

## **Course Name: Micro Assessment**

### **Lesson Name: Course Introduction**

#### **Page 1: Lesson Overview**

Welcome to this online training on micro assessments, a key component of the Harmonised Approach to Cash Transfer (HACT) Framework on cash transfers to Partners implementing UNDP development projects.

HACT is a harmonized framework adopted by several UN Agencies for transferring cash to partners.

This course describes UNDP Procedures for micro assessment performed to assess the financial management capacity of partners implementing project activities.

This training has been developed for UNDP operations and programme staff and other personnel who work with UNDP in the implementation of development projects that involve cash transfers to partners.

#### **Page 2: Course Structure**

Let's now understand how this course has been organised. This course is divided into six lessons and an assessment section.

Click the buttons to learn more about the content of each section.

#### **Page 3: Course Objectives**

Before we begin, let's review the learning outcomes of this course.

### **Lesson 2: Micro Assessment Overview**

#### **Page 1: What is Micro Assessment?**

A micro assessment is used to manage the risk of transferring cash to partners by assessing their capacity to receive and use the funds for the intended purpose.

The risk level assigned to the partner through the micro assessment process enables UNDP to determine the appropriate cash transfer modality and frequency of assurance activities to be performed.

#### **Page 2: Phases of the Micro Assessment**

The micro assessment process consists of two phases: Planning and Executing.

During the planning phase, partners expected to receive cash transfers during the programme cycle are identified and funding for each partner is estimated. The details of each Partner are entered in the HACT SharePoint site.

During the execution phase, a 3rd party service provider is hired to carry-out the micro assessment. The assessment is conducted to determine the risk rating and capacity needs of the Partners. The

risk rating is used to determine the appropriate cash transfer modality for the partner. The results are then entered in HACT SharePoint site.

### **Page 3: Purpose of the Micro Assessment**

The micro assessment assesses the Partners financial management capacity in order to determine the appropriate cash transfer modality, assurance activities and any capacity development needs.

Click the labels to know more.

### **Page 4: Planning the Micro Assessment**

The planning process provides a mechanism for UNDP country offices to determine which Partners require a micro assessment and how to prioritize the assessments.

Offices should generate a micro assessment plan from the HACT SharePoint site which highlights partners to be micro assessed. The plan should be reviewed and approved by the Head of Office and the approved plan uploaded in the HACT SharePoint site.

### **Page 5: Micro Assessment Key Focus Areas**

The micro assessment provides an overall assessment of the Partner's financial management capacity. The assessment is based on a standard micro assessment questionnaire which reviews the partner's stability of funding (and registration status for NGOs), organizational structure and staffing, accounting policies and procedures, procurement and contract administration, programme management, financial reporting and monitoring and fixed assets and inventory management.

### **Page 6: UNDP Micro Assessment Threshold**

UNDP HACT guidelines require that partners (including responsible parties) who are expected to receive cash transfers of \$300,000 or more per programme cycle should be micro assessed by a qualified 3rd party service provider.

Offices must plan accordingly and create multi-year budgets in order identify which partners need to be micro assessed. Partners that receive less than \$300,000 per programme cycle do not require a micro assessment unless the office deems it necessary due to risk considerations e.g. previous experience with the partners, etc.

UNDP has adopted a risk based approach in limiting partners that require a micro assessment to those that present significant financial or other specific risks to UNDP.

Offices should properly plan the process of conducting micro assessments including notifying the partners and hiring the 3rd party service provider early in the process.

For Shared partners, liaise with other UN Agencies and jointly plan the hiring of the service provider and completion of the assessment.

The results of the micro assessment will be used to select the appropriate cash transfer modality therefore the assessment should be completed prior to issuing any cash transfers to the partner.

## **Page 7: Third Party Service Provider**

### Executing

Micro assessments carried out by a 3rd party service provider involve completing a standard questionnaire comprising 96 questions in the following 7 categories:

1. Partner Background Information
2. Programme management
3. Organization Structure and Staffing
4. Accounting Policies and Procedures
5. Fixed Assets and Inventory
6. Financial Reporting and Monitoring
7. Procurement and Contract Administration

The 3rd party service provider interviews the partner and completes the questionnaire. UNDP should schedule the visit with the partner and make arrangements for the required access to staff and any required documents.

For more information on the 3rd party service provider click the Read More button.

A link to the standard questionnaire and accompanying guidance is available in the Resources section of this training.

## **Page 8: Micro Assessment Timing**

Micro assessments of partners who meet UNDP's HACT micro assessment threshold should be completed prior to the start of programming activities as scheduled in the micro assessment plan.

For partners that have been identified as requiring a micro assessment, the office should continue to use the previous risk rating until the new micro assessment has been completed.

Where no previous assessment had been conducted for partners that meet UNDP's micro assessment threshold, the office should assume high risk until the micro assessment has been completed and the partner's risk rating determined.

## **Page 9: Validity of Micro Assessment Results**

The results of the micro assessment are valid for the duration of the programme cycle and may extend across programme cycles if the assessment was completed mid-cycle.

Click the button to view an example of how the validity is determined.

## **Page 10: Execution**

The micro assessment is performed by a 3rd party service provider. The micro assessment primarily consists of interviews with partner personnel and a review of relevant documentation sufficient to complete the micro assessment questionnaire.

### **Lesson 3: Roles and Responsibilities for Micro Assessment**

#### **Page 1: Responsibilities in the Micro Assessment**

The micro assessment process involves specific responsibilities for each staff. Click each of them to learn them.

### **Lesson 4: Micro Assessment Process**

#### **Page 1: Steps in the Process**

The micro assessment process consists of the following steps as detailed on screen.

Step 1: Update the HACT SharePoint site with details of all partners your office plans to work with during the programme cycle.

Step 2: Based on estimated programme cycle funding, identify the partners who meet UNDP's micro assessment threshold (above \$300,000 per programme cycle) and therefore need to be micro assessed.

Step 3: Generate a micro assessment plan for review and approval by the Head of Office. Upload approved plan to SharePoint.

Step 4: Identify a qualified 3rd party service provider to conduct the micro assessment of partners identified in steps 2. If possible, use the global LTA or contract the provider locally using local procurement procedures.

Step 5: Consult the partner and agree on date to conduct the micro assessment. Update the HACT SharePoint site to reflect the planned date.

Step 6: 3rd party service provider performs the micro assessment, discusses findings with the partner and issues final report to UNDP with an overall partner risk rating.

Step 7: Update the HACT SharePoint site with the assessment results and upload the micro assessment report.

#### **Page 2: Micro Assessment Risk Rating**

The micro assessment results in an overall risk rating of the partner. Click each type of risk to view the description.

#### **Page 3: Micro Assessment Risk Rating**

The 3rd -party service submits the final micro assessment report which includes an executive summary of the overall risk rating, details of the specific risks identified and the completed questionnaire. The micro assessment must be signed off by the Head of Office.

The micro assessment findings should be discussed with the partner and areas for improvement agreed upon which should form the basis for a capacity development plan.

Offices are required to review the micro assessment, document the key findings including the overall risk rating, capacity development opportunities and the impact of identified risks on the programme design.

#### **Page 4: Guidance for Shared Partners**

For shared partners, the micro assessment should be performed jointly with other UN agencies through the UNCT Inter-Agency HACT working group.

Take a look at the summary table.

#### **Page 5: Responsible Parties under DIM Implementation**

For DIM projects where UNDP is the implementing partner, a responsible party may be selected to implement specific project activities under a Responsible Party Agreement.

If cash transfers are made to the responsible party, a micro assessment is required if the estimated transfers meet UNDP's micro assessment threshold (>\$300,000 per programme cycle) or if the office deems it necessary due to risk considerations.

#### **Lesson 5: UNDP HACT SharePoint Site**

##### **Page 1: Upload Micro Assessment Plan**

The HACT SharePoint site should be updated to reflect the results of the micro assessment including the assessment completion date and the risk rating.

The HACT SharePoint site landing page is shown on your screen.

Click on Macro and Micro Assessment & Assurance Activity Forms from the main landing page to access the micro assessment page where the micro assessment information should be updated.

Select your office using the drop-down menu and click Select.

Upon selecting operating Office/Unit, the programme cycle navigation menu for your office will be displayed as shown on screen.

If the programme cycle has not been set up or your office is entering a new programme cycle, the pre-populated part (Bureau, Office, and Programme cycle) will be blank and users should contact OFRM to set up their programme cycle.

Selecting the link throughout this section, allows users to return to the programme cycle navigation menu that allows users to select the micro assessment forms.

Click on the “Macro” hyperlink to access the Macro Assessment form where the approved micro assessment plan should be uploaded and details of the macro assessment also reflected.

Upload the approved micro assessment plan by clicking on the “Browse...” button and Save.

## **Page 2: Complete Micro Assessment Form**

Click on the “Micro Assessment form” to access the micro assessment page.

This lists the partners the office has planned to work with during the current programme cycle.

Only partners that have a valid project budget in Atlas for the current year or year selected will be listed in this page with the corresponding implementing agent code and name.

Click on the partner name to open the form and enter the required details.

Complete the required information in the spaces provided including indicating whether the partner is shared with other agencies, the micro assessment planned date and, when the assessment is completed, indicate the completion data and the assigned risk rating. Certain fields are mandatory and must be completed before the form can be saved. Failure to complete the mandatory fields will generate an error message when a user attempts to save the form.

The save button is at the bottom of the page when all the required information is entered.

Once all the partner information has been entered, users can generate a micro assessment plan for review and approval by the Head of Office by clicking on the “Micro Assessment Plan” under the Programme menu option.

The approved micro assessment plan should be uploaded to the HACT SharePoint site in the Macro forms section.

This is an example of a Micro Assessment Plan generated from the HACT SharePoint site.

## **Lesson 6: Course Summary**

### **Page 1: Key points**

You have now reached the end of the eLearning.

Click labels to view the summary of the micro assessment.

### **Page 2: Wrapping up**

Congratulations! You have completed the eLearning on UNDP’s HACT Micro Assessment process. Take a look at what you’ve learnt so far.

Before you exit the course, remember to complete the final assessment and print your completion certificate!

**Lesson: Assessment**

Welcome to the Assessment module. Please take a moment to read the instructions on screen.  
When you are ready, click the Start button to proceed.