

**FIDUCIARY RISK ASSESMENT MITIGATION PLAN**

S.No.	Findings	Actions/Comments	Date due by	Responsible
<b>Planning and Budgeting</b>				
1.	The present planning at each level (Region-Zone-Woreda) is more orientated to physical activities, not linked to objectives or targets and does not give clear orientation for strategic issues.	Orient implementers to link their plan to the program objectives and emphasize the sector strategic issue.	Continuous process	MoFED, BoFED, Sector Ministries and Bureaus
2.	The annual plan has no defined objectives to be met as part of an overall plan with clear targets to be met for the different components.	Prepare Annual Plan with clear objective	Continuous process	MoFED, BoFED, Sector Ministries and Bureaus
<b>Accounting and Recording</b>				
3.	<b>Lack of computerized accounting system for programme financial management</b>	Expand the use of the IBEX accounting system by all project implementing agencies.	June 2006	MoFED, BoFED
4.	Weak bank reconciliation as well as poor day control on cash management.	Regular reconciliation of bank balances and putting in place regular monitoring of cash in safe.	Continuous process	All implementing agencies.
5.	<b>Weak advance reconciliation and settlement.</b>	Regular analysis of advances to ensure its eligibility, its provision with valid and sufficient guarantee. Follow up its timely settlement or recovery in case of contract defaulting.	Continuous process	MoFED/BoFED All program implementing agencies
6.	Lack of public financial management setup for CMP, at kebele level.	Prepare CMP implementation guideline	Up to June 2006	MoFED, MoWIE
<b>Financial Reporting</b>				
7.	Delayed financial reports at all levels.	<ul style="list-style-type: none"> <li>Follow up and support program implementing units at all level to submit quality financial reports on time.</li> <li>Render frequent trainings and on the job support</li> <li>Asses those activities clearly to report</li> </ul>	Continuous process	MoFED/BoFED/ Sector Ministries

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8.	Weak reports reviewing for consistency between financial reports and progress reports.	Regular review and comparison of the finance and the project activity reports of the project so as to bring harmony and consistency with each other.	On quarterly basis	MoFED/BoFED /Sector offices
<b>Procurement</b>				
9.	<b>The procurement process is weak in terms of the compliance, monitoring, and enforcement of the Procurement and Proclamation no. 649/2009 and the Procurement Directive</b>	<ul style="list-style-type: none"> <li>• Assign procurement specialist at federal and regional level</li> <li>• Provide with appropriate training on the procurement directives, rules and procedures.</li> <li>• Prepare and agree on reporting format and conduct a regular monitoring</li> </ul>	Up to June 2006 and Continuous process	MoWIE
10.	<b>Procurement plans are non-existing or not revised periodically and the real action plans are very different from the procurement plans.</b>	<ul style="list-style-type: none"> <li>• Sector Ministries prepare and periodically update procurement plan with regions</li> </ul>	Continuous process	MoWIE/Sector offices
11.	<b>Poor compliance with a sound bidding process including standard bidding documents, bid documents not complete, poor bid evaluation.</b>	<ul style="list-style-type: none"> <li>• Assign procurement specialist at federal and regional level</li> <li>• Give training for PS and to all involved in procurement decisions</li> </ul>	Continuous process	Sector Ministries and sector bureaus
12.	<b>Community procurement is not compliant with the Procurement Proclamation or Directive, and, therefore, the direct sourcing type of procurement using small scale associations (or even individuals) presently done by CMP approach presents a challenge.</b>	Prepare CMP implementation guideline	Up to June 2006	MoWIE
<b>Audit and Control</b>				
13.	<b>Low level of internal audit effectiveness</b>	Strengthen and capacitate the internal audits teams of MoFED, BoFED, Sector Offices and Federal Ministries. COPCUs internal audit team	Continuous process	MoFED, BoFED

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		shall support and oversight the internal audit process of the program.		
14.	<b>Low coverage of annual audit (financial, performance and procurement)</b>	Increase sample size, expand the scope of audit	Continuous process	MoFED
15.	Lack of annual fiduciary risk assessment	Establish and strengthen Internal audits teams at COPCU. Conduct annual fiduciary risk assessment. Identify areas of weakness for possible improvement and develop mitigation plans to rectify it and follow up its implementation.	Continuous process	MoFED
16.	<b>Weak registration and reconciliation of fixed assets and inventories</b>	Registering of assets regularly and conduct fixed asset inventory at least once every year	Continuous process	All program implementing agencies
<b>Programme Management and Evaluation</b>				
17.	<b>Sustainability in the rural water supply is weak and the system being used is totally dependent of the WWO. There is no evidence of a practice of payment for the water usage, no regular maintenance or spare parts are available in the local market.</b>	<ul style="list-style-type: none"> <li>• Prepare O&amp;M manual and provide care takers training</li> <li>• Provide resource/seed fund to establish a supply chain and spare part shops</li> </ul>	Continuous process	MoWIE/ Regional Water Bureau
18.	Very different programme management models are been used by different regions, including in terms of technical matters, procurement and supervision of the contract implementation. In particular differences in terms of decentralization (from regional to zonal level) exist.	Prepare and agree on program management model	Continuous process	MoWIE
19.	<b>Absence or poor quality of drilling companies and poor performance in drilling contracts.</b>	Consider incentive mechanism to attract investment in the field of drilling	Continuous process	MoWIE

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20.	The amount allocated to sanitation and hygiene activities (via health or education sectors) seems to be low (around 7%), since it is difficult to measure the amount spent on institutional sanitation (construction of toilets in health centres and schools) via MOWE or Regional Water Bureaus.	Increasing the allocation of budget for health and education by 30% at federal level and for the regional level the region should share for each as per the performance and annual plan	Continuous process	Sector ministries and sector bureaus
21.	The monitoring and evaluation system in place is weak.	Assign and give continues training for M&E focal person especially at federal and regional level to follow all the financial management system.	Ongoing	Sector Ministries and Bureaus
<b>Staffing</b>				
22.	<b>Low level of staff technical expertise and skills</b>	<ul style="list-style-type: none"> <li>• Prepare a detail staffing database indicating the list, qualifications and experience of staffs</li> <li>• Staff development plan should prepared and provide regular training as required. Regularly evaluate and measure effectiveness of the training given.</li> </ul>	June 2006	MoFED/MoWIE/MoH/MoE
23.	<b>Lack of fulltime programme financial management staff</b>	Recruiting permanent /contract staff	June 2006	MoFED/ BoFED
24.	<b>Low level of salary scales and other factors are creating frustration and high levels of turn-over</b>	<ul style="list-style-type: none"> <li>• To attract and retain staffs to the sector MoFED should study and revise the current salary scale and employee benefits.</li> <li>• Also arrangement for staff development and training has to be made to attract new staff and retain the existing one.</li> </ul>	Continuous process	MoFED