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# ORGANISATIONAL RISK AND INTEGRITY ASSESSMENT (ORIA)

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## Introduction

The Organisational Risk and Integrity Assessment (ORIA) is an essential instrument when assessing the organisational capacity of an organisation. In principle, such an assessment is required for all new commitments of € 1.000.000 or more.

The ORIA consists of four parts:

- Part A: Organisational Information. This part contains relevant information related to the organisation. Besides the general information, this part of the ORIA describes the organisational motivation, capacity and environment.
- Part B: Appendices. Information which supports the description in Part A or can be helpful with the assessment in Part C can be attached. It can be useful to only list the appendices in part B with links or a separate (digital) location to the actual appendices.
- Part C: Assessment. This part reflects the actual assessment of the organisation. This will be done mainly on the information acquired in Part A & B.
- Part D: Signature. The assessment is formalized by the signatures of the assessor and approver.

## Assessment executed by a third party

Budgetholders can opt to hire external expertise (such as an auditor or management consulting firm, etc.) to carry out the organisational capacity assessment. However, the ORIA should always be approved by an authorized representative of the Ministry's budgetholder.

### **Important**

If the organisation itself will be invited to fill in this form, only parts A and B can be provided.

If an external assessor will be hired, parts A, B and C can be provided.



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## 2.2 STRATEGY

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Is there a policy or strategy document in which the organisation's mission is formulated and operationalised for the medium and long term? Does the organisation have a clear vision? Do they have a Theory of Change, preferably based on evidence? Please provide policy and/or strategy documents as appendix in part B.

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## 2.3 TRACK RECORD

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Add a track record demonstrating the experience of the organisation in reaching their goals and desired impact, especially in for the Ministry of Foreign Affairs relevant areas.

This should be done in the form of 3 to 5 cases, demonstrating the organisations' (where relevant):

- expertise and effectiveness
- evaluation and learning capacity
- transparency, accountability and public support
- knowledge of, and added value for, the country context(s)
- inclusive approach
- sustainability

Please provide the cases as appendix in part B.

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## 3. ORGANISATIONAL CAPACITY

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### 3.1 STRUCTURE & GOVERNANCE

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#### 3.1.1 Organisational structure

Describe the organisational and hierarchic structure. When applicable, include field offices. Please provide an organisational chart as appendix in part B.

#### 3.1.2 (Executive) Board

What is the composition of the Board?

- Does the Board bear collective responsibility for financial affairs/financial management?
- Does the Board ask for approval of the (draft) annual plan, annual report, investment plan etc. from the Supervisory Board and do they consult the most relevant stakeholders?

#### 3.1.3 Supervisory Board

(If there is no Supervisory Board or a similar body, please indicate how the supervision of the Executive Board is arranged)

- Does the Supervisory Board have profiles of competencies for every position? In addition, is the recruitment of Supervisory Board members in the open?
- Does the Supervisory Board bear a joint responsibility for financial matters?
- Does the Supervisory Board have sufficient financial knowledge (or an Audit committee is in place)?
- Does the Supervisory Board at least monitor: 1) results and Key Performance Indicators; 2) (short and long term) risks; 3) annual plan, multi annual strategic plan, annual report; and 4) the way the Executive Board is acting?
- Does the Supervisory Board set certain (financial) limits where approval by the Supervisory Board is obligatory?
- Does the Supervisory Board appoint the external auditor?

#### 3.1.4 Financial/Controlling

- Is a specific position and person appointed for financial affairs in the Executive Board and at management level (Mostly the CFO)?
- Does the organisation have a separate and independent controller, who is actively involved in decision making regarding strategy and implementation?
- Does the controller actively advise and check on non-financial subjects, like: integrity of information; value for money etc.?
- Is the appointment, suspension and/or discharge of the CFO and/or the controller with consent of the Supervisory Board?

#### 3.1.5 Risk Management

- Does the organisation have a Risk Management system in place?
- Does the organisation have the relevant (legal/financial/operational etc.) expertise and support?
- Does the organisation comply with relevant regulations (including abuse and improper use of laws and received grants)?
- Are identified risks categorized by likelihood and impact, and are mitigation measures formulated?
- Are identified risks discussed regularly by Executive Board and Supervisory Board?

#### 3.1.6 Integrity management

- Does the organisation have a code of conduct?
- Does the code of conduct define inappropriate behavior and set out what procedures are to be followed in the case of such behavior?
- Does the code of conduct clearly describe proportionate sanctions for inappropriate behavior?
- Which actions are taken by the organisation in case there is a report of inappropriate behavior.
- Does the organisation have one or more integrity advisers?

- Does the organisation have regulations protecting whistleblowers or another, comparable notification procedure?
- Does the organisation report on the way it deals with inappropriate behavior? (for instance, in its annual report or a separate social annual report)
- To what extent is the code of conduct integrated the organisation culture?
- Was the code of conduct breached in the last two years? In which ways and how did management respond?

#### 3.1.7 Accreditations and previous assessments

- Does the organisation have any relevant accreditations?
- Has the organisation been assessed by other parties?

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### 3.2 RESOURCES

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#### 3.2.1 Describe the Human resource policy of the organisation.

- Is there a clear policy reflecting common principles on Human Rights and Employment, for example as described in Chapter 4 (Human Rights) and 5 (Employment) of the [OECD Guidelines for Multinational Enterprises](#) and how is the policy put to practice?

#### 3.2.2 Describe the organisation's policy regarding staff remuneration.

- Are employees fairly paid based on the skills and experience necessary for their position and in line with comparable organisations?
- Is the remuneration of individual management and executive and supervisory board members within the limits of the WNT (Wet Normering Topinkomens) if the organisation is an NGO based in The Netherlands?
- For organisations based in other countries: is the remuneration of individual management and board members within comparable levels, taking into account customary remuneration levels in that specific country.

#### 3.2.3 Describe the staff composition (quantity and qualifications) and its performance in key functions of the organisation, both in the present situation and in relation to its future activities.

#### 3.2.4 Give the following relevant financial information on the organisation:

- equity and reserves;
- net income (restricted/unrestricted);
- financial ratios (liquidity/solvency);
- share of income received from the Dutch Ministry of Foreign Affairs / total income;

- main sources of income during the last 3-5 years;
- cash accounting / accruals accounting.

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### *3.3 MONITORING, EVALUATION AND QUALITY MANAGEMENT*

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- 3.3.1 Describe the internal monitoring, performance assessment, evaluation and quality management systems and how these contribute to good, accountable performance of the organisation. Specify the main features/characteristics of the organisation of the management information in relation to the achievement of the organisational goals.
- 3.3.2 Describe to which extend the organisation reports in conformity with IATI ([International Aid Transparency Initiative](#))-standards. Take into account the following aspects:
- Does the organisation report on all (aid-related) activities?
  - Does the organisation also report on the activity **results**?
  - What is the frequency of uploading new data of the organisation?
  - How are IATI-data collected and processed before publication? Are they directly derived from (reliable) databases and what kind of procedures are in place to guarantee the publication of actual and reliable data?
  - Can the organisation comply with the requirements of the Ministry ([open data and development cooperation](#))?
  - Does the organisation have an online reporting tool based on IATI? If yes, please include link.
- 3.3.3 Describe the organisations' anti-corruption/anti-fraud policy and reporting, include at least the following aspects:
- a zero-tolerance policy;
  - active measures to prevent fraud and combat corruption;
  - existence of a complaints office;
  - sanctions towards employees and other relevant parties including full loss recovery;
  - any past contact or involvement with fraud and corruption cases and their resolution.

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### *3.4 FINANCIAL AND ADMINISTRATIVE MANAGEMENT*

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- 3.4.1 Describe the budgeting process and take into account the following aspects:
- Formalization of financial planning and budgeting.
  - Advance planning and budgeting (at least three years) and in line with the multi-annual strategic plan.

- Balanced and transparent decision-making processes.
- 3.4.2 Financial (project) management  
Describe the key aspects and principles of the financial (project) administration. Take into account the following aspects:
- Is the administration sound and verifiable?
  - Are projects uniquely identifiable and administrated?
  - What kind of cost calculation system is in place (for instance: direct/indirect costs; calculation of overhead costs (% and basis), calculation of rates)?
  - What are the main underlying assumptions and estimates used for budgets, projects and the annual statement of accounts?
- 3.4.3 Describe the procurement policy of the organisation  
Include subjects as: general policy, when multiple or public contracting out, independence of the procurement department, anti-abuse policy, reviews etc.
- 3.4.4 If the organisation substantially makes use of other implementing organisations: describe the organisation's policy on how the selection of such organisations is made. Take into account at least the following aspects:
- Assessment of the financial management of the implementing organisation;
  - Risk assessment, including the fraud- and corruption risks at the level of the field offices and implementing organisation;
  - Monitoring of progress of project implementation;
  - Sanction policy in case of non-compliance;
  - Audit requirements of the implementing organisation.
  - Describe the organisation's prepayment system and include information on which basis payments are being made and accounted for in relation to the counterpart's liquidity requirements.
- 3.4.5 Does the organisation make use of derivatives or other financial instruments?  
If so, does the organisation have a policy regarding the use of those instruments?  
Describe the policy and the use of financial instruments like (currency or interest) swaps, options, futures, etc. Take into account aspects like: are derivatives only used to limit financial risks or also for other purposes? Is the policy connected to the risk analysis of the organisation and actual financial positions?
- 3.4.6 Describe the reporting process:
- Does the organisation provide an annual report, including a financial report and informing stakeholders on results achieved and the strategic look ahead?
  - Does the annual report contain the following aspects:
    - 'in control statement' of the Executive Board;
    - section compliance with legal regulations, financial management and abuse/misuse prevention policy;
    - multi annual overview of results achieved, where necessary;
    - Statement of the Supervisory Board;

- Is the annual report including the auditor’s report made public?  
Please provide Annual reports (including financial reports) of the last 3 years as appendix in part B.

- 3.4.7 Is the annual report audited by an external and independent auditor?
- Does the auditor give an opinion on the financial statements opinion?
  - Does the auditor issue an auditor’s report in which at least the following issues are mentioned:
    - ‘in control statement’ of the Board;
    - (financial) sustainability of the organisation;
    - reliability of the assumptions used for the multi-annual forecasts;
  - Does the auditor issue a management letter and how does the organization take action on identified shortcomings?
- Please provide the Auditors reports of the last 3 years as appendix in part B.

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## 4. ORGANISATIONAL ENVIRONMENT

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### *4.1 EXTERNAL FACTORS AND RELATIONS*

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- 4.1.1 What is the impact of external factors on the performance and operations of the organisation?
- 4.1.2 Provide an up to date stakeholder analysis, including:
- a description of the organisation’s local counterparts (partner organisations) and the nature of the cooperation;
  - a description of relevant relations and forms of cooperation with other organisations/actors in the sector (national and international).
- 4.1.3 Describe the public support base of the organisation and its relevance.
- 4.1.4 References: mention at least 3 reference organisations with which the organisation recently (not longer than 3 years ago) has had a professional relationship with

| Name of organisation | Contact address (in full) | Reasons for and period of cooperation |
|----------------------|---------------------------|---------------------------------------|
|                      |                           |                                       |
|                      |                           |                                       |
|                      |                           |                                       |

## PART B: APPENDICES

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### **Important**

Please provide requested and additional documentation in support of the answers in part A. A link can suffice for this purpose. If the documents are not available online, the original documents must be appended.

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#### *1. OBLIGATORY ATTACHMENTS*

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The following documents should be included with this ORIA. Please number the appendices and use these numbers when referring to appendices in your application.

Question 1.2.1: Articles of association (*statuten*) and deeds of incorporation (*oprichtingsakten*)

Question 2.2: Policy and/or strategy documents

Question 2.3: Track record cases

Question 3.1.1: Organisational chart

Question 3.1.6: Code of Conduct

Question 3.1.6: Policy document regarding whistle blowers and integrity advisers

Question 3.1.6.: Report regarding social behaviour in the organisation like a social report.

Question 3.4.6: Annual reports (including financial reports) of the last 3 years

Question 3.4.7: Auditor's reports and management letters of the last 3 years

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#### *2. OPTIONAL ATTACHMENTS*

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Documents can be included in support of the answers in part A, additional evidence from interviews or third party references can also be included. Please provide the question reference (number) with the support document.

Suggestions:

Question 3.1.5: Risk management (policies)

Question 3.1.6: Accreditations and previous assessments

Question 3.3.3: Anti-corruption/-fraud policy and/or reporting on corruption and fraud issues

Question 3.4.1: Budget forecast for upcoming years and/or multi-annual strategic plan

Question 3.4.3: Procurement policy

Question 3.4.5: Policy regarding use of derivatives

## PART C: ASSESSMENT

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### **Important**

Please limit your answers to factual observations and then give your overall assessment, noting any points you think need attention for effective risk management of the activity under normal circumstances.

You should also indicate if there are any aspects of this assessment that you are unable to perform properly on the basis of the information available in part A and B.

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### 1. GENERAL

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Are all required fields completed and is there a clear understanding of the legal framework?

- Yes  
 No

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### 2. ORGANISATIONAL MOTIVATION

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#### *2.1 MISSION*

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Does the mission statement state the purpose of the organisation, the reason it exists; is it specific and relevant in relation to its activities and the Ministry's policy?

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#### *2.2 STRATEGY*

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How do you rate the operationalisation of the mission for the medium and long term? Take into account at least the following aspects in your assessment:

- a) goals are identifiable with the mission
- b) goals are realistic in relation to the organisation's resources
- c) the Theory of Change is realistic and related to the organisations' mission
- d) the evidence used is reliable

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#### *2.3 TRACK RECORD*

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Does the organisation convincingly demonstrate relevant experience and successes in, for the Ministry of Foreign Affairs, relevant area's in terms of expertise and effectiveness, evaluation and learning capacity, transparency, accountability and public support, knowledge of and added value for the country context, inclusive approach and sustainability.

| <b>(Concluding) assessment and score with regard to Organisational Motivation</b> |  |
|---|--|
| <b>Assessment</b>   |  |
| <b>Score</b>  | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

### 3. ORGANISATIONAL CAPACITY

#### 3.1 STRUCTURE & GOVERNANCE

Is the structure and governance of the organisation acceptable? Take into account at least the following aspects in your assessment:

- a) The Supervisory Board is sufficiently independent of the (Executive) Board and there is proof that it is substantially involved in the decision making process on major financial matters
- b) The organisation has key financial positions at Board and management level and the supervisory board decides on the fulfilment of these positions
- c) The organisation has an active risk management system and there are safeguards for the follow-up of management actions

| <b>(Concluding) assessment and score with regard to Structure and Governance</b> |  |
|--|--|
| <b>Assessment</b>  |  |
| <b>Score</b>   | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

#### 3.2 RESOURCES

Are the resources acceptable for achieving the organisation's objectives? Take into account at least the following aspects in your assessment:

- a) The remuneration of individual management and executive and supervisory board is in accordance with Dutch regulations (WNT) or - in case of foreign organisations - customary local remuneration levels
- b) The staff composition is fit for achieving the organisation's objectives
- c) The organisation's net income, liquidity and solvency indicate that the organisation is financially sustainable

| <b>(Concluding) assessment and score with regard to Resources</b> |  |
|---|--|
| <b>Assessment</b>   |  |
| <b>Score</b>  | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

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### *3.3 MONITORING AND QUALITY MANAGEMENT*

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Does the monitoring and quality management effectively support the achievement of the organisation's objectives? Take into account at least the following aspects in your assessment:

- a) The management information system supports internal monitoring, performance assessment and evaluation
- b) The organisation reports according to IATI standards (applicable to ODA only) at result level
- c) The organisation has an acceptable anti-corruption and anti-fraud policy and it is evident that the organisation enforces it

| <b>(Concluding) assessment and score with regard to Monitoring and Quality Management</b> |  |
|---|--|
| <b>Assessment</b>   |  |
| <b>Score</b>  | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

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### *3.4 FINANCIAL AND ADMINISTRATIVE MANAGEMENT*

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Does the financial and administrative management effectively support the realisation of the organisation's objectives? Take into account at least the following aspects in your assessment:

- a) The budgeting and planning process is able to deliver budgets and (multi-)annual plans based on realistic and reliable assumptions and estimates
- b) The project administration is sound and verifiable and projects are uniquely identifiable
- c) The breakdown of overhead costs and the percentages/ rates used are acceptable
- d) The procurement policy is transparent, there are safeguards for fair competition, and there are measures to prevent fraud and corruption

- e) The selection procedures and criteria used for selecting implementing organisations provide enough safeguard to reduce the risks to a minimum
- f) The policy regarding derivatives are aimed at minimizing risks
- g) The reporting process is aimed at monitoring and managing the progress of the projects in terms of objectives, results and expenditures
- h) The external auditor is independent and member of an IFAC organisation
- i) The organisation has an unqualified opinion

| <b>(Concluding) assessment and score with regard to Financial and Administrative Management</b> |  |
|---|--|
| <b>Assessment</b>   |  |
| <b>Score</b>  | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

#### 4. ORGANISATIONAL ENVIRONMENT

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##### *4.1 EXTERNAL FACTORS AND RELATIONS*

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Assess how external factors and relations with relevant stakeholders influence, positively or otherwise, the realisation of outputs and contribute to the sustainability of the organisation's activities.

| <b>(Concluding) assessment and score with regard to Organisational Environment</b> |  |
|--|--|
| <b>Assessment</b>  |  |
| <b>Score</b>   | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

##### *4.2 INTEGRITY PROCEDURES*

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Asses with the following six questions the organisations' policy on ethical standards and procedures for integrity:

1. Does the organisation have a code of conduct on integrity?
2. Does the code of conduct define inappropriate behavior and set out what procedures are to be followed in the case of such behavior?

- a. It's vital that the organisation respond to all reports and notifications in accordance with the code of conduct (zero tolerance for inaction).
  - b. Does the code of conduct clearly describe proportionate sanctions for inappropriate behavior?
3. Does the organisation have one or more integrity advisers?
  4. Does the organisation have regulations protecting whistleblowers or another, comparable notification procedure?
  5. Does the organisation report on the way it deals with inappropriate behavior, for instance, in its annual report or a separate social annual report?

| <b>(Concluding) assessment and score with regard to Organisational Environment</b> |  |
|--|--|
| <b>Assessment</b>  |  |
| <b>Score</b>   | <input type="checkbox"/> A - Highly Satisfactory<br><input type="checkbox"/> B - Satisfactory<br><input type="checkbox"/> C - Unsatisfactory<br><input type="checkbox"/> D - Highly Unsatisfactory |

**In case the score is C or D is given, it is not acceptable to finance the organisation.**

## 5. SUMMARY OF ASSESSMENT SCORES AND FOLLOW UP

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Please summarize the assessment scores in the table below

| Criteria                                       | Score   |
|--|---------|
| <b>Organisational Motivation</b>               | A/B/C/D |
| <b>Structure and Governance</b>                | A/B/C/D |
| <b>Resources</b>                               | A/B/C/D |
| <b>Monitoring and Quality Management</b>       | A/B/C/D |
| <b>Financial and Administrative Management</b> | A/B/C/D |
| <b>Organisational Environment</b>              | A/B/C/D |
| <b>Integrity procedures</b>                    | A/B/C/D |

### Follow up

If one of the above-mentioned scores is a C or a D the following is applicable:

1. Inform the organisation of the outcome, ask for their reaction and inquire if the organisation has any plans to alter their organisation. If so, ask for their plans and timeframe.
2. Granting a subsidy can only be done after motivating in the applicable BEMO why the C or D-score does not hinder your decision. **Exception of this rule is paragraph 4.2. Integrity Procedures. For this subject a score A or B is the minimum to get funding.**

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## PART D: SIGNATURE

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### DETAILS OF ASSESSMENT

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Date of assessment: [dd/mm/yyyy]

Assessment performed by:

Assessment approved by:

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