Appendix No. 1

Stage II Risk Assessment Report

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**USAID AFGHANISTAN OFFICE OF FINANCIAL MANAGEMENT**

**Public Financial Management Risk Assessment Framework**

# GOVERNMENT OF THE ISLAMIC REPUBLIC OF AFGHANISTAN MINISTRY OF COMMUNICATION AND INFORMATION TECHNOLOGY (MoCIT)

## STAGE II RISK ASSESSMENT REPORT

**January 08, 2013**

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# Background

Founded in 1747, Afghanistan has had a tumultuous existence. Rich with natural resources such as natural gas, petroleum, coal, copper, zinc, and iron, the country has all the necessary elements to jump start its economy. However, Afghanistan's economy has been plagued with instability, but is now recovering from decades of conflict. According to Public Expenditure Financial Accountability (PEFA) reports, the economy has improved significantly since the fall of the Taliban regime in 2001 largely because of the infusion of international assistance, the recovery of the agricultural sector, and service sector growth. While the international community remains committed to Afghanistan's development and has pledged significant resources, the Government of the Islamic Republic of Afghanistan (GIRoA) will need to overcome a number of challenges, including low revenue collection, anemic job creation, and high levels of corruption, weak government capacity, and poor public infrastructure. According to a 2008 PEFA report, Afghanistan's public financial management (PFM) system achieved significant improvements between June 2005 and December 2007. However, capacity development in the line ministries needs strengthening. Compared with the progress in the Ministry of Finance (MoF), developments in most line ministries lag behind. For example, cash management and payment scheduling procedures in line ministries have not improved and their internal audit function does not meet recognized professional standards. While technical expertise in the line ministries has significantly improved in several areas, long-term fiscal planning remains uncertain.

In 2010, the Obama administration made a public strategic foreign-assistance decision announced at the January 2010 London conference and reaffirmed by Secretary of State Clinton and USAID Administrator Shah at the July 2010 Kabul conference, which committed the U.S. Government to provide at least 50 percent of U.S. Government assistance directly to GIRoA, to be channeled through GIRoA's core budget systems within two years (2012)[1]. In June 2011, USAID/Afghanistan negotiated a scope of work with GIRoA to undertake entity level risk assessments of GIRoA line Ministries. Contracts utilizing the negotiated scope of work were issued to Certified Public Accountant (CPA) firms to undertake the Ministerial engagements. The CPA firm finalized assessment report of the Ministry of Communication and Information Technology (MoCIT) was issued in July 2012.

The United States is committed to improving the quality of its aid in order to maximize development in Afghanistan. U.S. military action in Afghanistan including USAID's support of the U.S.G. Counterinsurgency strategy is expected to come to an end around December 2014. USAID anticipates that FY 2015 will be the beginning of a transformational decade to a normal USAID longer term development strategy. With that transition to a more robust traditional development strategy will likely result in substantive changes in Government to Government (G2G) assistance.

The G2G commitment comes with the responsibility to ensure effective use of funds provided by U. S. taxpayers and appropriated by Congress, and the need to address fiduciary risk in the Partner Country PFM system being considered for direct G2G assistance. For that reason the Agency developed the Public Financial Management

[1] London Conference, January 2010 and the Kabul International Conference of Afghanistan, July 2010.

Risk Assessment Framework (PFMRAF) Stage I Rapid Appraisal Assessment, the Democracy, Human Rights and Governance enhanced (DRG) review, and the PFMRAF Stage II Risk Assessment to enable it to meet that objective[2].

The PFMRAF is a multi-stage risk-based methodology whereby USAID seeks to understand the fiduciary risk environment in targeted countries to inform decisions whether to use or to increase the use of partner country public financial management systems in delivering aid assistance. The enhanced DRG review, led by a USAID/W team, is undertaken prior to or in conjunction with the mission-led Stage I Rapid Appraisal, and seeks to determine whether a G2G investment could empower government at the expense of its people. Unless the macro-level Stage I Rapid Appraisal and enhanced DRG review determine that there is unacceptable or unmitigated country level fiduciary risk, political constraints, or other insurmountable barriers to the use of partner country systems, an in-depth PFMRAF Stage II risk assessment–which is an entity level assessment–may be completed by the Mission. This Stage II assessment will establish the baseline level of Ministerial entity level risk corresponding to contemplated funding levels, and identify vulnerabilities of the partner country implementing entity. If the assessment reveals clear evidence of vulnerabilities to corruption and other high levels of control risks, and the partner country government fails to respond or agree to appropriate risk mitigation remedy measures, then the use of partner country systems must not be authorized.

USAID/Afghanistan has never conducted the macro-level enhanced DRG review and the PRMRAF Stage I assessment upon GIRoA as required under currently issued Agency Policy–ADS Chapter 220 issued in draft in August 2011 and substantially updated in March 2012. Given the history of G2G assistance in Afghanistan, this situation is understandable. The macro-level assessments are to guide the decision process about whether G2G assistance should be considered as a bilateral assistance objective. In Afghanistan, that decision was made several years ago at the highest levels of the U.S. Government. The Obama administration's foreign policy decision in January 2010, which was reaffirmed by Secretary Clinton and Administrator Shah at the Kabul conference in July 2010, strongly reiterated the U.S. commitment to direct G2G assistance to GIRoA. This commitment was not made subject to review of macro-level risk in Afghanistan. Essentially, the foreign policy decision to engage in G2G assistance in Afghanistan has replaced the first two steps under the Agency ADS 220 policy–the enhanced DRG review and the PFMRAF Stage I assessment.

Scopes of work for the entity level Ministerial engagements undertaken by GIRoA and USAID may not have complied with every element of the detailed PFMRAF Stage II guidance as currently revised in July 2012, however the Mission believes it has complied with the spirit and purpose of that guidance. In August 2012, USAID/Afghanistan addressed an unofficial Stage I review by internally summarizing responses to assessment guidelines using collective information gathered from public expenditure and

[2] In August 2011, the Agency issued a new draft policy - ADS Chapter 220 - pertaining to the use of reliable partner country systems for direct G2G assistance. That policy chapter was substantially updated in late March 2012 and continues to undergo modifications - the latest in July 2012, where risk assessment questionnaire guidelines were modified. This ADS chapter with its latest modifications now requires a three-stage approach in the process leading to a decision of whether USAID should consider use of a partner country's systems to implement direct assistance programs.

financial accountability (PEFA) reports, assessments undertaken by the CPA firms to date, and other informal information available to Mission staff. Using that informal process and the MoCIT independent CPA firm assessment report issued in July 2012, the Mission is documenting through this framework a Stage II equivalent report based upon the most recently updated ADS Chapter 220 guidance.

# Objectives

The overall objective of this Stage II risk assessment is to determine whether the U.S. Government can rely on the Ministry of Communication Information Technology's (MoCIT) systems operation and internal controls to manage donors' funds. Specifically the assessment will:

- Determine whether the MoCIT's financial management/accounting system is adequate to properly manage and account for donors' funds.
- Determine whether the MoCIT's internal controls are adequate to manage donors' funds.
- Determine whether the MoCIT's procurement management units have sufficient systems and management capacity to implement activities and manage donors' funds.
- Determine whether the MoCIT complied, in all material respects, with applicable laws and regulations.

# Executive Summary

The United States Government committed to channeling at least 50 percent of its development assistance through the national budget of the GIRoA[3]. This commitment comes with the responsibility to ensure effective use of funds provided by U. S. taxpayers and appropriated by Congress, and address fiduciary risk in the Partner Country Public Financial Management (PFM) systems at the entity level being considered for direct implementation of USAID-funded assistance. For that reason USAID developed the Stage II Public Financial Management Risk Assessment to enable it to meet that objective. The Public Financial Management Risk Assessment Framework (PFMRAF) is a multi-stage risk-based methodology whereby USAID seeks to understand the fiduciary risk environment in targeted countries to inform decisions whether to use or increase the use of partner country public financial management systems in delivering aid assistance. If the assessment reveals clear evidence of vulnerabilities to corruption, and the partner country government fails to respond, the use of partner country systems must not be authorized.

This Stage II assessment was prepared to determine whether USAID can rely on the Ministry of Communication & Information Technology (MoCIT) systems operation and internal controls to manage donors' funds. The assessment determined that USAID cannot rely on the Ministry of Communication & Information Technology (MoCIT) current systems operation and internal controls to manage donors' funds without substantive mitigation measures being incorporated into Government to Government (G2G) agreements negotiated with MoCIT.

The assessment revealed several managerial and operational gaps including, weak governance structure, weak internal control environment, inadequate financial management and budgeting and accounting systems, lack of personnel policies and procedures, and the lack of a distinct Monitoring and Evaluation (M&E) Department for programmatic management and monitoring. These gaps are evidence of weak accountability and commitment to enforce best practices.

The assessment also indicated that there is the need to strengthen the capacity of the Internal Audit Department and to document the Terms of Reference (ToR) for senior management committee meetings. Furthermore, the budget formulation process at the Ministry lacks transparency; neither is there adequate controls related to fixed assets management. In addition, the codes of conduct and statements of conflict of interest forms need to be signed off by all employees, and there is no tool for conducting employee reference checks at the time of recruitment. Under normal circumstances, the results of this assessment would lead USAID not to engage in G2G assistance with the Ministry. Since the determination has already been made to engage in G2G activity with the Ministry, approaching assistance with precaution and conditions, USAID can reasonably mitigate the identified risks. Appendix 1 details the identified risks and proposes possible mitigating measures to manage those risks.



[3] London conference on Afghanistan, January 2010 and the Kabul International conference on Afghanistan, July 2010.

# Assessment Conclusion & Results

USAID cannot rely on the Ministry of Communication & Information Technology (MoCIT) systems operation and internal controls to manage donors' funds.

- MoCIT's financial management/accounting system is not adequate to properly manage and account for donors' funds.
- MoCIT's internal controls are not adequate to manage donors' funds.
- MoCIT's procurement management units do not have sufficient systems and management capacity to implement activities and manage donors' funds.
- MoCIT did not fully comply with GIRoA procurement laws and regulations.

The internal control environment is not adequate to ensure effective and efficient operations and compliance with applicable laws and regulations, safeguard assets against theft and unauthorized use, nor mitigate the risk of corruption. Nonetheless, we believe the identified risks can be reasonably mitigated. (See Appendix 1)

**Management and governance structure**
One of management's responsibilities is to create a solid foundation that will ensure the effective and efficient development of an organization. Also, accountable management needs to insure appropriate policies are developed and applied, talents that are needed to enhance organizational growth are identified, and procurement integrity observed. Governance structure should be designed to monitor operations of an entity to achieve long term strategic goals aimed at satisfying stakeholders and ensure compliance with the legal and regulatory requirements. The assessment found a weak governance structure, as terms of reference for the inter-ministerial and Project Steering Committees were not established, and meeting minutes were not maintained even though these committees form an integral part of the overall governance structure of the MoCIT. In the absence of detailed terms of reference, rights and responsibilities of these bodies cannot be established. In addition, the MoCIT has not conducted risk assessments, and has not developed specific internal control procedures assigning responsibility for its processes to address internal control weaknesses on a continuous basis. The lack of specific procedures to address these internal control weaknesses can create potential conflicts of interest and increase the risk of misappropriation of resources. According to the auditors, the position of the legal advisor is currently vacant and legal services are obtained on a contractual basis from an external consultant. However, the contract with the consultant was not available for review. The absence of relevant and expert legal advice and a well functioning legal department may not be in the best interest of the Ministry, as it may undermine the Ministry's legal interest and potentially exposes it to undue legal and litigation risks. Further, the internal audit department of the MoCIT lacked an internal audit manual along with a clear risk based methodology for performing audits. This is mainly due to staff's low technical capacity and inadequate basic auditing qualifications. In addition, the process of following up on prior audit recommendations was found to be weak. An ineffective Internal Audit Department diminishes deterrence and increases the risk of fraud, waste and abuse going undetected. Moreover, transparency at various levels at the MoCIT needs to be improved. For example, the

annual budget and related budget execution reports along with reports of provincial allocation of development projects and annual reports are not published on the MoCIT's website. Similarly, the approved budget for goods and services are not shared with the respective and concerned departments or directorates. The organizational risks identified above raise concerns regarding the Ministry's long term commitment to standards of conduct and discipline towards internal control activities. These concerns highlight significant risk implications requiring constant management diligence and raise doubt as to whether the Ministry has the capacity to manage donors' funds without donors' involvement.

**Financial Management and Accounting Systems**
To achieve success in program implementation, reliable financial management and accounting systems are vital, and such systems at the MoCIT are inadequate. For example, MoCIT did not have documented internal financial procedures, and funds availability is not always verified prior to incurring expenditures. In addition, the budgeting system is not transparent, as provincial offices are not involved in the preparation of the Ministry's budget. This is a significant weakness in the budget formulation process, as it affects transparency, commitment and ownership of the entire budget. In fact, supporting documentation for budgets and subsequent budgetary revisions were not available for the auditors' review. Also, there is weak internal control over cash management. The cashier has the sole responsibility over petty cash operations, but does not maintain a cash receipt and disbursement book, and there are no independent periodic surprise cash counts. In addition, the Ministry permits salary advances in the form of cash to staff, however there are no internal controls to monitor and track the cash advances and a separate ledger to record the cash advances is not maintained. Also, formal procedures to ensure timely liquidation of the cash advances do not exist. This lack of commitment from management to monitor cashier operations, and account for the Ministry's assets, exposes the Ministry to increased risk of misappropriation and fraud. In fact, MoCIT's internal auditors identified and reported issues regarding outstanding recoverable advances, but it is not clear if any actions were taken to address the identified deficiency. There is also a lack of management accountability, discipline and good business practices. For example, fixed assets register is not maintained and assets are not coded to reflect their location and condition. According to management, most of the financial staff does not have the required educational background specific to finance and accounting. Because of the weaknesses identified in the financial management system, the MoCIT cannot ensure that donors' funds will be utilized effectively or safeguarded against loss and misappropriation.

**Personnel Policies and Procedures**
Human Resources (HR) function should ensure that qualified employees are recruited, trained and retained. The assessment found the recruitment process at the MoCIT is vulnerable to manipulation and unfair practices. For example, job announcements, employment contracts, and promotion records are not documented in the personnel files. There is also no evidence that the HR conducts reference checks on new employees at the point of recruitment. In addition, the payroll system is not interfaced with the attendance registers which are maintained manually by the Human Resource Department attendance unit. Furthermore, overtime is paid in cash instead of being paid through the banking system. It is also calculated manually and is not verified for accuracy, thus increasing the risk of errors, miscalculations and misappropriation of funds. The assessment also noted among other things, that the payroll database is vulnerable to unauthorized access and modification, as the HR does not perform

monthly payroll reconciliations to document variances and discrepancies. In conclusion, the overall lack of attention to basic employment documentation and practices increases the Ministry's operational and programmatic risk and exposes donors' fund to potential waste and abuse.

**Procurement and Purchasing system**

Procurement is a critical organizational function, as the MoCIT spends significant amount of money annually on procurement of goods and services. The assessment revealed that the MoCIT procurement system is weak and vulnerable to significant risks, as there is a lack of transparency in the process and controls to prevent procurement staff from circumventing policies and procedures. For example, physical assets are not tagged, and staff are able disaggregate large procurement to bypass the Procurement Law thresholds. In addition, there is no evidence that declaration of conflict of interest forms are signed by procurement staff prior to commencing or approving procurement activities, thus impeding the transparency of the procurement process. The Ministry has developed a procurement plan but the auditors noted that the plan was not in line with the approved budget. The lack of alignment between the procurement budget and the plan can have an adverse affect on operational and programmatic results. One of the other key deficiencies noted during the assessment included the lack *of budget details* for procurement of goods and services. MoCIT does not maintain a procurement database allowing analysis and monitoring of procurement methods and suppliers to ensure transparency, compliance, and competitiveness. In addition, Procurement Committee meetings are not documented, and the current procurement staff does not have procurement related educational backgrounds to perform procurement related functions. Ultimately, the identified deficiencies result in increased operational and programmatic risk for GIRoA and the donors.

**Program Management and Monitoring**

Monitoring reveals whether desired results are occurring and whether outcomes are on track. Performance management is a commitment to managing for results in order to achieve the best possible outcome. According to the auditors, MoCIT does not have an independent department responsible for monitoring and evaluating activities and projects, and does not have a documented M&E plan. Currently, M&E function is performed by the Project Management Office which is also responsible for project implementation, thus creating a potential conflict interest and transparency concerns. The inability of the Ministry to effectively develop and implement an M&E plan is a risk that could lead to programmatic inefficiencies causing goals and objectives not to be met.

**Risk Assessment Measurement**

USAID guidance states, once a risk has been identified, the impact and probability of that risk must be determined. The impact measures the severity of an adverse event associated with the risk and is measured as, Negligible, Marginal, Serious, and Catastrophic. Conversely, probability measures the likelihood of the occurrence of the adverse event associated with the risk and is expressed as, Remote, Occasional, Probable, and Frequent. Combining impact and probability factors categorize risks in clusters of Critical, High, Medium and Low categories. Although *subjective*, it is nonetheless the basis for the Risk Mitigation plan in USAID.

USAID's PFM Risk Matrix

| | | | | | |
|---|---|---|---|---|---|
| Impact | *Catastrophic* | High | Critical | Critical | Critical |
| | *Serious* | High | High | Critical | Critical |
| | *Marginal* | Medium | Medium | High | High |
| | *Negligible* | Low | Low | Medium | Medium |
| | | *Remote* | *Occasional* | *Probable* | *Frequent* |
| | | Probability | | | |

# Scope and Methodology

The independently contracted auditors conducted the 2012 assessment under a scope of work which focused on four main areas of 1) Procurement, 2) Accounting and internal controls, 3) Audit arrangement, and 4) Human resources. While the auditors conducted an in-depth assessment on the four areas mentioned above, they did not use the Agency's approved Public Financial Management Risk Assessment Framework (PFMRAF) checklist, and did not conform in many ways to the Agency's PFMRAF guidance on risk treatment and risk assessment measurements as that guidance (ADS Chapter 220) was issued subsequent to the negotiation of the scopes of work with GIRoA. However, to ensure the Mission complies with the Agency's guidance and performs required due diligence, we reviewed the auditors' report and we met with the auditors who conducted the assessment to gain a general understanding of the nature of their work. We met and discussed with our internal financial analysts who had an understanding of the ministry's systems. Based on auditors' work, our reviews, meetings and research, we completed the PFMRAF checklist and risk mitigation plan and we summarized our findings and understanding in this report.

At the time of the assessment it was not clear if the auditors understood that they had to define their findings in terms of risks so appropriate risk mitigation measures could be developed to address the identified risks. Because our review was conducted after the auditors had completed the assessment, and could not go back to determine the impact and probability, we relied on the understanding we have gained over the years of collaboration with the government. Based on that understanding we defined the potential risks and we took a conservative approach and considered most risks to be serious and probable unless the contrary was clearly evident.

**Appendix 1**

**Risk Schedule**:

| | Risks of | Impact | Probality | Score | Suggested Benchmark Mitigation Measures |
|---|---|---|---|---|---|
| | | | **Management and governance structure** | | |
| 1. | Senior officials not held accountable for fraud, waste and abuse going undetected | Serious | Probable | High | 1. Develop clear terms of reference for the leadership committees<br>2. Distribute copies of the terms of reference to each member of the leadership committee<br>3. Document leadership committee meeting minutes |
| 2. | Interests of the entity may not be safeguarded<br><br>Increase in legal claims and litigation<br><br>Program funds being used for unintended purposes | Serious | Probable | High | 1. Hire external legal advisor<br>2. Involve the legal department in all procurement contracts and agreements<br>3. Perform annual audit of all USAID projects |
| 3. | Non-compliance with rules and regulations not being detected<br><br>Operational and programmatic inefficiencies going | Marginal | Probable | Medium | 1. Establish an Audit Committee with an oversight responsibility for the Internal Audit Department<br>2. Convene regular audit committee meetings and document meeting minutes.<br>3. Develop an internal audit manual<br>4. Provide training for personnel at the Internal |

| | Risks of | Impact | Probality | Score | Suggested Benchmark/Mitigation Measures |
|---|---|---|---|---|---|
| | undetected | | | | Audit Department and document those trainings<br>5. Develop plan for Internal Audit to perform risk base audits at HQ and hubs<br>6. Conduct annual financial and programmatic audits on all USAID projects |
| 4. | Risk not considered in decision making, leading to internal procedures not being developed for key processes<br><br>Specific procedures not being available to address internal control weaknesses based on identified risk can create potential conflicts of interest and increase the risk of misappropriation of resources | Serious | Probable | High | 1. Conduct annual risk assessments and develop specific internal procedures with specific responsibilities |
| | **Financial Management and Accounting Systems** | | | | |
| 5. | Inadequate practices and controls over key processes | Serious | Probable | High | 1. Develop a MoCIT specific finance manual to address key policies and procedures including checking for funds availability prior to incurring expenditures |

| | Risks of | Impact | Probality | Score | Suggested Benchmark Mitigation Measures |
|---|---|---|---|---|---|
| 6. | Management not being committed to sound budgetary formulation and execution practices<br><br>Inaccurate reporting<br><br>Lack of transparency in utilization of funds | Serious | Probable | High | 1. Develop a policy on budget formulation process<br>2. Establish an internal budget committee<br>3. Define the basis of budgeted amounts and document the basis<br>4. Budget committee approve and discuss the budget and document meeting minutes<br>5. Include provincial offices in the budgetary formulation process<br>6. Compare actual results with budget and investigate variances<br>7. Budget Committee meets quarterly to review variance report |
| 7. | Diverting government property for personal use<br><br>Waste fraud and abuse may go undetected<br><br>Assets not being used for intended purposes | Marginal | Probable | Medium | 1. Develop and approve a fixed asset management policy<br>2. Tag all fixed assets with an identification number.<br>3. Update fixed assets register on regular basis to reflect: date of purchase, asset type, location, serial number, tagged number.<br>4. Conduct periodic inventory of fixed assets, possibly every six months.<br>5. Provide USAID a list of all fixed or long term depreciable assets funded with USAID funds<br>6. Conduct periodic inventory of all fixed or long-term depreciable assets purchased with USAID funds and send the inventory confirmation to USAID<br>7. Conduct regular performance audit to include asset verification |

| | Risks of | Impact | Probality | Score | Suggested Benchmark Mitigation Measures |
|---|---|---|---|---|---|
| 8. | Misappropriation of cash for personal use<br><br>Fostering an environment conducive to fraudulent acts | Serious | Probable | High | 1. Develop an internal cash management policy<br>2. Establish a reporting line for the cashier<br>3. Develop a petty cash register to record all cash transactions<br>4. Conduct surprise cash count and document the result<br>5. During financial audit, have auditors verify cash management processes |
| 9. | Fraud, waste and abuse may go undetected | Serious | Probable | High | 1. Develop an internal management policy for staff advances<br>2. Develop a register to record staff advances<br>3. Perform advance ageing analysis for tracking overdue advances |
| | | | **Personnel Policies and Procedures** | | |
| 10 | Improper payments to employees | Serious | Probable | High | 1. Develop a plan to automate attendance system at HQ and at the hubs.<br>2. Document time and attendance for all employees.<br>3. Link employees pay benefits to the time and attendance register and reconcile regularly and use banking system for all salary payments<br>4. Involve Finance Department in payroll reconciliation<br>5. Conduct compliance audit |

| | Risks of | Impact | Probality | Score | Suggested Benchmark Mitigation Measures |
|---|---|---|---|---|---|
| 11 | Hiring unqualified staff<br><br>Creating unintended condition of conflict of interest<br><br>Nepotism and cronyism | Serious | Probable | Critical | 1. Perform and document reference checks of all new hires<br>2. Obtain signed conflict of interest forms from all staff<br>3. Conduct annual ethics training for staff<br>4. Prepare job descriptions for all key positions. |
| | | | **Procurement and Purchasing System** | | |
| 12 | Lack of transparency in the procurement system<br><br>Conflict of interest<br><br>Inconsistent practices over vendor selection, resulting in fraud, waste or abuse<br><br>Acquiring sub-standard goods, resulting in inefficiencies and failure to meet operational and programmatic goals<br><br>Engaging in off balance sheet financing for resources diversion | Serious | Probable | Critical | 1. Develop written policies and procedures for the procurement processes<br>2. Request OAA's involvement in all critical procurements.<br>3. Obtain signed conflict of interest from personnel who are involved in the procurement processes<br>4. Document procurement committee meeting<br>5. Develop a plan to introduce procurement reforms.<br>6. Involve the legal department in all procurement contracts<br>7. Develop a procurement specific database allowing monitoring and analysis of procurement data |

| | Risks of | Impact | Probality | Score | Suggested Benchmark/Mitigation Measures |
|---|---|---|---|---|---|
| **Program Management and Monitoring** | | | | | |
| 13 | Not meeting programmatic and operational goals<br><br>Mismanagement and misconduct going undetected<br><br>Performance outcome will be lower than expected standards | Serious | Probable | Critical | 1. Create a Monitoring and Evaluation Department with clearly defined roles and responsibilities<br>2. Develop written policies and procedures for monitoring and evaluation<br>3. Send monitoring and evaluation reports to the M&E Department at the head office and copies to the provincial offices<br>4. Submit copies of M&E reports to USAID |