**Component 4.7**

**Quality and risk assessment, evaluation and audit**

**High level business requirements**

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| Context and summary:  The choice has been made to gather under sub-component 4.7 quality and risk assessment, evaluation and audit. Quality is mainly addressed through other sub-components as for 4.6 monitoring of programmes, and 4.5 results management, however it has a strong interaction with risk assessment as measuring the quality of a programme includes risk assessment (KPI K5 and 6 of the DEVCO EAMR report); on the other way around assessing the level of risk aims to take the appropriate measures to get at the end of day an acceptable level of quality. Audit and evaluation are part of the answer to mitigate risks even though their triggers are wider (ie mandatory audits and evaluations); they are also reflected in the EAMR report (for DEVCO KPI K19 and K21 to 24).  Quality is not specifically addressed in present business needs document except through its link with risk assessment and evaluations  **Risk assessment** is an important part of the work of task managers and managers particularly in EU delegations when it comes to difficult environments, difficult programmes or risky one as for budget support. Risk assessment comes at five levels:   * With the annual management plan (as an annex, three areas: external environment, legality and regularity of operations, communication and information; managed by EEAS in EU del) * With the EAMR (green, yellow or red traffic lights on programmes, participating to the final statement of assurance) * With the annual audit plan * With budget support operations (level of risk for a given country, see component 3) * With financial forecasting (likelihood for a commitment level 1 –decision-, a commitment level 2 –contract- and for a payment to happen in a given year – see component 4.2)   The appreciation of the level of risk remains a complex process, based on the personal judgement of concerned staff, and therefore the system cannot reasonably perform that part of the job. However the system can help in gathering information and tracking some anomalies to feed the analysis work, in capturing the identified level of risk and the relevant mitigation measures and their follow up.  Risk assessment is not supported currently in DEVCO by an IT tool linked to our operational system (CRIS). DG NEAR is addressing partly business needs linked to risk assessment through MIS.  In the same vein **audit** is an important part of our processes for programme management, with a current gap in term of follow up of audit outcomes. It will be supported in a near future (27 June 2015) by a new audit module linked to CRIS roughly capturing the audit plan, introducing a visa chain involving financial and operational staff, and capturing the follow up of audit results and recommendations.  Evaluation is another important part of programme management processes with a similar gap in term of follow up of recommendations, publication of reports and re-use of lessons learnt. A specific module is under design with a “mise en production” envisaged for the end of 2015. The new module is based on a central documents repository with an easy search, a public access, a systematic follow up of recommendations and a workflow management. It will be open to external partners (evaluation experts, public and reference group).  With regard to programmes risk assessment the system:   1. Should offer a set of ratios and warning enabling the task manager to evaluate the level of risk (traffic light), ie time spent versus money spent or results obtained 2. Should offer to capture the risk level by programme and to feed directly the EAMR module (for DEVCO KPI K5 and 6) 3. Should offer to capture and follow on a voluntary basis the mitigation measures for yellow and red traffic lights (ie field missions, joint missions, monitoring, ad hoc evaluation, system, technical or financial audit, time extension, ad hoc task force, etc...)   With regard to audits the system:   1. could offer a support in setting up the annual audit plan (mandatory audits, sampling, risk level) according to the methodology to date, therefore easing the capture of the final audit plan endorsed by HQ (for EU del) 2. must allow the encoding/capturing of all audits related to the EU del/unit with the exception of OLAF and IAS 3. must allow the encoding of audits results including financial aspects (ineligible expenditures, mandatory) and non financial aspects (recommendations, on a voluntary basis) 4. should allow the auditors to provide their inputs directly to the system (to be validated by an internal task manager) 5. must allow a workflow involving financial and operational staff (visa chain on audit results) 6. must allow a business rule linking the closure of a contract to the result of an audit 7. must allow the assessment of the auditor   Functionalities 2, 3, 5, 6 and 7 are expected to be provided by the new audit module.  With regard to evaluations the system:   1. Must generate the annual evaluation plan of the EU Del/unit (mandatory and ad hoc evaluations, evaluations managed by EU or by the beneficiary), allow its follow up (contract signed or not, final evaluation report provided or not) and make the link with EAMR report (DEVCO KPI K19). 2. Must capture all kind of evaluations: programme evaluations, sector evaluations, country evaluations, thematic evaluations, regional evaluations, ad hoc evaluations 3. Must allow the follow up of recommendations on a voluntary basis 4. Must allow the publication of final evaluation reports (access to the public) 5. Must allow an easy search of and in evaluation reports, and must allow an easy extraction of data and documents for evaluators (see component 6 “document management”, component 8 “knowledge management”) 6. Must give guidance to evaluation managers through milestones (see component 4-1 time management) 7. Must offer a link with external monitoring and internal monitoring data 8. Must offer a link with external partners like evaluation experts, the public and the reference group (see component 2 external collaboration)   Functionalities 2 to 8 are expected to be covered at least partially by the new evaluation module.  As a reminder all documents must be stored in Hermes (see component 6 “document management”). |

Glossary:

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| CUD | Create, Update, Delete (mode of interaction with the system) |
| Dir geo | Director of the concerned geographic directorate (Dir geo is a visa) |
| Geo desk, unit, director | Resp the concerned geographical desk, unit or director |
| HoS | Head of operational section in a Delegation (could be a team leader at HQ) |
| HoC | Head of Cooperation (could be the head of operational section in Delegations with a single operational section, or the senior HoS in Delegations with two operational sections or more and no formal HoC position) |
| HoD | Head of Delegation (double “hatted” staff: EEAS and DEVCO) |
| OM | Operation Manager |
| R | Read only (mode of interaction with the system) |
| SPSP | Sector Policy Support Programme (could be a mix of sector budget support and project approach as for capacity building) |
| EAMR | External Assistance Management Report |
| ATM | Audit task manager |
| MIS | Management Information System from DG NEAR (ex ELARG) |

"Quality and risk assessment, audit and evaluation" component has the following main purposes:

* Capturing the information related to risk assessment, annual audit plan and annual evaluation plan and keeping memory of it
* Making the link with reporting obligations, particularly with DEVCO EAMR report
* Allowing a follow up of mitigation measures, results and recommendations
* Easing cumbersome tasks (tracking anomalies, setting up annual plans)
* Allowing external partners to access or to provide inputs, minimizing re-encoding work

This component has strong interactions and overlaps with:

* Component 4.6 and 5: as the follow up of programme and result management has as first objective to ensure the quality of our interventions
* Component 4.1: as planning of operations and QSG scrutiny aims to check and improve the quality of the design of our programmes, time management will provide guidance to task managers for audits and evaluations
* Component 6 and 8: for document management (HERMES, easy search) and easing the extraction of data (file tagging by nature of document, mother document or annex, taxonomy of annexes)

Actors involved in quality and risk assessment, audits and evaluations:

1. At country/region level: operational staff (operation manager, evaluation manager, head of section, head of cooperation), Head of Delegation, financial staff and audit task manager (finance and contract section)
2. At HQ level: operational staff (geographical units and thematic units)financial staff (finance and contract units), audit task managers, evaluation unit
3. External partners, evaluation experts, auditors, public

DEVCO Processes involved in quality and risk assessment, audits and evaluations:

* To a less extent programming and identification/formulation as they have their own quality assurance process (country team, QSG, CIS)
* To a great extent the implementation follow up in order to insure the financial regularity of operations and the achievement of the expected results in a reasonable timeframe
* Evaluation and audit, by nature

Triggers/prioritisation/internal reporting needs (dashboards):

1. At country/region level: operational staff (operation manager, evaluation manager, head of section, head of cooperation), Head of Delegation, financial staff and audit task manager (finance and contract section):
2. Operational staff should be able to ask the system a few ratios and warning related to programme, decisions and contract implementation, as time spent versus disbursement to date, results to date versus target and time remaining, etc... – CUD
3. The operation manager should be able to encode a risk level related to a given programme, submitted to validation or modification by the head of section and head of cooperation –for red and yellow light, the system should allow the encoding of a short motivation and reasoning justifying the level of risk - CUD
4. The EAMR manager should be able to link the final risk assessment, the annual audit plan to date and the annual evaluation plan to date to the related KPI in the EAMR module – CUD
5. For yellow and red traffic lights the operation manager should be able to make a link with mitigation measures and their link with data and documents captured into the system when relevant (ad hoc field missions, programme steering committee, ad hoc task force, evaluation, audit, time extension, ...); such data should transferable to the relevant part of the EAMR report upon request- CUD
6. The system could offer a support to the ATM in setting up the annual audit plan according to the last instructions, proposing mandatory audits and sampling for others; the annual audit plan will then be available into the system with no re encoding –CUD
7. If the former functionality doesn’t exist the system must offer the encoding of the annual audit plan and of any additional audit with the exception of OLAF and IAS (classified documents)- CUD
8. The system must allow encoding of audits results by the ATM for financial aspects (mandatory: amount audited, ineligible expenditures, ineligible expenditures validated by the EU) and non financial aspects (on a voluntary basis: recommendations, with a mandatory follow up if a recommendation is encoded); with a workflow involving concerned financial and operational staff – CUD
9. The system should allow auditors (external users) and evaluation experts to provide directly their inputs into the system (audits and evaluation results) under the validation of an internal staff (ATM or operation manager); with a process for modification – CUD
10. The system must provide guidance to ATM and evaluation/operation manager through milestones (launch, ToR, Contract, interim reports, final report)- R
11. The system must allow the assessment of the auditors and of the evaluation expert by the ATM and the operation or evaluation manager, with a check by the HoS or HoC, and then with a notification to the concerned experts- CUD
12. The system must generate the draft annual evaluation plan, based on mandatory and planned evaluations as well as on ad hoc evaluations, to be carried out by the EU Delegation, by the country beneficiary or by the implementing partner; the evaluation manager, with the inputs of task manager will then finalise the annual evaluation plan to be validated by the HoC; the system will indicate any other evaluation planned concerning the country and managed by a third party (another EU Del for regional issues, HQ for country evaluations)- CUD
13. The system must allow the encoding of evaluation results (if not directly provided by the expert): result framework (see component 5) and recommendations- CUD
14. The system must offer a link with internal monitoring and external monitoring, by providing the former quality assessment according to the five evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability)- R
15. The system must allow the publication of final evaluation report once endorsed by the relevant internal actor (HoC, HQ HoU depending on the nature of the evaluation)- CUD
16. At HQ level: operational staff (geographical units and thematic units), financial staff (finance and contract units) and Director, audits task managers, evaluation unit

*Functionalities are similar as for EU Delegation staff except for finance and contract units and the evaluation unit*

1. HQ finance and contract unit must be able to validate the annual audit plan and audit results according to its own supervision criteria- CUD
2. Evaluation unit should be able to create a reference group made of internal COM colleagues and external resource persons to be involved in a given country, or region, or thematic evaluation - CUD
3. External partners (evaluation experts, auditors, public):

*Functionalities are similar to the one described in component 2 “external collaboration”*

1. Auditors and evaluation experts should be able to provide directly their inputs into the system according to a template, for results and reports, under the validation of an internal actor (ATM, evaluation/operational manager)- CUD
2. Auditors and evaluation expert should be able to access on a restricted mode to their own evaluation when notified and to provide comments- CUD

High level data model:

*To be developed at a later stage*

Next steps:

1. Discussion with R1, R2 and 06 to check identified functionalities and about the link with EAMR
2. Specificities for NEAR