

Guidance note for CHF funded cash based projects

September 2012

This paper lists formal requirements for organisations implementing cash based interventions and describes measures aimed at minimizing risks associated with such projects. It applies to all the different types of cash interventions – cash for work, conditional cash transfers, unconditional cash transfers, vouchers and social protection. As this guidance note is not intended to be exhaustive, it is recommended that agencies use the comprehensive guidelines for cash interventions in Somalia available at <http://ochanet.unocha.org>. The HC and OCHA are committed to strengthening accountability and managing the risks of CHF cash based projects.

General requirements	<ul style="list-style-type: none"> Ensure that proof of successful implementation of a similar project in Somalia is provided and attached to the proposal submission in the CHF database. This only applies to organisations that are for the first time submitting a cash based intervention project through the CHF Partners whose previous projects have been audited must show evidence of addressing all audit recommendations or demonstrate that adequate measures are being taken to address the recommendations.
Assessments	<ul style="list-style-type: none"> Ensure that a needs and market assessment is conducted and documented
Planning & decision making	<ul style="list-style-type: none"> Beneficiaries and their representatives must participate in programme decisions at all stages of the project life cycle.
	<ul style="list-style-type: none"> Ensure that technical capacity is provided if undertaking cash for work projects to guarantee the quality of the project.
	<ul style="list-style-type: none"> BOQs and sample design of communal infrastructure must be attached to the proposal. Road survey report should also be provided in case of a rehabilitation of a road.
	<ul style="list-style-type: none"> Ensure that the project duration is appropriate and have decided on the frequency of payment in consultation with the beneficiaries
Project design and Implementation	<ul style="list-style-type: none"> An elaborate risk control measures against potential impact of threats must be included in project design
	<ul style="list-style-type: none"> The objectives of the project, beneficiary selection criteria, project activities, entitlements and complaint mechanisms must be communicated publicly where and when the situation permits.
	<ul style="list-style-type: none"> Ensure that the beneficiary selection criteria is simple and easily verifiable
	<ul style="list-style-type: none"> Beneficiaries list should be produced together with the existing community committees.
	<ul style="list-style-type: none"> Delivery via a credible and established money vendor is a must unless duly justified.
	<ul style="list-style-type: none"> The use of voucher system to pay cash for work, conditional and

	unconditional cash transfer beneficiaries is a must unless duly justified.
	<ul style="list-style-type: none"> The agency must submit an official letter indemnifying OCHA against any claims in regards to cash loss including robbery and taxation that may arise during the transfer, transport and distribution of cash.
Monitoring & Reporting	<ul style="list-style-type: none"> Post distribution monitoring must be conducted monthly where the situation permits.
	<p>At a minimum, all agencies implementing cash interventions should monitor the following:</p> <ul style="list-style-type: none"> Number of people receiving cash How much money is being distributed to each household What are people spending the cash on? Where are people buying key goods? What is happening to prices to the local market? Did people receive the right amount of cash?
	<ul style="list-style-type: none"> Agencies should submit a brief project progress report over and above the interim and final reports. Evidence showing regular monitoring of the project should also be shared with CHF auditors.
Internal Controls	<ul style="list-style-type: none"> Ensure record keeping of official bank statements showing receipt of the first instalment (80% of the budget), how and when the funds were transferred to any subsequent bank account.
	<ul style="list-style-type: none"> A final reconciliation of all transfers between these accounts must be submitted to the CHF secretariat and a copy kept for audit purposes.
	<ul style="list-style-type: none"> Ensure that all bank reconciliations are reviewed, dated and initialed by a senior person to the one who prepared them in line with best practice.
	<ul style="list-style-type: none"> Keep record of the number of distributions and payments to beneficiaries on a daily/weekly basis, the amount of funds disbursed and the daily/weekly balance of funds remaining for submission to the CHF Secretariat or auditors when required.
	<ul style="list-style-type: none"> Conduct yearly institutional audits of operations, including those of projects undertaken, aimed at detecting weaknesses and correcting the same.
	<ul style="list-style-type: none"> Monthly bank statements and reconciliation of the books of accounts against the financial report should be carried out and any variance noted, investigated and corrected.
	<ul style="list-style-type: none"> Ensure a double entry accounting software is used for administration of project funds.
	<ul style="list-style-type: none"> Any undistributed funds that were earmarked for cash grants should be returned to OCHA at the end of the project period. These funds should not be reallocated within the budget without prior consultation with OCHA.

