	8	The IP does not have cost allocation methodology. The expenditures from different funding sources are done separately within the approved budgets of each Project.
4.3 Are all accounting and supporting documents retained in an organized system that allows authorized users easy access?	Yes			Low	1	The accounting and supporting documents are retained in an organized system. The supporting documents of each project are separately filed and are accurately kept.
4.4 Are the general ledger and subsidiary ledgers reconciled at least monthly? Are explanations provided for significant reconciling items?		No		Moderate	2	There is no total general ledger for the IP. Reports are provided to Ministry of Nature Protection which include general ledger for each project separately.
4b. Segregation of duties						
4.5 Are the following functional responsibilities performed by	Yes			Low	1	These functional responsibilities are defined separately for each position in their job descriptions.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
different units or individuals: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?						
4.6 Are the functions of ordering, receiving, accounting for and paying for goods and services appropriately segregated?	Yes			Low	1	These functional responsibilities are defined separately for each position in their job descriptions.
4.7 Are bank reconciliations prepared by individuals other than those who make or approve payments?		No		Low	1	Director of EPIU approves the payments; accountant prepares bank reconciliations, chief accountant checks bank reconciliations.
4c. Budgeting system						
4.8 Are budgets prepared for all activities in sufficient detail to provide a meaningful tool for monitoring subsequent performance?	Yes			Low	1	For expenditures which are financed from state budget the Ministry of Nature Protection provides detailed Budget for EPIU. Separate budgets are prepared for each project under the EPIU implementation.
4.9 Are actual expenditures compared to the budget with reasonable frequency? Are explanations required for significant variations from the budget?	Yes			Low	1	Each expenditure item is checked to be within the budget. In practice, there has been no variation from the budget of EPIU, because in that case State Budget or donors of funds will not finance such variations.
4.10 Is prior approval sought for budget amendments in a timely way?	Yes			Low	1	The budget is revised based on written amendment.
4.11 Are IP budgets approved formally at an appropriate level?	Yes			Low	1	The budgets are properly approved by authorized persons.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
4d. Payments						
4.12 Do invoice processing procedures provide for: · Copies of purchase orders and receiving reports to be obtained directly from issuing departments? · Comparison of invoice quantities, prices and terms with those indicated on the purchase order and with records of goods/services actually received? · Checking the accuracy of calculations?	Yes			Low	1	Chief Accountant is in charge of checking, controlling, reviewing the invoices. The invoice processing procedures allow copying the purchase orders and receiving report directly from issuing department, comparing invoice quantities, prices and other terms with those indicated in the purchase order and with records of goods actually received, checking the accuracy of calculations, etc.
4.13 Are payments authorized at an appropriate level? Does the IP have a table of payment approval thresholds?	Yes			Low	1	All payments are authorized by chief accountant and Director.
4.14 Are all invoices stamped ' <i>PAID</i> ', approved, and marked with the project code and account code?		No		Low	1	There is no such procedure (to stamp PAID on the invoices), however, each invoice is stamped with the EPIU seal and the bank account of project is clearly marked (for each project separate bank account is kept).
4.15 Do controls exist for preparation and approval of payroll expenditures? Are payroll changes properly authorized?	Yes			Low	1	Payrolls are prepared in excel file by accountant according to the budget planning. Then it is approved by Chief Accountant and Director. Salaries are paid to each employee salary account. Payments are authorized by Director.
4.16 Do controls exist to ensure that direct staff salary costs reflects the actual amount of staff time spent on a project?		No		Moderate	4	There is list of presence which is signed by all employees and is controlled by Deputy Director. There are also monthly timesheets approved by Director. However, the timesheets on allocation of

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						staff time spent on different projects are missing.
4.17 Do controls exist for expense categories that do not originate from invoice payments, such as DSAs, travel, and internal cost allocations?	Yes			Low	1	Expenses which do not originate from invoice are calculated by accountant, checked and authorized by Chief Accountant and Director.
4e. Policies and procedures						
4.18 Does the IP have a stated basis of accounting (i.e. cash or accrual) and does it allow for compliance with the agency's requirement?		No		Low	1	The IP does not have formal written accounting policy. However, in practice, the accounting of each project is conducted according to the requirements of the donors of the funds.
4.19 Does the IP have an adequate policies and procedures manual and is it distributed to relevant staff?		No		Moderate	2	Each staff member of IP has a range of responsibilities and functions prescribed through the job description document for each position. Other policies and procedures are communicated to staff verbally since there is no written manual on them.
4f. Cash and bank						
4.20 Does the IP require dual signatories / authorization for bank transactions? Are new signatories approved at an appropriate level and timely updates made when signatories depart?	Yes			Low	1	Bank transactions are authorized by the signatures of Chief Accountant and Director.
4.21 Does the IP maintain an adequate, up-to-date cashbook, recording receipts and payments?			N/A	N/A	-	The IP does not keep cash in hand.
4.22 If the partner is participating in micro-finance advances, do controls exist for the collection,			N/A	N/A	-	The partner is not participating in micro-finance advances.

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
timely deposit and recording of receipts at each collection location?						
4.23 Are bank balances and cash ledger reconciled monthly and properly approved? Are explanations provided for significant, unusual and aged reconciling items?	Yes			Low	1	Bank balances are reconciled monthly and approved by Chief Accountant and Director.
4.24 Is substantial expenditure paid in cash? If so, does the IP have adequate controls over cash payments?		No		Low	1	The IP does not keep cash in hand.
4.25 Does the IP carry out a regular petty cash reconciliation?			N/A	N/A	-	The IP does not have petty cash.
4.26 Are cash and cheques maintained in a secure location with restricted access? Are bank accounts protected with appropriate remote access controls?	Yes			Low	1	The IP does not keep cash and cheques. Bank accounts are properly protected.
4.27 Are there adequate controls over submission of electronic payment files that ensure no unauthorized amendments once payments are approved and files are transmitted over secure/encrypted networks?	Yes			Low	1	All payments are authorized by chief accountant and Director.
4g. Other offices or entities						
4.28 Does the IP have a process to ensure expenditures of subsidiary offices/ external				N/A	-	The IP does not have subsidiary offices/external entities.

Micro-assessment workbook						
Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
entities are in compliance with the work plan and/or contractual agreement?						
4h. Internal audit						
4.29 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?	Yes			Low	1	Within the organization structure of IP there is no Controlling Department. Ministry of Nature Protection has special department within its structure, which have special rights to periodically implement internal audit of EPIU.
4.30 Does the IP have stated qualifications and experience requirements for internal audit department staff?			N/A	N/A	-	
4.31 Are the activities financed by the agencies included in the internal audit department's work programme?			N/A	N/A	-	
4.32 Does the IP act on the internal auditor's recommendations?			N/A	N/A	-	
Total number of questions in subject area:	32					
Total number of applicable questions in subject area:	25					
Total number of applicable key questions in subject area:	17					
Total number of risk points:	44					
Risk score	1.76					

Micro-assessment workbook						
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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Area risk rating	Low					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5. Fixed Assets and Inventory						
5a. Safeguards over assets						
5.1 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	Yes			Low	1	The assets of the IP are the property of the RA Government and the IP has only right to use it. The Director is liable for waste and damage to that Property. Property is kept in a prescribed manner, adequate safeguards are kept, such as assigning responsible persons to each type of property, locked rooms, keeping guard, etc.
5.2 Are subsidiary records of fixed assets and inventory kept up to date and reconciled with control accounts?	Yes			Low	1	Chief Accountant is in charge of coordinating processes of recording, filing and data processing of fixed assets
5.3 Are there periodic physical verification and/or count of fixed assets and inventory? If so, please describe?	Yes			Low	1	Physical verification of fixed assets are organized periodically, at least on annual basis. Physical verification is performed also in case of hand-over. Verification is done by preliminary approved committee members.
5.4 Are fixed assets and inventory adequately covered by insurance policies?	Yes			Low	1	No such material inventory. Insurance policy is done only for cars, in practice it is not needed for other type of property such as computers, office equipment, etc, which are not material in amount.
5b. Warehousing and inventory management						
5.5 Do warehouse facilities have adequate physical security?			N/A	N/A	-	There is no such inventory present at any particular point of time to have need for having warehouse.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
5.6 Is inventory stored so that it is identifiable, protected from damage, and countable?			N/A	N/A	-	There is no such inventory present at any particular point of time to have need for having warehouse.
5.7 Does the IP have an inventory management system that enables monitoring of supply distribution?			N/A	N/A	-	No such formal policy adopted within the IP system. Usually it is done by informal procedures .
5.8 Is responsibility for receiving and issuing inventory segregated from that for updating the inventory records?			N/A	N/A	-	In practice for immaterial amount of inventory the Head of Case management and Procurement department controls the process from order preparation till receipt of inventory and its distribution to the appropriate staff members. Inventory accounts records are done by the accounting department.
5.9 Are regular physical counts of inventory carried out?			N/A	N/A	-	No material inventory at any particular point of time.
Total number of questions in subject area:	9					
Total number of applicable questions in subject area:	4					
Total number of applicable key questions in subject area:	0					
Total number of risk points:	4					
Risk score	1					
Area risk rating	Low					

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6. Financial Reporting and Monitoring						
6.1 Does the IP have established financial reporting procedures that specify what reports are to be prepared, the source system for key reports, the frequency of preparation, what they are to contain and how they are to be used?		No		Moderate	2	There is no formal procedure adopted for financial reporting. Key reports are the ones provided to donors and State Budget. The frequency and content of these reports are stipulated by Ministry of Nature Protection and by separate donors.
6.2 Does the IP prepare overall financial statements?	Yes			Low	1	The IP prepares financial statements for each financial year.
6.3 Are the IP's overall financial statements audited regularly by an independent auditor in accordance with appropriate national or international auditing standards? If so, please describe the auditor.		No		Moderate	4	The IP's overall financial statements are not audited by an independent auditor. However, the financial statements of separate projects are regularly audited by external independent auditor.
6.4 Were there any major issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years?		No		Low	1	There are no issues related to ineligible expenditure involving donor funds reported in the audit reports of the IP over the past three years
6.5 Have any significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been implemented?		No		Low	1	There are no significant recommendations made by auditors in the prior five audit reports and/or management letters over the past five years.
6.6 Is the financial management system computerized?	Yes			Moderate	4	The financial management is carried out in excel files.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
6.7 Can the computerized financial management system produce the necessary financial reports?		No		Moderate	2	The financial reports are prepared in excel files for each project separately.
6.8 Does the IP have appropriate safeguards to ensure the confidentiality, integrity and availability of the financial data? <i>E.g. password access controls; regular data back-up.</i>	Yes			Moderate	2	There is password access control to the computer of Chief Accountant. The accounting data is backed up once a year on discs.
Total number of questions in subject area:	8					
Total number of applicable questions in subject area:	8					
Total number of applicable key questions in subject area:	3					
Total number of risk points:	17					
Risk score	2.125					
Area risk rating	Moderate					

Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
7. Procurement and Contract Administration						
7a. Procurement						
7.1 Does the IP have written		No		Low	1	The IP doesn't have its own written procurement

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
procurement policies and procedures?						policy, however as a governmental organization the procurement process is done according to RA Law on Procurements and Government decisions N 1370-N, 168-N, 1481-N.
7.2 Are exceptions to procurement procedures approved by management and documented?	Yes			Low	1	In practice the purchases for goods and services are either done as stated in approved state budget or mainly consist of purchase of services within contracts with international organizations. In case any unusual material purchase is done outside the approved plan, appropriate line of authorization is kept for getting approval up to the Ministry of Nature Protection and for significant changes in the economical purpose of the budgeted line; the change also should be approved by RA government.
7.3 Does the IP have a computerized procurement system with adequate access controls and segregation of duties between entering purchase orders, approval and receipting of goods? Provide a description of the procurement system.		No		Moderate	2	The IP doesn't have computerized procurement system. The procurement process is coordinated by the Case management and Procurement unit. However in practice segregation of duties between preparing purchase orders, approval and receipting of goods are kept. Furthermore the IP is in process of adopting internal own policy, which will stipulate all rights and responsibilities within the purchase cycle.
7.4 Are procurement reports generated and reviewed regularly? Describe reports generated, frequency and review & approvers.	Yes			Low	1	Monthly, quarterly reports are prepared by Procurement specialist, reviewed by the Director. The reports stipulates main types of goods and services procured during the reporting period, variation with the budget, explanation for the variance, name of the supplier, etc.
7.5 Does the IP have a structured procurement unit with defined reporting lines that foster efficiency and accountability?	Yes			Low	1	Within the organizational structure the IP has Case management and Procurement unit, which coordinates the whole purchasing process. The procurement specialist is a qualified specialist and have license for implementing procurement

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
						<p>process according to RA Law on Procurements. The process starts with the Order/Invitation presented by the requesting department, which states conditions offered to the bidder for the purpose of signing a procurement contract. The procurement specialist reviews the purchase need appropriation with approved annual plan, insures in existence of authorized signatures and approvals and in case of compliance the process is continued. Depending on the price range of the purchase the tender, request for quotations, etc can be done. However for each method of procurement committee is organized (usually 3-9 individuals). The procurement specialist is reportable to the Head of procurement unit, the latter to the Director. The process till receiving goods and services are organized in efficient and accountable way.</p>
<p>7.6 Is the IP's procurement unit resourced with qualified staff who are trained and certified and considered experts in procurement and conversant with UN / World Bank / European Union procurement requirements in addition to the a IP's procurement rules and regulations?</p>	Yes			Low	1	<p>The procurement unit is mainly staffed with the adequate qualified team. The procurement specialist participated in the training organized by World Bank took place in Italy. International organizations before approving grants analyze staff appropriate skills and certification to the project implementation, so staff is adequately trained in any particular point of time.</p>
<p>7.7 Have any significant recommendations related to procurement made by auditors in the prior five audit reports and/or management letters over the past five years and have not yet been</p>		No		Low	1	<p>The IP passed annual audit for the entity performed by the Ministry of Nature Protection and no significant matters were reported. The projects itself pass project audits performed by contracted external audit organization, which furthermore didn't reveal any significant procurement deficiencies.</p>

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
implemented?						
7.8 Does the IP require written or system authorizations for purchases? If so, evaluate if the authorization thresholds are appropriate?	Yes			Low	1	Written authorization is needed for the all purchases above 1mIn AMD. Threshold corresponds with the one prescribed in RA Law on Procurement. Based on our evaluation of the IP's activity authorization threshold is appropriate for the current activities. However. the IP is in the process for adopting internal procurement policy with lower threshold and stated procedures for micro purchasing, although it is not needed by Law on Procurement.
7.9 Do the procurement procedures and templates of contracts integrate references to ethical procurement principles and exclusion and ineligibility criteria?	Yes			Low	1	The RA Law on Procurement is in place to insure in the organization of competitive, efficient, transparent, open and indiscriminate procurement process. The IP has to comply with these requirements. The contracts have articles with references to ethical principles.
7.10 Does the IP obtain sufficient approvals before signing a contract?	Yes			Low	1	The IP operates in compliance with RA Law on Procurement. Sufficient approvals are made before the final signature of the contract with suppliers.
7.11 Does the IP have and apply formal guidelines and procedures to assist in identifying, monitoring and dealing with potential conflicts of interest with potential suppliers/procurement agents? If so, how does the IP proceed in cases of conflict of interest?	Yes			Low	1	The formal template for the identification of conflict of interest is signed by involved parties in the procurement process. At any particular point of time the party is withdrawn from the process in case existence of potential conflict of interest.
7.12 Does the IP follow a well-defined process for sourcing suppliers? Do formal procurement methods include wide broadcasting of	Yes			Low	1	The process is organized the way of insuring of competitive, efficient, transparent, open and indiscriminate procurement process. The steps are stated in the RA Law on Procurement. The preliminary selection is done based on electronic

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
procurement opportunities?						invitation placed on armeps.am.
7.13 Does the IP keep track of past performance of suppliers? E.g. database of trusted suppliers.	Yes			Low	1	The whole process is done via electronic system armeps.am. The IP prepares quarterly performance evaluation reports and presents to the center for procurement assistance.
7.14 Does the IP follow a well-defined process to ensure a secure and transparent bid and evaluation process? If so, describe the process.	Yes			Low	1	The IP places the invitation on armemps.am. After the defined time only electronic responses are opened by the Procurement committee and valued against criterions stated in the bid invitation. The best price for best value criteria is applied.
7.15 When a formal invitation to bid has been issued, does the IP award the contract on a pre-defined basis set out in the solicitation documentation taking into account technical responsiveness and price?	Yes			Low	1	The IP places the invitation on armemps.am. After the defined time only electronic responses are opened by the Procurement committee and valued against criterions stated in the bid invitation. The best price for best value criteria is applied.
7.16 If the IP is managing major contracts, does the IP have a policy on contracts management / administration?		No		Moderate	2	The IP doesn't have contract management policy, however the operational policy which is in the development process will stipulate the main responsibilities in managing contracts process.
7b. Contract Management - To be completed only for the IPs managing contracts as part of programme implementation. Otherwise select N/A for risk assessment						
7.17 Are there personnel specifically designated to manage contracts or monitor contract expirations?	Yes			Moderate	2	The contracts preparation is the responsibility of the Lawyer. However, the communication with the suppliers is kept by the Procurement department.
7.18 Are there staff designated to monitor expiration of performance securities, warranties, liquidated damages and other risk management			N/A	N/A	-	Due to the activities nature of the IP the question is not applicable.

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
instruments?						
7.19 Does the IP have a policy on post-facto actions on contracts?		No		Moderate	2	The IP in practice doesn't have post facto actions on contracts, however such points will be stipulating in the adopted internal procurement policy.
7.20 How frequent do post-facto contract actions occur?			N/A	N/A	-	As per management opinion and as per knowledge based on our audit procedures no such information about post-facto contract actions incurred.
Total number of questions in subject area:	20					
Total number of applicable questions in subject area:	20					
Total number of applicable key questions in subject area:	5					
Total number of risk points:	22					
Risk score	1.1					
Area risk rating	Low					

Totals						
Total number of questions:	96					
Total number of applicable questions:	82					

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Subject area <i>(key questions in bold)</i>	Yes	No	N/A	Risk Assessment	Risk points	Remarks/comments
Total number of applicable key questions:	35					
Total number of risk points:	135					
Total risk score	1.646					
Overall risk rating	Low					