

**NGO RESOURCE CENTRE**  
(A PROJECT OF AGA KHAN FOUNDATION)

**AGREED USAID STANDARDS -PROGRAM EFFECTIVENESS**

Reference Source	Standards	Component		Check List	Comments
	1. CONTROL ENVIRONMENT				
		1.A INTEGRITY AND ETHICAL VALUES	1.1	The organization has established and uses a formal code or codes of conduct and other policies communicating appropriate ethical and moral behavioral standards and addressing acceptable operational practices and conflicts of interest	
USAID POLICIES AND PROCEDURES Functional series 300 : Acquisition and assistance ADS Chapter 303 : Grants and Cooperative Agreements to NGOs			1.2	An ethical tone has been established at the top of the organization and has been communicated throughout the organization.	
USAID Regulations 22CFR226(226.20-28)			1.3	Dealings with the public, elected representative employees, suppliers, auditors, and others are conducted on a high ethical plane.	
Standards for Internal Control in the Federal Government			1.4	Appropriate disciplinary action is taken in response to departures from approved policies and procedures or violations of the code of conduct.	
			1.5	Management appropriately addresses intervention or overriding internal control.	
Internal Control Management and Evaluation Tool			1.6	Management removes temptation for unethical behavior.	

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Recipient Control Environment Assessment Checklist		1.B COMMITMENT TO COMPETENCE	2.1	Management has identified and defined the tasks required to accomplish particular jobs and fill the various positions.	
			2.2	The organization has performed analyses of the knowledge, skills, and abilities needed to perform jobs appropriately.	
			2.3	The organization provides training and counseling in order to help employees maintain and improve their competence for their jobs.	
			2.4	Key senior-level employees have a demonstrated ability in general management and extensive practical experience in operating governmental or business entities.	
		1.C MANAGEMENT'S PHILOSOPHY AND OPERATING STYLE	3.1	Management has an appropriate attitude toward risk-taking, and proceeds with new ventures, missions, or operations only after carefully analyzing the risks involved and determining how they may be minimized or mitigated.	
			3.2	Management enthusiastically endorses the use of performance-based management.	
			3.3	There has not been excessive personnel turnover in key functions, such as operations and program management, accounting, or internal audit, that would indicate a problem with the organization's emphasis on internal control.	
			3.4	Management has a positive and supportive attitude toward the functions of accounting, information management systems, personnel operations, monitoring, and internal and external audits and evaluations.	
			3.5	Valuable assets and information are safeguarded from unauthorized access or use.	ALL CAPITAL ASSETS

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			3.6 There is frequent interaction between senior management and operating/program management, especially when operating from geographically dispersed locations.	
		1.D ORGANIZATIONAL STRUCTURE	4.1 The organization's organizational structure is appropriate for its size and the nature of its operations.	
			4.2 Key areas of authority and responsibility are defined and communicated throughout the organization.	To be a part of SOPs
			4.3 Appropriate and clear internal reporting relationships have been established.	
			4.4 Management periodically evaluates the organizational structure and makes changes as necessary in response to changing conditions.	
		1.F HR POLICIES AND PROCEDURES	5.1 Policies and procedures are in place for hiring, orienting, training, evaluating, counseling, promoting, compensating, disciplining, and terminating employees.	
			5.2 Background checks are conducted on candidates for employment.	
			5.3 Employees are provided supervision	
		1.G OVERSIGHT GROUPS	6.1 Within the organization, there are mechanisms in place to monitor and review operations and programs.	
			6.2 The organization has a board of independent and committed members meeting at least three times annually.	
			6.3 The board contributes in carrying out the : <ul style="list-style-type: none"> <li>• policy formulation,</li> <li>• financial oversight and accountability,</li> <li>• public relations; and</li> <li>• Resource generation.</li> </ul>	
			6.4 The organization should have a conflict of interest policy for board members and staff.	

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			6.5	The board maintains record of decisions is made available to relevant stakeholders.	
			6.6	Performance appraisal mechanism is in place for Board members	
	2. RISK ASSESSMENT				
		2.A ESTABLISHMENT OF ENTITY WIDE OBJECTIVES	7.1	The organization has established entity wide objectives that provide sufficiently broad statements and guidance about what the organization is supposed to achieve, yet are specific enough to relate directly to the organization.	
			7.2	Entity wide objectives are clearly communicated to all employees, and management obtains feedback signifying that the communication has been effective.	
			7.3	There is a relationship and consistency between the organization's operational strategies and the entity wide objectives.	
			7.4	The organization has an integrated management strategy and risk assessment plan that considers the entity wide objectives and relevant sources of risk from internal management factors and external sources and establishes a control structure to address those risks.	
		2.B ESTABLISHMENT OF ACTIVITY LEVEL OBJECTIVES	8.1	Activity-level (program or mission-level) objectives flow from and are linked with the organization's entity wide objectives and strategic plans.  Activity-level objectives include measurement criteria.	
			8.2	Activity-level objectives are complementary, reinforce each other, and are not contradictory.	
			8.3	The activity-level objectives are relevant to all significant organization processes.	

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		2.C RISK IDENTIFICATION	9.1	Management comprehensively identifies risk using various methodologies as appropriate.	To be seen folded with 1.C
			9.2	Adequate mechanisms exist to identify risks to the organization arising from external factors.	-do-
			9.3	Adequate mechanisms exist to identify risks to the organization arising from internal factors.	-do-
		2.D RISK ANALYSIS	10.1	After the risks to the organization have been identified, management undertakes a thorough and complete analysis of their possible effect.	-do-
			10.2	Management has developed an approach for risk management and control based on how much risk can be prudently accepted.	-do-
		2.E MANAGING RISK DURING CHANGE	11.1	The organization has mechanisms in place to anticipate, identify, and react to risks presented by changes in governmental, economic, industry, regulatory, operating, or other conditions that can affect the achievement of entity-wide or activity-level goals and objectives.	-do-
			11.2	The organization gives special attention to risks presented by changes that can have a more dramatic and pervasive effect on the entity and may demand the attention of senior officials.	-do-
	3. CONTROL ACTIVITIES				
		3.A GENERAL APPLICATION	12.1	Appropriate policies, procedures, techniques, and mechanisms exist and are regularly evaluated with respect to each of the organization's activities.	
			12.2	The control activities identified as necessary are in place and being applied.	

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			12.3	Control activities are regularly evaluated to ensure that they are still appropriate and working as intended.	
		3.B COMMON CATEGORIES OF CONTROL ACTIVITIES	13.1	Top-Level Reviews. Management tracks major organization achievements in relation to its plans.	It includes Board level Reviews as well
			13.2	Segregation of duties. Key duties and responsibilities are divided or segregated among different people to reduce the risk of error, waste, or fraud.	
		<i>INFORMATION SYSTEM GENERAL CONTROL</i>			For Manual, IT and hybrid systems
		3.C ENTITY WIDE SECURITY MANAGEMENT PROCESS	14.1	The organization periodically performs a comprehensive, high-level assessment of risks to its information systems.	If applicable
			14.2	Information system security guidelines are available in organizations.	
		3. E APPLICATION SOFTWARE DEVELOPMENT AND CHANGE CONTROL	15.1	Information system processing features and program modifications are properly authorized.	
			15.2	All new or revised software is thoroughly tested and approved.	
			15.3	The organization has established procedures to ensure control of its software libraries, including labeling, access restrictions, and use of inventories and separate libraries.	

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		3. F SYSTEM SOFTWARE CONTROL	16.1	The organization limits access to system software based on job responsibilities, and access authorization is documented.	
			16.2	Access to and use of system software is controlled and monitored.	
			16.3	The organization controls changes made to the system software.	
		3.H SERVICE CONTINUITY	17.1	The criticality and sensitivity of computerized operations have been assessed and prioritized, and supporting resources have been identified.	If applicable
			17.2	The organization has taken steps to prevent and minimize potential damage and interruption through the use of data and program backup procedures including off-site storage of backup data as well as environmental controls, staff training, and hardware maintenance and management.	-do-
			17.3	Management has developed and documented a comprehensive contingency plan.	-do-
			17.4	The organization periodically tests the contingency plan and adjusts it as appropriate.	
		<i>INFORMATION SYSTEM APPLICATION CONTROL</i>			
		3.I AUTHORIZATION CONTROL	18.1	Source documents are controlled and require authorization.	
			18.2	Data entry terminals have restricted access.	
			18.3	Master files and exception reporting are used to ensure that all data processed are authorized.	
		3.J COMPLETENESS CONTROL.	19.1	All authorized transactions are entered into and processed by the computer.	Not applicable to all
			19.2	Reconciliations are performed to verify data completeness.	

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		3. K ACCURACY CONTROL	20.1	The organization's data entry design features contribute to data accuracy.	
			20.2	Data validation and editing are performed to identify erroneous data.	
			20.3	Erroneous data are captured, reported, investigated, and promptly corrected.	
			20.4	Output reports are reviewed to help maintain data accuracy and validity.	
		3. L CONTROL OVER INTEGRITY OF PROCESSING AND DATA FILES	21.1	Procedures ensure that the current versions of production programs and data files are used during processing.	
			21.2	Programs include routines to verify that the proper version of the computer file is used during processing.	
			21.3	Programs include routines for checking internal file header labels before processing.	
			21.4	The application protects against concurrent file updates.	
	4. INFORMATION AND COMMUNICAT IONS				
		4. A INFORMATION	22.1	Information from internal and external sources is obtained and provided to management as a part of the organization's reporting on operational performance relative to established objectives.	
		4.B COMMUNICATIO NS	23.1	Management ensures that effective internal communications occur.	Although it was agreed to delete 23.1 and 23.2 but

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					yet there is a value in retaining these
			23.2	Management ensures that effective external communications occur with groups that can have a serious impact on programs, projects, operations, and other activities, including budgeting and financing.	
		4.C FORMS AND MEANS OF COMMUNICATIO N	24.1	The organization employs many and various forms and means of communicating important information with employees and others.	
			24.2	The organization manages, develops, and revises its information systems in an effort to continually improve the usefulness and reliability of its communication of information.	
	5. MONITORING				
		5.A MONITORING AND EVALUATION	25.1	Management has a strate gy to ensure that ongoing monitoring is effective and will trigger separate evaluations where problems are identified or systems are critical and testing is periodically desirable.	
			25.2	M&E system exist that defines and tracks indicators of success and allows for program modifications during implementation.	Adding a few points to this section
			25.3	Baseline data measurements are monitored and regularly analyzed.	
			25.4	Evaluation assessments are used to adjust programs as required	
			25.5	Appropriate organizational structure and supervision help provide oversight of internal control functions.	
			25.6	All functional areas/departments monitor, and evaluate their performance annually on the basis of agreed criteria. The evaluations are reviewed with in the context of the whole organizations	
			25.7	There is timely production of quality reports in accordance with	

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				donors, supporters and other key stakeholder's requirements. Organizations provide regular information on its work and success to these recipients	
		5. C AUDIT RESOLUTION	26.1	The organization has a mechanism to ensure the prompt resolution of findings from audits and other reviews.	
			26.2	Organization management is responsive to the findings and recommendations of audits and other reviews aimed at strengthening internal control.	
			26.3	The organization takes appropriate follow-up actions with regard to findings and recommendations of audits and other reviews.	