

Subject: General Assessment Guidance

1. All overseas missions will be required to initiate a general assessment for 1990. This general assessment will be due in A.I.D. on or before March 31, 1991.

2. Background

Payment verification policy statement no. 1 required that a comprehensive general assessment of methods of implementation and financing, reviewed from a standpoint of accountability, be presented on a regular basis. Missions submitted their first general assessment on March 31, 1984, and most missions submitted their first annual update during 1985.

Most of the payment verification policy statements issued in 1983 have since been incorporated into various A.I.D. Handbook. As contained in Handbook 19, Appendix 1D, instead of annually, missions are now required to perform a general assessment at least once every five years under the direction of the Management Control Review Committee (MCRC). Formerly called the internal control oversight committee (ICOC).

The 1999 internal control plan for overseas missions as outlined in ref tel C has the following three components:

Follow-up on unresolved weaknesses required in ICAS.

Require formal internal control reviews for certain missions.

Initiation of a general assessment by each mission.

This mission provides implementing guidance to missions on the performance of the general assessment. Unlike the previous general assessment performed in 1984 which focused mainly on methods of implementation and financial used in projects, the 1990 general assessment will be expanded to include non-project activities, specifically monitoring of local currency special accounts and dollar separate accounts, and local currents programming decisions. FYI: New Policy guidance for host country-owned local currency will be programmed.

3. Implementing Guidance

The general assessment should be submitted in a narrative form and should include requested informational tables and replies to specific questions on paragraph 4D through 6 below. It is recommended that the USAID controller be the report coordinator with active participation of all appropriate USAID offices. The final draft of the General assessment should be reviewed and cleared by the mission's internal control oversight committee, and the final report should be transmitted under the mission director's signature to Mark Edelman, Chairman of the MCRC, no later than March 31, 1991 with a copy to your respective AA.

The General Assessment will consist of the following parts:

General information on missions' program

The accountability environment in the host country in which the missions operates

Mission's assessment of specific areas of vulnerability and accountability.

4. GENERAL INFORMATION

A. Project Obligations and commitments

The following amounts should represent the total amount of dollar-appropriated funds authorized, obligated, and committed for all active projects as of September 30, 1999 include regional or centrally-funded projects for which you have accounting responsibility. Do not include non-project or disaster assistance activities.

- Total life of Project Funding
- Total Funds Obligated
- Total funds Committed
- Methods of financing for committed funds
- Preferred Methods:
- LOC:
- FAR (for multi-unit construction)
- Direct pay (Incl. Direct L/Comm)
- Reimbursement to host country (incl. Advance of funds)
- Exceptions:
- Bank L/COMM
- Other
- Total Committed Funds

b. Host country contracts

The following information should be based on the total amount of funds committed for host country contracts (HCC), whether active or completed for all active projects as of September 30.

- Total Funds Committed for HCCS
- Number of Agencies with FSS
- No. Of Agencies reviewed/approved by USAID
- Planned review of HC agencies during the next year.

(Note) See stae 185082 dated 6/8/90 and cable to be issued in November 1990 for new instructions concerning review requirement.

B. Reviewrs of organizations receiving A.I.D. funds

This sections requests information on reviews made by the missions on organizations to which A.I.D. provides dollar appropriated funds. Before providing funds to these organizations the missions is required to first assess their organizational, financial management, and related internal controls. Only include those organizations that are provided dollar-appropriated, and do not include those agencies with host country contracts and thus included in (B) above.

	Number	Reviewed	Planned Reviews
HC Agencies			
ICI's			
Indigenous PVO's			

C. Dollar Separate Accounts

Include in the this section the number of accounts and amounts on deposit as of September 30 for cash transfer and sector assistance dollars that were required to have a separate account.

Sector	Cash
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Grants

Transfers

Number of Bank Accounts

Account Balances (\$000)

Total Disbursements from Separate Accounts from 10/1 to 9/30

Please provide the following breakdown from the uses of the separate account dollars for the 12 month ending September 30:

- Commodity Imports
- Debt Payments
- Auctions
- Other (Please Describe)

-Are all of the required dollar accounts separate and non-commingled? If no, please provide explanation.

-Provide the total number of different HC units that are responsible for the management of the dollar separate accounts. How many of these units have been formally reviewed by the mission? If some units have not been formally reviewed, please provide that basis for mission assurance that the accounts are being effectively managed.

-Are the reports from the HC on the status of funds in the separate accounts timely and accurate? If not, what steps have been taken or planned to be taken by the mission to improve the situation?

-Have periodic audits of separate account activity been performed? If so, how often are these audits conducted, who performs them, and what are the funding sources? If not, describe the mission's plans to have audits conducted.

D. Local Currency Special Accounts

This section requests information on host country-owned local currency associated with U.S. assistance held in special accounts as of September 30. Please provide amounts in U.S. dollar equivalent.

	(\$000)
Number of	Accounts
Accounts	Balances

Sources of Funds:

- P.L. 480
- CIP
- Cash Transfers
- Sector Grants
- Other (Please Describe)

The following requests information on disbursements made from all local currency special accounts for year ended September 30 for the following types of programs:

- General Budget Support
- General Sector Budget Support
- Specific Sector Budget Support
- Project Activities Outside HC Budget

-Please provide the total number of different C units responsible for the direct management of local current special accounts.

How many of the above units have been formally reviewed/assessed by the mission? For those units not assessed, please provide reasons why a formal review had not been made.

Are the reports received from the host country of special account activity timely and accurate? If not, what steps is the mission taking to improve this situation?

Is special account activity audited on a period basis? If yes, who performs these audits, how often, and what are the sources of funding? If not, what are the mission's plans to have the special accounts audited?

#### 5. Accountability Environment

Fully discuss the host country's capabilities to manage A.I.D.- funded and related local currency programs. A discussion of the capabilities of each and every host government agency is not required, but rather a general observation of the typical host government agency is not required, but rather a general observation of the typical host government agency. It is realized that some host government functions are more.

Has the missions undertaken any type of program to improve the financial management capabilities of any host government agency or unit? If so, please describe the program and source of funding. If not, is the mission planning any such future program?

6. Mission specific vulnerabilities and accountability issues fully discuss the mission's ability to maintain an effective system of accountability over uses of funds associated with U.S. Assistance, including host country-owned local currencies. Specifically, the discussion should focus on the following areas:

Is the mission adequately staffed to effectively oversee all program activities? If not, identify those areas where staffing is most crucial (i.e. project officer, controller, etc.)

Comment on the audit coverage by the Inspector General. Is the IG audit coverage sufficient should the IG audits focus more on Administrative Operations? Does the mission maintain an effective audit follow-up system?

Does the mission budget project funds for audits when audit coverage will not be supplied by the IG? What actions have the mission taken or are planning to take to ensure that all required audits are performed? Does the mission have a process to ensure that the host government is fulfilling the audit requirement clauses in agreements? Briefly describe the use of non-federal auditors by the mission over the past three years – has the use of non-federal auditors increased or decreased? Is the mission generally satisfied with the non-federal audit report? What are the problems the mission encountering with the non-federal audit program?

7. The discussions contained in this general assessment will be the basis for specific assessments required in all project papers and program design documents. If conditions warrant, (i.e. change in host government administration, major audit findings, etc.) this general assessment should be updated to reflect a changing situation. Any questions concerning the preparation of this assessment should be directed to \_\_\_\_\_.