

Required NIE Capacity	NIE Capability Required	Ministry	Division	Working Group Owner	Short Term Recommendations (before NIE submission)	Long Term Recommendations (to build climate finance readiness)	Status Report
<b>SECTION II: Financial Management and Integrity</b>							
<b>LEGAL STATUS</b>	Demonstration of necessary legal personality	MFEM	DCD	Josh	<ol style="list-style-type: none"> <li>1. Clarify with Crown Law that MFEM can apply as NIE.</li> <li>2. Have the DA notify the AFB that MFEM will apply</li> </ol>		JM to follow up on DA notifying AFB of MFEM rather than DCD as NIE entity.
	Demonstration of legal capacity/authority and the ability to directly receive funds	MFEM	DCD	Vanessa	<ol style="list-style-type: none"> <li>1. Crown law must confirm that the interpretation of the constitution is enough evidence</li> <li>2. Extract from DCD accounts, for past two years</li> <li>3. FROM PEFA, by July 2014: the budget documents (Capital Book 3) need to show, for each donor project, the gross revenue (i.e. funding inflows from Donors, the amount spent for a financial year, and the balance remaining.</li> </ol>	<ol style="list-style-type: none"> <li>1. keep budget documents for donor funded projects up the date with inflows and amount spent.</li> <li>2. Donors need to provide reports regardin annual spending on projects for cross-checking</li> </ol>	MFEM Act should be mentioned here as a reference document?
<b>Financial Statements including Project Account Statements and the provisions for Internal and External Audits</b>	Production of reliable financial statements that are prepared in accordance with internationally recognized accounting standards	MFEM	Treasury, Audit,	Teu	<ol style="list-style-type: none"> <li>1. Need audited accounts for MFEM and DCD for past two years</li> <li>2. Maybe need to provide crown accounts, TBD</li> </ol>	Keep audits up to date	MFEM audited accounts being fasttracked. Teu to confirm timing at next meeting.
	Production of annual externally audited accounts that are consistent with recognized international auditing standards	MFEM	Treasury, Audit,	Edward H	<ol style="list-style-type: none"> <li>1. Extracts from PERC Act</li> <li>2. Copy of the audit committee terms of reference, from Act</li> <li>3. Copies of external auditor reports from last 2 years</li> <li>4. Maybe need to provide crown accounts, TBD</li> </ol>	Keep audits up to date	
	Demonstration of use of accounting packages that are recognised and familiar to accounting procedures in developing countries	MFEM	Treasury, Audit,	Teu	<ol style="list-style-type: none"> <li>1. MS Dynamics, previously used as Solomon</li> <li>2. When centralizing with all Ministries, and CIIC/SOEs, MS Dynamics might not be able to process so many subsidiaries</li> </ol>	N/A	Use MS Dynamics for application as is likely to be in place for next few years. Indicate that new system to meet needs is being looked at long term.
	Demonstration of capability for functionally independent internal auditing in accordance with internationally recognized standards	MFEM	MFEM	Teu	<ol style="list-style-type: none"> <li>1. Provide Internal Audit Manual (2012)</li> <li>2. ToR for position?</li> <li>3. Decide whether to outsource to function, should be done ASAP</li> </ol>	<ol style="list-style-type: none"> <li>1. Consultant train inhouse staff member who can continue with the function</li> </ol>	Decision made to outsource Internal Audit function. Teu to provide TOR at next meeting.

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Internal Control Framework with particular reference to control over disbursements and payments	Demonstration of use of a control framework that is documented with clearly defined roles for management, internal auditors, the governing body, and other personnel	MFEM	MFEM; treasury and Audit	Teu	1. Develop an procedural manual which incorporates the overall principals of internal control, the other documents would remain (CIGFPPM) 2. Possibly the DCD Manual, and the Cook Islands Official Development Assistance Policy Implementation Plan (Oct 2013)		Teu to update when Internal Audit TOR finalised.
	Demonstration of proven payment/disbursement systems	MFEM	MFEM; treasury and Audit	Teu	1. Provide info on Attaché (are they changing this?) – payment disbursement system for salary; Solomon’s – payment system for non-payroll expenditures; the CIGFPPM and DCD Manual/Procedures 2. If centralized accounting system is selected, coupled with that would be centralized creditor system where each ministry looks after their payments (as according to the CIGFPPM) but then must use the centralized payment system		Teu to provide updates as specified by Frankfurt team.
Preparation of Business Plans and Budgets and ability to monitor expenditure in line with budgets	Production of long term business plans/ financial projections demonstrating financial solvency	MFEM	MFEM; treasury and Internal Audit	Daphne	1. There are no long-term business plans. There are long-term plans from the NSDP, and Infrastructure Master Plan, the community business plans for outer islands	1. Each ministry should create a long-term business plan that links the yearly business plans with the NSDP 2. There needs to be more realism and coordination between the budget policy statement from OPM, MFEM and PSC with regard to business plans and available funding	
	Evidence of preparation of corporate, departmental/ ministry budgets and demonstration of ability to spend against budgets	MFEM; treasury and Audit	MFEM; treasury and Internal Audit	Teu	1. Can provide Book 1, 2 and 3 from Budget. 2. Provide MFEM quarterly reports 3. By July 2014, The budget documents (Capital Book 3) need to show, for each donor project, the gross revenue (i.e. funding inflows from Donors, the amount spent for a financial year, and the balance remaining. 4. For donor funded projects which are capital projects (infrastructure) monthly cash flow forecasts should be prepared	1. keep budget documents for donor funded projects up the date with inflows and amount spent. 2. Donors need to provide reports regarding annual spending on projects for cross-checking	

SECTION III: Institutional Capacity

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Procurement	Evidence of transparent and fair procurement policies and procedures at the national level that are consistent with recognized international practice (including dispute resolution procedures)	MFEM	Procurement	Ed and Eddie	<ol style="list-style-type: none"> <li>1. Provide Manual (CIGFPPM), Part D, Sections 2 and 3; Part B, Sections 1 and 14) and Section 63 of the Ministry of Finance and Economic Management (MFEM) Act 1995-96</li> <li>2. Finalize and implement within the CIGFPPM all templates, the tender process map and outline, the Management Team Structure, the Tender Management Plan, implement ToR for the Tender Review Committee</li> <li>3. Clarify the role of PERC, PSC and Ombudsman!</li> <li>4. Formally establish the Working Group to oversee, guide and advise on the implementation of improved procurement practices across Ministries and SOEs. (from PEFA)</li> <li>5. Central Management system with a procurement module, developed using updated CIGFPPM to avoid conflict of interest</li> <li>6. Procurement Fundamentals' training programme.</li> <li>7. Clarify waiver processes and exemption</li> <li>8. Align tendering with environmental and social risk management for projects over 30,000</li> </ol>	Once short-term recos are implemented, maintain them keep webpage up to date regarding notices, awarded, etc	Procurement updates as per PEFA. Update on NZ training and look at potentially wider audience for training. Edward H to assess complaints role area.
Project Preparation and Appraisal	Demonstration of capability and experience in identification and design of projects (preferably adaptation projects)						
	Demonstration of availability of/ access to resources and track record of conducting appraisal activities			Boyd/Petero/Vanessa			Activity Management Cycle being managed via Akairo Consulting TOR. Frankfurt to provide information on standards of documents required to enable Akairo to assess NZ AMC.
	Demonstration of the ability to examine and incorporate the likely impact of technical, financial, economic, environmental, social and legal aspects into the project at the appraisal stage itself						
Risk Assessment	Demonstration of capability or access to resources to: (i) undertake assessment of project/program risks including: (a) financial, economic, political risks), and (b) environmental and social risks, in accordance with the Adaptation Fund's Environmental and						

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Project Implementation Planning and Quality-at-entry Review	Evidence of institutional system for planning implementation of projects with particular emphasis on quality-at-entry						
	Evidence of preparation of project budgets for projects being handled by the entity or any sub-entity within it						
Project Monitoring and Evaluation during Implementation	Demonstration of capacities for project monitoring and evaluation that are consistent with the requirements of the Adaptation Fund, including monitoring the status of measures for avoiding, minimizing or mitigating environmental and social risks.						
	Production of detailed project accounts which are externally audited						
	Evidence of a process or system, such as a project-at-risk system, that is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond to redress the problems						

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Project closure and Final Evaluation	Demonstration of capacity or access to resources for undertaking project closure and independent final evaluation, including final evaluation of project/program performance with respect to environmental and social risks						
	Demonstration of an understanding of and capacity to assess impact/implications of the technical, financial, economic, environmental, social, and legal aspects of projects						
	Demonstration of competence to execute or oversee execution of projects/programmes						
Section III. Transparency, self-investigative powers, anti-corruption measures and mechanism to address complaints about environmental or social harms caused by projects							
Policies and Framework to deal with financial mismanagement and other forms of malpractices	Demonstration of capacity and procedures to deal with financial mismanagement and other forms of malpractice	MFEM, PSC, PERC, Ombudsman	MFEM, PSC, PERC, Ombudsman	Edward H & Daphne	<ol style="list-style-type: none"> <li>1. Provide the Public Service Commission Act 2009, pass the regs for this!</li> <li>2. Provide PERCA 1995/6</li> <li>3. Clarify roles for PSC, PERC and Ombudsman</li> <li>3. All Personnel Policies need to be reviewed within each ministry, but before this PSC should provide draft policies for the common policies like sick leave, etc. They should be consistent</li> <li>4. PSC to finalize the Personnel Policy and all other tasks</li> <li>5. Update MFEM Personnel Policy</li> </ol>	1. PERC recommends that the PERCA Act be amended to refine roles/responsibilities for PSC and PERC	Edward and Daphne to provide an update
	Evidence of an objective investigation function for allegations of fraud and corruption	MFEM, PSC, PERC, Ombudsman	MFEM, PSC, PERC, Ombudsman	Edward H	<ol style="list-style-type: none"> <li>1. Provide info on Audit, special investigate, PERC, PSC and Ombudsman, plus sensitive expenditure</li> <li>2. Create one committee (maybe) to hear all fraud allegations.</li> <li>3. Again, clarify role of PSC, PERC and Ombudsman</li> <li>4. Revisit Australian Finance and Deregulation Department info, given to the Ombudsman office</li> </ol>	1. One short-term recos are implemented, enforce them	
Commitment by the entity to apply the Fund's environmental and social policy	Evidence of entity's commitment to addressing environmental and social risks	MFEM	MFEM, Procurement, all ministries	Boyd and Vanessa	<ol style="list-style-type: none"> <li>1. Revisit NZ Aid policy and PMC, compare with other international standards, such as the IFC Checklist</li> <li>2. Draft policy to be integrated into EIA for over 30,000 or for ALL development in sensitive areas</li> <li>3. Env Law of 2003 is being amended, to include social aspects, is it enough?</li> <li>4. MFEM draft a statement of commitment</li> </ol>	<ol style="list-style-type: none"> <li>1. Train someone in NES in Env and Social Safeguards</li> <li>2. Create system of enforcement</li> </ol>	Awaiting information from Frankfurt on templates for this.

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<b>Mechanism to deal with complaints on environmental and social harms caused by projects/programs</b>	Demonstration of an accessible, transparent, fair and effective mechanism (either within the entity itself, local, national or project-specific) for receiving complaints about environmental and social harms caused by projects/programmes	MFEM, PSC, PERC, Ombudsman	MFEM, PSC, PERC, Ombudsman	Edward H	<ol style="list-style-type: none"> <li>1. Provide info on Audit, special investigate, PERC, PSC and Ombudsman, plus sensitive expenditure</li> <li>2. Create one committee (maybe) to hear all fraud allegations.</li> <li>3. Again, clarify role of PSC, PERC and Ombudsman</li> <li>4. Revisit Australian Finance and Deregulation Department info, given to the Ombudsman office</li> </ol>	1. One short-term recos are implemented, enforce them	