ASSESSMENT REPORT

This is to confirm that, the Financial Management Capacity of:/
Dengan ini dikonfirmasikan bahwa, Kapasitas Pengelolaan Keuangan dari

Implementing Partner/*Mitra Pelaksana*   Ministry of Forestry - Directorate General of Forest Plan for UN-REDD NJP Programme.

Address/ *Alamat*   Gedung Kehutanan "Manggala Wanabakti" Gedung V, Lt. V
Jl. Gatot Subroto – Senayan – Jakarta Pusat
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Has been assessed in accordance with the guidelines. The assessment was undertaken by visiting their office and reviewing their financial system and documentation on 24 September 2010.
Telah dilakukan assessment sesuai dengan pedoman.Penilaian ini dilakukan dengan mengunjungi kantor Direktorat Jendral Planologi, Kementrian Kehutanan memeriksa sistem keuangan dan dokumen terkait pada tanggal 24 September 2010.

The detail of assessment report is attached and summarized as follows:/
Perincian laporan pengkajian adalah terlampir dan dirangkum sebagai berikut:

Tested Subject Area / *Subjek yang di assess*	Summary Assessment				Comment
	H	S	M	L	
1. Implementing Partner/*Mitra Pelaksana*					United Nations Collaborative Programme on Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) was launched in September 2008 aiming to assist tropical forest countries in establishing a fair, equitable and transparent REDD regime.
					In Indonesia, to support the implementation of Reducing Emissions from Deforestation and Forest Degradation (REDD) there is a range of policies and programs that are of direct relevance to the REDD, with Ministry of Forestry initiating to develop the decision upon implementation of national REDD policy, after various in-depth multistakeholders consultation on the regulation.
					The existence of UN-REDD prgramme in Indonesia is based on the MOU signed to implement UN-REDD Collaborative Programme, which came into effect on 20th June 2008 and ends 20th June 2012.
					To secure the objective, there are three outcomes with respective outputs and activities will be pursued as follow: • Outcome 1: Strengthened multi-stakeholder participation and consensus at national level. • Outcome 2: Successful demonstration of establishing a REL, MRV and fair payment systems based on the national REDD architecture. • Outcome 3: Capacity established to implement REDD at decentralized levels.
					The IP has the statutory reporting requirement. Base on the objective of the programme, which is represented in three different outcomes as stated in the Programme Document signed between the National Partners and UN joint programme of UNDP, FAO and UNEP.

The UN-REDD NJP programme has developed their own structure separately with the entity of the Ministry of Forestry and UN agencies that legalized by MoFor decision and stated in the programme document signed by the UN agencies and government.

For the operational management purposes, the structure has facilitating the project with Programme Management Unit (PMU), while for the control purposes they will have the Programme Executive Board (PEB) as the highest body within the structure. On particular of UN-agencies purposes, out of the vertical hierarchy structure of reporting, it has also the Programme Assurance lead by the UNRC to ensure the participating UN agencies are meeting their obligations as agreed by Programme Executive Board (PEB).

Projek kolaboratif Badan PBB dalam kaitan dengan Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD*) diluncurkan di bulan September 2008, dengan tujuan untuk membantu Negara-negara berhutan tropis dalam pelaksanaan kegiatan REDD yang fair, wajar dan terbuka.*

Di Indonesia, untuk mendukung pelaksanaan "Reducing Emissions from Deforestation and Forest Degradation (REDD), terdapat berbagai kebijakan dan program yang berkaitan langsung dengan REDD, dimana Kementrian Kehutanan yang menginisiasi untuk pengembangan keputusan atas pelaksanaan kebijakan REDD pada tingkat nasional, yang dimulai dengan berbagai konsultasi pada berbagai stakeholder, berkaitan dengan regulasi tersebut.

Keberadaan program UN-REDD di Indonesia berdasarkan pada MOU yang ditandatangani untuk implementasi UN-REDD programme kerjasama yang mulai berlaku pada tanggal 20 Juni 2008 sampai dengan 20 Juni 2012.

Untuk menjaga agar seluruh tujuan tersebut dapat tercapai, maka sudah dibuat 3 keluaran yang diharapkan dihasilkan sebagai berikut:
1. *Outcome 1: Kuatnya partisipasi dan consensus para pihak di level nasional.*
2. *Outcome 2 Berhasilnya demonstrasi pembentukan system REL, MRV dan Pembayaran yang adil berdasarkan atas arsitektur REDD nasional.*
3. *Outcome 3: Terbentuknya kapasitas untuk mengimplemntasikan REDD di tingkat kabupaten.*

Mitra Pelaksana mempunyai kewajiban dalam pembuatan laporan. Berdasarkan objektif dari

					program, yang ditampilkan dalam tiga outcome yang berbeda seperti yang tercatat dalam Programme Document yang ditandatangani oleh Mitra pelaksana tingkat nasional dengan Badan PBB yang terdiri dari UNDP, FAO dan UNEP. *Programme UN-REDD NJP programme telah mengembangkan struktur mereka yang terpisah dari Kementrian Kehutanan dan Badan PBB yang dilegalisasi oleh keputusan Kementrian Kehutanan, dan tercatat dalam programme document (prodoc) yang ditandatangani oleh badan pemerintah dan PBB.* *Untuk keperluan manajemen operasional, struktur yang dibuat telah memfasilitasi project ini dengan adanya PMU, sementara proses control mereka mempunyai Programme Executive Board (PEB) sebagai badan tertinggi dalam struktur. Khusus untuk kepentingan badan PBB, diluar dari garis pertanggungjawaban pelaporan, juga dibuat Programme Assurance yang dikepalai oleh UNRC untuk memastikan badan PBB yang berpartisipasi, dapat memenuhi kewajibannya sesuai yang disetujui oleh Programme Executive Board (PEB).*
2. Fund Flow/*Aliran Dana*					Currently the project is funded directly by UN agencies with direct payment mechanism, through NPD (National Programme Director) payment requirement. The project budget will be registered in list of budget implementation, GoI (DIPA) with "on budget – off treasury" modality. Referring to the Standard Operation Procedure (SOP), the fund will be managed in 3 different bank accounts have been opened to accommodate the fund from three UN agencies involved in this programme, and the procedure of cash transfer will be according to the UN HACT as agreed at the global level. In terms of the substantive of the programme, with 3 bank accounts, it would provide the Programme Management Unit (PMU) a way to differentiate the fund allocation between three difference agencies based on each output particular of UN agencies requirement, though no experience so for for them with this sucha a mechanism. Noted that SOP currently is still being developed and on going process to have the PEB (Programme Executive Board) approval for officially to be used in UN-REDD NJP programme. *Saat ini project didanai langsung oleh Badan PBB dengan mekanisme pembayaran langsung, melalui bentuk permintaan yang diajukan oleh NPD.* *Anggaran proyek ini akan dicatat dalam Daftar Isian Pelaksanaan Kegiatan (DIPA) dengan menggunakan*

					pola "on budget – off treasury". *Mengacu kepada Standard Operation Procedure, (SOP), dana akan dikelola di tiga rekening bank yang berbeda untuk mengakomodasi dana yang datang dari 3 Badan PBB yang terlibat dalam kegiatan ini, dan prosedur cash transfer akan mengacu kepada pelaksanaan UN-HACT seperti yang disetujui pada tingkat dunia.* *Berkaitan dengan isi dari programme, dengan 3 rekening yang berbeda tersebut, hal tersebut akan memberikan jalan bagi Program Manajemen Unit (PMU) untuk membedakan alokasi dana atas permintaan 3 badan tersebut, dimana pengalokasian didasarkan pada keluaran sesuai permintaan dari masing-masing Badan PBB, walaupun sampai saat ini belum ada pengalaman atas bentuk pengelolaan yang demikian.* *Dapat dicatat bahwa SOP saat ini masih dalam proses pengembangan dan proses untuk mendapat persetujuan dari PEB (Programme Executive Board), agar dapat secara officially digunakan untuk dalam UN-REDD NJP programme.*
3. Staffing/*Susunan Staff*					There are 2 staffs for the position of Administrative and Finance Associate to manage the financial issue related to the programme, which one of them, The Finance Associate, has the experience with the UNDP finance procedure. Those staffs are part of the Programme Management Unit (PMU) structure that has been agreed between UN agencies and the Government of Indonesia. Noted that there are additional requirement of the staff for the administration work attached to the PMU structure since the Programme Document (Prodoc) has been signed, which it will support the programme to become adequate to the volume of financial work including the distribution of segregation of duties. The recruitment process for the finance and administration assistants have been done through the series of interviews and written test developed by the Ministry and UN agencies, following the combination mechanism of government and UNDP. Beside there are job descriptions in detail stated in SOP for each position required to be part in the PMU structure, though it is still in developing stages. Particular on the government staff serves for the project, it has been issued with the decision of MoFor with definite time frame of their service for the project. In the mean time, UNDP has prepared material of training, e.g. template of programme monitoring and evaluation, SOP, as induction of the UNDP work process to the related staffs in the PMU. *Terdapat 2 staff untuk posisi Administrative dan Finance Associate untuk mengelola masalah keuangan berkaitan dengan pelaksanaan programme, dimana Finance Associate, telah mempunyai pengalaman*

					dalam prosedur keuangan UNDP. Seluruh staff adalah bagian dari struktur Program Manajemen Unit (PMU) yang telah disetujui oleh badan PBB dan Pemerintah Indonesia. Tercatat bahwa terdapat tambahan staff untuk pekerjaan administrasi di dalam struktur sejak ditandatanganinya Programme Document (Prodoc), dimana ditujukan untuk untuk mendukung pelaksanaan programme, sehingga dapat sesuai dengan volume pekerjaan keuangan termasuk adanya pemisahan tugas yang lebih jelas.
						Prosedur pemilihan tenaga staff telah dilakukan melalui berbagai proses interview dan tes tertulis yang dikembangkan bersama-sama antara kementrian dan Badan PBB, dengan mengacu pada kombinasi mekanisme yang berlaku di pemerintah dan UNDP.
						Selain itu, terdapat job description detail yang digambarkan dalam SOP untuk setiap posisi dalam struktur PMU, walaupun SOP tersebut masih dalam tahap pengembangan. Khusus untuk staff yang berasal dari pemerintah yang ditugaskan pada project, telah dikeluarkan keputusan pemerintah berkaitan jangka waktu tugas mereka pada project mereka.
						Sementara itu, UNDP telah menyiapkan materi pelatihan, misalnya format untuk proses monitoring dan evaluasi programme, SOP, serta pengenalan atas proses kerja UNDP pada seluruh staff-staff terkait di PMU.
4. Accounting Policies and Procedures/ *Kebijakan dan Prosedur Akuntansi*						At global level, UNDP's multi –donor Trust Fund Office (MDTF) has been designated as Administrative agent (fund manager) for the UN-REDD. UN-REDD National Joint Programme (NJP) in Indonesia, UNDP has provided the project with format of recording, payment procedure and reporting, beside the PMU has been equipped with the SOP for the finance and accounting purposes (though it's still under developing progress). The reporting will be based on the outcome of each activity implemented as established in the Logical Framework Matrix and Summary of Result Framework supplied in Programme Document (Prodoc) signed.However, as informed, both of respective UN agencies agree for time frame of reporting and audit procedure; however it needs to have further discussion upon the commitment of the same reporting format. Budgets lay down physical and financial targets that reflects in the Programme Document (Prodoc) signed by UN agencies and government of Indonesia. Any budget discrepancy, the approval should be made in advance prior to the implementation, through the structure hierarchy of the UN-REDD NJP programme, with the PEB as the highest body within the structure. To anticipate of any discrepancy in the beginning, the NPM informed that the implementer should have Term of Reference (TOR) prior the implementation, therefore the need of the fund can be identified earlier. The budget is considered realistic since the design and

development of programme has involving various stake-holders through numerous meetings and coordination meetings with multilateral and bilateral agencies including the World Bank, Asian Development Bank, Government agencies donors and civil society organizations. Subsequently, at the project management level, PMU responsible for the overall operational and financial management, including the work plan, that will refer to the key challenges of supporting the Indonesian REDD architecture with the expected outputs that has been agreed by parties signing the Prodoc.

The SOP, as part of the PMU responsibility to develop, has covered many aspects of the finance and administration procedure and mechanism, though it's still being progress to finalization. It is including a distribution of function and responsibilities within the structure, the cash & bank, recruitment and payroll procedure as well as safe guard of the assets.Noted that currently the SOP has not been finalized and signed yet that officilaly approved to use for the project Standard Operation Procedure.

Pada tingkat dunia, UNDP multi donor Trust Fund Office telah ditetapkan untuk menjadi agen administrative untuk kegiatan UN-REDD. Untuk UN-REDD NJP programme di Indonesia, UNDP telah memberikan kepada project ini dengan format pencatatan, prosedur pembayaran dan pelaporan, selain itu PMU telah dilengkapi dengan SOP untuk kepentingan keuangan dan akuntnsi (walaupun SOP tersebut masih dalam proses pengembangan). Pelaporan berdasarkan pada outcome untuk setiap pelaksanaan kegiatan sesuai yang digambarkan dalam Logical Framework Matrix dan sumari hasil dari kerangka kerja pada Programme Document (Prodoc) yang telah ditandatangani. Akan tetapi, seperti yang disampaikan bahwa seluruh Badan PBB yang terlibat programme ini, telah setuju dengan kerangka waktu pelaporan serta prosedur audit yang akan dijalankan, kecuali perlunya pembicaraan lanjutan untuk komitmen mereka atas kesamaan format pelaporan yang akan dibuat.

Budget sudah menetapkan target phisik dan keuangan yang terefleksikan dalam dalam Programme Document (Prodoc) yang ditandatangani oleh Badan PBB dan Pemerintah Republik Indonesia. Setiap terjadi perbedaan, maka persetujuan dimuka harus dibuat, melalui hirarki struktur UN-REDD NJP programme, dengan PEB sebagai badan tertinggi dalam struktur tersebut. Untuk mengantisipasi adanya perbedaan tersebut, maka NPM menginformasikan bahwa setiap pelaksana harus membuat Kerangka Kerja Kegiatan (TOR) sebelum kegiatan dilaksanakan, dengan demikian kebutuhan danan dapat diidentifikasi sejak awal.
Budget yang dibuat, dianggap realistic mengingat proses pembuatan dan pengembangannya telah melibatkan berbagai stake-holders terkait melalui

					berbagai pertemuan dan koordinasi melalui badan-badan multilateral dan bilateral, termasuk Bank dunia, Bank Pengembangan Asia, badan pemerintah, donor dan organisasi sipil masyarakat. Selanjutnya, pada tingkat manajemen project, PMU bertanggung jawab terhadap seluruh manajemen operasional dan keuangan, termasuk persiapan rencana kerja, yang akan mengacu pada keluaran yang diharapkan sebagai key point yang mendukung gaya perencanaan dari pengembangan REDD di Indonesia, seperti yang disepakati oleh seluruh lembaga yang terlibat dalam penandatangan Prodoc. *SOP, sebagai bagian dari tanggung jawab PMU untuk proses pengembangan, telah meliputi berbagai aspek prosedur dan mekanisme keuangan dan administrasi, walaupun saat ini masih dalam taraf penyelesaian.Materi yang diliput termasuk distribusi fungsi dan tanggung jawab dalam struktur, kas dan bank, prosedur penerimaan dan pembayaran gaji karyawan, serta procedur pengamanan asset/inventaris. Kami mencatat, bahwa saat ini SOP belum diselesaikan dan ditandatangani, dan belum secara official disetujui untuk digunakan oleh Standard Operation Prosedur.*
5. Internal Audit/ *Audit Internal*					For the internal audit within the Ministry, there will be an Inspectorate General to serve as the internal audit. Beside regular spot-check activity that will be conducted by UNDP as part of monitoring of project administration implementation. We were not supplied with sample for the audit result for both of MoFor and UN agencies regular audit, since this is the beginning of the project managed by PMU. *Untuk keperluan internal audit, maka kemetrian kehutan mempunyai Inspektur Jendral sebagai pelaksana internal audit.* *Selain itu, akan dilakukan proses spot-check yang akan dilakukan oleh UNDP sebagai bagian dari proses monitoring atas pelaksanaan administrasi project.* *Akan tetapi kami tidak diberikan contoh hasil pemeriksaan yang dilakukan oleh Kementrian Kehutanan dan Badan PBB, mengingat tahap ini adalah tahap awal pelaksanaan kegiatan.*
1. External Audit/*Audit Eksternal*					For the project has not been audited since this is the beginning of the implementation. However, It will have the schedule of UN agencies regular audit as part the accountability of UN agencies. The reporting will be sent to the respective UN agencies. It has been ruled in the SOP at chapter six (6) under the title of Monitoring, Reporting, Evaluation and Audit. *Untuk project ini belum ada proses audit yang dilakukan mengingat tahap ini adalah awal*

					pelaksanaan kegiatan. *Namun, regular audit ini juga telah direncanakan sebagai bagian dari pertanggungjawaban Badan PBB. Pelaporannya akan disampaikan ke masing-masing badan PBB terkait.* *Hal ini sebagaimana diatur dalam SOP pada bab enam (6) dibawah judul Monitoring, Reporting, Evaluation dan Audit sudah ada perencanaan yang dibuat.*
2. Reporting and Monitoring/ *Pelaporan dan Pemantauan*					The PMU has the accountability to prepare the financial statement as regulated in their SOP, which currently is being progress for finalization, for both the Government and UN agencies.The reporting will be in monthly, quarter, semester and yearly as requested by respective agencies. They have no experience with the reporting process since this is the beginning of the project (in the previous the accountability of finance administration and reporting is with UNDP). However the PMU has been supplied a QMR (Quarterly Monitoring Report), the monitoring and reporting format by UNDP that connecting to the AWP. The Quarterly Monitoring Report has been prepared to accommodate the Output, Account code (keyed-in into ATLAS), Task (based on work plan), actual expenditure, and issues related to the output. All of project reports can be consolidated for reporting purposes to the Project Executive Board as the highest body of the UN-REDD NP programme structure. For the financial report, it is prepared in the worksheet with Ms.Excel format, rather than in a certain system, but the guidance of financial reporting has been agreed through the FACE form reporting liquidation. *PMU mempunyai tanggung jawab untuk membuat pelaporan keuangan sesuai yang diatur dalam SOP, walaupun saat ini masih dalam taraf finaiisasi, untuk keperluan pelaporan pada badan pemerintah dan PBB yang terlibat dalam program ini. Pelaporan akan dilakukan setiap bulan, kuartal, semester dan tahunan sesuai dengan permintaan dari masing-masing badan tersebut di atas.* *Mereka belum mempunyai pengalaman dalam proses pelaporan dalam kaitan projek ini (sebelumnya laporan pertanggungjawaban untuk keuangan dan administrasi berada di UNDP). Akan tetapi, PMU telah diberikan QMR (Quarterly Monitoring Report), berupa alat monitoring dan pelaporan yang dibuat oleh UNDP yang berhubungan dengan AWP. QMR tersebut telah dipersiapkan untuk dapat mencatat keluaran project, termasuk kode perkiraan (yang dapat diinput ke dalam ATLAS), Tugas kerja (berdasarkan rencana kerja), biaya yang terjadi atas kegiatan, serta issue berkaitan dengan output.* *Seluruh laporan project dapat dikonsolidasi untuk*

					keperluan pelaporan kepada Project Executive Board (PEB) sebagai lembaga tertinggi dalam struktur UN-REDD NP Programme. *Untuk laporan kuangan, telah dipersiapkan bentuk worksheet dengan Excel format, tetapi dengan arahan yang diberikan untuk pelaporan keuangan dengan menggunakan FACE form dalam proses likuidasi kegiatan.*
3. Information System/*Sistem Informasi*					No particular computerized financial management system using for UN-REDD NJP programme; They use standard operating computer system like microsoft word and excel. The Finance Associate is employed through the UNDP recruitment procedure; she has the experience and familiar with the UNDP financial system and procedure. For other administration staff, they all have the experience with particular Microsoft office Word and Excel operation procedure. However, since this is the beginning of the project implementation, so they have no reporting output that can be reviewed. They will have the final and signed SOP that contain of filing procedure as well as how to manage the safeguard of data and information confidentiality. Moreover, the UN-REDD NJP programme has set up their own office which has a limitation access only for the PMU staff. *Tidak ada komputerisasi sistim manajemen keuangan yang digunakan oleh UN-REDD NJP programme; Mereka mengoperasikan sistim computer yang umum seperti Microsoft word dan excel.* *Penerimaan Finance Assosiate melalui prosedur UNDP; sehingga mempunyai pengalaman serta mengenal sistim dan prosedur keuangan di UNDP. Untuk tenaga administrasi lainnya, mereka mempunyai pengalaman mempergunakan Microsoft office Word dan Excel.* *Akan tetapi, karena saat ini mereka baru memulai tahap pelaksanaan projek, sehingga belum ada laporan yang dapat direview.* *Mereka akan mempunyai SOP yang mengatur tentang prosedur penyimpanan dokumen serta manajemen data dan informasi demi terjaganya kerahasian data dan informasi.* *Selain itu, UN-REDD NJP programme telah mempunyai kantor terpisah dimana ada batasan akses oleh orang diluar dari staff PMU.*

H = High Risk   S = Significant Risk   M = Moderate Risk   L = Low Risk

As overall, financial management of Directorate General of Forest Plan of Ministry of Forestry, UN-REDD NJP programme, fall under category of **Low to Moderate Risk.** Follow-up actions marked below are recommended:
Secara keseluruhan, manajemen keuangan Direktorat Jenderal Planologl, Kementrian Kehutanan – proyek UN-REDD NJP dikategorikan dalam **Resiko Low To Moderate** *Beberapa rekomendasi seperti berikut ini :*
- *General Comments* **:**
  o UN Agencies may use Direct Cash Transfer (DCT) method and the Implementing Partner (IP) may keep all expenditure receipts and submit only the completed FACE (Funding Authorization & Certificate of Expenditure), Financial Statement and Implementing Report for their liquidation process.

Badan badan PBB dapat menggunakan DCT and IP dapat menyimpan semua dokumen pengeluaran dan hanya menyampaikan FACE laporan keuangan dan laporan implementasi ringkas untuk proses likuidasi

- o Regular visit **twice a year** by a Program Staff of UN Agencies to review supporting document and action taken by the partner regarding the recommendation as below, unless UN Funds are not fully managed and utilize according to PEDUM (General Guidelines of Program Operations including Cash Transfer)

  Kunjungan rutin dari Staff Badan badan PBB 2 kali setahun untuk memeriksa dokumen pendukung berdasarkan rekomendasi dibawah ini, kecuali dana Badan badan PBB belum dikelola sepenuhnya dan dipergunakan sesuai dengan PEDUM (Pedoman Umum pelaksanaan program termasuk transfer dana)

- *Staffing:*
  - o Recommended to have training on the Standard Operation Procedure to the new recruited staff. It may require to have a special session for introducing the Project Document to them, so they will have the same interpretation with the content of the Project Document.

    Direkomendasikan untuk dibuat training mengenai Standard Operation Procedure. Juga diharapkan adanya waktu khusus dibuat untuk pengenalan atas Project Document pada seluruh staff baru, sehingga mereka mempunyai kesamaan persepsi mengenai isi dari Project Document.

- *Accounting policies and procedures:*
  - o Standard Operation Procedure (SOP) should be established, approved and signed in due course, so it could be as the official guidance for the Programme Management Unit to conduct the operational and financial management as part of their responsibility within the struktur of UN-REDD NJP programme.

    Standard Operation Procedure (SOP) harus sesegera mungkin dibuatkan, disetujui dan ditandatangani; sehingga dapat secara resmi digunakan sebagai acuan bagi Programme Management Unit (PMU) untuk menjalankan fungsi manajemen operasional dan keuangan sebagai bagian dari tanggung jawab mereka di dalam struktur kerja UN-REDD NJP programme.

Assessment and recommendation report is prepared by/
Laporan Pengkajian dan rekomendasi disiapkan oleh:

1. Muhammad Iskandar_____Signature and date____

2. Albertus Halim D Widjaja_____Signature and date____

3. Ida Suriany_____Signature and date____

Endorsed by:

(*Please put name of UNDP's Programme Coordinator here*)_____Signature and date____

===

I herewith agree with the above justification and approve the recommendations for Directorate General of Forest Plan of Ministry of Forestry, UN-REDD NJP programme.
Dengan ini saya menyetujui rekomendasi untuk Direktorat Jendral Plannologi,Kementrian Kehutanan untuk proyek UN-REDD NJP programme.

Approved by: El- Mostafa Benlamlih   Signature and date____
                     UN Resident/Humanitarian Coordinator

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4. UN HACT Coordinator / *Koordinator HACT*
5. UNDP Country Director
6. UNFPA Representative
7. UNICEF Representative
8. FAO Representative
9. UNEP Representative

Checklist B: Financial Management Questionnaire[1]

Implementing Partner   **Ministry of Forestry – United Nation Collaborative Programme on Reducing Emmisions from Deforestration and Forest Degradation in Developing Countries (UN-REDD)**

Date   24 September 2010

Summary of Risks related to the Financial Management Capacity of Implementing Partner					
Tested Subject Area (see subsequent pages for questions for each area that should be completed and summarized in the sections below)					
	Risk Assessment				**Comments**
	H	*S*	*M*	*L*	
1. Implementing Partner / *1. Mitra Pelaksana*					United Nations Collaborative Programme on Reducing Emmisions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) was launched in September 2008 aiming to assist tropical forest countries in establishing a fair, equitable and transparent REDD regime. In Indonesia, to support the implementation of Reducing Emissions from Deforestation and Forest Degradation (REDD) there is a range of policies and programs that are of direct relevance to the REDD, with Ministry of Forestry initiating to develop the decision upon implementation of national REDD policy, after various in-depth multistakeholders consultation on the regulation. The existence of UN-REDD prgramme in Indonesia is based on the MOU signed to implement UN-REDD Collaborative Programme, which came into effect on 20th June 2008 and ends 20th June 2012.

					consensus at national level.
					• Outcome 2: Successful demonstration of establishing a REL, MRV and fair payment systems based on the national REDD architecture. • Outcome 3: Capacity established to implement REDD at decentralized levels. The IP has the statutory reporting requirement. Base on the objective of the programme, which is represented in three different outcomes as stated in the Programme Document signed between the National Partners and UN joint programme of UNDP, FAO and UNEP. The UN-REDD NJP programme has developed their own structure separately with the entity of the Ministry of Forestry and UN agencies that legalized by MoFor decision and stated in the programme document signed by the UN agencies and government. For the operational management purposes, the structure has facilitating the project with Programme Management Unit (PMU), while for the control purposes they will have the Programme Executive Board (PEB) as the highest body within the structure. On particular of UN-agencies purposes, out of the vertical hierarchy structure of reporting, it has also the Programme Assurance lead by the UNRC to ensure the participating UN agencies are meeting their obligations as agreed by Programme Executive Board (PEB). *Projek Badan PBB dalam kaitan dengan Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) diluncurkan di bulan September 2008, dengan tujuan untuk membantu Negara berhutan tropis dalam pelaksanaan kegiatan REDD yang fair, wajar dan terbuka.* *Di Indonesia, untuk mendukung pelaksanaan "Reducing Emissions from Deforestation and Forest Degradation (REDD), terdapat berbagai kebijakan dan program yang berkaitan langsung dengan REDD, dimana Kementrian Kehutanan yang menginisiasi untuk pengembangan keputusan atas pelaksanaan kebijakan REDD pada tingkat nasional, yang dimulai*

| | | | | | dengan berbagai konsultasi pada berbagai stakeholder, berkaitan dengan regulasi tersebut.

Keberadaan program UN-REDD di Indonesia berdasarkan pada MOU yang ditandatangani untuk implementasi UN-REDD programme kerjasama yang mulai berlaku pada tanggal 20 Juni 2008 sampai dengan 20 Juni 2012.

Untuk menjaga agar seluruh tujuan tersebut dapat tercapai, maka sudah dibuat 3 keluaran yang diharapkan dihasilkan sebagai berikut:
4. Outcome 1: Kuatnya partisipasi dan consensus para pihak di level nasional.
5. Outcome 2 Berhasilnya demonstrasi pembentukan system REL, MRV dan Pembayaran yang adil berdasarkan atas arsitektur REDD nasional.
6. Outcome 3: Terbentuknya kapasitas untuk mengimplemntasikan REDD di tingkat kabupaten.

Mitra Pelaksana mempunyai kewajiban dalam pembuatan laporan. Berdasarkan objektif dari program, yang ditampilkan dalam tiga outcome yang berbeda seperti yang tercatat dalam Programme Document yang ditandatangani oleh Mitra pelaksana tingkat nasional dengan Badan PBB yang terdiri dari UNDP, FAO dan UNEP.

Programme UN-REDD NJP programme telah mengembangkan struktur mereka yang terpisah dari Kementrian Kehutanan dan Badan PBB yang dilegalisasi oleh keputusan Kementrian Kehutanan, dan tercatat dalam programme document (prodoc) yang ditandatangani oleh badan pemerintah dan PBB.

Untuk keperluan manajemen operasional, struktur yang dibuat telah memfasilitasi project ini dengan adanya PMU, sementara proses control mereka mempunyai Programme Executive Board (PEB) sebagai badan tertinggi dalam struktur. Khusus untuk kepentingan badan PBB, diluar dari garis pertanggungjawaban pelaporan, juga dibuat Programme Assurance yang dikepalai oleh UNRC untuk memastikan badan PBB yang berpartisipasi, dapat memenuhi kewajibannya sesuai yang disetujui oleh Programme Executive |

					Board (PEB).
2. Funds Flow / *2. Aliran Dana*					Currently the project is funded directly by UN agencies with direct payment mechanism, through NPD (National Programme Director) payment requirement. The project budget will be registered in list of budget implementation, GoI (DIPA) with "on budget – off treasury" modality. Referring to the Standard Operation Procedure (SOP), the fund will be managed in 3 different bank accounts have been opened to accommodate the fund from three UN agencies involved in this programme, and the procedure of cash transfer will be according to the UN HACT as agreed at the global level. In terms of the substantive of the programme, with 3 bank accounts, it would provide the Programme Management Unit (PMU) a way to differentiate the fund allocation between three difference agencies based on each output particular of UN agencies requirement, though no experience so for for them with this sucha a mechanism. Noted that SOP currently is still being developed and on going process to have the PEB (Programme Executive Board) approval for officially to be used in UN-REDD NJP programme. *Saat ini project didanai langsung oleh Badan PBB dengan mekanisme pembayaran langsung, melalui bentuk permintaan yang diajukan oleh NPD.* *Anggaran proyek ini akan dicatat dalam Daftar Isian Pelaksanaan Kegiatan (DIPA) dengan menggunakan pola* "on budget – off treasury". *Mengacu kepada Standard Operation Procedure, (SOP), dana akan dikelola di tiga rekening bank yang berbeda untuk mengakomodasi dana yang datang dari 3 Badan PBB yang terlibat dalam kegiatan ini, dan prosedur cash transfer akan mengacu kepada pelaksanaan UN-HACT seperti yang disetujui pada tingkat dunia.* *Berkaitan dengan isi dari programme, dengan 3 rekening yang berbeda tersebut, hal tersebut akan memberikan jalan bagi Program Manajemen Unit (PMU) untuk membedakan alokasi dana atas permintaan 3 badan*

				tersebut, dimana pengalokasian didasarkan pada keluaran sesuai permintaan dari masing-masing Badan PBB, walaupun sampai saat ini belum ada pengalaman atas bentuk pengelolaan yang demikian. *Dapat dicatat bahwa SOP saat ini masih dalam proses pengembangan dan proses untuk mendapat persetujuan dari PEB (Programme Executive Board), agar dapat secara officially digunakan untuk dalam UN-REDD NJP programme.*
3. Staffing / *3. Susunan Staff*					There are 2 staffs for the position of Administrative and Finance Associate to manage the financial issue related to the programme, which one of them, The Finance Associate, has the experience with the UNDP finance procedure. Those staffs are part of the Programme Management Unit (PMU) structure that has been agreed between UN agencies and the Government of Indonesia. Noted that there are additional requirement of the staff for the administration work attached to the PMU structure since the Programme Document (Prodoc) has been signed, which it will support the programme to become adequate to the volume of financial work including the distribution of segregation of duties. The recruitment process for the finance and administration assistants have been done through the series of interviews and written test developed by the Ministry and UN agencies, following the combination mechanism of government and UNDP. Beside there are job descriptions in detail stated in SOP for each position required to be part in the PMU structure, though it is still in developing stages. Particular on the government staff serves for the project, it has been issued with the decision of MoFor with definite time frame of their service for the project. In the mean time, UNDP has managed to provide the training on monitoring and evaluation of the programe as well as induction of the UNDP work process to the available staff in the PMU. *Terdapat 2 staff untuk posisi Administrative dan Finance Associate untuk mengelola masalah keuangan berkaitan dengan pelaksanaan programme, dimana Finance Associate, telah mempunyai pengalaman dalam prosedur*

					keuangan UNDP. Seluruh staff adalah bagian dari struktur Program Manajemen Unit (PMU) yang telah disetujui oleh badan PBB dan Pemerintah Indonesia. Tercatat bahwa terdapat tambahan staff untuk pekerjaan administrasi di dalam strutur sejak ditandatanganinya Programme Document (Prodoc), dimana ditujukan untuk untuk mendukung pelaksanaan programme, sehingga dapat sesuai dengan volume pekerjaan keuangan termasuk adanya pemisahan tugas yang lebih jelas.
					Prosedur pemilihan tenaga staff telah dilakukan melalui berbagai proses interview dan tes tertulis yang dikembangkan bersama-sama antara kementrian dan Badan PBB, dengan mengacu pada kombinasi mekanisme yang berlaku di pemerintah dan UNDP.
					Selain itu, terdapat job description detail yang digambarkan dalam SOP untuk setiap posisi dalam struktur PMU, walaupun SOP tersebut masih dalam tahap pengembangan. Khusus untuk staff yang berasal dari pemerintah yang ditugaskan pada project, telah dikeluarkan keputusan pemerintah berkaitan jangka waktu tugas mereka pada project mereka.
					Sementara itu, UNDP telah memberikan training untuk proses monitoring dan evaluasi atas programme, serta pengenalan atas proses kerja UNDP pada seluruh staff yang ada di PMU.
4. Accounting Policies and Procedures / *4. Kebijakan dan Prosedur Akuntansi*					At global level, UNDP's multi –donor Trust Fund Office (MDTF) has been designated as Administrative agent (fund manager) for the UN-REDD. UN-REDD NJP progamme in Indonesia, UNDP has provided the project with format of recording, payment procedure and reporting, beside the PMU has been equipped with the SOP for the finance and accounting purposes (though it's still under developing progress). The reporting will be based on the outcome of each activity implemented as established in the Logical Framework Matrix and Summary of Result Framework supplied in Programme Document (Prodoc) signed.However, as informed, both of respective UN agencies agree for time frame of reporting and audit procedure; however it needs to have further discussion upon the commitment of the same reporting format.
					Budgets lay down physical and financial targets that reflects in the Programme Document (Prodoc) signed by UN agencies and government of Indonesia. Any budget discrepancy, the approval should be made in

| | | | | | advance prior to the implementation, through the structure hierarchy of the UN-REDD NJP programme, with the PEB as the highest body within the structure.To anticipate of any discrepancy in the beginning, the NPM informed that the implementer should have always a Term of Reference (TOR) which can identify the need of the fund.

The budget is considered realistic since the design and development of programme has involving various stake-holders through numerous meetings and coordination meetings with multilateral and bilateral agencies including the World Bank, Asian Development Bank, Government agencies donors and civil society organizations. Subsequently, at the project management level, PMU responsible for the overall operational and financial management, including the work plan, that will refer to the key challenges of supporting the Indonesian REDD architecture with the expected outputs that has been agreed by parties signing the Prodoc.

The SOP, as part of the PMU responsibility to develop, has covered many aspects of the finance and administration procedure and mechanism, though it's still being progress to finalization. It is including a distribution of function and responsibilities within the structure, the cash & bank, recruitment and payroll procedure as well as safe guard of the assets.Noted that currently the SOP has not been finalized and signed yet that officilialy approved to use for the project Standard Operation Procedure.

Pada tingkat dunia, UNDP multi donor Trust Fund Office telah ditetapkan untuk menjadi agen administrative untuk kegiatan UN-REDD. Untuk UN-REDD NJP programme di Indonesia, UNDP telah memberikan kepada project ini dengan format pencatatan, prosedur pembayaran dan pelaporan, selain itu PMU telah dilengkapi dengan SOP untuk kepentingan keuangan dan akuntnsi (walaupun SOP tersebut masih dalam proses pengembangan). Pelaporan berdasarkan pada outcome untuk setiap pelaksanaan kegiatan sesuai yang digambarkan dalam Logical Framework Matrix dan sumari hasil dari kerangka kerja pada Programme Document (Prodoc) yang telah ditandatangani. Akan tetapi, seperti yang disampaikan bahwa seluruh Badan PBB yang terlibat programme ini, telah setuju dengan kerangka waktu pelaporan serta prosedur audit yang akan dijalankan, kecuali perlunya pembicaraan lanjutan untuk komitmen mereka atas kesamaan format pelaporan yang akan dibuat. |

					Budget sudah menetapkan target phisik dan keuangan yang terefleksikan dalam dalam Programme Document (Prodoc) yang ditandatangani oleh Badan PBB dan Pemerintah Republik Indonesia. Setiap terjadi perbedaan, maka persetujuan dimuka harus dibuat, melalui hirarki struktur UN-REDD NJP programme, dengan PEB sebagai badan tertinggi dalam struktur tersebut. Kemudian untuk mengantisipasi adanya perbedaan tersebut, maka NPM menginformasikan bahwa setiap pelaksana harus membuat Term of Reference (TOR) dalam hal mana kebutuhan dana sudah dapat diidentifikasi. *Budget yang dibuat, dianggap realistic mengingat proses pembuatan dan pengembangannya telah melibatkan berbagai stake-holders terkait melalui berbagai pertemuan dan koordinasi melalui badan-badan multilateral dan bilateral, termasuk Bank dunia, Bank Pengembangan Asia, badan pemerintah, donor dan organisasi sipil masyarakat. Selanjutnya, pada tingkat manajemen project, PMU bertanggung jawab terhadap seluruh manajemen operasional dan keuangan, termasuk persiapan rencana kerja, yang akan mengacu pada keluaran yang diharapkan sebagai key point yang mendukung gaya perencanaan dari pengembangan REDD di Indonesia, seperti yang disepakati oleh seluruh lembaga yang terlibat dalam penandatangan Prodoc.* *SOP, sebagai bagian dari tanggung jawab PMU untuk proses pengembangan, telah meliputi berbagai aspek prosedur dan mekanisme keuangan dan administrasi, walaupun saat ini masih dalam taraf penyelesaian.Materi yang diliput termasuk distribusi fungsi dan tanggung jawab dalam struktur, kas dan bank, prosedur penerimaan dan pembayaran gaji karyawan, serta procedur pengamanan asset/inventaris. Kami mencatat, bahwa saat ini SOP belum diselesaikan dan ditandatangani, dan belum secara official disetujui untuk digunakan oleh Standard Operation Prosedur.*
5. Internal Audit / *5. Audit Internal*					For the internal audit within the Ministry, there will be an Inspectorate General to serve as the internal audit. Beside regular spot-check activity that will be conducted by UNDP as part of monitoring of project administration implementation.

					We were not supplied with sample for the audit result for both of MoFor and UN agencies regular audit, since this is the beginning of the project managed by PMU. *Untuk keperluan internal audit, maka kemetrian kehutan mempunyai Inspektur Jendral sebagai pelaksana internal audit.* *Selain itu, akan dilakukan proses spot-check yang akan dilakukan oleh UNDP sebagai bagian dari proses monitoring atas pelaksanaan administrasi project.* *Akan tetapi kami tidak diberikan contoh hasil pemeriksaan yang dilakukan oleh Kementrian Kehutanan dan Badan PBB, mengingat tahap ini adalah tahap awal pelaksanaan kegiatan.*
6. External Audit / *6. Audit Eksternal*					For the project has not been audited since this is the beginning of the implementation. However, It will have the schedule of UN agencies regular audit as part the accountability of UN agencies. The reporting will be sent to the respective UN agencies. It has been ruled in the SOP at chapter six (6) under the title of Monitoring, Reporting, Evaluation and Audit. *Untuk project ini belum ada proses audit yang dilakukan mengingat tahap ini adalah awal pelaksanaan kegiatan.* *Namun, regular audit ini juga telah direncanakan sebagai bagian dari pertanggungjawaban Badan PBB.* *Pelaporannya akan disampaikan ke masing-masing badan PBB terkait.* *Hal ini sebagaimana diatur dalam SOP pada bab enam (6) dibawah judul Monitoring, Reporting, Evaluation dan Audit sudah ada perencanaan yang dibuat.*
7. Reporting and Monitoring / *7. Pelaporan dan Pemantauan*					The PMU has the accountability to prepare the financial statement as regulated in their SOP, which currently is being progress for finalization, for both the Government and UN agencies.The reporting will be in monthly, quarter, semester and yearly as requested by respective agencies. They have no experience with the reporting process since this is the

| | | | | | beginning of the project (in the previous the accountability of finance administration and reporting is with UNDP). However the PMU has been supplied a QMR (Quarterly Monitoring Report), the monitoring and reporting format by UNDP that connecting to the AWP. The Quarterly Monitoring Report has been prepared to accommodate the Output, Account code (keyed-in into ATLAS), Task (based on work plan), actual expenditure, and issues related to the output.

All of project reports can be consolidated for reporting purposes to the Project Executive Board as the highest body of the UN-REDD NP programme structure.

For the financial report, it is prepared in the worksheet with Ms.Excel format, rather than in a certain system, but the guidance of financial reporting has been agreed through the FACE form reporting liquidation.

PMU mempunyai tanggung jawab untuk membuat pelaporan keuangan sesuai yang diatur dalam SOP, walaupun saat ini masih dalam taraf finaiisasi, untuk keperluan pelaporan pada badan pemerintah dan PBB yang terlibat dalam program ini. Pelaporan akan dilakukan setiap bulan, kuartal, semester dan tahunan sesuai dengan permintaan dari masing-masing badan tersebut di atas.

Mereka belum mempunyai pengalaman dalam proses pelaporan dalam kaitan projek ini (sebelumnya laporan pertanggungjawaban untuk keuangan dan administrasi berada di UNDP). Akan tetapi, PMU telah diberikan QMR (Quarterly Monitoring Report), berupa alat monitoring dan pelaporan yang dibuat oleh UNDP yang berhubungan dengan AWP. QMR tersebut telah dipersiapkan untuk dapat mencatat keluaran project, termasuk kode perkiraan (yang dapat diinput ke dalam ATLAS), Tugas kerja (berdasarkan rencana kerja), biaya yang terjadi atas kegiatan, serta issue berkaitan dengan output.

Seluruh laporan project dapat dikonsolidasi untuk keperluan pelaporan kepada Project Executive Board (PEB) sebagai lembaga tertinggi dalam struktur UN-REDD NP Programme. |
| | | | | | |

					Untuk laporan kuangan, telah dipersiapkan bentuk worksheet dengan Excel format, tetapi dengan arahan yang diberikan untuk pelaporan keuangan dengan menggunakan FACE form dalam proses likuidasi kegiatan.
8. Information System / *8. Sistem Informasi*					No particular computerized financial management system using for UN-REDD NJP programme; They use standard operating computer system like microsoft word and excel. The Finance Associate is employed through the UNDP recruitment procedure; she has the experience and familiar with the UNDP financial system and procedure. For other administration staff, they all have the experience with particular Microsoft office Word and Excel operation procedure. However, since this is the beginning of the project implementation, so they have no reporting output that can be reviewed. They will have the final and signed SOP that contain of filing procedure as well as how to manage the safeguard of data and information confidentiality. Moreover, the UN-REDD NJP programme has set up their own office which has a limitation access only for the PMU staff. *Tidak ada komputerisasi sistim manajemen keuangan yang digunakan oleh UN-REDD NJP programme; Mereka mengoperasikan sistim computer yang umum seperti Microsoft word dan excel.* *Penerimaan Finance Assosiate melalui prosedur UNDP; sehingga mempunyai pengalaman serta mengenal sistim dan prosedur keuangan di UNDP. Untuk tenaga administrasi lainnya, mereka mempunyai pengalaman mempergunakan Microsoft office Word dan Excel.* *Akan tetapi, karena saat ini mereka baru memulai tahap pelaksanaan projek, sehingga belum ada laporan yang dapat direview.* *Mereka akan mempunyai SOP yang mengatur tentang prosedur penyimpanan dokumen serta manajemen data dan informasi demi terjaganya kerahasian data dan informasi.* *Selain itu, UN-REDD NJP programme telah mempunyai kantor terpisah dimana ada batasan akses oleh orang diluar dari staff PMU.*

Inherent Risk	
List major specific issues identified in the assessment of the country's public financial management system (macro-assessment), or specific risks related to the nature or operation of the Implementing Partner *Sebutkan isu-isu utama, yang diidentifikasi dalam penilaian sistem manajemen keuangan negara terkait (penilaian makro) atau resiko-resiko khusus yang berhubungan dengan sifat atau kegiatan Mitra Kerja/Instansi Pelaksana*	*1.* Standard Operation Procedure (SOP) as a guidance for the programme to implement their financial and administration management has not been officially endorsed by Programme Executive Board (PEB). *Standard Operation Procedure sebagai petunjuk dalam pelaksanaan manajemen financial dan administration belum mendapatkan persetujuan resmi dari PEB.* 2. There will be a different mechanism of financial recording and reporting between the previous (Direct Cash Transfer from UN agencies) and now that will be implement since the IP has opening the 3 (three) different bank account, for each UN agencies involved with the programme. *Terdapat perbedaan mekanisme pencatatan dan pelaporan keuangan antara periode sebelumnya (Direct cash transfer dari badan UN) dan yang sekarang akan dilakukan sejak mereka membuka 3 (tiga) rekening bank account untuk setiap badan PBB yang terlibat.* 3. Pending agreement between the UN agencies for their format of reporting; Currently it is still under negotiation and discussion among parties involved. *Terdapat pending atas persetujuan diantara badan PBB untuk format pelaporan mereka; saat ini masih dalam proses negosiasi dan diskusi diantara badan yang terlibat.*

Overall Risk Assessment	*H*	*S*	*M*	*L*	**UN-REDD – Ministry of Forestry, Jakarta**

H – High   S – Significant   M – Moderate   L –Low

Financial Management Questionnaire

Subject Area	Yes	No	N/A	Review	Remarks/Comments
1. Implementing partner					
1.1. Is the implementing partner legally registered? Please note the legal status/registration of the entity.	√				United Nations Collaborative Programme on Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) was launched in September 2008 aiming to assist tropical forest countries in establishing a fair, equitable and transparent REDD regime. In Indonesia, to support the implementation of Reducing Emissions from Deforestation and Forest Degradation (REDD) there is a range of policies and programs that are of direct relevance to the REDD, with Ministry of Forestry initiating to develop the decision upon implementation of national REDD policy, after various in-depth multistakeholders consultation on the regulation. The existence of UN-REDD prgramme in Indonesia is based on the MOU signed to implement UN-REDD Collaborative Programme, which came into effect on 20th June 2008 and ends 20th June 2012, and it is consistent with the cooperation/assistance agreements signed by the lead UN agencies involved in this programme with the Government of Indonesia with specifically to support the government of Indonesia to attain the REDD-readiness, with the ministry of forest (MoFor) as the leading implementing partner of this programme; within MoFor, there is a Directorate General of Forest Plan (DGPlan) that is responsible for the FRIS (Forest Resources Inventory System) which is integrated into National Carbon Accounting System (NCAS), as a part of programme related to REDD preparation.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					To secure the objective, there are three outcomes with respective outputs and activities will be pursued as follow: • Outcome 1: Strengthened multi-stakeholder participation and consensus at national level. • Outcome 2: Successful demonstration of establishing a REL, MRV and fair payment systems based on the national REDD architecture. • Outcome 3: Capacity established to implement REDD at decentralized levels.
1.2. Has the implementing partner received UN resources in the past?	√				Yes, UN resources had been delivered to the Directorate General of Forest Plan, for the FRIS (Forest Resources Inventory System) activity that was supported by FAO. The FRIS programme will be the basis for monitoring, assessment and reporting for REDD.
1.3. Does the IP have statutory reporting requirements? Please describe. .	√				Yes, the IP has the statutory reporting requirement. Base on the objective of the programme, which is represented in three different outcomes as stated in the Programme Document signed between the National Partners and UN joint programme of UNDP, FAO and UNEP. The accountability of reporting will be with PMU (Programme Management Unit) under the head of NPD (National Programme Director), which assigned by the MoFor. The reporting will be Quarterly Work Plan, including the Quarterly budget table as well as the progress report that should be under the approval of Programme Executive Board (PEB), as the highest independent body of the UN-REDD NJP programme structure. Responsibility of reporting has been stipulated in their SOP (Standard Operation Procedure), which is currently under progress for finalization. Currently, we note for the agreement between three UN agencies to have the uniformity of their reporting format; as informed, both of respective UN agencies agree for time frame

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					of reporting and audit procedure, however it needs to have further discussion upon the commitment of the same reporting format.
1.4. Is the governing body for the implementing partner independent?	√				The UN-REDD NJP programme has developed their own structure separately with the entity of the Ministry of Forestry and UN agencies. For the operational management purposes, the structure has facilitating the project with PMU, and for the control purposes they will have the Programme Executive Board as the highest body within the structure with comprises of the government and UN agencies staff; beside particular for UN-agencies purposes, out of the hierarchy of the structure, it has also the Programme Assurance that consist of the UN staff lead by the UNRC to ensure the participating UN agencies are meeting their obligations as agreed by Programme Executive Board (PEB).
1.5. Is the organizational structure appropriate for the work to be carried out under UN cooperation?	√				Yes, the organizational structure has been set up and legalized by the decision of MoFor and stated in the programme document signed by the UN agencies and government, as well as in their Standard Operation Procedure (SOP). The structure has a combination of independent personel from both government bodies and UN agencies, with the National Programme Executive Board (PEB) as the highest body of the structure that chaired by the MoFor and UNRC. The establishment of PEB was made through the Ministry of Forestry (MoFor) decision number SK 13/II/KLN/2010. And the members are comprised of representatives of Bappenas and other key-stakeholders, such as the UNDP, UNEP, FAO and the embassy of Norway. PEB decisions will be reached by consensus with specific responsibilities include:

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					• Providing policy directions to the PMU on substance, operations, and finance. • Review and approve Standard Operating Procedure (SOP) and mechanism. • Approve the Annual Work Plan (AWP) including proposed activities as prepared by PMU • Approve draft reports to Global UN-REDD policy board prepared by PMU • Coordinate with other REDD related initiatives at policy level • Approving the NJP communication strategy and public information plans prepared by PMU.
Risk Assessment (Implementing Partner)	*H*	*S*	*M*	*L*	United Nations Collaborative Programme on Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) was launched in September 2008 aiming to assist tropical forest countries in establishing a fair, equitable and transparent REDD regime. In Indonesia, to support the implementation of Reducing Emissions from Deforestation and Forest Degradation (REDD) there is a range of policies and programs that are of direct relevance to the REDD, with Ministry of Forestry initiating to develop the decision upon implementation of national REDD policy, after various in-depth multistakeholders consultation on the regulation. The existence of UN-REDD prgramme in Indonesia is based on the MOU signed to implement UN-REDD Collaborative Programme, which came into effect on 20th June 2008 and ends 20th June 2012. To secure the objective, there are three outcomes with respective outputs and activities will be pursued as follow: • Outcome 1: Strengthened multi-stakeholder

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					participation and consensus at national level. • Outcome 2: Successful demonstration of establishing a REL, MRV and fair payment systems based on the national REDD architecture. • Outcome 3: Capacity established to implement REDD at decentralized levels. The IP has the statutory reporting requirement. Base on the objective of the programme, which is represented in three different outcomes as stated in the Programme Document signed between the National Partners and UN joint programme of UNDP, FAO and UNEP. The UN-REDD NJP programme has developed their own structure separately with the entity of the Ministry of Forestry and UN agencies that legalized by MoFor decision and stated in the programme document signed by the UN agencies and government. For the operational management purposes, the structure has facilitating the project with Programme Management Unit (PMU), while for the control purposes they will have the Programme Executive Board (PEB) as the highest body within the structure. On particular of UN-agencies purposes, out of the vertical hierarchy structure of reporting, it has also the Programme Assurance lead by the UNRC to ensure the participating UN agencies are meeting their obligations as agreed by Programme Executive Board (PEB). *Projek Badan PBB dalam kaitan dengan Reducing Emmissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) diluncurkan di bulan*

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					September 2008, dengan tujuan untuk membantu Negara berhutan tropis dalam pelaksanaan kegiatan REDD yang fair, wajar dan terbuka.
					Di Indonesia, untuk mendukung pelaksanaan "Reducing Emissions from Deforestation and Forest Degradation (REDD), terdapat berbagai kebijakan dan program yang berkaitan langsung dengan REDD, dimana Kementrian Kehutanan yang menginisiasi untuk pengembangan keputusan atas pelaksanaan kebijakan REDD pada tingkat nasional, yang dimulai dengan berbagai konsultasi pada berbagai stakeholder, berkaitan dengan regulasi tersebut.
					Keberadaan program UN-REDD di Indonesia berdasarkan pada MOU yang ditandatangani untuk implementasi UN-REDD programme kerjasama yang mulai berlaku pada tanggal 20 Juni 2008 sampai dengan 20 Juni 2012.
					Untuk menjaga agar seluruh tujuan tersebut dapat tercapai, maka sudah dibuat 3 keluaran yang diharapkan dihasilkan sebagai berikut:
					7. *Outcome 1: Kuatnya partisipasi dan consensus para pihak di level nasional.*
					8. *Outcome 2 Berhasilnya demonstrasi pembentukan system REL, MRV dan Pembayaran yang adil berdasarkan atas arsitektur REDD nasional.*
					9. *Outcome 3: Terbentuknya kapasitas untuk mengimplemntasikan REDD di tingkat kabupaten.*
					Mitra Pelaksana mempunyai kewajiban dalam pembuatan laporan. Berdasarkan objektif dari program, yang ditampilkan dalam tiga outcome yang berbeda seperti yang tercatat dalam Programme Document yang ditandatangani oleh Mitra pelaksana tingkat nasional dengan Badan PBB yang terdiri

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
					dari UNDP, FAO dan UNEP. *Programme UN-REDD NJP programme telah mengembangkan struktur mereka yang terpisah dari Kementrian Kehutanan dan Badan PBB yang dilegalisasi oleh keputusan Kementrian Kehutanan, dan tercatat dalam programme document (prodoc) yang ditandatangani oleh badan pemerintah dan PBB.* *Untuk keperluan manajemen operasional, struktur yang dibuat telah memfasilitasi project ini dengan adanya PMU, sementara proses control mereka mempunyai Programme Executive Board (PEB) sebagai badan tertinggi dalam struktur. Khusus untuk kepentingan badan PBB, diluar dari garis pertanggungjawaban pelaporan, juga dibuat Programme Assurance yang dikepalai oleh UNRC untuk memastikan badan PBB yang berpartisipasi, dapat memenuhi kewajibannya sesuai yang disetujui oleh Programme Executive Board (PEB).*
2. Funds Flow					
2.1 Can the entity receive and transfer funds?			√		Currently the project is funded directly by UN agencies with direct payment mechanism, through NPD (National Programme Director) payment requirement. Pursuant to Standard Operation (SOP), the fund will be managed through "on budget-off treasury", and 3 different bank accounts have been opened to accommodate the fund from three UN agencies involved in this programme.
2.2 Are the arrangements to transfer the funds to the entity satisfactory?		√			In the case of all three UN agencies, cash transfer will be according to the UN HACT as agreed at the global level, with decision on 3 different bank accounts opened.

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
					In terms of the substantive of the programme, with 3 bank accounts, it would provide the Programme Management Unit (PMU) a way to differentiate the fund allocation between three difference agencies based on each output particular of UN agencies requirement, though no experience so for for them with this sucha a mechanism.
2.3 Have there been major problems in the past in receipt of funds by the entity, particularly where the funds flow from the Government/Ministry of Finance?		√			No experiences with the issue.
2.4 In the past, has the entity had any problems in the management of disbursements from a member of the UN country team? Please describe. .		√			No experiences with the issue.
2.5 Does the entity have/need a capacity to manage foreign exchange risks? (if it is expected that the entity will be using funds outside the country.)			√		No foreign exchange risks in place, since the secretariat will not manage the foreign currency. The fund will be delivered in Rupiah as well as the reporting. The convertion will be managed by the UN agencies for their internal finance reporting purposes.
2.6 How are the counterpart funds accessed?				√	Prior to 3 bank accounts opening, the payment was made by the UN agencies, in particular for UNDP. Since they have 3 bank account opening, the managing and accessing to the bank account will be regulated by Standard Operation Procedure (SOP) set up for the work of Programme Management Unit (PMU) upon the programme.
2.7 How are payments made from the counterpart funds?				√	Every expenditure payment will be made by follows the procedure stated in the SOP.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
2.8 If some activities will be implemented by communities or NGOs, does the entity have the necessary reporting and monitoring mechanisms to track the use of funds?				√	No experience for this current year with the NGO; expecting to be in year 2011 in the region pilot programme. Anyhow, the mechanism of reporting will be the same as regulated in the SOP that sooner will be finalized and signed.
Risk Assessment (Funds Flow)	**H**	**S**	**M**	**L**	Currently the project is funded directly by UN agencies with direct payment mechanism, through NPD (National Programme Director) payment requirement. Referring to the Standard Operation Procedure (SOP), the fund will be managed through "on budget-off treasury", and 3 different bank accounts have been opened to accommodate the fund from three UN agencies involved in this programme, and the procedure of cash transfer will be according to the UN HACT as agreed at the global level. In terms of the substantive of the programme, with 3 bank accounts, it would provide the Programme Management Unit (PMU) a way to differentiate the fund allocation between three difference agencies based on each output particular of UN agencies requirement, though no experience so for for them with this sucha a mechanism. Noted that SOP currently is still being developed and on going process to have the PEB (Programme Executive Board) approval for officially to be used in UN-REDD NJP programme. *Saat ini project didanai langsung oleh Badan PBB dengan mekanisme pembayaran langsung, melalui bentuk permintaan yang diajukan oleh NPD.*

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					Mengacu kepada Standard Operation Procedure, (SOP), dana akan dikelola melalui "on budget-off treasury", dan 3 rekening bank yang berbeda telah dibuka untuk mengakomodasi dana yang dating dari 3 Badan PBB yang terlibat dalam kegiatan ini, dan prosedur cash transfer akan mengacu kepada pelaksanaan UN-HACT seperti yang disetujui pada tingkat dunia. *Berkaitan dengan isi dari programme, dengan 3 rekening yang berbeda tersebut, hal tersebut akan memberikan jalan bagi Program Manajemen Unit (PMU) untuk membedakan alokasi dana atas permintaan 3 badan tersebut, dimana pengalokasian didasarkan pada keluaran sesuai permintaan dari masing-masing Badan PBB, walaupun sampai saat ini belum ada pengalaman atas bentuk pengelolaan yang demikian.* *Dapat dicatat bahwa SOP saat ini masih dalam proses pengembangan dan proses untuk mendapat persetujuan dari PEB (Programme Executive Board), agar dapat secara officially digunakan untuk dalam UN-REDD NJP programme.*
3. Staffing					
3.1 Is the organizational structure of the accounting department appropriate for the level of financial volume? Attach an organization chart. .	√				There are 2 staffs for the position of Administrative and Finance Associate to manage the financial issue related to the programme, and those staffs are part of the Programme Management Unit (PMU) structure that has been agreed between UN agencies and the Government of Indonesia.
3.2 Is the level and competency of staff appropriate for the level of financial volume? Identify the accounts staff, including job title, responsibilities, educational background and professional experience. Attach job descriptions and CVs of key	√				The recruitment process for the finance and administration assistants have been done through the series of interviews and written test developed by the Ministry and UN agencies, following the combination mechanism of government and UNDP.

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
accounting staff.					Beside there are job descriptions in detail stated in SOP for each position required to be part in the PMU structure, though it is still in developing stages.
3.3 Is the implementing partner finance and accounts function staffed adequately?	√				It is considering adequate; Noted that there are additional requirement of the staff for the administration work attached to the PMU structure since the Programme Document (Prodoc) has been signed, which it will support the programme to become adequate to the volume of financial work including the distribution of segregation of duties.
3.4 Are finance and accounts staff adequately qualified and experienced?	√				As above statement.
3.5 Are accounts and finance staff familiar with UN procedures related to cash transfers?		√			Yes, the Finance Associate has the experience with the UNDP finance procedure.
3.6 What is the duration of the contract of finance and accounts staff?				√	The duration of contract would be 1 year contract extendable to the life of project.
3.7 Indicate in the remarks/comments section key positions not contracted yet, and the estimated date of appointment.			√		Several positions under the PMU structure are still vacant, but it will be soon engaged.
3.8 Are staff frequently transferred? At what frequency?		√			For the Project Management Unit (PMU), the staff movement will be based on the contract mentioned above. For the government staff serves for the project has been issued with the decision of MoFor with definite time frame of their service for the project.
3.9 Is there a training policy for the finance and accounting staff? Please describe.		√			Currently there is a progress of finalization of Standard Operation Procedure (SOP), which all the flow and procedure of the activity described. In the mean time, UNDP as one of the UN agencies involved

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					in the National Joint Programme has managed to provide the training on monitoring and evaluation of the programe as well as induction of the UNDP work process to the available staff in the PMU.
Risk Assessment (Staffing)	*H*	*S*	*M*	*L*	There are 2 staffs for the position of Administrative and Finance Associate to manage the financial issue related to the programme, which one of them, The Finance Associate, has the experience with the UNDP finance procedure.
					Those staffs are part of the Programme Management Unit (PMU) structure that has been agreed between UN agencies and the Government of Indonesia. Noted that there are additional requirement of the staff for the administration work attached to the PMU structure since the Programme Document (Prodoc) has been signed, which it will support the programme to become adequate to the volume of financial work including the distribution of segregation of duties.
					The recruitment process for the finance and administration assistants have been done through the series of interviews and written test developed by the Ministry and UN agencies, following the combination mechanism of government and UNDP.
					Beside there are job descriptions in detail stated in SOP for each position required to be part in the PMU structure, though it is still in developing stages. Particular on the government staff serves for the project, it has been issued with the decision of MoFor with definite time frame of their service for the project.
					In the mean time, UNDP has managed to provide the training on monitoring and evaluation of the programe as well as induction of the UNDP work process to the available staff in the PMU.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					Terdapat 2 staff untuk posisi Administrative dan Finance Associate untuk mengelola masalah keuangan berkaitan dengan pelaksanaan programme, dimana Finance Associate, telah mempunyai pengalaman dalam prosedur keuangan UNDP. Seluruh staff adalah bagian dari struktur Program Manajemen Unit (PMU) yang telah disetujui oleh badan PBB dan Pemerintah Indonesia. Tercatat bahwa terdapat tambahan staff untuk pekerjaan administrasi di dalam strutur sejak ditandatanganinya Programme Document (Prodoc), dimana ditujukan untuk untuk mendukung pelaksanaan programme, sehingga dapat sesuai dengan volume pekerjaan keuangan termasuk adanya pemisahan tugas yang lebih jelas. *Prosedur pemilihan tenaga staff telah dilakukan melalui berbagai proses interview dan tes tertulis yang dikembangkan bersama-sama antara kementrian dan Badan PBB, dengan mengacu pada kombinasi mekanisme yang berlaku di pemerintah dan UNDP.* *Selain itu, terdapat job description detail yang digambarkan dalam SOP untuk setiap posisi dalam struktur PMU, walaupun SOP tersebut masih dalam tahap pengembangan. Khusus untuk staff yang berasal dari pemerintah yang ditugaskan pada project, telah dikeluarkan keputusan pemerintah berkaitan jangka waktu tugas mereka pada project mereka.* *Sementara itu, UNDP telah memberikan training untuk proses monitoring dan evaluasi atas programme, serta pengenalan atas proses kerja UNDP pada seluruh staff yang ada di PMU.*
4. Accounting Policies and Procedures					
4.1 Does the entity have an accounting system that allows for the proper recording of financial transactions from UN Agencies, including the allocation of expenditures in accordance with the	√				At global level, UNDP's multi –donor Trust Fund Office (MDTF) has been designated as Administrative agent (fund manager) for the UN-REDD.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
respective components, disbursement categories, and sources of funds?					And for the accounting and administration purposes, the PMU has been equipped with the SOP for the finance and accounting purposes (though it's still under developing progress), also the format of recording and reporting prepared by UNDP. Currently, we note for the agreement between three UN agencies to have the uniformity of their reporting format; as informed, both of respective UN agencies agree for time frame of reporting and audit procedure, however it needs to have further discussion upon the commitment of the same reporting format.
4.2 Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	√				Yes control and procedure are detailed in the SOP being developed for finalization stage. Additional for monitoring process, the PMU has been supplied by UNDP with the monitoring tools and templates for project activity, including the financial matter.
4.3 Is the chart of accounts adequate to properly account for and report on activities and disbursement categories?	√				So far it will follow the UNDP reporting procedure. As review, they have the Quarterly Monitoring Report template that was developed to combine the expenditure for the activity with the output as outlined in the Logical Framework Matrix that presenting all outputs and outcomes of the UN-REDD Indonesia Programme.
4.4 Are cost allocations to the various funding sources made accurately and in accordance with established agreements?				√	At this stage we could not see the reporting related to the question, as no expenditure being borne using the procedure as mentioned above statement (4.3). Referring to the interview process, the reporting will be based on the outcome of each activity implemented as established in the Logical Framework Matrix and Summary of Result Framework supplied in Programme Document (Prodoc) signed.
4.5 Are the general ledger and subsidiary ledgers			√		Currently there is neither general ledger nor the subsidiary

Subject Area	Yes	No	N/A	Review	Remarks/Comments
reconciled and in balance?					ledgers are being prepared for the activity, not even for the previous direct payment made by UN agencies.
4.6 Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?				√	On previous direct payment, all of documentation is retained in UNDP office. For the future activity, UN-REDD have set up one small office that aimed for the project purposes. In term of the filing procedure, it has been developed the filing procedure and detailed in their SOP.
Segregation of Duties					
4.7 Are the following functional responsibilities performed by different units or persons: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?	√				Yes, There are a distribution of function and responsibilities within the structure developed for the UN-REDD Indonesia joint programme. The NPD as part of the Project Board will serves as the authorized person for the transaction prepared by the Project Management Unit, while the Finance Associate will prepare all payment documentation for the expenditure of the project. Regarding to the procurement of the goods and assets for the purpose of the project, it will be managed Administration Associate and the procurement procedure will follow the valid government regulation. Anyhow, all the procedure and mechanism related to the functional responsibilities has been described in their SOP.
4.8 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	√				Yes and it has been regulated in the SOP that is currently being progress for finalization.
4.9 Are bank reconciliations prepared by someone other than those who make or approve payments?			√		As mentioned at the above statement, the bank accounts has been opened for three different accounts for accommodating cash transfer from three different UN agencies, but no transaction has been implemented with this such bank

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					accounts.
Budgeting System					
4.10 Do the budgets lay down physical and financial targets?	√				Yes, it is reflected in the Programme Document (Prodoc) signed by UN agencies and government of Indonesia, shows in the Summary of Results framework; On their Annual Work Plan also will show the expected result of the activity, planned activities connect to planned budget.
4.11 Are budgets prepared for all significant activities in sufficient detail to provide a meaningful tool with which to monitor subsequent performance?	√				Yes, as above statement. In terms of monitoring purposes, the UNDP has prepared the Quarterly Monitoring Report (QMR), a monitoring tool that through Atlas Activity can be connected to AWP for monitoring purposes.
4.12 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?			√		No experience for current situation.
4.13 Are approvals from variations from the budget required in advance or after the fact?				√	It should be made in advance prior the activity implementation, the approval should be made through the structure hierarchy of the UN-REDD NJP programme structure, where the National Programme Manager (NPM) or, and National Programme Director (NPD) will do the approval, unless the value is significant that requiring the PEB to do the action. In terms of minimizing the discrepancy, the NPM informed that in the beginning of the implementation, they should have always a Term of Reference (TOR) which can identify the need of the fund.
4.14 Who is responsible for preparation and approval of budgets?				√	Annual Work plan is prepared by PMU and approved by PEB as the highest body under the UNREDD NJP Programme Structure. The AWP will refer to the key challenges of supporting the

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					Indonesian REDD architecture with the expected outputs that has been agreed by parties signing the Prodoc.
4.15 Are procedures in place to plan activities, collect information from the units in charge of the different components, and prepare the budgets?	√				Yes, as there were a subsequent activities, starting with the Inception meeting in Bogor in March 2009 which purposes was to identify the intended activities, then followed by series of meeting at national and region level that involving respective multi-stakeholders.
4.16 Are the plans and budgets of activities realistic, based on valid assumptions, and developed by knowledgeable individuals?	√				As 4.14 and 4.15. It is quite realistic since the design and development of programme has involving various stake-holders through numerous meetings and coordination meetings with multilateral and bilateral agencies including the World Bank, Asian Development Bank, Government agencies donors and civil society organizations.
Payments					
4.17 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 actually received? • Comparison of invoice quantities with those indicated on the receiving reports? • Checking the accuracy of calculations? •				√	No experience for current situation, however through the interview process it is found out the project will be equipped with financial and administration procedure and mechanism presenting in SOP that having the input from the Ministry of Forestry as the executing agency and three UN agencies.
4.18 Are all invoices stamped *PAID*, dated, reviewed and approved, and clearly marked for account code assignment?			√		No experiences at this current stage.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
4.19 Do controls exist for the preparation of the payroll and are changes to the payroll properly authorized?				√	Control over the payroll preparation is exist by referring to SOP that's managed by PMU; exception for the Finance Associate that employed and paid by UNDP. According to the SOP, there is also a restriction of the Civil servant involved with the programme to receive the wages/salary unless they provide a proof that the respective person does not receive payment salary from the government.
Policies And Procedures					
4.20 Describe the basis of accounting (e.g., cash, accrual)?				√	Currently it will be a cash basis; The NPM and Finance Associate do not have any clue over the International Public Accounting Standard (IPSAS) that are going to be implementing shortly within UN agencies, whether it will affect into their basis of accounting or not. However, if this case, UNDP then will facilitate them with the best solution upon transformation of their method of accounting reporting.
4.21 Are internationally accepted accounting standards followed? If so, which standard?				√	As above (4.20) statement.
4.22 Does the entity have an adequate policies and procedures manual to guide activities and ensure staff accountability?	√				Beside the Programme Document (Prodoc) has been signed, for day to day operation of the project, PMU will refer to the SOP that is currently being developed for finalization process.
4.23 Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the entity?	√				Yes, PEB will only body within the UNREDD NJP programme structure that is authorized to review and approve the SOP.
4.24 Are there written policies and procedures covering all routine financial management and				√	This provision is being developed for covering all routine financial management and administrative activities, including

Subject Area	Yes	No	N/A	Review	Remarks/Comments
related administrative activities? Are these accessible?					the restriction and limitation upon sharing data and information related to the programme.
4.25 Do policies and procedures clearly define *conflict of interest* and *related party transactions* (real and apparent) and provide safeguards to protect the organization from them?	√				Yes, as above statement, further there is a requirement before a recruitment process for every staff to provide the declaration of impartiality.
4.26 Are manuals distributed to appropriate personnel?	√				For the Project Document, it would be available with the NPD, UNDP and some other related staff with the project. For the Standard Operation Procedure, as mentioned at point 4.24, this provision is being developed currently.
Cash and Bank					
4.27 Indicate in remarks/comments section the names and positions of authorized signatories on the bank accounts.				√	Signatory panel will 2 out of 3 authorised persons to sign and access to the bank account. The three positions above are the National Programme Director (NPD), Deputy National Programme Director and National Programme Manager (NPM) that all described in the in the SOP being developed.
4.28 Does the implementing partner maintain an adequate, up-to-date cashbook, recording receipts and payments?		√			For the previous phase, the book keeping was made in accordance to requirement of UNDP procedure of payment. No experience with the UNREDD NJP Programme Structure.
4.29 Do controls exist for the collection, timely deposit, and recording of receipts at each collection location?			√		As above statement of point 4.28

Subject Area	Yes	No	N/A	Review	Remarks/Comments
4.30 Are bank and cash reconciled on a monthly basis?			√		No transaction for their 3 bank accounts opened at this current stage.
4.31 Are all unusual items on the bank reconciliation reviewed and approved by a responsible official?			√		No transaction for their 3 bank accounts opened at this current stage.
4.32 Are receipts deposited on a timely basis?			√		No Cash transfer has been made at this stage.
Safeguard Over Assets					
4.33 Is there a system of adequate safeguards to protect assets from fraud, waste and abuse?	√				Yes, there is a system and procedure related to the UN-REDD asset management, covering the asset stock taking, Asset registering and reporting, ownership of the asset and responsibility of staff over the asset as well as the status of asset after the project closing. We have supplied with the progress list of asset prepared by the Administration officer of PMU.
4.34 Are subsidiary records of fixed assets and stocks kept up to date and reconciled with control accounts?	√				As above (point 4.33)
4.35 Are there periodic physical inventories of fixed assets and stocks?			√		Physical inventory has not been made, though as regulated it should be made on monthly basis.
4.36 Are assets sufficiently covered by insurance policies?			√		Asset will be treated in accordance to the UNDP procedure, but no information regarding to the insurance procedure.

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
Other Offices or entities[2]					
4.37 Are there any other regional offices participating in implementation?		√			No other regional office available, since this is the national project base.
4.38 Has the Implementing Partners established controls and procedures for flow of funds, financial information, accountability, and audits in relation to the other offices or entities? Please describe approval process.			√		As above statement at point 4.37
4.39 Does information among the different offices/Agencies flow in an accurate and timely fashion?			√		As above statement at point 4.37
4.40 Are periodic reconciliations performed among the different offices/Agencies?			√		As above statement at point 4.37
Other					
4.41 Has the implementing partner advised employees, beneficiaries, and other recipients to whom to report if they suspect fraud, waste, or misuse of Agency resources or property?				√	The project has been equipped with the UN-REDD NJP Programme structure and it has appeared with the clear accountability of the work within the organization. The PMU (Project Management Unit) will do responsible for the implementation of activity and administration leading by the National Programme Manager. Any issues on the implementation, the PEB will conduct as an advisor committee. Yes control and procedure are detailed in the SOP being developed for finalization stage. Additional for monitoring process, the PMU has been supplied by UNDP with the monitoring tools and templates for project activity, including

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[2] Other offices or entities refers to sub-offices of the implementing partners and/or respective parties.

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
					the financial matter.
Risk Assessment (Accounting Policies and Procedures)	H	S	M	L	At global level, UNDP's multi –donor Trust Fund Office (MDTF) has been designated as Administrative agent (fund manager) for the UN-REDD. UN-REDD NJP progamme in Indonesia, UNDP has provided the project with format of recording, payment procedure and reporting, beside the PMU has been equipped with the SOP for the finance and accounting purposes (though it's still under developing progress). The reporting will be based on the outcome of each activity implemented as established in the Logical Framework Matrix and Summary of Result Framework supplied in Programme Document (Prodoc) signed.However, as informed, both of respective UN agencies agree for time frame of reporting and audit procedure; however it needs to have further discussion upon the commitment of the same reporting format. Budgets lay down physical and financial targets that reflects in the Programme Document (Prodoc) signed by UN agencies and government of Indonesia. Any budget discrepancy, the approval should be made in advance prior to the implementation, through the structure hierarchy of the UN-REDD NJP programme, with the PEB as the highest body within the structure.To anticipate of any discrepancy in the beginning, the NPM informed that the implementer should have always a Term of Reference (TOR) which can identify the need of the fund. The budget is considered realistic since the design and development of programme has involving various stake-holders through numerous meetings and coordination meetings with multilateral and bilateral agencies including the World Bank, Asian Development Bank, Government agencies donors and civil society organizations. Subsequently, at the project management level, PMU responsible for the overall

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					operational and financial management, including the work plan, that will refer to the key challenges of supporting the Indonesian REDD architecture with the expected outputs that has been agreed by parties signing the Prodoc. The SOP, as part of the PMU responsibility to develop, has covered many aspects of the finance and administration procedure and mechanism, though it's still being progress to finalization. It is including a distribution of function and responsibilities within the structure, the cash & bank, recruitment and payroll procedure as well as safe guard of the assets.Noted that currently the SOP has not been finalized and signed yet that officilaly approved to use for the project Standard Operation Procedure. *Pada tingkat dunia, UNDP multi donor Trust Fund Office telah ditetapkan untuk menjadi agen administrative untuk kegiatan UN-REDD. Untuk UN-REDD NJP programme di Indonesia, UNDP telah memberikan kepada project ini dengan format pencatatan, prosedur pembayaran dan pelaporan, selain itu PMU telah dilengkapi dengan SOP untuk kepentingan keuangan dan akuntnsi (walaupun SOP tersebut masih dalam proses pengembangan). Pelaporan berdasarkan pada outcome untuk setiap pelaksanaan kegiatan sesuai yang digambarkan dalam Logical Framework Matrix dan sumari hasil dari kerangka kerja pada Programme Document (Prodoc) yang telah ditandatangani. Akan tetapi, seperti yang disampaikan bahwa seluruh Badan PBB yang terlibat programme ini, telah setuju dengan kerangka waktu pelaporan serta prosedur audit yang akan dijalankan, kecuali perlunya pembicaraan lanjutan untuk komitmen mereka atas kesamaan format pelaporan yang akan dibuat.* *Budget sudah menetapkan target phisik dan keuangan yang terefleksikan dalam dalam Programme Document (Prodoc)*

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					yang ditandatangani oleh Badan PBB dan Pemerintah Republik Indonesia. Setiap terjadi perbedaan, maka persetujuan dimuka harus dibuat, melalui hirarki struktur UN-REDD NJP programme, dengan PEB sebagai badan tertinggi dalam struktur tersebut. Kemudian untuk mengantisipasi adanya perbedaan tersebut, maka NPM menginformasikan bahwa setiap pelaksana harus membuat Term of Reference (TOR) dalam hal mana kebutuhan dana sudah dapat diidentifikasi. *Budget yang dibuat, dianggap realistic mengingat proses pembuatan dan pengembangannya telah melibatkan berbagai stake-holders terkait melalui berbagai pertemuan dan koordinasi melalui badan-badan multilateral dan bilateral, termasuk Bank dunia, Bank Pengembangan Asia, badan pemerintah, donor dan organisasi sipil masyarakat. Selanjutnya, pada tingkat manajemen project, PMU bertanggung jawab terhadap seluruh manajemen operasional dan keuangan, termasuk persiapan rencana kerja, yang akan mengacu pada keluaran yang diharapkan sebagai key point yang mendukung gaya perencanaan dari pengembangan REDD di Indonesia, seperti yang disepakati oleh seluruh lembaga yang terlibat dalam penandatangan Prodoc.* *SOP, sebagai bagian dari tanggung jawab PMU untuk proses pengembangan, telah meliputi berbagai aspek prosedur dan mekanisme keuangan dan administrasi, walaupun saat ini masih dalam taraf penyelesaian.Materi yang diliput termasuk distribusi fungsi dan tanggung jawab dalam struktur, kas dan bank, prosedur penerimaan dan pembayaran gaji karyawan, serta procedur pengamanan asset/inventaris. Kami mencatat, bahwa saat ini SOP belum diselesaikan dan ditandatangani, dan belum secara official disetujui untuk digunakan oleh Standard Operation Prosedur.*

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Subject Area	Yes	No	N/A	Review	Remarks/Comments
5. Internal Audit					
5.1 Is there an internal audit department in the entity?	√				For the internal audit within the Ministry, there will be an Inspectorate General to serve as the internal audit.
5.2 What are the qualifications and experience of audit department staff?	√				Qualification of in the Inspectorate General refers to the provision in MoF. In terms of the staff from UNDP, their qualification is equivalent to the existing standard.
5.3 Is the internal auditor sufficiently independent to make critical assessments? To whom does the internal auditor report?			√		We were not supplied with sample for the audit result for both of MoFor and UN agencies regular audit.
5.4 Will the internal audit department include the activities financed by the Agencies in its work program?				√	No experience on the activities financed by the agencies.
5.5 Are actions taken on the internal audit findings?			√		Not available since this is the beginning of the project managed by PMU.
Risk Assessment (Internal Audit)	**H**	**S**	**M**	**L**	For the internal audit within the Ministry, there will be an Inspectorate General to serve as the internal audit. Beside, it will have the schedule of UN agencies regular audit as part the accountability of UN agencies. The reporting will be sent to the respective UN agencies, beside regular spot-check activity that will be conducted by UNDP as part of monitoring of project administration implementation. We were not supplied with sample for the audit result for both

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					of MoFor and UN agencies regular audit, since this is the beginning of the project managed by PMU.

Untuk keperluan internal audit, maka kemetrian kehutan mempunyai Inspektur Jendral sebagai pelaksana internal audit.

Selain itu, Badan PBB yang terkait dalam kegiatan ini juga akan melakukan audit regular sebagai bagian dari pertanggungjawaban dari Badan PBB tersebut. Pelaporan akan disampaikan pada masing-masing Badan PBB, selain akan dilakukan proses spot-check yang akan dilakukan oleh UNDP sebagai bagian dari proses monitoring atas pelaksanaan administrasi project.

Akan tetapi kami tidak diberikan contoh hasil pemeriksaan yang dilakukan oleh Kementrian Kehutanan dan Badan PBB, mengingat tahap ini adalah tahap awal pelaksanaan kegiatan. |
| **6. External Audit** | | | | | |
| 6.1 Is the entity financial statement audited regularly by an independent auditor? Who is the auditor? | | | √ | | For the project has not been audited since this is the beginning of the implementation.
However, It will have the schedule of UN agencies regular audit as part the accountability of UN agencies. The reporting will be sent to the respective UN agencies. |
| 6.2 Are there any delays in audit of the entity? When are the audit reports issued? | | | √ | | There is no experience on this issue. |
| 6.3 Is the audit of the entity conducted according to the International Standards on Auditing? | | | √ | | There is no experience on this issue. |

Subject Area	Yes	No	N/A	Review	Remarks/Comments
6.4 Were there any major accountability issues brought out in the audit report of the past three years?			√		There is no experience on this issue.
6.5 Will the entity auditor audit the AWP accounts or will a separate auditor be appointed to audit the AWP financial statements?			√		There is no experience on this issue.
6.6 Are there any recommendations made by the auditors in prior audit reports or management letters that have not yet been implemented?			√		There is no experience on this issue.
6.7 Has the implementing partner prepared audit plans?	√				Yes, it has been ruled in the SOP at chapter six (6) under the title of Monitoring, Reporting, Evaluation and Audit.
Risk Assessment (External Audit)	*H*	*S*	*M*	*L*	For the project has not been audited since this is the beginning of the implementation. It has been ruled in the SOP at chapter six (6) under the title of Monitoring, Reporting, Evaluation and Audit. *Untuk project ini belum ada proses audit yang dilakukan mengingat tahap ini adalah awal pelaksanaan kegiatan. Namun, dalam SOP pada bab enam (6) dibawah judul Monitoring, Reporting, Evaluation dan Audit sudah ada perencanaan yang dibuat.*
7. Reporting and Monitoring					
7.1 Are financial statements prepared for the entity?	√				Yes, the PMU has the accountability to prepare the financial statement as regulated in their SOP, for both the Government and UN agencies. The reporting will be in monthly, quarter, semester and yearly as requested by respective above agencies.
7.2 What is the frequency of preparation of financial statements? Are the reports prepared in a timely			√		Refer to above statement.

Subject Area	Yes	No	N/A	Review	Remarks/Comments
fashion so as to useful to management for decision making?					They have no experience with the reporting process since this is the beginning of the project (in the previous the accountability of finance administration and reporting is with UNDP).
7.3 Does the reporting system need to be adapted to report on the AWP related expenditure?	√				Yes, the PMU has been supplied a QMR (Quarterly Monitoring Report), the monitoring and reporting format by UNDP that connecting to the AWP. The Quarterly Monitoring Report has been prepared to accommodate the Output, Account code (keyed-in into ATLAS), Task (based on work plan), actual expenditure, and issues related to the output
7.4 Does the reporting system have the capacity to link the financial information with the AWP's physical progress? If separate systems are used to gather and compile physical data, what controls are in place to reduce the risk that the physical data may not synchronize with the financial data?	√				As above statement at point 7.3
7.5 Does the Implementing Partner have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and how they are to be used?	√				Yes, The PMU set the SOP with the person responsibilities upon specific reporting, whose the report should be submitted and getting the approval.
7.6 Are financial management reports used by management? *7.6 Apakah laporan-laporan manajemen keuangan digunakan oleh manajemen?*	√				Yes, all of project reports can be consolidated to be reported to Project Board. If the report is submitted to the UNDP *Country Office*, it can be integrated with the financial system of ATLAS used by the UN Agency.
7.7 Do the financial reports compare actual				√	Yes, comparison is made using financial report. What needs to

Subject Area	Yes	No	N/A	Review	Remarks/Comments
expenditures with budgeted and programmed allocations?					be paid attention is actual expenditure per activity and the allocation stated in the budget.
7.8 Are financial reports prepared directly by the automated accounting system or are they or are they prepared by spreadsheets or some other means?		√			It is prepared in the worksheet with Ms.Excel format, rather than in a certain system.
Risk Assessment (Monitoring and Reporting)	*H*	*S*	*M*	*L*	The PMU has the accountability to prepare the financial statement as regulated in their SOP, which currently is being progress for finalization, for both the Government and UN agencies.The reporting will be in monthly, quarter, semester and yearly as requested by respective above agencies. They have no experience with the reporting process since this is the beginning of the project (in the previous the accountability of finance administration and reporting is with UNDP). However the PMU has been supplied a QMR (Quarterly Monitoring Report), the monitoring and reporting format by UNDP that connecting to the AWP. The Quarterly Monitoring Report has been prepared to accommodate the Output, Account code (keyed-in into ATLAS), Task (based on work plan), actual expenditure, and issues related to the output. All of project reports can be consolidated for reporting purposes to the Project Executive Board as the highest body of the UN-REDD NP programme structure. For the financial report, it is prepared in the worksheet with Ms.Excel format, rather than in a certain system, but the guidance of financial reporting has been agreed through the

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					FACE form reporting liquidation.
					PMU mempunyai tanggung jawab untuk membuat pelaporan keuangan sesuai yang diatur dalam SOP, walaupun saat ini masih dalam taraf finaiisasi, untuk keperluan pelaporan pada badan pemerintah dan PBB yang terlibat dalam program ini. Pelaporan akan dilakukan setiap bulan, kuartal, semester dan tahunan sesuai dengan permintaan dari masing-masing badan tersebut di atas.
					Mereka belum mempunyai pengalaman dalam proses pelaporan dalam kaitan projek ini (sebelumnya laporan pertanggungjawaban untuk keuangan dan administrasi berada di UNDP). Akan tetapi, PMU telah diberikan QMR (Quarterly Monitoring Report), berupa alat monitoring dan pelaporan yang dibuat oleh UNDP yang berhubungan dengan AWP. QMR tersebut telah dipersiapkan untuk dapat mencatat keluaran project, termasuk kode perkiraan (yang dapat diinput ke dalam ATLAS), Tugas kerja (berdasarkan rencana kerja), biaya yang terjadi atas kegiatan, serta issue berkaitan dengan output.
					Seluruh laporan project dapat dikonsolidasi untuk keperluan pelaporan kepada Project Executive Board (PEB) sebagai lembaga tertinggi dalam struktur UN-REDD NP Programme.
					Untuk laporan kuangan, telah dipersiapkan bentuk worksheet dengan Excel format, tetapi dengan arahan yang diberikan untuk pelaporan keuangan dengan menggunakan FACE form dalam proses likuidasi kegiatan.
8. Information Systems					
8.1 Is the financial management system computerized?		√			No particular Financial management system computerized using fo UN-REDD NJP programme; They use common operating computer system like microsoft word and excel. In

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					this case, there is no integrated internal computerized system.
8.2 Can the system produce the necessary financial reports?				√	They have been provided with the Microsoft excel with specific formula and format that use for their reporting which in line with the UN agencies requirement through the FACE form reporting. However since this is the beginning of the project, so no experience or reporting output that can be reviewed.
8.3 Are the staffs adequately trained to maintain the system?	√				The Finance Associate is employed through the UNDP recruitment procedure; she has the experience and familiar with the UNDP financial system and procedure. For other administration staff, they all have the experience with particular Microsoft office Word and Excel operation procedure.
8.4 Does the management organization and processing system safeguard the confidentiality, integrity, and availability of the data?	√				Currently they have in the process of finalization of their SOP that contain of filing procedure as well as management upon safeguarding data confidentiality. Moreover, the UN-REDD NJP programme has set up their own office which has a limitation access only for the PMU staff.
Risk Assessment (Information Systems)	*H*	*S*	*M*	*L*	No particular Financial management system computerized using fo UN-REDD NJP programme; They use common operating computer system like microsoft word and excel. The Finance Associate is employed through the UNDP recruitment procedure; she has the experience and familiar with the UNDP financial system and procedure. For other administration staff, they all have the experience with particular Microsoft office Word and Excel operation procedure. However, since this is the beginning of the project

Subject Area	Yes	No	N/A	Review	Remarks/Comments
					implementation, so they have no reporting output that can be reviewed. They will have the final and signed SOP that contain of filing procedure as well as how to manage the safeguard of data and information confidentiality. Moreover, the UN-REDD NJP programme has set up their own office which has a limitation access only for the PMU staff. *Tidak ada komputerisasi sistim manajemen keuangan yang digunakan oleh UN-REDD NJP programme; Mereka mengoperasikan sistim computer yang umum seperti Microsoft word dan excel. Penerimaan Finance Assosiate melalui prosedur UNDP; sehingga mempunyai pengalaman serta mengenal sistim dan prosedur keuangan di UNDP. Untuk tenaga administrasi lainnya, mereka mempunyai pengalaman mempergunakan Microsoft office Word dan Excel. Akan tetapi, karena saat ini mereka baru memulai tahap pelaksanaan projek, sehingga belum ada laporan yang dapat direview. Mereka akan mempunyai SOP yang mengatur tentang prosedur penyimpanan dokumen serta manajemen data dan informasi demi terjaganya kerahasian data dan informasi. Selain itu, UN-REDD NJP programme telah mempunyai kantor terpisah dimana ada batasan akses oleh orang diluar dari staff PMU.*