Annex 2. Risk consideration checklist

		Risk Consideration					
No.	**Indicator**	**High risk**	**Significant risk**	**Moderate risk**	**Low risk**	**Indicator risk level**	**Comment**
1	**The annual budget contains all significant government expenditures, including relevant donor contributions**	No	[redacted]	[redacted]	Yes		
2	**Budget and performance**	Budget decisions are only nominally debated. Little consideration of previous performance is taken into account when setting future budgets.	[redacted]	[redacted]	Budget decisions are fully debated with assistance from expert committees. Full consideration of previous performance is taken into account when setting future budgets.		
3	**Budget execution**	Government historically does not execute budgets as planned.	Government historically executes budgets as planned, but there are significant exceptions.	Government historically executes budgets as planned with limited exceptions.	Government historically executes budgets as planned without exceptions.		
4	**To what extent are internal controls and financial procedures adhered to?**	Procedures are frequently over-ridden or ignored. Emergency procedures are routinely used.	Procedures are generally followed, but there are significant exceptions. Doubt exists as to whether or not the internal control system can be relied upon.	Procedures are generally followed. While exceptions exist, they are not frequent enough to prevent reliance on the internal control system.	Always.		
5	**Bank reconciliations**	Many accounts are not reconciled monthly. Reconciliations are	A number of significant accounts are not reconciled	Generally banks are properly reconciled each month.	Performed to a high standard for all bank accounts at least once a month.		

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		often poorly performed.	monthly. Quality is sometimes poor.	Exceptions exist but appropriate follow-up action is taken in all cases.			
6	**Transfer of cash resources**	Cash transfers from central/regional levels to project level take more than one month.	Cash transfers from central/regional levels to project level take two to four weeks.	Cash transfers from central/regional levels to project level take one to two weeks.	Cash transfers from central/regional levels to project level take a week or less.		
7	**Reporting of cash and asset position to government**	Analysis of cash and asset position made to government contains significant omissions.			Full analysis of cash and asset position is made to government.		
8	**Financial audit / SAI auditor general** **For decentralized governments, consider consolidated audit coverage, if available.*	External audit covers less than 80% of central government expenditures.	External audit covers 80% to 90% of central government expenditures	External audit covers 90% of central government expenditures.	External audit covers all central government expenditures.		
9	**SAI independence**	SAI reports to government agency.			SAI reports to legislature (or equivalent justice system).		
10	**Audit standards applied by the SAI**	SAI applies national audit standards, which are significantly inconsistent with international standards.		SAI applies national audit standards, which comply with international standards.	SAI applies international audit standard.		

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11	**Follow-up action to audit reports**	Points raised by external audit are infrequently followed up.	Points raised by external audit are usually but not always followed up. A significant number of points recur in following years.	Points raised by external audit are always followed up. In a few cases points recur in following years.	Points raised by external audit are always properly followed up. Points generally do not recur in following years.		
12	**Country has a national procurement framework**	No	[redacted]	[redacted]	Yes		
13	**Transparency of audit process**	Statutory external audit reports are infrequently published. They are rarely debated in the media, even when of public interest.	Most statutory external audit reports are published. They are sometimes debated in the media when of public interest.	All statutory external audit reports are published. They are usually debated in the media when of public interest.	All statutory external audit reports are published. They are debated in the media when of public interest.		
14	**Staff qualifications and skills**	It is often unclear whether staff have the skills and qualifications necessary to discharge their duties.	In some cases it is unclear whether staff have the skills and qualifications necessary to discharge their duties.	In only some isolated cases is it unclear whether staff have the skills and qualifications necessary to discharge their duties.	It is always clear that all staff have the skills and qualifications necessary to discharge their duties.		
15	**Financial systems**	Financial systems only capture and report on the most basic financial data, and this is frequently unreliable. System maintenance and	Financial systems only capture and report on the most basic financial data. While there are system maintenance and performance	Financial systems are adequate for most but not all data capture and reporting needs. They are reliable	Financial systems are adequate for data capture and reporting needs. They are reliable and properly maintained.		

		Risk Consideration					
No.	**Indicator**	**High risk**	**Significant risk**	**Moderate risk**	**Low risk**	**Indicator risk level**	**Comment**
		performance is generally poor.	problems, generally the system is stable.	and properly maintained.			
16	**Environmental conditions**	Natural disasters or significant events regularly occur that displace citizens and resources.	[redacted]	[redacted]	Natural disasters or significant events that displace citizens and resources rarely or never occur.		
17	**Exchange rate volatility**	Foreign exchange rates fluctuate significantly on a daily basis.	Foreign exchange rates fluctuate significantly on a weekly or monthly basis.	Foreign exchange rates have remained relatively consistent, with the exception of significant one-off fluctuations.	Foreign exchange rates do not fluctuate significantly.		
18	**Existence of a black market**	Black market is prevalent and influential in the country.	Black market exists and has significant influence in the country.	Black market exists in the country, but effective actions are being taken to eliminate or limit its influence in the country.	Black market may exist but does not have an influence in the country.		
19	**<Any other specific items identified by agency>** *Examples: Inflation, reliability of statistics bureau, parliamentarian control, unemployment rate, transparency of information collection*						