

Fiscal Accountability, Sustainability and Transparency (FAST)

Due Diligence Assessment

INTOSAI Development Initiative

Site visit date: 13 November 2018
Report completion date: 31 March 2019
Prepared by: Isabelle Fordham

Checked by: David Bailes

SRO: Ian Dalton

MannionDaniels Limited
Universal House
1-2 Queens Parade Place
Bath
United Kingdom
BA1 2NN
Tel: +44 (0)1225 421153
www.manniondaniels.com

Contents

1. Executive Summary	3
1.1 Summary	3
1.2 Overview of Grant & Grant Holder	3
1.3 Integrity Due Diligence (IDD) & Financial Due Diligence (FDD)	4
1.4 The main findings of the Due Diligence process:	5
2. Due Diligence Assessment Pillars	7
2.1 Pillar 1 - Governance and Internal Controls	7
2.1.1 Overview	7
2.1.2 Findings & Recommendations	11
2.2 Pillar 2 – Ability to Deliver	12
2.2.1 Overview	12
2.2.2 Findings & Recommendations	14
2.3 Pillar 3 – Financial Stability	15
2.3.1 Overview	15
2.3.2 Financial Due Diligence	16
2.3.3 Findings & Recommendations	19
2.4 Pillar 4 – Downstream Delivery	19
2.4.1 Overview	19
2.4.2 Findings & Recommendations	19
3. SRO Comments	20
4. Sources of Evidence	20
5. Limitations of Assessment	21
Appendix A: Summary Due Diligence Assessment Table	22
Appendix B: Delivery Chain Mapping	25
Appendix C: Risk Rating Definitions	26
Appendix D: Enhanced Due Diligence for Safeguarding	27
1. Safeguarding	27
2. Whistleblowing	29
3. HR Recruitment and Selection	29
4. Risk Management	30
5. Code of Conduct	32
6. Governance and Accountability	32
7. Summary of DDA	33
Disclaimer	35

1. Executive Summary

1.1 Summary

Background

DFID requires a due diligence assessment of INTOSAI Development Initiative (IDI), as part of a funding decision under their Fiscal Accountability, Sustainability and Transparency (FAST) programme. According to DFID standard guidelines, due diligence must be carried out on an applicant prior to disbursement of funding **and refreshed every three years thereafter**.

Scope

MannionDaniels has developed a standardised approach for conducting due diligence on behalf of DFID. This allows for a comprehensive risk assessment of applicants and is aligned to the DFID Smart Guide methodology. Assessments under this framework consider 4 broad 'Pillars' covering the following topics: Governance & Internal Control, Financial Stability, Ability to Deliver, and Downstream Delivery.

What is Involved

During the due diligence process basic Financial Due Diligence, and Integrity Due Diligence are completed; the findings of these assessments are included in this report. The final stage of the due diligence process is a Financial Management Assessment (FMA) which was completed through a review of the grant holder's documentation, interviews with key staff members, and a site visit to the grant holder's offices.

A site visit was completed on 13th November 2018, in IDI's Oslo office. Key staff members involved were:

- Einar Gørrissen, Director General
- Ole Schøyen, Deputy Director General
- Martin Aldcroft, Strategic Advisor
- Petra Schirnhof, Strategic Advisor

Enhanced due diligence for safeguarding was also completed as part of the assessment. The full questionnaire is included in Appendix D.

1.2 Overview of Grant & Grant Holder

Name of Grant Holder	INTOSAI Development Initiative
Description of Grant Holder	Support Supreme Audit Institutions in strengthening performance and capacities
Purpose of the Grant	DFID funding will be used in support of the wider functions of IDI. The organisation has recently approved a strategic plan for the period 2019-2023 which breaks down the support to be offered by IDI to SAs broken down into 4 categories. The proposed strategic plan envisioned an increase of around 40% in the required funding of IDI in order to deliver as proposed. DFID grant will support the delivery of this plan.
Site visit address	INTOSAI Development Initiative

	Stenersgata 2 0184 Oslo Norway
Commissioning Department	Department for International Development
Grant Type	Fiscal Accountability, Sustainability and Transparency
Provisional Grant Amount	£2,000,000
Total Programme Budget	n/a funding will support IDI's wider operations but no match funding requirement is identified.
DFID Programme Manager	Lindsay Gilchrist
Funding Disbursement	To be agreed during pre-contracting.

Overview of Grant Holder

Established in 1986, the INTOSAI Development Initiative (IDI) provides support to Supreme Audit Institutions (SAI's) through facilitating the implementation of international standards, capacity building, knowledge sharing, and the building of partnerships. IDI was originally hosted by the SAI in Canada between 1986 to 2000, before transferring to the Office of the Auditor General of Norway in 2001.

IDI is a non-profit organisation, based in Oslo, has a workforce of 33 from 20 nationalities spread across four departments. DFID's proposed grant from DFID will support the wider operation of IDI in the delivery of its strategic plan for the period 2019-2023. The plan proposes to:

- Deliver support through four work streams focused on developing independent, well-governed, professional, and relevant Supreme Audit Institutions.
- Provide support to SAIs facilitating sustainable change.
- Start to fully integrate a gender perspective in the design and implementation of all initiatives.

IDI's target group of beneficiaries SAI's includes over 140 developing countries.

1.3 Integrity Due Diligence (IDD) & Financial Due Diligence (FDD)

IDD Summary Findings

Table 1: Integrity Due Diligence findings

Assessment	Findings
Risk and Compliance (Dow Jones)	The IDI Board is comprised mainly of Head of Supreme Audit Institutions who are regarded as politically exposed individuals.
Adverse Media (Factiva)	No adverse results

FDD Summary Findings

An assessment of the financial position of the organisation was completed during the application stages. The headlines extracted from financial due diligence are included in the table below:

Table 2: Financial Due Diligence*

	Amounts in NOK			
	Year Ended 31/12/15	Year Ended 31/12/16	Year Ended 31/12/17	Average
Total Income	61,152,772	48,142,042	60,105,635	56,466,816
Total Expenditure	61,038,794	48,136,998	60,104,398	56,426,730
Net Surplus/Deficit	113,978	5,044	1,237	40,086
				3 yr Total
DFID Income	4,931,715	283,594	343	5,215,652
DFID Income as a % of Total Income	8%	1%	0%	3%

1.4 The main findings of the Due Diligence process:

1. IDI are experienced in receiving donor income and meeting funding requirements. Funders include Office of the Auditor General of Norway; Swedish International Development Agency; Department of Foreign Affairs, Trade and Development (Canada); USAID; Ministry of Foreign Affairs (Hungary); International Fund for Agricultural Development; Office of the Auditor General of Zambia; Norwegian Agency for Development; Department for International Development (UK); Department of Foreign Affairs and Trade (Australia); Austrian Development Agency; Irish Aid; State Secretariat for Economic Affairs (Switzerland); Ministry of Foreign Affairs (France); Ministry of Foreign Affairs (Norway) and INTOSAI.
2. IDI rely on Norwegian law and two policy documents (Code of Ethics and Complaints Framework) to provide direction to staff for a number of areas. While the laws may be strong and clear they need to be supported with organisation specific guidance in order to ensure appropriate procedures are in place operationally. There are a number of policies in need of development including:
 - Fraud, bribery, and corruption,
 - Safeguarding, and
 - Harassment.
3. IDI's payroll and accounting department was outsourced, and a new finance system implemented this year. Due to these significant changes in financial processes, a revised finance manual has not been fully drafted/finalised.
4. IDI will be implementing all funded activities and will not require any downstream partners

Overall, the risk rating assigned to INTOSAI Development Initiative is '**Moderate**'. From the information provided, it appears that this Grant Holder will not pose an unacceptable or negative fiduciary or reputational risk to DFID and, subject to the implementation of strengthening measures as outlined in the Summary Table in Annex A, passes the threshold of acceptability for funding.

Pillar	Rating
Governance & Internal Controls	Moderate
Ability to Deliver	Moderate
Financial Stability	Moderate
Downstream Delivery	Minor
Overall Risk Rating	Moderate

¹ For rating definitions see Appendix C

2. Due Diligence Assessment Pillars

2.1 Pillar 1 - Governance and Internal Controls

2.1.1 Overview

Table 3: Document checklist - Pillar 1

Document Requested	Received?	Comments
Registration documents	✓	Register Transcript from the Central Coordinating Register for Legal Entities, Brønnøysund Register Centre, 31 st October 2018
Proof of physical address	✓	Confirmed in the registration certificate (above) Site Visit – 13 th November 2018
Founding documents	✓	Statutes for the Foundation INTOSAI Development Initiative, 10 th March 2016
Strategic Plan	✓	Draft IDI Strategic Plan 2019-23
Trustees/ board members	✓	Details and Passports provided during site visit
Board meeting minutes	✓	Virtual Board Meeting 29 th June 2018
Executive leadership	✓	Details and Passports provided during site visit
SMT meeting minutes	✓	Management Meeting 27 th September 2018
Fraud Policies	Partial	IDI Complaints Framework, 2017 (Whistleblowing)
Fraud Reports	N/A	No fraud reported in the past 3 years
Conflict of Interest Policy	✗	
Organisational Chart	✓	On IDI website
Risk Register	✓	Risk Register, 19 th October 2018
Business Continuity Plan	✗	
Due Diligence Reports	N/A	
Equal Opportunity Policy	✗	
Code of Conduct/Ethics	✓	IDI Code of Ethics, 2014 (until 9 th November 2018) IDI Code of Ethics, 2018 (from 9 th November 2018)
Safeguarding Policy	✗	
Anti-Bullying/Harassment Policy	✗	

Governance

INTOSAI Development Initiative (IDI) has been registered on the Central Coordinating Register for Legal Entities (Brønnøysund Register Centre) since 19th August 1999. A copy of the register transcript has been provided, and this has been further confirmed with an online check on the Brønnøysund Register Centre website.

The Statutes for the Foundation INTOSAI Development Initiative, which were originally adopted at the meeting of the Norwegian Board of Auditors General on 25th May 1999. The latest amendment to the Statutes was made by the IDI Board on 10th March 2016. Signed Board minutes detailing these amendments have been provided.

The organisation has a functioning non-executive Board in place which consist currently of 10 individuals – the composition of which is in accordance with Norwegian Corporation Law. The Board members have tenure of three years and can be renewed once. To note, the Chair of the Board position will always be filled by the Auditor General of Norway (whilst IDI is hosted in Norway). This role is appointed by the Norwegian Parliament.

The Board will meet twice a year in person and these meeting usually occur in March and November. In addition, meetings may also be held on a needs basis through virtual means. Minutes are taken and are made available on IDI's website.

The Board has one sub-committee – the Nomination and Remuneration Committee – who will meet approximately two to four times a year. The Committee consists of the Chair of the Board, Vice Chair of the Board and the Auditor General of South Africa. A key responsibility of the Committee is setting the salaries of the Director General and Deputy Director Generals.

IDI have a Management Group, who meet largely on a monthly basis. The group is formed of the Director General, three Deputy Directors General and further supported by two team members from the Strategic Support Unit. A more streamlined approach has been taken to these meetings, to ensure key topics are covered. There is a standing agenda in place and it will cover topics such as strategy, monitoring, staffing and updates from each of the departments. A copy of the minutes from the Management Meeting held on the 27th September 2018, have been submitted for review.

On the 9th November 2018, the Board approved IDI's Strategic Plan for the period 2019-2023.

Fraud, bribery, corruption and money laundering

There are no standalone policies in place for anti-bribery/corruption or fraud. Whilst IDI do have a Complaints Framework and Code of Ethics, where these topics are stated, they do not sufficiently provide guidance and direction for staff. Policies should be introduced which cover purpose of the policy, scope, definitions, examples, responsibilities of staff for each hierarchical level of the organisation, reporting and investigating concerns, notifying third parties, confidentiality and disciplinary procedures.

There is not a policy for Conflicts of Interest in place, however it is referenced in IDI's Code of Ethics. Consideration should be given to introducing a policy which details the steps required to be taken in the event of there being a conflict of interest. During the site visit, it was confirmed that staff are to report to their line manager if a conflict of interest exists, and that nil return declarations are not required to be submitted. In regard to declarations from the Board, it is a standing item on the agenda.

IDI have a detailed and methodical Complaints Framework which is applicable to both staff and the Board, as well as others conducting work on behalf of IDI. The document is available on IDI's website. Per the framework, examples of issues which might give rise to a complaint include Bullying; Harassment; Relationships at work; Working environment; Discrimination; Terms and conditions of employment; Health and safety; Theft; and Corrupt practices. The framework covers both internal and external complaints, informal and formal complaints, actions, outputs and timelines, and supporting with templates. Whilst it does not refer to whistleblowing explicitly, it does provide clear guidance on reporting concerns including confidentially and anonymously. This framework has been applied in two incidences and IDI confirmed that the process worked satisfactorily.

IDI has stated that as an employer in Norway, they have to comply with the enforced Norwegian Employment Act, which codifies the right to notify (whistle blow), protection for employees who notify, the obligation to have procedures for internal notifications and the duty of confidentiality in such instances.

IDI state there has been no instances of fraud in the past three years.

Internal Control

IDI's preferred method of payment for goods and services is bank transfer.

IDI use an electronic invoicing system, which receives invoices direct from suppliers. Co-ordinators will record transactions on the system and assign each to the applicable individual(s):

- Transactions 0 – 100,000 NOK: approval from one Deputy Director General
- Transactions 100,000 – 500.000 NOK: approval from two Deputy Director Generals
- Transactions >500,000 NOK: approval from one Deputy Director General and the Director General

The transactions will then be uploaded to the payment portal for approval by two staff members (Director General and Deputy Director Generals).

Due to the size of IDI it is difficult to achieve full segregation of duties in the processing and payment of transactions. However, this is mitigated by all transactions needing two approvers for payment, thus meaning not one individual can solely process and pay for a transaction.

The system can provide an audit trail for each transaction, clearly identifying who has been involved in the recording and payment process.

Petty cash used to be maintained by IDI but in recent years there has no longer been a need for it, as such it has been being phased out. At the time of the site visit, there was a highly immaterial amount of Euros held, which by the end of the financial year will have been fully depleted.

Risk management

IDI Corporate Risk Register combines both the Risk Register and supporting narrative on the risk approach, roles and responsibilities, review cycle and risk register completion. The narrative also includes details on changes to the register since the previous update.

In the register, risks are categorised into the following – Developmental; Operational; Reputational and Natural. Each individual risk will have an impact and likelihood rating applied; an appropriate risk response and control measures; individual(s) responsible for the control measures; finishing with a residual risk and change rating.

It is the responsibility of IDI's Strategic Support Unit for maintaining the risk register. The Director General and Deputy Director General's will review the register on a periodic basis and it will be presented to the Board on a six-monthly basis.

There is currently not a Business Continuity Plan in place. The biggest risk to IDI's continuity is losing access to IT equipment and software. At present, IDI outsource their IT systems to an organisation called Telecomputing, who are responsible for taking regular backups, which are situated in multiple locations.

IDI do have a Disaster Management Plan, which covers staff who are travelling. This has been periodically tested on an annual basis, and most recently there was a real-life event where the plan had to be applied. It was confirmed that the plan operates satisfactorily.

IDI has undergone full due diligence assessments in the past for donors including DFID and USAID, however these have been all out with the past three years.

Most recently a Governance Review of IDI was undertaken in 2015 by an independent consultancy firm. The review covered areas including the composition of the Board, roles and responsibilities of the Board and the Director General, competencies required by the Board members and the removal of unnecessary structures. During the site visit it was confirmed that recommendations raised were met and implemented.

Ethics

The Code of Ethics was recently revised and approved at the latest Board Meeting which occurred on the 9th of November 2018. The Code's purpose is to offer a set of values to guide behaviours and decision making and is noted that it should be read in conjunction with the Norwegian Ethical Guidelines for the Public Service. The Code is centred around IDI's ethical values of:

- Integrity
- Credibility and Accountability
- Impartiality and Objectivity
- Confidentiality
- Transparency
- Respect, Behaviour Towards Others, Diversity and Equal Opportunities
- Competence

For each of the above values, guidance is given on what is expected of both the organisation and the staff. Staff will be given an introduction to the Code of Ethics upon joining IDI. From January 2019, staff will be required to sign a declaration stating that they have read and understood its contents.

There is a historic Gender Policy, however this will be revised as part of the Strategic Plan which has a focus on the integration of gender in IDI and its work. In particular, IDI's approach will be, to:

- Have adequate resources and expertise to effectively integrate gender in IDI and into new initiatives
- Look for organisations with a gender focus as partners
- Provide gender training for all IDI staff
- Implement findings of the organisational gender assessment and conduct a repeat assessment if necessary

IDI publish their Financial Statements, Disclosure Note and Independent Auditor's Report on their website (in English).

At present, IDI do not publish data on IATI.

Safeguarding

IDI do not have a safeguarding policy in place currently, as in the normal course of its business, IDI does not come into contact with either children or vulnerable adults.

IDI do not have a formal anti-bullying and harassment or equal opportunity policy. Whilst touched upon in the Code of Ethics and Complaints Framework, they do not provide enough specific guidance for staff on these matters and should be strengthened with a formal policy.

A detailed assessment of the organisation's safeguarding protections is included in Appendix D.

2.1.2 Findings & Recommendations

No.	Priority	Definition
1.	Minor	<p>Finding: IDI do not currently have a Business Continuity Plan.</p> <p>Recommendation: IDI should consider whether documenting a Business Continuity Plan would be beneficial.</p> <p>Advisory Only</p>
2	Moderate	<p>Finding: IDI do not currently publish data on IATI.</p> <p>Recommendation: In line with DFID's standard practice IDI must, at a minimum, publish project data in compliance with IATI standards.</p> <p>Within 6 months of the start date of the project</p>
3.	Moderate	<p>Finding: IDI do not currently have an Anti-Bullying and Harassment or Equal Opportunity policy.</p> <p>Recommendation: IDI should develop Anti-Bullying and Harassment guidelines which include equal opportunities protections.</p> <p>Within 3 months of the start date of the project</p>
4.	Moderate	<p>Finding: IDI does not have safeguarding policies in place. Previously these have not been developed as IDI does not completed frontline service delivery to vulnerable groups.</p> <p>Recommendation: As details in Appendix D, IDI should make the following improvements in safeguarding:</p> <ul style="list-style-type: none"> • IDI must develop, write, and implements its own safeguarding guidance covering the protection of both children and adults. • A register should be developed to record any safeguarding instances. This process should be documented in the register. • The role of designated senior safeguarding officer should be formally assigned and clearly identified in supporting policies. • Training to include a dedicated section on safeguarding. <p>This would typically be regarded as a major risk but is extensively mitigated due to having no role in frontline delivery.</p> <p>Prior to signature of grant arrangement</p>

No.	Priority	Definition
5.	Moderate	<p>Findings: The enhanced due diligence for safeguarding in Appendix D identified further need for training in the areas of Code of Ethics and Whistleblowing.</p> <p>Recommendations: Introduce sections of induction training to cover the Code of Ethics and awareness raising of Whistleblowing details.</p> <p>Within 3 months of the start date of the project</p>
6.	Moderate	<p>Finding: IDI does not currently have a Fraud, Bribery and Corruption policy. Whilst these topics are touched upon in the Code of Ethics and Complaints Framework, they do not provide enough specific guidance for staff.</p> <p>Recommendation: IDI must develop and implement a Fraud, Bribery and Corruption policy.</p> <p>Prior to signature of grant arrangement</p>

Overall Ranking: Pillar 1, Governance and Internal Control

Severe	Major	Moderate	Minor
		✓	

2.2 Pillar 2 – Ability to Deliver

2.2.1 Overview

Table 4: Document checklist - Pillar 2

Document Requested	Received?	Comments
Written references	✗	No written references provided, however they have been a DFID grant holder previously (project completion report submitted)
CVs for key staff	✓	CV's for the Management Team provided
CVs for finance staff	✓	CV of key accountant at Amesto Account House
Salary Structure	✓	Implementation Arrangements for New IDI Remuneration Policy, 9 th March 2018
Training and Development Plans	✓	Performance Appraisal 2018
HR manual/handbook	✓	IDI Employee Handbook 2018
Project reports	✓	Final Evaluations available on IDI's website
Operations manual/plan	✓	IDI Operational Plan 2019
Travel & Subsistence Policy	✓	IDI Travel Policy 2018
Safeguarding Policies	✗	
Safeguarding issue reports	✗	

Past Performance

IDI have received one DFID funded grant previously, which was to give 'Support to the International Organisation of Supreme Audit Institutions (INTOSAI)'. There were two components to this project, which were Support to the INTOSAI Capacity Building Committee and Support to the INTOSAI-Donor Secretariat. The project had a duration of 30th April 2012 to 31st December 2015, with a budget assigned of £1,290,364 (actual expenditure being £1,093,180). Per the Project Completion Review Report submitted, the project was scored 'A'.

IDI have received funding of an equivalent size (and larger) from various donors. Funders include Office of the Auditor General of Norway; Swedish International Development Agency; Department of Foreign Affairs, Trade and Development (Canada); USAID; Ministry of Foreign Affairs (Hungary); International Fund for Agricultural Development; Office of the Auditor General of Zambia; Norwegian Agency for Development; Department for International Development (UK); Department of Foreign Affairs and Trade (Australia); Austrian Development Agency; Irish Aid; State Secretariat for Economic Affairs (Switzerland); Ministry of Foreign Affairs (France); Ministry of Foreign Affairs (Norway) and INTOSAI.

IDI routinely undertake independent evaluations of their programmes, as well as performance against their Strategic Plan, which are published on the IDI website along with management responses in some instances.

Staff capacity and capability

The key elements of this funding are to cover core costs to allow the implementation of the Strategic Plan, and to provide country level support to Supreme Audit Institutions (SAI's). As such, the majority of the IDI work force will be involved in this project. CV's of the Management Team have been provided, which evidence extensive, relevant experience.

In 2018, a decision was made for the accounting and payroll function to be outsourced, following the retirement of the Finance Manager (after 17 years in post). IDI confirmed that they are satisfied with the service currently being provided by Amesto Account House but flagged that the contract will be going out to tender at the end of year (Amesto Account House will be invited to re-tender). The main reason for the re-tender is that the service was procured under an emergency clause due to the tight time frame between the Finance Manager notifying IDI of their retirement and the last day they would be working.

The award of this grant will not result in the requirement of more staff either internally or externally.

Under the Admin Department, sits the HR manager who is responsible for recruitment, staff induction to the organisation, benefits, handling HR issues and communicating required updates to the employee handbook and HR policies. The employee handbook, which has been provided as part of the due diligence process, is located on IDI's intranet (as well the file server and induction pack).

IDI do not currently have a succession plan in place. However, the workforce at IDI are on a variety of contracts including permanent, fixed term and secondments from SAI's, these known elements assist in resource planning. Furthermore, recruitment will be undertaken in advance, where possible.

IDI promote training and development to staff within the organisation and offer a variety of opportunities and support for career development. IDI have a dedicated budget to help cover associated costs.

Staff will undergo an appraisal on an annual basis with their line managers, where goals and objectives are set and performance against these reviewed. IDI also highlighted that regular feedback and comments are given on the quality of individuals work through the year.

IDI have recently revised their salary structure, which will be effective from the 1st January 2019. The revisions have been reflected in the DFID application and budget.

IDI do have a Travel and Subsistence Policy, which gives guidance on travel authorisation, allowable and disallowable expenses and procedures to be taken when undertaking/booking travel.

Programme management

Due to the nature of this funding and the costs it will be covering, the performance will be measured against the organisational operational plan and strategic plan (2019-2023). The specific outputs and monitoring methods are to be fully finalised with DFID.

As mentioned previously, IDI organise for independent evaluations to be carried out to assess the implementation of IDI's strategic plan. Reviews and evaluations will also be undertaken on specific initiatives. These will be supplemented with narrative reviews as part of IDI's annual Performance and Accountability Reports.

In 2015, an evaluation policy, to help guide staff responsible for evaluations, was drafted but not finalised.

Operating Environment

Table 5: Environment risk: Norway

Risk Type	Risk Rating ²
Medical Risk	Low
Travel Risk	Insignificant

2.2.2 Findings & Recommendations

No.	Priority	Definition
1.	Minor	<p>Finding: IDI do not currently have a succession plan in place.</p> <p>Recommendation: IDI should consider whether it would be appropriate to devise a succession plan.</p> <p>Advisory Only</p>

² Source: International SOS

No.	Priority	Definition
2.	Moderate	<p>Finding: No written references provided.</p> <p>Recommendation: IDI to submit two written references from other donors or previous Fund Managers who are able to assess the organisations performance.</p> <p>Prior to signature of grant arrangement</p>
3.	Moderate	<p>Finding: Aspects of the project are still to be finalised with DFID.</p> <p>Recommendation: Project requirements to be finalised with DFID.</p> <p>Prior to signature of grant arrangement</p>
4.	Moderate	<p>Finding: IDI's Evaluation Policy was drafted but has been finalised.</p> <p>Recommendation: Evaluation Policy to be finalised and approved by the Board</p> <p>Within 6 months of the start date of the project</p>

Overall Ranking: Pillar 2, Ability to Delivery

Severe	Major	Moderate	Minor
		✓	

2.3 Pillar 3 – Financial Stability

2.3.1 Overview

Table 6: Document checklist - Pillar 3

Document Requested	Received?	Comments
3 years audited annual accounts	✓	For the year ended 31 st December 2015 For the year ended 31 st December 2016 For the year ended 31 st December 2017
Bank letter of good standing	✓	Nordea Bank
Bank detail verification form	✓	
Funding commitments	N/A	There is no proposed match funding
Finance Manual	✗	Currently being drafted
Exchange Rate Policy	✗	
Audit Management Letter	N/A	These are not issued in Norway unless there are significant areas of concern to be raised.
Grant Specific Audits	N/A	
Procurement Policy	✓	Procurement Policy, 2014

2.3.2 Financial Due Diligence

An assessment of the financial position of the organisation was completed during the application stages. The headlines extracted from financial due diligence are included in the table below:

Table 8: Financial viability

	Amounts in NOK			
	Year Ended 31/12/15	Year Ended 31/12/16	Year Ended 31/12/17	Average
Total Income	61,152,772	48,142,042	60,105,635	56,466,816
Total Expenditure	61,038,794	48,136,998	60,104,398	56,426,730
Net Surplus/Deficit	113,978	5,044	1,237	40,086
				3 yr Total
DFID Income	4,931,715	283,594	343	5,215,652
DFID Income as a % of Total Income	8%	1%	0%	3%
Fixed Assets	0	0	0	
Current Assets	32,858,566	31,508,904	22,342,605	
Current Liabilities	32,391,745	31,039,803	21,871,871	
Long Term Liabilities	0	0	0	
Net Assets	466,821	469,102	470,735	
<i>Analysed as:</i>				
General Reserves	466,821	469,102	470,735	
	466,821	469,102	470,735	
Current Ratio	1.01	1.02	1.02	
Operating working capital (weeks)	0.4	0.5	0.4	

Financial viability

There has been a small degree of fluctuation in income over the past three years. This was discussed and the reason for the dip in income was due to that year being a 'development' year where the new strategic plan was developed and began to be implemented. However, looking forward, IDI are forecasting there to be a further increase in income.

Overall, the organisation has income coming in from a number of different streams, however for the year ended 31st December 2017, income from the Office of Auditor General Norway equated to 46% of total income. During the site visit, it was confirmed that IDI are looking to diversify to have a broader base of donors, however the risk appears low. As long as IDI remains located in Norway the Norwegian Government is committed to providing funding, current agreements with OAG Norway are for the hosting of IDI for at least the next 6 years.

On review of the accounts, expenditure largely reflects income achieved due to IDI's revenue recognition policy. As such, a near breakeven position at the end of the year is achieved. In IDI's history there are no reported instances of a deficit being incurred.

IDI maintain a healthy cash balance and within the prior three year accounts the balance has sat between 20,000,000 – 30,000,000 NOK.

Financial management

With significant changes in the financial processes undertaken by IDI, updating accounting software, as well as the outsourcing of accounting and payroll, there is not a Financial Manual in place. It is currently being drafted.

IDI prepare an organisational budget on annual basis. Previously the budget would be monitored and revised on a six-monthly basis, however from 2019, this is changing to every four months. A copy of the 2019 operational budget is available on IDI's website.

IDI banks with Nordea Bank and its accounts are in NOK. A supporting letter of good standing has been received by the bank.

IDI undertake the majority of their transactions in NOK. However, where other currencies are used, they are translated at the most recent monthly rate, as published by the Norwegian Central Bank. However, there is not a Exchange Rate Policy in place.

Internal and external audits

IDI currently have their financial statements audited by PWC, who are appointed for the period of 2017-2019. Following this, the audit will be put out for tender, as per IDI's procurement policy, to renowned international audit firms. The audit firm will be scored based on a variety of criteria and a preferred firm will be put forward to IDI's Board for approval (previously it was the Norwegian Audit Office who appointed the auditors).

The responsibility of preparing the financial statements sits with IDI's outsourced accountancy function, as such segregation of duties is achieved between accounts preparation and the audit.

IDI do not have an internal audit function, this is largely due to the organisations size.

Value for money

With the implementation of the strategic plan, IDI will be contributing to improvements to SAI's in approximately 100 developing countries. Due to the nature of the funding, it is difficult to determine an exact cost per beneficiary.

Key costs that will be incurred using this funding are staff costs, overheads, capacity development events and training, and associated travel costs.

IDI has a results measurement system which includes indicators at the following levels which will be monitored:

- IDI outputs (34 indicators measured annually) – what IDI delivers itself that contributes to stronger SAIs
- IDI Supported SAI-level outputs (27 indicators measured annually) – what SAIs do as a direct result of IDI's support

- Global SAI outputs (26 indicators measured every 3 years) – the overall performance and capacity of SAIs, to which all SAI support contributes
- SAI outcomes (7 indicators measured every 3 years) – the direct (and some indirect) benefits of stronger SAIs (including some proxy measures for things that stronger SAIs contribute to, like better public services)

From 2019 onwards, IDI state there will be an amplified focus on supporting SAI's in fragile situations and other challenging environments. Furthermore, it is added that there will be emphasis on helping SAI's to adopt the concept of inclusiveness into their audit work), which will entail looking at how government programmes are designed to ensure they do benefit the vulnerable and marginalised.

Policies, procedures and systems

IDI do not have any assets and as such no asset register is required/maintained. It was confirmed that office accommodation (plus the furniture within) and computer equipment are rented. Items such as laptops and phones are given serial numbers and recorded on a tracker to monitor their location and renewal details.

The Visma accounting suite was rolled out in August 2018 and the package comprises the accounting system, the invoice processing system, payroll, online portal for expenses and payments, and lastly an employee portal.

IDI will book incoming funds as a liability upon receipt and will only recognise it as revenue when the expenditure can be matched according to appropriate project codes. At the end of year IDI allocates funds to project codes in a single spreadsheet that gives an overview of how each donor's money is allocated. This forms the basis for booking the revenue on those project codes, which allows IDI to track how each donor's funding has been distributed.

The current accounting system allows for transaction listings produced, additionally all supporting invoices are digitally recorded. Both can be provided when required, with ease.

Per Norwegian law it is a requirement that accounting documents are retained for five years. IDI confirmed that they abide by this, and in practice they are held longer.

A procurement policy is maintained by IDI and has been provided for review. Guidance is given on the principles to be applied when purchasing goods and services. It is evident that:

- no quotes are required for purchases up to 5,000 NOK,
- where possible three quotes between 5,000 and 30,000 NOK
- a minimum of three quotes between 30,000 and 100,000 NOK
- an open tender or minimum of five quotes for purchases 100,000 NOK and above

To assist with the larger purchases (above 100,000 NOK), a purchase committee will meet to review and approve the spend. This committee will consist of two Management Team members, and if the value is greater than 500,000 NOK the committee must include the Director General.

2.3.3 Findings & Recommendations

No.	Priority	Definition
1.	Minor	<p>Finding: There is currently not an Exchange Rate Policy in place.</p> <p>Recommendation: Consideration should be given to introducing an Exchange Rate Policy. At a minimum a methodology for reporting in GBP should be agreed with DFID.</p> <p>Advisory Only</p>
2.	Moderate	<p>Finding: With significant changes in the financial processes undertaken by IDI (and with the outsourcing of accounting and payroll) there is not a Financial Manual in place. It is currently being drafted.</p> <p>Recommendation: Finance Manual to be developed and made part of IDI operational guidelines .</p> <p>Within 6 months of the start date of the project.</p>

Overall Ranking: Pillar 3, Financial Stability

Severe	Major	Moderate	Minor
		✓	

2.4 Pillar 4 – Downstream Delivery

2.4.1 Overview

There is no proposed downstream partner to be used in this project.

2.4.2 Findings & Recommendations

Overall Ranking: Pillar 4, Downstream Delivery

Severe	Major	Moderate	Minor
			✓

3. SRO Comments

A useful point in time assessment.

4. Sources of Evidence

Documentation Reviewed (and available to DFID on request to MannionDaniels):

- Register Transcript from the Central Coordinating Register for Legal Entities, Brønnøysund Register Centre, 31st October 2018
- Statutes for the Foundation INTOSAI Development Initiatives, 10th March 2016
- Draft IDI Strategic Plan 2019-23, 27th September 2018
- Details and Passports for Board Members
- Virtual Board Meeting Minutes, 29th June 2018
- Details and Passports for Management Team
- Management Meeting Minutes, 27th September 2018
- IDI Complaints Framework, 2017
- IDI Code of Ethics, 2018 (applicable from 9th November 2018)
- IDI Code of Ethics, 2014 (applicable until 9th November 2018)
- Organisation Chart
- Risk Register, 19th October 2018
- DFID Projection Completion Review, 31st March 2016
- CV's for the Management Team
- CV of key accountant at Amesto Account House
- Implementation Arrangements for New IDI Remuneration Policy, 9th March 2018
- IDI Employee Handbook 2018
- Gender Policy, 2013
- Performance Appraisal 2018
- IDI Operational Plan 2019
- Final Report Evaluation of the ALBF programme, 7th May 2018
- External Evaluation of the Implementation of the Strategic Plan 2014-2018, 16th January 2018
- IDI Operational Budget 2019
- IDI Travel Policy 2018
- Annual Accounts for the year ended 31st December 2015
- Annual Accounts for the year ended 31st December 2016

- Annual Accounts for the year ended 31st December 2017
- Letter of Good Standing, Nordea Bank
- Bank Details Verification Form
- IDI Procurement Policy, 2014

Other sources:

- Dow Jones Risk & Compliance database
- Factiva media database
- Brønnøysund Register Centre <https://w2.brreg.no/enhet/sok/detalj.jsp?orgnr=980997278>
- IDI's website <http://www.idi.no>

5. Limitations of Assessment

This report has been compiled by means of self-assessment questionnaire answers and discussions held on site, plus documentary evidence received before and following the assessment. To provide assurance regarding actual compliance with systems and processes internal controls should be inspected and assessed during a project specific audit.

Appendix A: Summary Due Diligence Assessment Table

Summary Table of Key Risks and Mitigating Measures from the Financial Management Assessment

Summary of those areas with a risk rating of severe, major or moderate	Strengthening measures agreed with the applicant to mitigate these risks	Timetable for implementation of the strengthening measure	Means of verifying that the measure has been implemented
Governance and Internal Control: IDI do not currently have an Anti-Bullying and Harassment or Equal Opportunity policy Moderate	IDI should develop Anti-Bullying and Harassment guidelines which include equal opportunities protections	Within 3 months of the start date of the project	Submission of an Anti-Bullying and Harassment Policy to DFID.
Governance and Internal Control: IDI do not currently publish data on IATI. Moderate	In line with DFID's standard practice IDI must, at a minimum, publish project data in compliance with IATI standards.	Within 6 months of the start date of the project	IATI data online.
Governance and Internal Control: IDI does not have safeguarding policies in place. Previously these have not been developed as IDI does not completed frontline service delivery to vulnerable groups. Moderate	As details in Appendix D, IDI should make the following improvements in safeguarding: <ul style="list-style-type: none"> • IDI must develop, write, and implements its own safeguarding guidance covering the protection of both children and adults. • A register should be developed to record any safeguarding instances. This process should be documented in the register. • The role of designated senior safeguarding officer should be formally assigned and clearly identified in supporting policies. 	Prior to signature of grant arrangement	Submission of Safeguarding Policy to DFID.

Summary of those areas with a risk rating of severe, major or moderate	Strengthening measures agreed with the applicant to mitigate these risks	Timetable for implementation of the strengthening measure	Means of verifying that the measure has been implemented
	<ul style="list-style-type: none"> Training to include a dedicated section on safeguarding. 		
Governance and Internal Control: The enhanced due diligence for safeguarding in Appendix D identified further need for training in the areas of Code of Ethics and Whistleblowing. Moderate	Introduce sections of induction training to cover the Code of Ethics and awareness raising of Whistleblowing details.	Within 3 months of the start date of the project	IDI to confirm that they have amended training in these areas.
Governance and Internal Control: IDI does not currently have a Fraud, Bribery and Corruption. Whilst these topics are touched upon in the Code of Ethics and Complaints Framework, they do not provide enough specific guidance. Moderate	IDI must develop and implement a Fraud, Bribery and Corruption policy.	Prior to signature of grant arrangement	Submission of a Fraud, Bribery and Corruption Policy to the DFID.
Ability to deliver and value for money: No written references provided. Moderate	IDI to submit two written references from other donors or previous Fund Managers who are able to assess the organisations performance.	Prior to signature of grant arrangement	Submission of written references to DFID.
Ability to deliver and value for money: Aspects of the project are still to be finalised with DFID.	Project requirements to be finalised with DFID.	Prior to signature of grant arrangement	All aspects of the project to be finalised with DFID.

Summary of those areas with a risk rating of severe, major or moderate	Strengthening measures agreed with the applicant to mitigate these risks	Timetable for implementation of the strengthening measure	Means of verifying that the measure has been implemented
Moderate			
Ability to deliver and value for money: IDI's Evaluation Policy was drafted but has been finalised. Moderate	Evaluation Policy to be finalised and approved by the Board	Within 6 months of the start date of the project	Submission of Evaluation Policy to DFID.
Financial Stability: With significant changes in the financial processes undertaken by IDI (and with the outsourcing of accounting and payroll) there is not a Financial Manual in place. It is currently being drafted. Moderate	Finance Manual to be developed and made part of IDI operational guidelines.	Within 6 months of the start date of the project.	Submission of Finance Manual to DFID.

Appendix B: Delivery Chain Mapping

Not applicable to this project as IDI has no downstream partners.

Appendix C: Risk Rating Definitions

Priority	Definition
Minor	Findings that do not pose unacceptable negative fiduciary and/or reputational risk to DFID but which the Partner may wish to consider.
Moderate	Findings that do not pose unacceptable negative fiduciary and/or reputational risk to DFID but which would be advisable for the Partner to address to improve their systems, processes or procedures.
Major	Weaknesses that pose unacceptable negative fiduciary and/or reputational risk to DFID but where mitigating actions could be put in place to suitably reduce the risk to acceptable levels.
Severe	Weaknesses that pose unacceptable negative fiduciary and/or reputational risk to DFID and where necessary mitigating actions are either not possible or highly challenging for the Partner to implement

Appendix D: Enhanced Due Diligence for Safeguarding

1. Safeguarding

Question	Yes	No	Comments	Actions to take
<p>Do you have a safeguarding policy?</p> <p>Does the policy include a statement of your commitment to safeguarding, including a zero-tolerance statement on bullying, harassment and sexual exploitation and abuse?</p>		No	We don't have a separate policy, but a lot of the requirements are covered in our code of ethics and complaints framework.	<p>IDI has been reliant on its code of ethics and national laws to cover the areas that would usually be contained within a safeguarding policy.</p> <p>The code of ethics is a very different document from a safeguarding policy as it is not intended to include the detail required on the operational and process side. Reliance on national laws is not sufficient as the awareness of laws is low, they are not written to be read from a non-legal standpoint, and organisation specific guidance on process will inevitably be missing.</p> <p>IDI must develop, writes, and implements its own safeguarding guidance covering the protection of both children and adults.</p>
Do you keep a detailed register of safeguarding issues raised and how they were dealt with? Do you treat historical	Yes		Issues concerning staff are stored on their personnel file, however, we are mindful of GDPR rules that mean we can only store these	A register should be developed to record any safeguarding instances. This process should be documented in the register.

allegations separately and differently from current disclosures?			for a limited amount of time. We don't have a separate register though.	
Does your recruitment policy include a criminal background check on candidates? In particular, specifically where the programme would involve working with children or vulnerable adults.		No	According to Norwegian Law we can only carry out background checks if our staff work with children or vulnerable adults. Our staff work mostly with audit professionals, so we normally don't have a legal recourse to do background checks.	No action required
Do you have clear investigation and disciplinary procedures to use when allegations and complaints are made and does the organisation have clear processes in place for when a disclosure is made?	Yes		These are outlined in our complaints framework.	No action required
Do you share your safeguarding policy with downstream partners?		No	We don't have downstream partners per se. However, we have resource persons from SAIs that work on our behalf. We require them to adhere to our code of ethics, but we can definitely do more to communicate and make them aware of this.	Not applicable
Do you have a designated senior safeguarding officer who reports regularly to the senior leadership and Board?		No	Not formally. The reporting routines are outlined in the complaints framework. However, the Director General briefs the chairman about such issues when they emerge.	The role of designated senior safeguarding officer should be formally assigned and clearly identified in supporting policies.
Do you provide mandatory training on safeguarding to new trustees/staff/volunteers within a suitable and appropriate timeframe of them joining your organisation?	Yes		We have recently developed an e-learning platform which will enable both staff and resource persons to receive training, especially about our code of ethics.	Mandatory training must include a dedicated section on safeguarding and track completion of the training across all individuals working for IDI.

Do you provide regular (mandatory refresher training on safeguarding to staff/volunteers?				
---	--	--	--	--

2. Whistleblowing

Question	Yes	No	Comments	Actions to take
Do you have a whistle-blowing policy which protects whistle blowers from reprisals and includes clear processes for dealing with concerns raised and by whom and the timelines involved?	Yes		The complaints framework outlines the process for whistle blowing. Norwegian law also provides substantial protections for whistleblowers.	No action required
Do you provide mandatory training on whistle-blowing to new trustees/staff/volunteers within a suitable and appropriate timeframe of them joining your organisation?		No	We can expand on our e-learning platform to include this.	Expand training to include a dedicated section on whistleblowing.

3. HR Recruitment and Selection

Question	Yes	No	Comments	Actions to take
Does your recruitment process consider and evidence the level of safeguarding risk in a job role?		No	As mentioned above, our staff are not normally in contact with children or vulnerable adults as they are mostly in contact with audit professionals. We have not found this to be an applicable risk for our work.	No action required
Do you have different levels of recruitment and security checks commensurate with safeguarding requirements of the role?				

Does your HR policy depict a well-planned interview process?	Yes		Interviews vary from recruitment to recruitment, but usually take the form of a structured set of questions designed to assess the candidate against the criteria set out in the job description. Our interviewers do not have specific training in safeguarding issues.	No action required
Do interviewers have the relevant experience and knowledge of current safeguarding practices?		No		
If the role is for those working directly with vulnerable groups then does your policy include specific questions in the interview that draw out people's attitudes and values in relation to the protection of children and/or vulnerable adults?		No	We have not recruited a role working directly with vulnerable groups and don't expect to.	Not applicable
Do you require up to two references including some from previous employees or others who have knowledge of the candidate's experience and suitability to work with children?	Yes		We require references and collect two references for shortlisted candidates. We do not check experience or suitability to work with children, as this is not part of our work.	No action required
Does your policy require that background checks should be carried out for all prospective employees?		No	We don't carry out background checks, as mentioned above, we don't have the legal recourse to do so.	
Do you make use of probationary periods of employment to ensure suitability once in post?	Yes		Every new staff member has a 6-month probationary period.	No action required

4. Risk Management

Question	Yes	No	Comments	Actions to take
----------	-----	----	----------	-----------------

Do you have a risk management policy or framework capturing risk appetite and risk categories including safeguarding?	Yes		Our risk framework, risk no. 19 addresses ethical breaches	No action required
Do you share your risk management policy where it relates to safeguarding risks with your downstream partners i.e. are downstream partners advised on escalation procedures around safeguarding issues?	N/A		We don't have downstream partners.	Not applicable
Do you have risk registers for all programmes that feed into an overall organisational risk framework?	Yes		These are in our operational plan and can be reconciled with the overall risk register.	No action required
Are risk owners within the organisation clearly defined, with regular review processes defined for mitigating actions?	Yes		Yes they are identified in all risk registers at all levels.	No action required
Is there regular senior oversight of your risk register?	Yes		The board review the risk register at every board meeting. Risks are considered at an operational level during our four-monthly monitoring process.	No action required
If applicable - are fundraising ideas and external communications risk assessed to ensure no harm is done by the activity? E.g. Fundraising is delivered in the context of safeguarding e.g. 'sponsorship'.	Yes		The ethical implications of fundraising are discussed in board meetings.	No action required

5. Code of Conduct

Question	Yes	No	Comments	Actions to take
Do you have in place a Code of Conduct for staff and volunteers that sets out clear expectations of behaviours -- inside and outside the work place -- and what will happen in the event of non-compliance or breach of these standards?	Yes		It's our code of ethics. It outlines the consequences of breaches to the code.	No action required
Does the code of conduct prioritise the wellbeing and care of all people including beneficiaries?	Yes		It explicitly emphasises the interests of external stakeholders.	No action required
Are all staff and volunteers provided with training on the code of conduct as part of their induction?		No	Staff are, but we can do more with our resource persons	Expand training on the code of ethics to non-staff resources.
Are there policies and practices for the management of downstream partners and affiliates aligned to the Code of Conduct?	N/A		We don't have downstream partners.	Not applicable

6. Governance and Accountability

Question	Yes	No	Comments	Actions to take
Does the governance structure reflect regular review of management of safeguarding issues internally and externally?		No	We do not have explicitly designated officers, but it is the responsibility of the Director General.	No action required

Do you have a designated safeguarding officer at board level who is responsible and accountable for safeguarding standards and reporting across the organisation to include downstream partners approach to safeguarding?		No	The Chairman receives briefings from the Director General when there are issues relating to this.	The role of designated senior safeguarding officer should be formally assigned and clearly identified in supporting policies.
Are your beneficiaries actively involved in any of the governance structures of the organisation and/or specifically within programmes which affect them and their communities	Yes		There are representatives from heads of SAIs in developing countries that bring a beneficiary's perspective to the governance of the organization. We also recruit staff from beneficiary countries to ensure better understanding of local context and more effective achievement of objectives. IDI has 32 staff members from 20 different countries.	No action required
Do your downstream partners have in place procedures to ensure safeguarding issues are escalated to the Board?			N/A do not have downstream partners.	Not applicable

7. Summary of DDA

Policy Area	Satisfactory	Not satisfactory	List the risks transferred to the delivery plan/ risk register
Safeguarding		✓	Actions to take: <ul style="list-style-type: none"> • IDI must develop, write, and implements its own safeguarding guidance covering the protection of both children and adults. • A register should be developed to record any safeguarding instances. This process should be documented in the register. • The role of designated senior safeguarding officer should be formally assigned and clearly identified in supporting policies.

			<ul style="list-style-type: none"> • Training to include a dedicated section on safeguarding.
HR	✓		No actions noted.
Whistleblowing	✓		Actions to take <ul style="list-style-type: none"> • Expand training to include a dedicated section on whistleblowing.
Risk Management	✓		No actions noted.
Governance Accountability	✓		Actions to take: <ul style="list-style-type: none"> • Two points covered in safeguarding above.
Code of Conduct	✓		Actions to take: <ul style="list-style-type: none"> • Expand training on the code of ethics to non-staff resources.

Disclaimer

This is a review produced by DFID for internal use and forms part of a wider due diligence process. It is not intended for use by others outside DFID, and any use of this information by our partner is at their own risk.

IMPORTANT

All completed Due Diligence reports MUST be uploaded to the due diligence central library once signed off by the SRO. Details on how to upload assessments can be found in the homepage of the [Due Diligence TeamSite](#).