Internal Control and Risk Management Framework (ICRM) Project

Department of Administrative Reforms and Public Grievances (DARPG)

Voume II: ICRM framework and manual for deployment

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Chapter 1- Overview

1.1. Introduction

Schemes/ programmes are formulated by the Government to address different areas of public interest such as education, health, rural development, etc. Depending on the nature of the programme, multiple agencies are involved in their planning and execution. These schemes and programmes usually involve a significant outlay of the tax-payers' funds.

A scheme/ programme face a number of challenges/ concerns that can impair its effective performance and realisation of the programme objectives. Recognising that it has a fiduciary responsibility while designing and executing programmes, the Government has set up a detailed system of checks and balances in operational and financial matters. Several assurance mechanisms such as audits conducted by the Office of Comptroller and Auditor General of India (C&AG) and the Controller General of Accounts (CGA), social and performance audits, etc. exist. The existing control measures defined above usually focus on either expenditure management or provide a post-facto analysis of mistakes.

Over the past few decades, a need has been felt to holistically assess and review the principal challenges and risks that exist in implementation of scheme/ programme. This would allow the implementing agencies to pre-empt challenges and address them at the planning and conceptualising stage. This need has been further strengthened by expectations of greater accountability and transparency from the executive by an active public/ judiciary/ media and the ready availability of information. Accordingly, several Governments worldwide have adopted different standards of Internal Controls and Risk Management. Some of these examples include:

- United Kingdom (UK) Government
- New York State Government
- Victorian Government
- Finland Government
- Fiduciary Risk Assessment (FRA) by Department for International Development (DFID)

The Government of India (GoI) believes that by commissioning this Internal Controls and Risk Management (ICRM) framework, it shall provide an over-arching system for assessing and addressing key risks and challenges faced in the planning and execution of schemes/ programmes. In addition to the existing systems of internal controls and audits, this system shall also encapsulate additional practices that need to be deployed during conceptualisation and implementation of a scheme. These activities shall be aligned and embedded within existing processes followed by the Ministry responsible for scheme formulation and implementation.

The Government expects that through the application of the ICRM framework, the Ministry and implementing agencies shall take pro-active cognisance and actions to manage areas of the concerns/ risks. Identifying and assessing these risks while formulating schemes can help the Ministries design a more suitable scheme delivery

model. Further, review and monitoring of key risks and concerns at regular intervals shall ensure an effective realisation of the objectives of the scheme. Hence, the ICRM framework is not a one time exercise, rather it is a process that is consistently applied throughout the life cycle of any Government scheme/ programme.

The Government is also cognisant of the fact that internal controls and risk management in the context of the public sector should be understood within the context of the specific characteristics of these organizations, i.e. their focus on meeting social or political objectives; their use of public funds; the importance of the budget cycle; the complexity of their performance (that calls for a balance between traditional values like legality, integrity and transparency and modern managerial values like efficiency and effectiveness); and the correspondingly broad scope of their public accountability. While international standards on ICRM framework and prevailing practices in the public sector have been studied, the present framework has been customised to fit with the practices prevalent in India.

Note: This document is a detailed manual for deployment of ICRM framework. It also includes a complete training- tool-kit (consisting of all the templates, enablers and illustrative examples for the two pilot schemes) to facilitate implementation of the framework. Hence, the operational manual and training manual have been combined into this single document.

1.2. Objectives of Internal Control and Risk Management framework

The principal objective of the ICRM framework is to ensure the effective realisation of the objectives set-forth for the scheme. This is done by:

- Identifying the potential concerns/ risks/ impediments for the successful implementation of a scheme; and
- Designing and operationalising adequate measures to address these risks/ concerns

The ICRM framework seeks to achieve the following objectives in the context of a scheme:

- **Strategic:** ensuring that the needs of the targeted beneficiaries are realised through orderly, ethical, effective and efficient operations;
- **Compliance:** compliance with all the applicable statutes, rules and guidelines;
- **Operations:** ensuring effective and efficient use of the public resources used for scheme formulation and implementation; and
- **Reporting:** ensuring accurate, reliable and timely reporting (internal or external) of information to assess/monitor the scheme progress

1.3. Definitions

Risk is any event/non event, the occurrence/ non- occurrence of which can adversely affect the ability of an organisation to achieve its objectives and fulfil its mission.

Internal Control is an integral component of an organisation's management that provides reasonable assurance that the following objectives are being achieved:

- effectiveness and efficiency of operations;

- reliability of financial and operational reporting; and
- compliance with applicable laws and regulations

Risk Management is a structured, consistent and continuous process/cycle of identifying risks, evaluating their potential consequences and determining the most effective methods of responding to them (i.e. of reducing the chances of them occurring and reducing the impact if they do occur). The cycle is completed by a system of regular monitoring and reporting.

1.4. Limitation

The internal control and risk management framework serves as means to obtain reasonable assurance that the programmes/ schemes undertaken by the Government meet their established goals and objectives. However, it does not provide absolute assurance against failure to achieve scheme objectives, nor does it provide complete assurance on material misstatements, losses, frauds, misjudgements in decision making and violations of legislation and regulations.

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Chapter 2- Internal Control and Risk Management Framework- Government Schemes/ Programmes

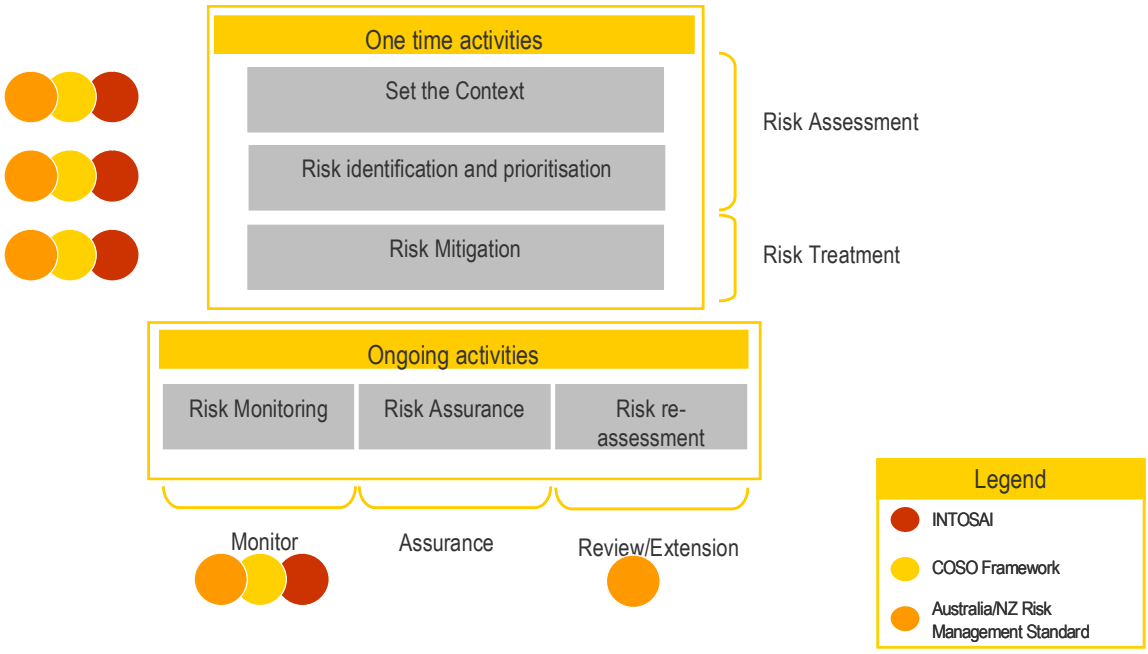
While defining and developing the ICRM framework for Government schemes and programmes, leading internal control and risk management standards and guidelines have been considered and studied in detail.

However, the focus has been to make this framework relevant to the functional processes and procedures followed by Government Ministries/departments and to keep it pragmatic and simple from an implementation and use perspective. Hence, the framework builds on existing processes of the Government to ensure better acceptance and sustainability rather than introducing ICRM as an isolated operation with a completely new set of requirements and mandates for Ministries.

2.1. Internal Control and Risk Management Framework- expected steps and activities

This section explains the typical activities of internal control and risk management. Section 2.2 details the specific/ customised ICRM framework for scheme/ programmes by GoI.

Below is a diagrammatic representation of the Generic ICRM Framework:



The overview of each activity defined in the ICRM process is given below:

2.1.1. Set the context:

This step involves laying down the parameters that should be achieved to state that a scheme has been successfully implemented. Besides the objectives and associated outputs and outcomes of the scheme, these include other facets such as compliance, effective expenditure management, etc.

2.1.2. Risk Assessment:

This step involves understanding and listing the potential threats that may affect the realisation of the key success parameters, including the objectives for the scheme. Risk assessment involves identification and prioritisation of risks.

a. Risk identification

Once the objectives and assumptions of the proposed scheme have been established, potential risks that may have an adverse effect on the achievement of these objectives are identified. These risks are identified across levels of scheme formulation and implementation.

b. Risk prioritisation

Risk prioritisation is the process of identifying the key risks. Risks are determined as key depending on the significance of their impact on the realisation of the scheme objectives.

2.1.3. Risk Treatment/ Mitigation:

This involves laying down the action plans/ internal controls (including timelines and responsibilities) for addressing the key risks.

2.1.4. Risk Monitoring

Refers to the review and monitoring of the execution of the ICRM process at defined periodicities (monthly/ quarterly/ mid-term/ annual, etc.) and ensuring that the key risks are being effectively addressed by the laid down action plans.

It also focuses on identification of additional risks and concerns that may arise during the implementation of the scheme and taking the necessary actions required to address them.

2.1.5. Risk Assurance

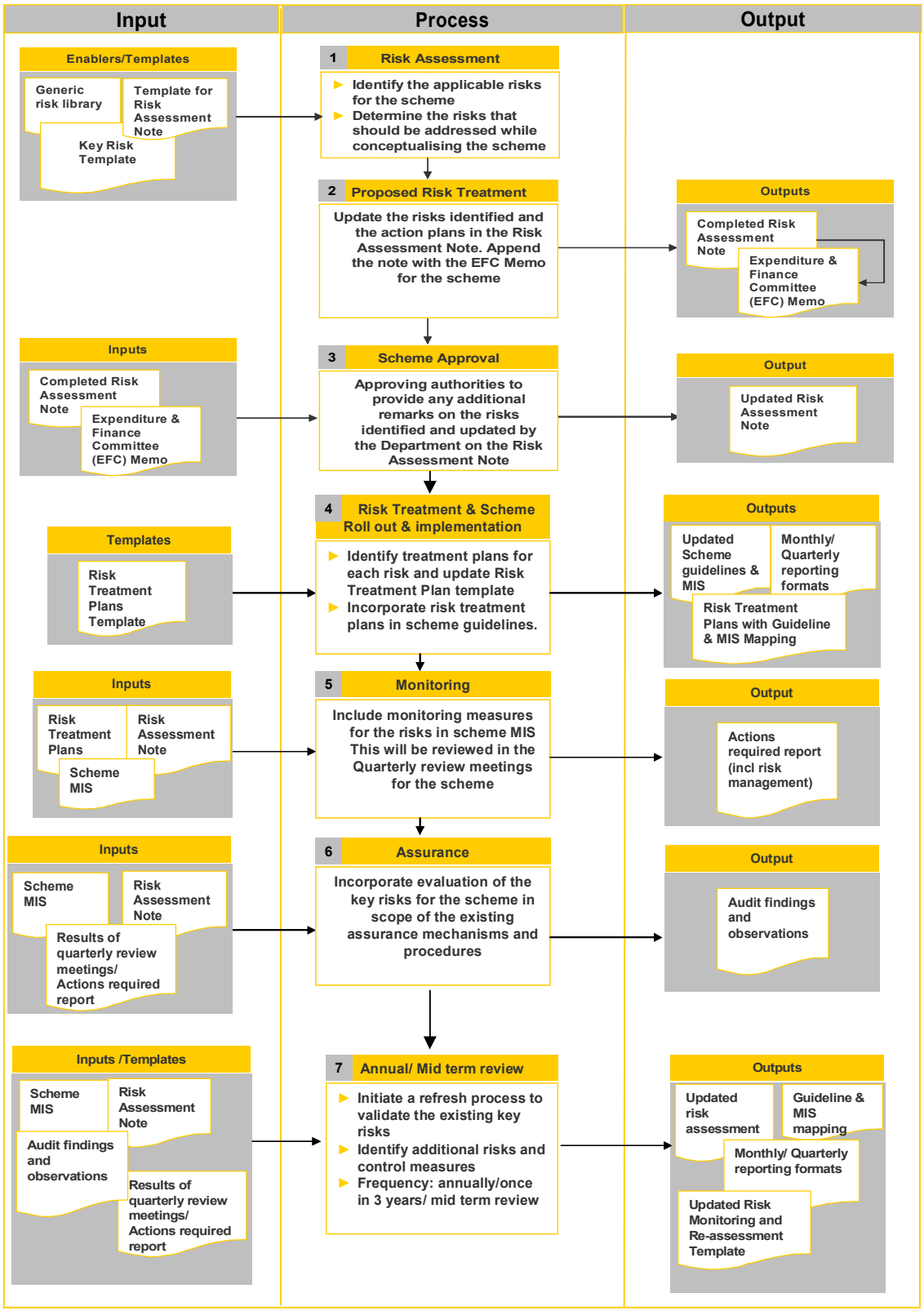
Refers to an independent assurance on the effectiveness with which risks are addressed and internal controls are operating in a programme/ scheme. This is done through audits and special reviews carried out by statutory/ regulatory bodies or by agencies appointed by the relevant department responsible for scheme implementation.

2.1.6. Risk Re- assessment

Internal control and risk management is not a one time activity. It is a continuous process which requires a periodic refresh due to changes in external environment. This periodic refresh may be in the form of identifying more ‘Risks That Matter’ or even revising the risks after predefined periodicity keeping in view the changes in environment in which the government schemes/programmes are rolled out.

2.2. Internal Control and Risk Management Framework- steps and activities customised for GoI operations

The steps outlined in section 2.1 have been integrated with routine GoI operations/ activities. A synopsis of the flow of activities and consequent enablers used in the role out of the ICRM framework for scheme/programme is as follows:



The ICRM framework for schemes/ programmes is supported by a set of templates and guides. These are illustrated in Chapter 4. Each of the activities in the flowchart above has been briefly explained below:

1 Risk assessment

This activity entails 3 separate steps:

a. Defining the objectives and goals that must be considered for successful implementation of the scheme;
b. Identifying potential risks/ concerns that may impair the realisation of these goals. The Ministry may use the 'Generic Risk Library' i.e. pre-populated set of typical risks in a scheme, to aid it in this process; and
c. Identifying the key risks by evaluating each risk for its propensity to adversely impact the scheme delivery.

2 Proposed risk treatment

This step involves defining the actions/ controls proposed/ already undertaken to address the key risks.

The Ministry is required to update a separate risk and concerns template, the Risk Assessment Note that is appended to the Expenditure and Finance Committee (EFC) Memo. This template shall detail:

- Objectives of the scheme (inputs taken from the Key Risk Template);
- Key risks of the scheme (inputs taken from the Key Risk Template) ; and
- Specific answers to the risk questions detailing mitigation steps/ controls for addressing the key risks and criteria/ key parameters to assess that a particular risk is managed well.

Note: The risk and control section of the Risk Assessment Note is pre-populated with mandatory set of questions for certain risks. These need to be addressed, irrespective of whether the risk is listed as critical or not. Hence, a response to these risk questions is mandatorily required.

3 Scheme approval

This step involves a review by the relevant approving authorities to assess if all key concerns are adequately highlighted and suitable strategies/ controls exist to address them. The approving authorities may direct the Ministry to provide further updates on a risk/ seek mitigation plans for additional risks.

4 Risk treatment and scheme roll-out and implementation

Certain risks may be completely addressed through studies, etc. at the conceptualisation of the scheme/ programme, while and there are certain risks, for which actions are required during implementation. This step includes:

- Identifying those key risks on which action is required during implementation;
- Translating the steps outlined in the Risk Assessment Note appended to the EFC Memo into specific action items;
- Updating the scheme guidelines considering the key risks; and
- Identifying the information (MIS) requirements based on the key parameters identified for each risk for assessing whether the risk is effectively managed.

5 Monitoring

This step involves reviewing results of MIS/ field visits to assess the success of the delivery of the programme/ scheme. Monitoring is a routine activity for any scheme/ programme. As part of the ICRM framework, the Ministry and implementing agencies are required to also assess if the key challenges (identified in Step 1) are being adequately addressed.

6 Assurance

This step involves assessing the design and operating effectiveness of controls and mitigation strategies to address key risks. The Ministry may use several agencies for obtaining assurance. As part of this step:

- The risk assessment, MIS developed and scheme guidelines should be considered while determining the audit scope and preparing the audit plan for evaluating a scheme/ programme.
- The Terms of Reference (TOR) should include:
  - Evaluation of risk assessment, MIS and reporting structure and treatment plans laid down for the scheme; and
  - Testing and reporting on the effectiveness of the controls and treatment plans designed for addressing the key risks for the scheme.

7 Annual/ mid-term appraisal

At predefined interval (s), the Ministry would make a fresh assessment of key risks for the programme. This assessment shall consider feedback/recommendations from audits, monitoring results and other learning and experiences gathered during implementation of the scheme. Based on this, the Ministry may identify:

- Additional key risks
- Additional mitigation/control actions
- Additional MIS formats

While doing an annual/ mid-term review, the appraising authorities shall review the results of this risk re-assessment.

Chapter 3- Operationalising the Internal Control and Risk Management framework

The ICRM framework outlines the series of activities and their enablers that can be deployed to assess, mitigate and monitor risks inherent in the process of scheme formulation and implementation.

The framework clearly lays down the responsibility and the frequency when each activity of the ICRM process has to be undertaken. It also specifies the output/ outcome of each activity and where this output can be used while operationalising the framework. The various templates and enablers which facilitate the roll out of the ICRM framework for a particular scheme/ programme are also provided.

The following section details the procedure to be followed for application of the ICRM framework to a Government scheme/programme.

3.1. Risk Assessment

3.1.1 Set the context

Objective	To lay down the objectives and goals of a scheme. Risks are identified, prioritised and monitored with reference to these objectives.
Responsibility	
Frequency	• Initially, at the time of scheme formulation • Re-assessed/re-visited at the time of annual/ mid- term review
Output	Overall goals and targets for the scheme
Used in	• Risk identification • Risk prioritisation
Enablers /templates	Key Risk Template, Chapter 1. Overall objectives of the scheme

This step involves laying down the key parameters that must be addressed for successful implementation of a scheme. These include:

- Overall objectives and targets of the scheme; and
- Specific parameters relating to scheme effectiveness, compliance with applicable rules and regulations, efficiency of scheme operations, reporting, etc.

Risks are identified with reference to the inability to meet these parameters. The risk prioritisation and its eventual application are also made in the context of the overall objectives and success parameters.

3.1.2 Risk identification and prioritisation

This step involves understanding and listing the potential threats that may affect the realisation of the scheme objectives or priorities. Risk assessment involves identification prioritising risks.

a. Risk identification

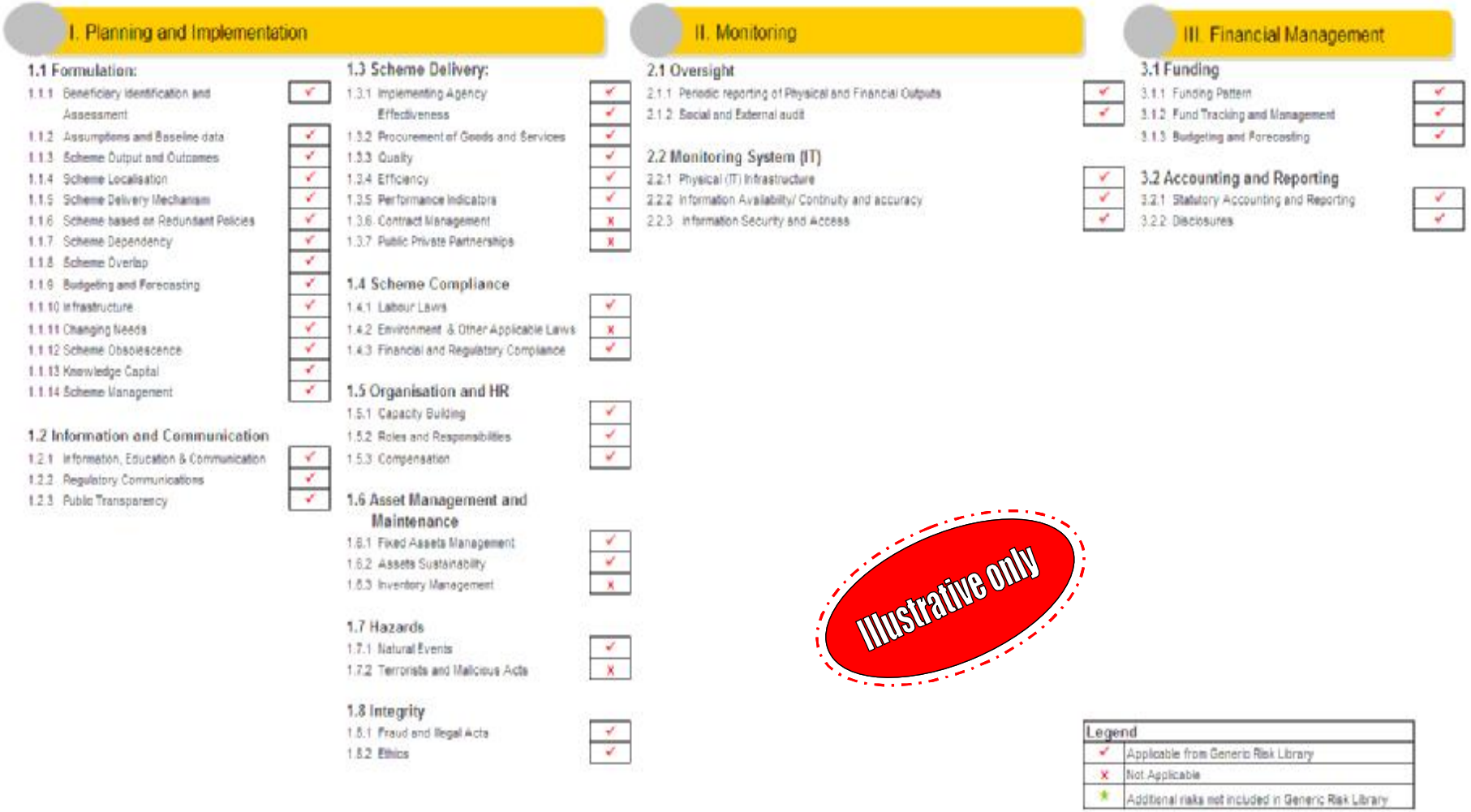
Objective	To identify and compile the potential issues/concerns that are likely to arise in the formulation and implementation of the scheme.
Responsibility	
Frequency	• Initial risk assessment, at the time of scheme conceptualisation and formulation • Risk refresh, at the time of review (annual/ mid term, etc.)
Output	Potential risk/concerns for the scheme
Used in	• Risk prioritisation
Enablers /templates	• Generic Risk Library • Key Risk Template, Chapter 2. Applicable risks for the scheme

This step involves understanding and listing the potential threats that may affect the realisation of the objectives set- forth for the scheme/effectiveness of delivery of the scheme.

At the time of formulation of the scheme, a risk profile is prepared by the formulator of the scheme. This profile is created based on past experiences in roll out of programmes/schemes and the proposed scheme delivery mechanism. For the purpose of creating this profile, the formulator may refer to the Generic Risk Library in conjunction with the parameters specified in step 3.1.1. above. The applicable risks are selected from the Generic Risk Library and additional risks, if any are added to the list.

(Refer NREGS/ MDMS- Key Risks Template for a practical illustration).

Following is a snapshot of an illustrative risk profile for a scheme:



b. Risk prioritisation

Objective	To identify the key risks that can adversely impact scheme delivery and realisation of its objectives.
Responsibility	
Frequency	• Initial risk assessment at the time of scheme conceptualisation and formulation • Risk refresh, at the time of review (annual/ mid term, etc.)
Output	Key risks for the scheme, i.e. Risks That Matter (RTMs)
Used in	• Preparation of Risk Assessment Note which is appended to EFC Memo
Enablers /templates	Key Risk Template, Chapter 3. Identification of key risks

All risks applicable to a scheme are not equally important. The purpose of the risk prioritisation is to focus on those risks that are critical to the successful implementation of the scheme. The critical risks/RTMs shall be considered while:

- Preparing the Risk Assessment Note;
- Preparing the scheme guidelines and MIS framework;
- Auditing the schemes; and
- Monitoring the realisation of scheme objectives/ success parameters and efficacy of delivery.

The risks identified in 3.1.2 (a) needs to be prioritised to identify the key risks and challenges for the formulation and implementation of the scheme. The following are the suggested criteria that should be kept in mind while prioritising the applicable risks:

- Scheme effectiveness: refers to the ability of the scheme to meet its principal objectives. The following concerns need to be addressed in order to ensure effective implementation of the scheme:
  - Accurate assessment of the intended beneficiaries for the scheme
  - Use of adequate and accurate data and assumptions
  - Defining clearly and adequately the outputs and outcomes related to the scheme
  - Adapting the scheme to the local environment where it is to be implemented
  - Defining the mechanism and institutional arrangements through which the scheme will be delivered
  - Identifying dependencies for the scheme and defining a mechanism to ensure smooth coordination
  - Eliminating overlaps with other existing schemes for proper channeling of funds

- Fund Management: refers to the ability to provide adequate and timely funds to the implementing agencies for ensuring effective delivery of the scheme

- Compliance: refers to the ability to identify accurately and comply with relevant statues, rules and guidelines applicable for the scheme

- Expenditure management: refers to the effectiveness of implementation agencies to achieve the desired objectives of the scheme within the sanctioned budget by:
    - Preventing over/ underutilisation of funds;
    - Preventing misappropriation/ undue diversion of funds; and
    - Avoidance of large variances from the budget

Keeping the above factors in mind, the applicable risks for the scheme need to be prioritised into the categories of 'High'; 'Medium' or 'Low'

While evaluating the impact of each applicable risk, the formulator shall apply his/her judgement and shall also consider:

- Past experiences of success/failure of schemes
- Present operating environment and implementation strategies

Recommended Practice:

The C&AG/ C&GA personnel may also be involved in the risk identification and prioritisation exercise for the scheme in consideration, in order to provide an independent assurance that the key risks have been correctly identified, evaluated and prioritised for the relevant scheme.

An illustration of the risk prioritisation is as follows:

H	M	L
High	Medium	Low

Risk Category	Overall Risk Evaluations	Key Factors Considered for Rating
I. Planning and Implementation		
1.1 Formulation:		
1.1.1 Beneficiary Identification and Assessment	H	Significant impact on scheme effectiveness
1.1.2 Assumptions and Baseline data	H	
1.1.3 Scheme Output and Outcomes	H	
1.1.4 Scheme Localisation	H	
1.1.5 Scheme Delivery Mechanism	H	Significant impact on scheme effectiveness
1.1.6 Scheme based on Redundant Policies	H	
1.1.7 Scheme Dependency	H	
1.1.9 Budgeting & Forecasting	H	Significant impact on fund management
1.1.10 Infrastructure	H	
1.1.11 Changing needs	M	
1.1.12 Scheme Obsolescence	H	
1.1.13 Knowledge Capital	L	
1.1.14 Scheme Management	H	
1.2 Information and Communication		
1.2.1 Information, Education & Communication	H	
1.2.3 Public Transparency	M	
1.3 Scheme Delivery		
1.3.1 Implementing Agency Effectiveness	H	Sig[illegible]effectiveness

3.2. Risk Treatment

3.2.1. Proposed risk treatment and scheme approval

Objective	To identify the plans and actions required to address the key risks.
Responsibility	
Frequency	• One time, at the time of Preparation of Risk Assessment Note
Output	Action plans to address the key risks for the scheme
Used in	• Preparation of Risk Assessment Note • Preparation of scheme guidelines and MIS
Enablers /templates	Risk Assessment Note

This step involves preparing and documenting initial design of the control activities/actions steps (with timelines and responsibilities) required to address the identified key risks/ issues.

At the time of scheme conceptualisation, the formulator is required to update the Risk Assessment Note Template (which is appended to the EFC Memo), with action taken and proposed to be taken to address the key risks. For each of these risks, the formulator is required to:

- Identify the specific action steps to address the risks;
- Enclose any supporting information;
- Provide the timeline/milestone to assess if the risk has been addressed adequately;
- Allocate the responsibility for the action plan; and
- Provide an overall assessment on the quality of risk management.

Note: Certain risks are pre- populated in the Risk Assessment Note for which the response by the formulator is mandatorily required, irrespective of whether these have been identified as key risks for the scheme (as per the Key Risk Template).

The duly updated Risk Assessment Note is appended to the EFC Memo and is submitted to relevant authorities for approval of the scheme/ programme. The approving authorities shall assess whether the key concerns are adequately highlighted and suitable strategies/ action plans exist to address them.

3.2.2 Risk treatment and scheme roll-out and implementation

Objective	To ensure that the key risks have been adequately addressed in the guidelines and appropriate information/ data points have been considered while designing the MIS for the scheme.
Responsibility	
Frequency	• One time, at the time of preparation of scheme guidelines and MIS structure
Output	Specific activities and sub-activities to be undertaken to address the key risks during scheme implementation
Used in	• Preparation of scheme guidelines and MIS
Enablers /templates	Risk Treatment Plan Template

Certain risks are addressed during formulation of the scheme and do not require any further action during implementation while there are other key risks identified for a scheme which need to addressed during roll out and implementation stages.

For such other risks which require action during scheme roll-out and implementation, the formulator shall review the proposed steps for risk management specified in the Risk Assessment Note and translate them into specific activities and sub-activities with corresponding timelines and responsibilities for execution. The activities and sub-activities defined shall also form part of the scheme guidelines and a reference of the relevant section of the guidelines can also be provided.

These action items and the key parameters (to assess whether the risk has been effectively addressed) defined for a risk shall provide appropriate information/ data points for designing the MIS/ reporting structure for the scheme. (Refer NREGS/ MDMS- Risk Treatment Plan Template for a practical illustration). The following details of proposed MIS against each key parameter/target for a risk shall be updated in the Risk Treatment Plan Template:

- Name of report
- Purpose of the report
- Frequency of preparation
- Responsibility for preparation

<u>Recommended Practice:</u>
1. In addition to referring to the Risk Assessment Note, the formulator may also refer to the Risk Treatment Plan template to ensure that the guidelines address the applicable risks to the scheme.

2. Relevant Department may use external agencies such as the CG&A/ other NGOs for supplementing the Risk Assessment and Treatment procedures performed by the Department.

3.3. Risk Monitoring

Objective	To ensure that key risks are being effectively addressed during scheme implementation.
Responsibility	Overall assessment: relevant authorities/ committee as identified in the scheme guidelines Across different levels: as determined per the scheme guidelines
Frequency	• Monthly/quarterly as part of the ongoing review exercise
Output	• Additional risks to addressed • Corrective action required
Enablers /templates	No separate template

Risk monitoring refers to an ongoing assessment (based on results of MIS/ surveys and other reviews conducted) of the effectiveness with which the key risks are being addressed. The challenges/issues in implementation of the scheme shall be identified and addressed as part of the ongoing performance review exercise. Following action steps may be taken as part of the monitoring exercise:

- For existing risks: control activities may be increased in number/ enhanced in design
- For additional risks: define and document the control activities in a manner specified in Step 3.2
- For scheme guidelines and MIS: amend / enhance the guidelines and MIS structure, based on the results of the review exercise

3.4. Risk Assurance

Objective	To provide independent assurance on the effectiveness of Internal Control and Risk Management for the programme/scheme
Responsibility	C&AG CGA Any other agency/mechanism deployed by the implementing agency
Frequency	• Periodic audits/reviews based on risk assessment and desired level of assurance
Output	• Audit reports/exception reports highlighting issues and actions required

Enablers /templates	Not Applicable

Assurance refers to third party system of audits/reviews established for the scheme. These may be:

- Reviews carried out on account of statutory/regulatory obligations, such as the C&AG audits
- Reviews performed by different agencies appointed by the Implementing Agency

The assurance reviews can be performed at two separate levels/scope:

a. Overall assessment of operation of the scheme and the associated risks in implementation. This may be performed across different implementing agencies.
b. Assessment of a particular risk. Example, ensuring that the Procurement of Goods and Services is subject to an audit by an independent Chartered Accountant. The audit assessment of a particular risk shall be defined as part of the scheme guidelines.

The role of the third party *vis-à-vis* ICRM framework is as follows:

1. Audit Scoping

- While determining the audit scope, the agency shall review the risk profile and risk assessment as detailed in the Key Risk Template, Risk Assessment Note, and Risk Treatment Plans for the relevant scheme, prepared by the formulators of the scheme.
- They shall also liaise with Implementing Agencies to assess the coverage in terms of scope and locations to be covered as part of their review.

2. Audit Execution

- The risk assessment, MIS and scheme guidelines shall be considered while preparing the audit work programmes/ checklists
- Based on tests performed, the auditor shall provide feedback on:
    - Effectiveness of design of controls
    - Continuity of operations of controls as prescribed for the scheme/ programme
    - Any significant concerns/ issues relating to achievement of scheme objectives

3. Audit Reporting

Provide exception based reports highlighting the effectiveness of controls and any significant concerns in the implementation of the programme and suggested corrective action.

3.5. Risk Re-assessment

Objective	To ensure that risk profile and treatment plans for the scheme are updated in line with changes in the environment in which the scheme operates.
Responsibility	
Frequency	• As may be decided by the relevant Ministry: – Annual/mid term review – Once in 3 years – When guidelines are being updated – At the time of review for extension to next 5 Year Plan
Output	• Same as outputs mentioned for each of the worksteps above in the ICRM framework.
Enablers /templates	All templates and enablers of the ICRM framework as mentioned in the previous worksteps.

On account of changes and developments in the environment, there may be a need to revise the existing risk profile and the treatment strategies for the scheme. Therefore, the Ministry should undertake a complete risk re-assessment / refresh exercise for the scheme. The Ministry shall consider the risks and action plans documented in the Risk Treatment Plan template, the results of MIS for the risk parameters and the feedback of auditors on effectiveness of ICRM while undertaking this exercise.

The recommended periodicities for this exercise are:

- Annual/ mid term review
- Once in 3 years
- When guidelines are being updated
- At the time of review for extension to next 5 Year Plan

An assessment needs to be performed of:

- Key challenges/risks/concerns envisaged at the time of formulation;
- Any additional risks that have emerged that were not envisaged earlier;
- Effectiveness of the procedures laid down to address these risks/ concerns; and
- Any additional work/ action that is required

The entire process from risk assessment (identification, prioritisation) to risk treatment and monitoring is performed again as part of the risk re-assessment procedure. For activities to be undertaken, refer to the respective worksteps mentioned in the ICRM framework.

Chapter 4- Tools, templates and Illustrative examples

The following table outlines the specific tools and templates that shall be used for implementing the ICRM framework across different phases. In addition, illustrative examples for 2 schemes i.e. NREGA and MDMS have also been provided.

Activity	Templates/ Enablers	Illustrative example for	
		NREGS	MDMS
1 **Risk Assessment** • **Risk identification** • **Risk prioritisation**	Generic Risk Library Key Risk Template	N/A Illustrative Key Risk Template- NREGS	N/A Illustrative Key Risk Template- MDMS
2 **Proposed Risk Treatment**	Risk Assessment Note	Illustrative Risk Assessment Note- NREGS	Illustrative Risk Assessment Note- MDMS
3 **Scheme Approval**	Risk Assessment Note	Illustrative Risk Assessment Note- NREGS	Illustrative Risk Assessment Note- MDMS
4 **Scheme roll-out and implementation**	Risk Treatment Plan with Guideline and MIS Mapping	Illustrative Risk Treatment Plan- NREGS	Illustrative Risk Treatment Plan- MDMS
5 **Monitoring;** 6 **Assurance; and** 7 **Annual/ Mid term review**	No separate template defined	N/A	N/A

Annexure A: Generic Tools and Templates for the Framework

Annexure A1: Generic Risk Library

Document Name	Generic Risk Library
Document Type	Enabler - Internal Control and Risk Management
Purpose	To support the relevant department formulating the scheme in identification of the risks / challenges that may impede the achievement of scheme objectives.

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Chapter 1: About the document

1.1. Overview

The Generic Risk Library details the typical risks/ challenges that may arise in the formulation and implementation of a scheme/ programme. The document details:

- Summary/ title of typical risks for schemes
- Detailed definitions explaining each risk

1.2. Purpose

The Generic Risk Library provides a pre- populated set of risks for schemes/ programmes. Accordingly, it serves the following purpose:

- Acts as a ready reference for the risk identification exercise
- Helps distinguish risks from effects and issues
- Helps in evaluating the comprehensiveness of the risks identified

1.3. Usage of the Generic Risk Library

The risk library can be used at the following stages:

1.3.1. Scheme formulation

Identifying the applicable risks for a scheme that should be considered in the design and implementation of the programme. The risk definitions enclosed in section 2.2 of the document provide a ready reference point for understanding the risks.

1.3.2. Scheme approval

The Generic Risk Library may be read by the relevant approving authority to assess if all important risks have been considered in the Risk Assessment Note which is submitted with the Expenditure and Finance Committee (EFC) Memo (detailing the action plans for addressing the key risks for a scheme/ programme).

1.3.3. Scheme Guidelines and MIS

The Generic Risk Library may be used as a reference point while designing the guidelines and MIS for the scheme. This shall ensure that the guidelines and MIS adequately consider the operational challenges and concerns that may arise during implementation of the scheme.

1.3.4. Audit and Monitoring

The auditor/ reviewer can examine the Generic Risk Library while designing the audit strategy and work programmes. The Library helps the reviewer to:

- Assess whether the scheme guidelines and MIS is designed to address the key concerns/ issues and
- Make a risk assessment to determine the audit plan and testing strategies

1.3.5. Risk refresh/ programme evaluation

While reviewing the overall programme performance, the issues and concerns highlighted to the Ministry during performance reviews and audits may be read in conjunction with the Generic Risk Library. This may then be used to periodically re- assess the programme and identify additional risks that matter.

Chapter 2: Scheme Risk Framework

2.1. Overview of scheme risks

Risk is any event/non-event, the occurrence/ non-occurrence of which can adversely affect the realisation of the principal objectives of a scheme. It refers to points of concern that should be effectively addressed to ensure the successful implementation of a programme/ scheme.

A scheme/ programme shall be subject to a large number of risks. The Scheme Risk Framework helps to classify and aggregate the risks under distinct heads. This ensures:

- Better understanding and comprehension of risks
- Comprehensiveness of coverage of risks

Risks under any scheme have been aggregated under 3 broad heads/ categories i.e. **Planning and Implementation, Monitoring and Financial Management**. These are further broken down into individual sub-components. Risks are then identified against each sub-component.

Planning and implementation risks refer to those risks/concerns that should be considered while planning/formulating the programme. In addition, these include concerns likely to arise during operationalising/ implementing the programme.

Monitoring risks refer to risks that may impede effective supervision of scheme implementation and tracking of scheme performance against pre-defined outputs/ targets.

Financial Management risks refer to risks that may affect the flow of funds during scheme implementation and may also impact effective monitoring, accounting and reporting of funds.

An overview of the Scheme Risk Framework and the generic list of risks applicable to a scheme are as follows:

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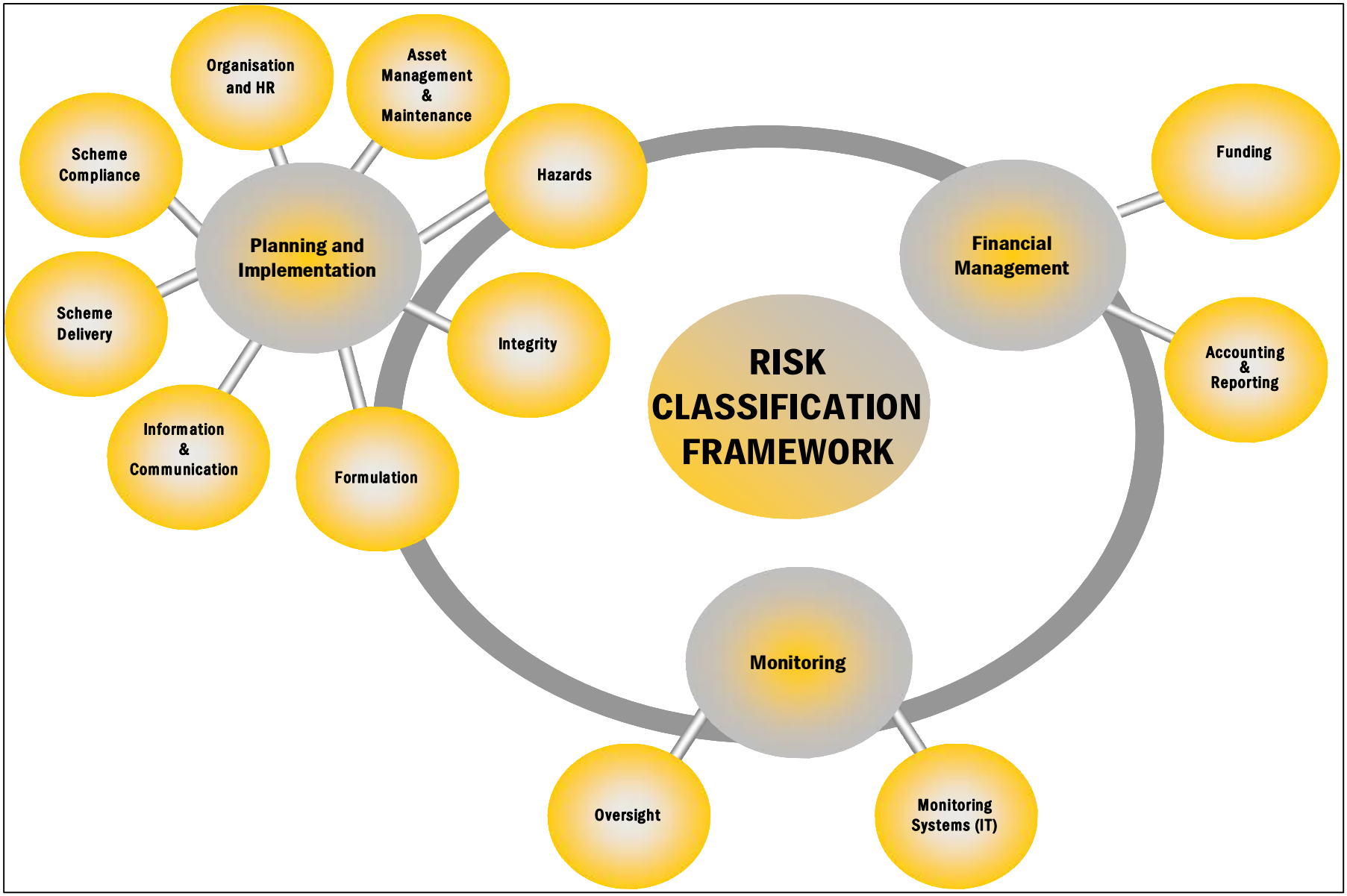
Scheme Risk Framework



Generic list of risks applicable to a Government scheme/ programme

1. Planning and Implementation

1.1 Formulation:

1.1.1 Beneficiary Identification and Assessment
1.1.2 Assumptions and Baseline data
1.1.3 Scheme Output and Outcomes
1.1.4 Scheme Localisation
1.1.5 Scheme Delivery Mechanism
1.1.6 Scheme based on Redundant Policies
1.1.7 Scheme Dependency
1.1.8 Scheme Overlap
1.1.9 Budgeting and Forecasting
1.1.10 Infrastructure
1.1.11 Changing Needs
1.1.12 Scheme Obsolescence
1.1.13 Knowledge Capital
1.1.14 Scheme Management
1.1.15 Add : ✪

1.2 Information and Communication

1.2.1 Information, Education and Communication
1.2.2 Regulatory Communications
1.2.3 Public Transparency
1.2.4 Add : ✪

1.3 Scheme Delivery:

1.3.1 Implementing Agency Effectiveness
1.3.2 Procurement of Goods and Services
1.3.3 Quality
1.3.4 Efficiency
1.3.5 Performance Indicators
1.3.6 Contract Management
1.3.7 Public Private Partnerships
1.3.8 Add: ✪

1.4 Scheme Compliance

1.4.1 Labour Laws
1.4.2 Environment and Other Applicable Laws
1.4.3 Financial and Regulatory Compliance
1.4.4 Add: ✪

1.5 Organisation and HR

1.5.1 Capacity Building
1.5.2 Roles and Responsibilities
1.5.3 Compensation
1.5.4 Add: ✪

1.6 Asset Management and Maintenance

1.6.1 Fixed Assets Management
1.6.2 Assets Sustainability
1.6.3 Inventory Management
1.6.4 Add: ✪

1.7 Hazards:

1.7.1 Natural Events
1.7.2 Terrorists and Malicious Acts
1.7.3 Add: ✪

1.8 Integrity:

1.8.1 Fraud and Illegal Acts
1.8.2 Ethics
1.8.3 Add : ✪

2. Monitoring

2.1 Oversight

2.1.1 Periodic Reporting of Physical and Financial Outputs
2.1.2 Social and External Audit
2.1.3 Add: ✪

2.2 Monitoring System (IT)

2.2.1 Physical Infrastructure
2.2.2 Information Availability/ Continuity and Accuracy
2.2.3 Information Security and Access
2.2.4 Add: ✪

3. Financial Management

3.1 Funding

3.1.1 Funding Pattern
3.1.2 Fund Tracking and Management
3.1.3 Budgeting and Forecasting
3.1.4 Add: ✪

3.2 Accounting and Reporting

3.2.1 Statutory Accounting and Reporting
3.2.2 Disclosures
3.2.3 Add: ✪

✪ *The above list is a standard generic list of risks applicable to a scheme in general. Additional risks relevant in the context of the scheme should be added by the user of this framework*

2.2. Risk Definitions

This section details/ defines each risk that forms a part of the scheme risk framework. Each risk is depicted with a risk title and defined in terms of its meaning, potential impact and likely root- causes. The risk definitions for the Scheme Risk Framework are as follows:

Reference to scheme risk framework	Risk Definitions –Generic
1.	**Planning and Implementation**
1.1	**Formulation**
1.1.1	**Formulation: Beneficiary identification and assessment**
	Inaccurate beneficiary identification and assessment Every scheme is targeted at some beneficiary groups. The success of the scheme is dependent on the ability to correctly identify the beneficiary groups, understand their requirements and develop suitable intervention priorities. The above may not happen on account of factors such as: 1) Non - localisation of beneficiary assessment 2) Speedy assessment and clearance of scheme 3) Vested interests/corruption 4) Local/ regional prejudices such as lack of focus on gender sensitivity, social boycott etc.
1.1.2	**Formulation: Assumptions and baseline data**
	Inaccurate/ incorrect assumptions for scheme formulation Several assumptions are made while formulating the scheme and its objectives. These may include identification of beneficiaries and their size, nature and extent of intervention required etc. Incomplete/ incorrectly defined assumptions can significantly impact the overall effectiveness of the scheme. This may arise on account of the various factors such as: 1) Use of incomplete/inaccurate data and information 2) Incorrect analysis 3) Inappropriate feasibility studies.
1.1.3	**Formulation: Scheme output and outcomes**
	Improperly defined scheme output and outcomes Each scheme is formulated for the achievement of certain objectives. Effective implementation of the scheme requires defining of overall outputs and then breaking them down into short term targets in measurable terms to be achieved by various stakeholders. Incorrect, inappropriate, improperly defined scheme output and outcomes may render the scheme ineffective.

Reference to scheme risk framework	Risk Definitions –Generic
1.1.4	**Formulation: Scheme localisation**
	Inadequate/ improper assessment of the local conditions Each region/ area /state where the scheme is applicable have a unique geographical, cultural, social and traditional background. Implementation of a scheme without considering the ground realities as regards above factors and applicability of the assumptions may impact the effectiveness of a scheme in particular region/ area/ state.
1.1.5	**Formulation: Scheme delivery mechanism**
	Inadequate/ improper selection of delivery channels Successful implementation of Government schemes is dependent on the effectiveness and efficiency of the modes/ channels used for execution across various levels, (central, state, district, block, gram panchayat, etc.). Inappropriate planning as regards the selection of the delivery channels and adequate physical and human infrastructure available with them may delay/ threaten the achievement of the objectives of the scheme.
1.1.6	**Formulation: Scheme model based on redundant policies**
	Insufficient strategic planning in deciding scheme model and policies and procedures An obsolete scheme model based on outdated rules and regulations and policies/ procedures which are not customised keeping in mind the objectives and goals of the scheme may render the scheme as ineffective and result in scheme failure.
1.1.7	**Formulation: Scheme dependency**
	Risk of scheme dependency The structure, formulation and delivery of a scheme may be dependent on existing scheme(s). Delay in achievement / non- achievement of the objectives of such scheme (s) may affect the successful implementation of the scheme being proposed.
1.1.8	**Formulation: Scheme overlap**
	Overriding scheme objectives Different Government schemes/programmes may be launched with inter-related objectives and significant synergies can be created for achievement of scheme objectives, if the delivery of these schemes is aligned. Failure to align the objectives, performance measures of the scheme with different ministries having different mandates and goals will not only result in wastage of national resources but the conflicting activities may also hinder effective implementation of the schemes. Further, there is a possibility of fraud through depiction of a single asset (example, road) as outputs of two separate schemes.

Reference to scheme risk framework	Risk Definitions –Generic
1.1.9	**Formulation: Budgeting & forecasting**
	Inaccurate budgeting and forecasting This refers to the risk of not being able to accurately predict the overall budget and requirement of funds to deliver on the scheme on account of various reasons such as: 1) Inaccurate / unrealistic assumptions to back budgets and forecasts 2) Insufficient validation of costing data 3) Arbitrary reduction in proposed amount for the scheme, etc.
1.1.10	**Formulation: Infrastructure**
	Incorrect assessment of infrastructure requirements Incorrect assessment of infrastructure requirements (information technology framework, equipments, machinery, etc.) at different levels of implementation of a scheme may impact the ability of the implementing agencies to deliver effectively on the scheme.
1.1.11	**Formulation: Changing needs**
	Unanticipated changes in beneficiary sentiment/ preference Lack of periodic review of beneficiary expectations/ needs and inability to modify/customise the objectives, delivery mechanism and scheme model to meet the changing needs of the beneficiaries during the life cycle of the scheme may render the scheme as ineffective.
1.1.12	**Formulation: Scheme obsolescence**
	Risk of scheme obsolescence Every programme/ scheme is relevant under a given socio-economic scenario or need of the beneficiary group. Due to changes/ development in the external environment new schemes/ programmes of similar nature may be formulated with certain modifications to the existing scheme. The old scheme may keep running without being formally closed resulting in obsolescence of all such (old) schemes and drain of public resources.
1.1.13	**Formulation: Knowledge capital**
	Lack knowledge sharing initiatives Processes for capturing maintaining and institutionalising learning across the implementing agencies are either non-existent or ineffective. This may result in slow response time, repeated mistakes, slow competence development, high costs, etc.
1.1.14	**Formulation: Scheme management**
	Absence of comprehensive workplan for scheme implementation Absence of a workplan with various activities and sub activities along with clearly defined timelines and responsibilities may impair the effectiveness scheme delivery. Detailed project plans, supplemented with annual plans need to be prepared to ensure achievement of scheme objectives in a planned manner.

Reference to scheme risk framework	Risk Definitions –Generic
1.2	**Information and Communication**
1.2.1	**Information and Communication: Information, Education & Communication**
	Ineffective Information, education and communication Two-way communication with the target beneficiaries and stakeholders is essential for the successful implementation of the scheme. It helps in spreading awareness on the scheme features and status and receiving feedback in order to take corrective action/steps. Selection of ineffective and improper means of communication and education of beneficiaries/stakeholders restricts the reach of delivery of the scheme.
1.2.2	**Information and Communication: Regulatory communications**
	Inadequate/untimely legislative reporting The implementation of scheme requires compliance with certain mandatory Government laws and regulations. Timely and proper communication of all such applicable laws/regulations across levels of scheme implementation is required to ensure compliance and to achieve smooth operationalisation of a scheme.
1.2.3	**Information and Communication: Public transparency**
	Lack of Public Transparency As per Right to Information (RTI) Act, all documents and information under a scheme must be made publicly available to ensure transparency and accountability. Hence the scheme model should encapsulate adequate measures to ensure public transparency and to make relevant documents and information available for public preview.
1.3	**Scheme Delivery**
1.3.1	**Scheme Delivery: Implementing agency effectiveness**
	Implementing agencies' ineffectiveness The success of a scheme is contingent on the efficiency of the nodal implementing agencies in performing the tasks necessary for the achievement of objectives of the scheme. Efficiency of these implementing agencies depends upon a number of the factors such as availability of adequate number of staff, infrastructure, interactions with other implementing agencies etc. Lack of focus/ availability of the above factors may affect the efficiency and productivity of the implementing agencies.
1.3.2	**Scheme Delivery: Procurement of goods and services**
	Risks related to quality and selection of right vendors Inability to source the right equipment/materials and other services required for implementation of the scheme, at the right time and price.

Reference to scheme risk framework	Risk Definitions –Generic
1.3.3	**Scheme Delivery: Quality**
	Inability to monitor and maintain quality of implementation agencies The quality of work to be achieved by the implementation agencies is required to be clearly defined and their performance is required to be regularly monitored against the pre-defined standards. Setting up of improper standards of quality with no formal monitoring mechanism may adversely impact the scheme delivery.
1.3.4	**Scheme Delivery: Efficiency**
	Delay in implementation of scheme Inefficiencies in operationalising a scheme may result in increased costs, delays in achieving results, etc. This may arise on account of following factors: 1) Delay in release of funds 2) Delayed decisions regarding the scheme 3) Frequent changes in the scheme model 4) Inadequate monitoring mechanisms
1.3.5	**Scheme Delivery: Performance indicators**
	Failure to effectively measure and monitor scheme implementation The scheme is operationalised through various implementing agencies hence it is necessary to establish the performance indicators in order to monitor the performance and the work executed by the agencies. Improperly defined performance indicators, irrelevant and/ or unreliable measurement techniques may cause erroneous assessments of operational performance of the scheme.
1.3.6	**Scheme Delivery: Contract management**
	Contracting risks The ministry enters into various contracts for the successful implementation of the scheme. Unclear, ambiguous and inclusion of stringent clauses in the contracts with third parties may cause unnecessary obligations on the Government. Contracting risk refers to the risks of : 1) Entering into contracts that are prejudicial to the Government 2) Inability to enforce contract 3) Not being able to effectively supervise contract execution
1.3.7	**Scheme Delivery: Public private partnerships, if applicable**
	Inability to monitor outsourcing in Public Private Partnerships (PPPs) There is an increased role of private sector as a partner in developmental and similar programmes of the Government. PPPs are a part of scheme model whereby certain aspects of scheme delivery are be outsourced to the private agencies. This outsourcing of tasks may lead to the risk associated with: 1) Terms of contract with third parties 2) Enforcing performance against the terms of the contract, etc.

Reference to scheme risk framework	Risk Definitions –Generic
1.4	**Scheme Compliance**
1.4.1	**Scheme Compliance: Labour laws**
	Non compliance with labour-related laws and regulations The implementing agencies across levels engage workers to execute the assigned work on the scheme. Non- compliance with such laws and regulations may delay / hinder the effective implementation of the scheme.
1.4.2	**Scheme Compliance: Environment and other applicable laws**
	Non compliance with environment and other applicable laws The work executed under certain schemes requires compliance with certain environmental norms and regulations. Non-compliance with environment regulations and other related laws while formulating and implementing schemes/ programmes may delay / hinder the effective implementation of the scheme.
1.4.3.	**Scheme Compliance: Financial and regulatory compliance**
	Improper financial and regulatory compliance Improper compliance of financial and regulatory rules such as General Financial Rules and other Statutory requirements may lead to delay in funding which may further impact the effectiveness of the scheme.
1.5	**Organisation and HR**
1.5.1	**Organisation and HR: Capacity building**
	Inadequate staffing and training programs for implementation agencies Non availability or availability of inadequate technical and administrative staff to the implementation agencies for execution of work may adversely impact the efficiency of the agencies and in turn will affect the scheme delivery. Further, inaccurate assessment of awareness programmes and training needs, ineffective training programmes/faculty and inadequate budget allocation for such programmes may lead to key personnel and agencies not discharging their duties properly and effectively.
1.5.2	**Organisation and HR: Roles and responsibilities**
	Unclear lines of job authority and responsibilities Ineffective lines of authority/ unclear job responsibilities with conflicting reporting lines, lack of adequate authority to take crucial decisions and inadequate accountability controls to ensure personnel are held responsible for work assigned may affect employees' capability to deliver on the job and also promote casual attitude amongst employees.
1.5.3	**Organisation and HR: Compensation**
	Ineffective compensation/ reward system Various personnel and agencies other than permanent Government employees are engaged for the implementation of the scheme. Designing a fair and just system for compensation and reward/incentive for performance for such people is important as it has a direct impact on their quality of execution.

Reference to scheme risk framework	Risk Definitions –Generic
1.6	**Asset Management & Maintenance**
1.6.1	**Asset Management & Maintenance: Fixed asset management**
	Inadequate safeguard of fixed assets Absence or non implementation of a fixed assets policy that includes: 1) Storage facility for assets 2) Asset security 3) Asset tagging 4) Utilisation of assets 5) Proper Accounting of assets It also covers inadequate/ improper mechanisms for utilising fixed assets created under various schemes.
1.6.2	**Asset Management & Maintenance: Asset sustainability**
	Creation of non-durable assets The assets/ infrastructure created under a scheme need to be sustainable and economically viable. In addition, there should be a plan to ensure regular maintenance of the assets/ infrastructure created.
1.6.3	**Asset Management & Maintenance: Inventory Management**
	Gaps in inventory planning and management It refers to the risk of non-availability of goods/ materials required under the scheme, due to pilferage, deterioration, theft and misappropriation.
1.7	**Hazards**
1.7.1	**Hazards: Natural events**
	Threat of natural calamities Natural events like floods, earthquake etc. are unforeseen and their occurrence might delay the implementation of the scheme and restrict the achievement of scheme's objectives.
1.7.2	**Hazards: Terrorism and malicious acts**
	Damage due to manmade disasters, terrorist attacks / malicious actions Risk of terrorist and malicious acts in any of the beneficiary states may render the scheme ineffective to achieve its objectives. It may arise on account of: 1) Act of terrorism 2) Communal / religious attacks, etc.
1.8	**Integrity**
1.8.1	**Integrity: Fraud & illegal Acts**
	Risk of fraud and illegal acts Operational fraud, procurement fraud, project fraud, embezzlement by personnel employed for execution under the scheme, manipulation in financial statements may result in damage to reputation, increased cost of scheme implementation and incidence of otherwise avoidable costs.

Reference to scheme risk framework	Risk Definitions –Generic
1.8.2	**Integrity: Ethics**
	Non adherence to the code of conduct/ethics In the absence of clear policies on code of conduct, confidentiality clauses and penalty/punishments for any violations, the personnel/ agencies responsible for implementation of scheme may indulge in unethical activities like embezzlement of funds and falsification of records of work done, whereas the benefits never reached the beneficiaries as envisaged in the scheme.
2.	**Monitoring**
2.1	**Oversight**
2.1.1	**Oversight: Periodic reporting of physical and financial outputs (Internal Reporting)**
	Inadequate Management Information System (MIS) to facilitate efficiency in operations Appropriate systems, MIS to track the programme progress (physical and financial) have not been designed/ implemented. Accordingly, performance/ effectiveness of the scheme cannot be evaluated/ corrected.
2.1.2	**Oversight: Social and external audit**
	Inadequate/ improper social and external audit Inadequate/ improper guidelines on social and financial audits, improper audits conducted in terms of scope and coverage or by incompetent staff may lead to incorrect reporting of the areas in the scheme which need immediate attention.
2.2	**Monitoring System (IT)**
2.2.1	**Monitoring System (IT): Physical (IT) infrastructure**
	Inadequate IT infrastructure to meet growth objectives IT infrastructure is very important for the smooth flow of information across levels of scheme implementation. Inadequate IT infrastructure, IT support and maintenance activities may delay the entire process of scheme implementation.
2.2.2	**Monitoring System (IT): Information Availability/Continuity and Accuracy**
	Absence of an adequate Disaster Recovery Plan / Continuity Strategy with respect to IT systems Inadequate IT interface, disruptions in the IT systems (downtime, failures etc.) and lack of adequate disaster recovery plans affects the timely availability and continuity of the data/information flow which may cause delay in decision making and hamper the scheme implementation process.
2.2.3	**Monitoring System (IT): Information security and access**
	Inadequate mechanisms to protect information and designs required to ensure completeness and reliability of data Lack of focus on the importance of information security, inadequate segregation of IT roles with other IT processes, absence of IT security policies and procedures may lead to loss/ leakage of sensitive information relating to a scheme. Lack of focus on ensuring that data in the IT system is complete, up to date and authentic/ reliable.

Reference to scheme risk framework	Risk Definitions –Generic
3.	**Financial Management**
3.1	**Funding**
3.1.1	**Funding: Funding pattern**
	Improper funding pattern An appropriate mix of the funds from the State and the Central Government has to be determined to ensure timely availability of funds and also fix accountability. Inappropriate funding pattern, or delay in release of funds due to the time required to receive, scrutinise and authorise release of funds under different accounting heads may result in increased costs, beneficiary dissatisfaction and delay in implementation of the scheme.
3.1.2	**Funding: Fund tracking and management**
	Inability to meet cash flow obligations due to ineffective fund tracking and management In absence of proper fund tracking system to monitor the usage of funds by means of regular MIS/ reports, uninformed funding decisions may be taken which may further lead to either funds remaining idle or shortage of funds when required.
3.1.3	**Funding: Budgeting and forecasting**
	Improper budget monitoring mechanism Lack of regular monitoring mechanism for review and revision of the Annual Work Plans and Budgets, insufficient analysis of actual Vs budgeted variances may lead to inappropriate financial conclusions and funding decisions adversely impacting the scheme delivery.
3.2	**Accounting and Reporting**
3.2.1	**Accounting and Reporting: Statutory accounting and reporting**
	Inadequate compliance with statutory requirements Incomplete, inaccurate and/ or untimely reporting of required financial and operating information. This may happen due to factors such as: 1) Absence of procedures and mechanisms to identify significant changes in accounting rules as applicable to the scheme 2) Inaccuracies in accounting entries on an account of incorrect / incomplete data, inadequate IT interface, employee fraud 3) Untimely receipt of information from different locations in case implementation of a scheme in multiple states, non- ERP based accounting systems, etc. 4) Inappropriate cut-off guidelines and book close procedures 5) Ineffective internal controls in place.

Reference to scheme risk framework	Risk Definitions –Generic
3.2.2	**Accounting and Reporting: Disclosures**
	Incomplete/ inaccurate disclosures Incomplete/ inaccurate disclosures required for the purpose of various compliances. This may happen on the various factors such as: 1) Inaccuracies in accounting entries on an account of incorrect / incomplete data, inadequate IT interface, employee fraud; 2) Untimely receipt of information from different locations on account of multiple state implementation of a scheme, non-ERP based accounting systems; and 3) Ineffective internal controls in place.

Annexure A2: Key Risk Template

Key Risks Template: *[Insert the name of scheme]*

Document Name	Key Risk Template
Document Type	Template- Internal Control and Risk Management Framework
Purpose	To facilitate identification of the key risks applicable to the scheme in consideration
About the template	The Key Risk Template is a working document prepared by the department responsible for formulating the scheme. The template shall be used to identify the key risks applicable for the scheme in consideration. The output of this exercise shall be used by the department while: ► Preparing and updating the risks and concerns section in Risk Assessment Note; and ► Preparing scheme guidelines and MIS structure.
Responsibility and timeline for updating	The document shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated prior to preparation of Risk Assessment Note
Worksteps for preparation	1. List the overall objectives of the scheme 2. After considering the objectives of the scheme, identify applicable risks for the scheme by: ► Selecting the risks from the standard list of applicable risks provided in the Generic Risk Library; and ► Adding any additional scheme specific risk not captured in the standard list 3. Prioritise the list of applicable risks to arrive at the key risks for the scheme by evaluating each risk for its propensity to adversely impact the scheme delivery

Key Risks Template: *[Insert the name of scheme]*

Scheme/ Programme	*[Insert the name of scheme/ programme]*
Subject	Key risks for *[Insert the name of scheme/ programme]*
Assessed on	[dd/mm/yyyy]
Prepared by	[Name and Designation]
Reviewed by	[Name and Designation]

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Chapter 1: Overall objectives of the scheme

This section specifies the overall objectives of the _____ [insert the name of scheme]. The risks applicable to the scheme have been identified and prioritised in context of these objectives.

S.No.	Key objectives of the scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
Secondary Objective(s)					

Chapter 2: Applicable risks for Government Schemes

The risks applicable from the Generic Risk Library have been ticked and the risks not applicable have been crossed out. Additional risks relevant in the context of the scheme have also been added in the list below:

1. Planning and Implementation

1.1 Formulation:

- 1.1.1 Beneficiary Identification and Assessment
- 1.1.2 Assumptions and Baseline data
- 1.1.3 Scheme Output and Outcomes
- 1.1.4 Scheme Localisation
- 1.1.5 Scheme Delivery Mechanism
- 1.1.6 Scheme based on Redundant Policies
- 1.1.7 Scheme Dependency
- 1.1.8 Scheme Overlap
- 1.1.9 Budgeting and Forecasting
- 1.1.10 Infrastructure
- 1.1.11 Changing Needs
- 1.1.12 Scheme Obsolescence
- 1.1.13 Knowledge Capital
- 1.1.14 Scheme Management

1.2 Information and Communication

- 1.2.1 Information, Education and Communication
- 1.2.2 Regulatory Communications
- 1.2.3 Public Transparency

1.3 Scheme Delivery

- 1.3.1 Implementing Agency Effectiveness
- 1.3.2 Procurement of Goods and Services
- 1.3.3 Quality
- 1.3.4 Efficiency
- 1.3.5 Performance Indicators

1.3 Scheme Delivery (contd.)

- 1.3.6 Contract Management
- 1.3.7 Public Private Partnerships

1.4 Scheme Compliance

- 1.4.1 Labour Laws
- 1.4.2 Environment and Other Applicable Laws
- 1.4.3 Financial and Regulatory Compliance

1.5 Organisation and HR

- 1.5.1 Capacity Building
- 1.5.2 Roles and Responsibilities
- 1.5.3 Compensation

1.6 Asset Management and Maintenance

- 1.6.1 Fixed Assets Management
- 1.6.2 Assets Sustainability
- 1.6.3 Inventory Management

1.7 Hazards

- 1.7.1 Natural Events
- 1.7.2 Terrorist and Malicious Acts

1.8 Integrity

- 1.8.1 Fraud and Illegal Acts
- 1.8.2 Ethics

2. Monitoring

2.1 Oversight

- 2.1.1 Periodic reporting of physical and financial outputs
- 2.1.2 Social and External audit

2.2 Monitoring System (IT)

- 2.2.1 Physical (IT) Infrastructure
- 2.2.2 Information Availability/ Continuity and accuracy
- 2.2.3 Information Security and Access

3. Financial Management

3.1 Funding

- 3.1.1 Funding Pattern
- 3.1.2 Fund Tracking and Management
- 3.1.3 Budgeting and Forecasting

3.2 Accounting and Reporting

- 3.2.1 Statutory Accounting and Reporting
- 3.2.2 Disclosures

Legend	
✓	Applicable from Generic Risk Library
X	Not Appiicable
★	Additional risks not included in Generic Risk Library

Chapter 3: Identification of key risks

The risks identified in Chapter 2 need to be prioritised to identify the key risks and challenges for the formulation and implementation of _____ [insert the name of the scheme]. The following are suggested criteria that should be kept in mind while prioritising the applicable risks:

- Scheme effectiveness: Refers to the ability of the scheme to meet its principal objectives. The following concerns need to be addressed in order to ensure effective implementation of the scheme:
  - **Accurate assessment of** the intended **beneficiaries** for the scheme
  - Use of adequate and accurate data and **assumptions**
  - **Defining** clearly and adequately the **outputs and outcomes** related to the scheme
  - **Adapting** the scheme **to the local environment** where it is to be implemented
  - **Defining** the mechanism and **institutional arrangements** through which the scheme will be delivered
  - **Identifying dependencies** for the scheme and defining a mechanism to ensure smooth coordination
  - **Eliminating overlaps** with other existing schemes for proper channeling of funds

- Fund Management: Refers to the ability to provide **adequate and timely funds** to the implementing agencies for ensuring effective delivery of the scheme

- Compliance: Refers to the ability to identify accurately and comply with relevant statues, rules and guidelines applicable for the scheme

- Expenditure management: Refers to the effectiveness of implementation agencies to achieve the desired objectives of the scheme within the sanctioned budget by:
  - **Preventing over/ underutilisation** of funds;
  - Preventing misappropriation/ undue **diversion of funds**; and
  - **Avoidance** of large **variances from the budget**

Keeping the above factors in mind, the applicable risks for the scheme need to be prioritised into the categories of ‘High’; ‘Medium’ or ‘Low’ in the worksheet below:

3.1 Risk prioritisation worksheet

Each applicable risk has been evaluated against the parameters mentioned above and rated as **High, Medium or Low** depending on the impact that the risk will have on the enumerated parameters.

The risks with '**High (H)'** rating in the column 'Overall Risk Evaluations' are the **key risks** identified for the scheme.

.

H	M	L
High	Medium	Low

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
I Planning and Implementation		
1.1 Formulation:		
1.1.1 Beneficiary Identification and Assessment		
1.1.2 Assumptions and Baseline data		
1.1.3 Scheme Output and Outcomes		
1.1.4 Scheme Localisation		
1.1.5 Scheme Delivery Mechanism		
1.1.6 Scheme based on Redundant Policies		
1.1.7 Scheme Dependency		
1.1.8 Scheme Overlap		
1.1.9 Budgeting and Forecasting		
1.1.10 Infrastructure		
1.1.11 Changing Needs		
1.1.12 Scheme Obsolescence		
1.1.13 Knowledge Capital		
1.1.14 Scheme Management		
1.1.16 Add		
1.1.17 Add		
1.2 Information and Communication		
1.2.1 Information, Education and Communication		

Key Risks Template: *[Insert the name of scheme]*

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
1.2.3 Regulatory Communications		
1.2.3 Public Transparency		
1.2.5 Add		
1.2.6 Add		
1.3 Scheme Delivery:		
1.3.1 Implementing Agency Effectiveness		
1.3.2 Procurement of Goods and Services		
1.3.3 Quality		
1.3.4 Efficiency		
1.3.5 Performance Indicators		
1.3.6 Contract Management		
1.3.7 Public Private Partnerships		
1.3.8 Add		
1.3.9 Add		
1.4 Scheme Compliance:		
1.4.1 Labour Laws		
1.4.2 Environment and other applicable laws		
1.4.3 Financial and Regulatory Compliance		
1.4.5 Add		
1.4.6 Add		
1.5 Organisation and HR:		
1.5.1 Capacity Building		
1.5.2 Roles and Responsibilities		
1.5.3 Compensation		
1.5.4 Add		
1.5.5 Add		
1.6 Asset Management and Maintenance:		
1.6.1 Fixed Assets Management		

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
1.6.2 Asset Sustainability		
1.6.3 Inventory Management		
1.6.4 Add		
1.6.5 Add		
1.7 Hazards:		
1.7.1 Natural Events		
1.7.2 Terrorists and Malicious Acts		
1.7.3 Add		
1.7.4 Add		
1.8 Integrity:		
1.8.1 Fraud and Illegal Acts		
1.8.2 Ethics		
1.8.3 Add		
1.8.4 Add		
II Monitoring		
2.1 Oversight:		
2.1.1 Periodic reporting of physical and financial outputs		
2.1.2 Social and External audit		
2.1.3 Add		
2.1.4 Add		
2.2 Monitoring System (IT):		
2.2.1 Physical (IT) Infrastructure		
2.2.2 Information Availability/ Continuity and Accuracy		
2.2.3 Information Security and Access		
2.2.4 Add		
2.2.5 Add		

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
III Financial Management		
3.1 Funding:		
3.1.1 Funding Pattern		
3.1.2 Fund Tracking and Management		
3.1.3 Budgeting and Forecasting		
3.1.4 Add		
3.1.5 Add		
3.2 Accounting and Reporting:		
3.2.1 Statutory Accounting and Reporting		
3.2.2 Disclosures		
3.2.3 Add		
3.2.4 Add		

Annexure A3:Risk Assessment Note

[Insert the name of the scheme]

[Insert the name of Ministry]

[Insert the name of Department]

Annexure no XXX to EFC Memo

Risk Assessment Note

Month, Year

[Name & designation of preparer]	[Signature]	[Date]
[Name & designation of approver]	[Signature]	[Date]

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Section 1: Setting the context for Government Schemes

1.1 Overall objectives for the scheme

This section specifies the overall objectives for _____ [insert the name of scheme]. The risks and treatment plans for the scheme have been identified in the context of these objectives. The primary and secondary objectives for the scheme are as follows:

S.No.	Key objectives of the scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
Secondary Objective(s)					

Section 2: Key risks to be addressed

2.1 Summary of key risks

The following key risks for _____ [insert the name of scheme] need to be addressed to ensure achievement of the objectives of the scheme, effective financial management and compliance with procedures. In addition to the key risks identified for the scheme as updated in the Key Risk Template, this list also includes certain risks, the response to which is mandatorily required, irrespective of whether these are identified as key risks for the scheme.

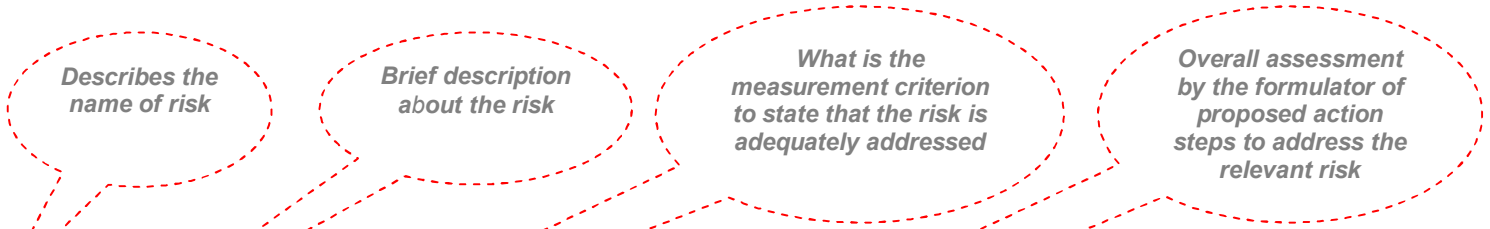
1. Planning & Implementation
   - 1.1. Scheme formulation
     - 🔴 1.1.1. Beneficiary identification and assessment
     - 🔴 1.1.2. Assumptions and baseline data
     - 🔴 1.1.3. Scheme output and outcomes
     - 🔴 1.1.4. Scheme localisation
     - 🔴 1.1.5. Scheme delivery mechanism
     - 🔴 1.1.6. Scheme dependency
     - 🔴 1.1.7. Scheme overlap
     - 🔴 1.1.8. Budgeting and forecasting
     - 🟢 *1.1.9. (Others please specify)*
   - 1.2. Information and communication
     - 🔴 1.2.1. Information, education and communication
     - 🟢 *1.2.2. (Others please specify)*
   - 1.3. Scheme delivery
     - 🔴 1.3.1. Performance indicators
     - 🔴 1.3.2. Public private partnerships
     - 🟢 *1.3.3. (Others please specify)*
   - 1.4. Organisation and HR
     - 🔴 1.4.1. Capacity building
     - 🟢 *1.4.2. (Others please specify)*
   - 1.5. Asset Management and maintenance
     - 🔴 1.5.1. Asset sustainability
     - 🟢 *1.5.2. (Others please specify)*
   - *1.6. (Others please specify)*
2. Monitoring
   - 2.1. Oversight
     - 🔴 2.1.1. Periodic reporting of physical and financial outputs
     - 🟢 *2.1.2. (Others please specify)*
   - 2.2. Monitoring system (IT)
     - 🔴 2.2.1. Information availability/ continuity and accuracy
     - 🟢 *2.2.2. (Others please specify)*
   - *2.3. (Others please specify)*
3. Financial Management
   - 3.1. Funding
     - 🔴 3.1.1. Funding pattern
     - 🟢 *3.1.2. (Others please specify)*
   - *3.2. (Others please specify)*

🔴 *Denotes those risks on which the response with respect to risk management is mandatorily required, irrespective of whether these are listed as key or not for the scheme*

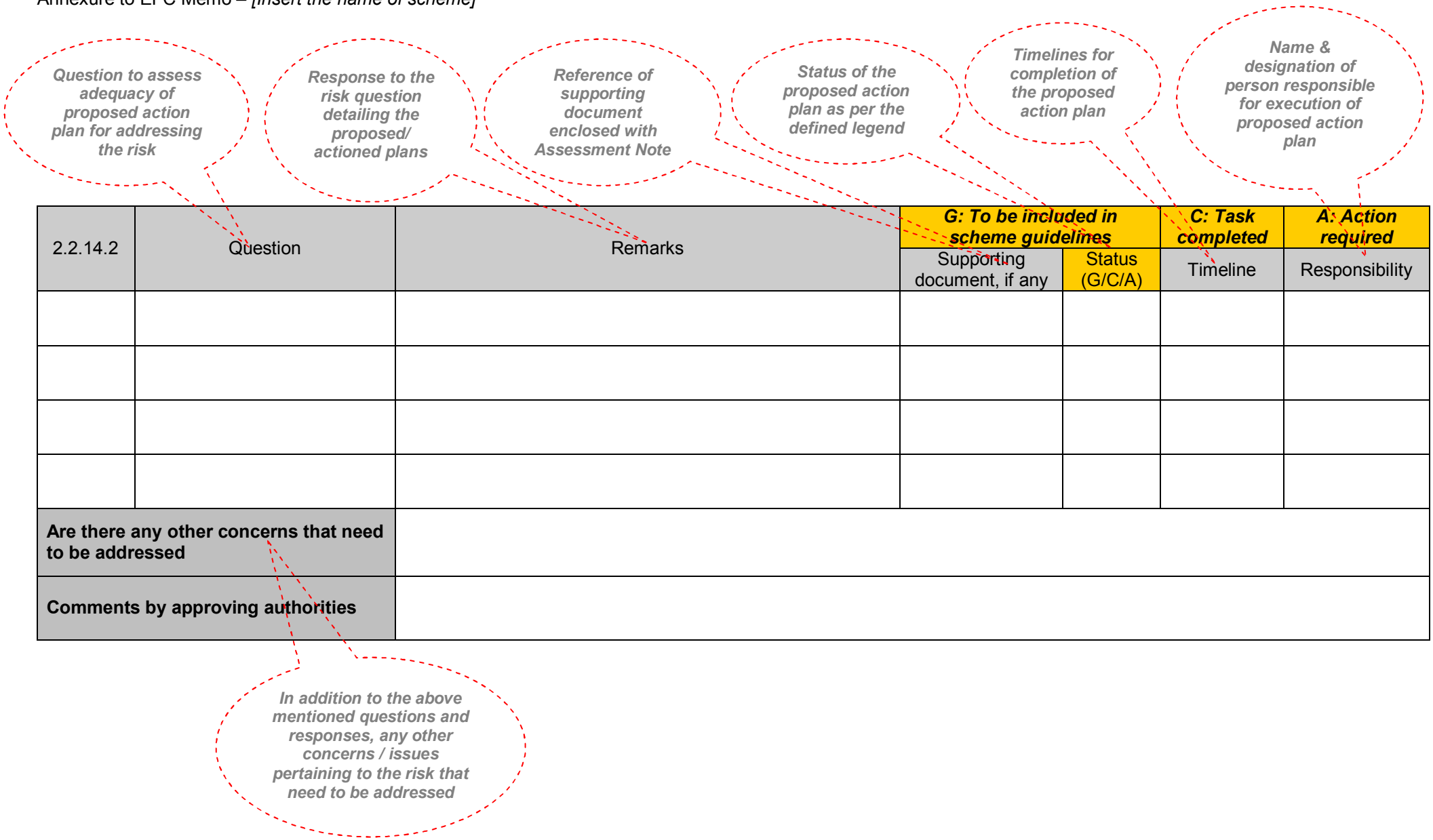
🟢 *Denotes risks other than those listed as 🔴 which were determined to be key risks for the scheme*

2.2 Risk Assessment and Treatment Plan

The following section details the action taken/ proposed to address each of the above key risks.



2.2.14.1	Risk title	
	Risk definition	
	Key parameters/targets to assess if the risk is effectively addressed	
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐



2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.1.1	Risk title	**Beneficiary identification and assessment**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.1.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Have beneficiaries for the scheme been identified? What assessment was performed while identifying these beneficiaries?					
2.	Was the data used for such assessments most recent, relevant and accurate? Was the data broken down sufficiently at the centre, state and district, block and village levels?					
3.	What was the coverage area for the assessment performed? Does it align with the coverage area					

2.2.1.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	defined for the scheme?					
4.	What measures for validation of beneficiaries been defined to guard against ineligible beneficiaries?					
5.	Has a list of beneficiaries been published and is available for public scrutiny?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.2.1	Risk title	**Assumptions and baseline data**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.2.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What assumptions were made when conceptualising the scheme?		*(Insert the list of assumptions)*			
2.	Are the assumptions made based on assessment of baseline data? What was the source of such data?					
3.	Is the data used accurate? How is it ensured that the data is not skewed towards a particular state or scheme objective?					

2.2.2.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Was the data sufficiently broken down to the lowest levels possible? State the lowest level					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.3.1	Risk title	**Scheme output and outcomes**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.3.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What is the overall outcome for the scheme?					
2.	Have specific outputs for the scheme also been defined? Can these be linked to the outcome of the scheme?		*[Attach list of outputs with timeframes and responsibilities]*			
3.	Has it been ensured that the scheme outcomes and outputs are not conflicting in nature?					
4.	Is there a direct cause and effect relationship between the laid					

2.2.3.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	down objectives and the defined outputs and outcomes for the scheme?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.4.1	Risk title	**Scheme localisation**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.4.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has a ground trotting exercise involving the local population to study the environment in the implementing states been performed?		*[Attach list of major observations from this exercise]*			
2.	What measures have been proposed to reduce the impact of variations observed and localise the scheme to improve effectiveness?		*[Attach list of variations and measures proposed]*			
3.	How is it proposed that these measures will be communicated to the local community/ state					

2.2.4.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	specific stakeholders for the scheme?					
4.	Has there been any exclusion from the coverage area for this scheme based on this study? State Reasons.		*[Attach exclusions along with observations/ justifications]*			
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.5.1	Risk title	**Scheme delivery mechanism**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.5.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What is the overall delivery mechanism for the scheme? Does it involve multiple stakeholders?		*[Attach list of stakeholders]*			
2.	Have roles for each stakeholder been clearly defined and communicated?		*[Attach roles defined for each stakeholder]*			
3.	Has the current level of expertise across levels been considered when defining the roles and responsibilities?					

2.2.5.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Has the current workload of personnel within the relevant agencies been considered when defining the roles and responsibilities?					
5.	What monitoring mechanisms are proposed to ensure that stakeholders fulfill their defined roles and responsibilities?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.6.1	Risk title	**Scheme dependency**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.6.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Is the scheme dependent on any other scheme for the achievement of its overall objectives? Has the set of outputs dependent on other schemes been identified?		*[Attach set of outputs and names of schemes]*			
2.	Has the decision of dependency been communicated to concerned ministries?					
3.	Have the concerned departments/ministries implementing the other schemes been consulted during the formulation of the scheme?		*[Attach a summary on how the delivery of the proposed scheme will be integrated with that*			

2.2.6.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
			of the other scheme]			
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.7.1	Risk title	**Scheme overlap**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.7.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Is there any existing scheme formulated with identical or similar objectives?		*[Attach a list of all such schemes with their objectives]*			
2.	Is the need for the scheme being proposed based on a fresh need assessment?		*[Attach specifications of the assessment performed]*			
3.	Amongst the schemes identified in question 1 above, can any of them be converged/ modified to achieve the objectives of the schemes being proposed? Has the relevant ministry been consulted to arrive at the					

2.2.7.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	response?					
4.	In case the scheme is overlapping with an existing scheme that cannot be converged, clearly mention the need to formulate a similar scheme?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.8.1	Risk title	**Budgeting and forecasting**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.8.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	How has the budget for the scheme been arrived at?					
2.	Have the latest schedule of rates been used to arrive at the budget/ costing for the project?					
3.	Have contingencies been built into the cost estimates?					
4.	What procedures have been defined to detect and address budget variations?					
Are there any other concerns that need to be addressed						

2.2.8.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
Comments by approving authorities						

2.2.9.1	Risk title	**Information, Education and Communication**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.9.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has an IEC plan for the scheme been established?					
2.	Have targets, timelines and responsibilities been defined for the various activities under this plan (e.g. awareness generation programmes, training workshops etc)		*[Attach list of targets for various activities]*			
3.	Is there an involvement of external agencies envisaged for delivering the plan? Have the terms of reference for these agencies been defined?					

2.2.9.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Have the fund requirements as well as source of funds for the conduct of the IEC activities been determined? Please specify					
5.	How will the effectiveness of the IEC activities be monitored?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.10.1	Risk title	**Performance Indicators**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.10.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What is the measurement criteria defined for the scheme? State the timeline and responsibility for applying this criteria		*(Attach evaluation criteria)*			
2.	Are the defined criteria quantifiable, simple to understand and practical to apply?					
3.	Do the measurement criteria defined relate directly to the objectives and outcomes of the scheme?					

2.2.10.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Does the scheme have specific annual performance measures that link to the scheme objectives?					
5.	Does the scheme have an independent evaluation mechanism to evaluate the scope & quality of the deliverables on a regular basis? Please define.		*(Attach details of evaluation mechanism)*			
6.	Are there any scheme objectives for which no criteria have been defined? Please specify and provide justification					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.11.1	Risk title	**Public Private Partnerships**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.11.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What procedures have been followed for selection of the PPP mode? What is going to be the tender strategy for selecting the partner?					
2.	What is the business case for opting implementation of the scheme through private partners over use of public sector capabilities?					
3.	Does the business case include an assessment of private sector capabilities as well as a cost					

2.2.11.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	benefit analysis of such a partnership?					
4.	Have the project requirements been identified and clearly communicated to the private partner to ensure accountability of the private partner?		*[Attach list of requirements]*			
5.	Has an assessment for optimal transfer or allocation of risk to the private party been performed? State results of the assessment.					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.12.1	Risk Title	**Capacity Building**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.12.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has the implementation, monitoring and quality assurance mechanism been defined? Are roles and responsibilities clearly defined, both within the implementing agencies and third party interface? Provide details					
2.	Where the scheme proposes to use existing Government infrastructure, has an assessment of present and future workloads on staff been made? Is there any staff deficiency expected? and what are the proposed measures					

2.2.12.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	to address it?					
3.	Is there a need for specialists? Has this been effectively addressed? Provide details.					
4.	What measures have been prescribed to evaluate sufficiency of capacity on an ongoing basis?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.13.1	Risk title	**Asset sustainability**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What types of assets are proposed to be created during scheme implementation? Is this specified in scheme guidelines?					
2.	How the creation of assets is directly linked to the objectives of the scheme?					
3.	Have the formats for recording creation, deployment and maintenance of the assets been prescribed? Is there a database prescribed for recording the particulars of these assets?					

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Do the guidelines prescribe any plan/ community involvement in planning for the creation of assets? What are the timelines and responsibilities for the creation and scrutiny of these plans?					
5.	What procedures have been defined within the scheme to ensure that the assets created are durable?					
6.	How is the sustainability and maintenance addressed for the assets in terms of procedure, funds requirement and responsibilities?					
7.	What procedures are proposed to detect misuse and theft of the created assets?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.14.1	Risk title	**Periodic reporting of physical and financial outputs**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Have processes been defined to report the physical and financial progress of the scheme? Provide details.		*[Attach listing and description of procedures]*			
2.	Have relevant formats and checklists to support the reporting process been developed and communicated?					
3.	Have the responsibilities for capturing and reporting information been defined?		*(Attach proposed responsibilities)*			

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Has an MIS been developed for the purpose of monitoring of the scheme?					
5.	To what extent will the reporting be IT enabled? What is the plan for its implementation?					
6.	Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) in place to evaluate the scope and quality of the scheme's deliverables on a regular basis?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.15.1	Risk title	**Information availability, continuity and accuracy**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.15.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has a feasibility of using such technology and availability of infrastructure at implementing agencies/states been assessed prior to defining technology based procedures?		*[Attach listing and description of procedures]*			
2.	What back up procedures have been proposed to ensure availability/ restoration of critical scheme related data?					
3.	Has a third party been engaged in the maintenance of the technology infrastructure for the		*(Attach proposed responsibilities)*			

2.2.15.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
	scheme? Have services levels for down time etc been defined for the agency engaged?					
4.	What review mechanisms have been proposed to detect inaccuracies in and incompleteness of electronically available information?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.16.1	Risk title	**Funding Pattern**
	Risk definition	*[Insert scheme specific definition for the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	•
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.16.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has the funding requirement and pattern for the scheme been finalised and approved? Provide details.		*(Insert details of funding pattern)*			
2.	Has the ratio of the programme cost and establishment cost been reviewed and is within the generally accepted norms?					
3.	Is the funding linked to annual budgets and accomplishment of targets outputs?					

2.2.16.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
4.	Have the timeframes/ conditions for release of funds been defined? Provide details.					
5.	Does the scheme have some flexibility to change funding pattern due to change in political, social and economic environment?					
6.	What mechanisms have been proposed to ensure that the funds are spent for intended purpose and accurately reported?					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

***For articulating the questions for key risks other than the risks mentioned for which the response is mandatorily required, refer the guidelines prescribed in the template below**. However, the person updating the template may articulate additional risk questions in order to facilitate assessment of actions plans in place to address the relevant risk.*

2.2.14.1	Risk title	*[Write the title as per section 2 of this document, Key risks to be addressed.]*
	Risk definition	*[Insert a brief description of the risk. Refer Key Risk Template prepared for the scheme, Chapter 3, section 3.3- Key risks for the scheme and risk definitions]*
	Key parameters/targets to assess if the risk is effectively addressed	*[Insert the parameters/ targets, achievement of which shall ensure that proposed action plans to address the relevant risk have been implemented effectively]*
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	*What are the **proposed procedures** to address the _____ [Insert name of the risk]?*					
2.	*What is the **proposed responsibility** for _____ [insert relevant parameter(s)/target to be achieved] prescribed under the scheme?*					

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
3.	*Has an **MIS system** been developed for the purpose of monitoring the scheme? Is the same IT enabled across implementation levels? What is the plan of implementation? Provide details.*					
4.	*Does the scheme have an independent effective **evaluation mechanism** in place to evaluate _____ [Insert important parameter/target set to achieved]?*					
5.	*[Additional risk questions may be added]*					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

Annexure A4: Risk Treatment Plan

Document Name	Risk Treatment Plan
Document Type	Template- Internal Control and Risk Management Framework
Purpose	To ensure that the risk treatment strategies as specified in the Risk Assessment Note are actioned
About the Document	The Risk Treatment Plan is a working document prepared by the department responsible for formulating scheme. This template is used to: ► Detail the risk treatment strategies/actions plans for the risks to be addressed during scheme implementation as listed in the Risk Assessment Note ► Integrate the risk treatment strategies into : – Definitive action steps – Scheme guidelines – Scheme MIS
Responsibility and Timeline for Updating	The Risk Treatment Plan shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated after the approval of the Risk Assessment Note which is appended to the EFC memo.

Risk Treatment Plan: *[Insert the name of scheme]*

Scheme/ Programme	*[Insert the name of scheme/ programme]*
Subject	*Key risks for [Insert the name of scheme/ programme]*
Assessed On	*[dd/mm/yyyy]*
Prepared by	*[Name and Designation]*
Reviewed by	*[Name and Designation]*

Contents

Chapter 1: Key risks for the scheme…… 97
Chapter 2: Risk Treatment Plans to be addressed during implementation…… 98
Chapter 3: Risk MIS Coverage……142

Chapter 1: Key risks for the scheme

The following are the key risks to be addressed for effective implementation of _____ [insert the name of scheme]. It also includes the risks as specified in the Risk Assessment Note, for which treatment plans are mandatorily required, irrespective of whether they have been identified as key risks for the scheme.

1. Planning and Implementation

1.1 Formulation

- 1.1.1 Beneficiary Identification and Assessment ☐
- 1.1.2 Assumptions and Baseline data ☐
- 1.1.3 Scheme Output and Outcomes ☐
- 1.1.4 Scheme Localisation ☐
- 1.1.5 Scheme Delivery Mechanism ☐
- 1.1.6 Scheme Dependency ☐
- 1.1.7 Budgeting and Forecasting ☐
- 1.1.8 Infrastructure ☐

1.2 Information and Communication

- 1.2.1 Information, Education and Communication ☐
- 1.2.3 Public Transparency ☐

1.3 Scheme Delivery

- 1.3.1. Performance indicators ☐
- 1.3.2 Public Private Partnerships ☐
- 1.3.3 Health and Safety ☐

1.5 Organisation and HR

- 1.5.1 Capacity Building ☐
- 1.5.2 Compensation ☐

1.6 Asset Management and Maintenance

- 1.6.1 Assets Sustainability ☐

1.7 Integrity

- 1.7.1 Fraud and Illegal Acts ☐

2. Monitoring

2.1 Oversight

- 2.1.1 Periodic reporting of physical and financial outputs ☐

2.2 Monitoring System (IT)

- 2.2.1 Physical (IT) Infrastructure ☐

3. Financial Management

3.1 Funding

- 3.1.1 Funding Pattern ☐
- 3.1.2 Fund Tracking and Management ☐
- 3.1.3 Budgeting and Forecasting ☐

3.2 Accounting and Reporting

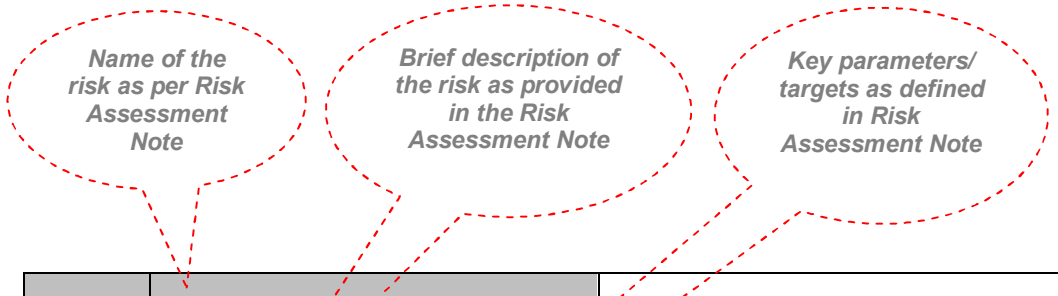
- 3.2.1 Statutory Accounting and Reporting ☐

Legend	
▲	Incorporated in scheme guidelines and MIS
☻	Action steps completed during formulation
♀	Action during implementation

Note: The above list is illustrative; the user needs to update it based on the section 2 of Risk Assessment Note for the relevant scheme.

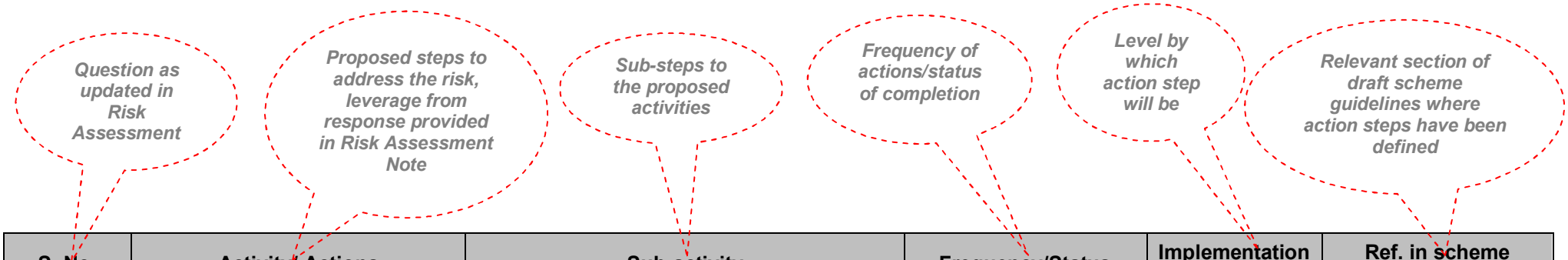
Chapter 2: Risk Treatment Plans to be addressed during implementation

Detailed action plans for the risks to be addressed during scheme implementation have been updated in the following pages:



S. No.	Risk title	
1.	**Risk definition**	
2.	**Key parameters/targets to assess if the risk is effectively addressed**	

Risk Treatment Plan: *[Insert the name of scheme]*



S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Beneficiary identification and assessment**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Have beneficiaries for the scheme been identified? What assessment was performed while identifying these beneficiaries?***				
Question 2	***Was the data used for such assessments most recent, relevant and accurate? Was the data broken down sufficiently at the centre, state and district, block and village levels?***				
Question 3	***What was the coverage area for the assessment performed? Does it align with the coverage area defined for the scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***What measures for validation of beneficiaries been defined to guard against ineligible beneficiaries?***				
Question 5	***Has a list of beneficiaries been published and is available for public scrutiny?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Assumptions and baseline data**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What assumptions were made when conceptualising the scheme?***				
Question 2	***Are the assumptions made based on assessment of baseline data? What was the source of such data?***				
Question 3	***Is the data used accurate? How is it ensured that the data is not skewed towards a particular state or scheme objective?***				
Question 4	***Was the data sufficiently broken down to the lowest levels possible? State the lowest level***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Scheme output and outcomes**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What is the overall outcome for the scheme?***				
Question 2	***Have specific outputs for the scheme also been defined? Can these be linked to the outcome of the scheme?***				
Question 3	***Has it been ensured that the scheme outcomes and outputs are not conflicting in nature?***				
Question 4	***Is there a direct cause and effect relationship between the laid down objectives and the defined outputs and outcomes for the scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Scheme localisation**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Has a ground trotting exercise involving the local population to study the environment in the implementing states been performed?***				
Question 2	***What measures have been proposed to reduce the impact of variations observed and localise the scheme to improve effectiveness?***				
Question 3	***How is it proposed that these measures will be communicated to the local community/ state specific stakeholders for the scheme?***				
Question 4	***Has there been any exclusion from the coverage area for this scheme based on this study? State Reasons.***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Scheme delivery mechanism**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What is the overall delivery mechanism for the scheme? Does it involve multiple stakeholders?***				
Question 2	***Have roles for each stakeholder been clearly defined and communicated?***				
Question 3	***Has the current level of expertise across levels been considered when defining the roles and responsibilities?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***Has the current workload of personnel within the relevant agencies been considered when defining the roles and responsibilities?***				
Question 5	***What monitoring mechanisms are proposed to ensure that stakeholders fulfill their defined roles and responsibilities?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Scheme dependency**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Is the scheme dependent on any other scheme for the achievement of its overall objectives? Has the set of outputs dependent on other schemes been identified?***				
Question 2	***Has the decision of dependency been communicated to concerned ministries?***				
Question 3	***Have the concerned departments/ministries implementing the other schemes been consulted during the formulation of the scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Scheme overlap**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Is there any existing scheme formulated with identical or similar objectives?***				
Question 2	***Is the need for the scheme being proposed based on a fresh need assessment?***				
Question 3	***Amongst the schemes identified in question 1 above, can any of them be converged/ modified to achieve the objectives of the schemes being proposed? Has the relevant ministry been consulted to arrive at the response?***				
Question 4	***In case the scheme is overlapping with an existing scheme that cannot be converged, clearly mention the need to formulate a similar scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Budgeting and forecasting**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***How has the budget for the scheme been arrived at?***				
Question 2	***Have the latest schedule of rates been used to arrive at the budget/ costing for the project?***				
Question 3	***Have contingencies been built into the cost estimates?***				
Question 4	***What procedures have been defined to detect and address budget variations?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Information, Education and Communication**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Has an IEC plan for the scheme been established?***				
Question 2	***Have targets, timelines and responsibilities been defined for the various activities under this plan (e.g. awareness generation programmes, training workshops etc)***				
Question 3	***Is there an involvement of external agencies envisaged for delivering the plan? Have the terms of reference for these agencies been defined?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***Have the fund requirements as well as source of funds for the conduct of the IEC activities been determined? Please specify***				
Question 5	*How will the effectiveness of the IEC activities be monitored?*				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Performance Indicators**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What is the measurement criteria defined for the scheme? State the timeline and responsibility for applying this criteria***				
Question 2	***Are the defined criteria quantifiable, simple to understand and practical to apply?***				
Question 3	***Do the measurement criteria defined relate directly to the objectives and outcomes of the scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***Does the scheme have specific annual performance measures that link to the scheme objectives?***				
Question 5	***Does the scheme have an independent evaluation mechanism to evaluate the scope & quality of the deliverables on a regular basis? Please define.***				
Question 6	***Are there any scheme objectives for which no criteria have been defined? Please specify and provide justification***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Public Private Partnerships**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What procedures have been followed for selection of the PPP mode? What is going to be the tender strategy for selecting the partner?***				
Question 2	***What is the business case for opting implementation of the scheme through private partners over use of public sector capabilities?***				
Question 3	***Does the business case include an assessment of private sector capabilities as well as a cost benefit analysis of such a partnership?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***Have the project requirements been identified and clearly communicated to the private partner to ensure accountability of the private partner?***				
Question 5	***Has an assessment for optimal transfer or allocation of risk to the private party been performed? State results of the assessment***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Capacity Building**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Has the implementation, monitoring and quality assurance mechanism been defined? Are roles and responsibilities clearly defined, both within the implementing agencies and third party interface? Provide details***				
Question 2	***Where the scheme proposes to use existing Government infrastructure, has an assessment of present and future workloads on staff been made? Is there any staff deficiency expected? And what are the proposed measures to address it?***				
Question 3	***Is there a need for specialists? Has this been effectively addressed? Provide details.***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***What measures have been prescribed to evaluate sufficiency of capacity on an ongoing basis?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Asset sustainability**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***What types of assets are proposed to be created during scheme implementation? Is this specified in scheme guidelines?***				
Question 2	***How the creation of assets is directly linked to the objectives of the scheme?***				
Question 3	***Have the formats for recording creation, deployment and maintenance of the assets been prescribed? Is there a database prescribed for recording the particulars of these assets?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***Do the guidelines prescribe any plan/ community involvement in planning for the creation of assets? What are the timelines and responsibilities for the creation and scrutiny of these plans?***				
Question 5	***What procedures have been defined within the scheme to ensure that the assets created are durable?***				
Question 6	***How is the sustainability and maintenance addressed for the assets in terms of procedure, funds requirement and responsibilities?***				
Question 7	***What procedures are proposed to detect misuse and theft of the created assets?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Periodic reporting of physical and financial outputs**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Have processes been defined to report the physical and financial progress of the scheme? Provide details.***				
Question 2	***Have relevant formats and checklists to support the reporting process been developed and communicated?***				
Question 3	***Have the responsibilities for capturing and reporting information been defined?***				
Question 4	***Has an MIS been developed for the purpose of monitoring of the scheme?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 5	***To what extent will the reporting be IT enabled? What is the plan for its implementation?***				
Question 6	***Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) in place to evaluate the scope and quality of the scheme's deliverables on a regular basis?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Information availability, continuity and accuracy**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Has a feasibility of using such technology and availability of infrastructure at implementing agencies/states been assessed prior to defining technology based procedures?***				
Question 2	***What back up procedures have been proposed to ensure availability/ restoration of critical scheme related data?***				
Question 3	***Has a third party been engaged in the maintenance of the technology infrastructure for the scheme? Have services levels for down time, etc. been defined for the agency engaged?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 4	***What review mechanisms have been proposed to detect inaccuracies in and incompleteness of electronically available information?***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Risk title	**Funding Pattern**
1.	Risk definition	
2.	Key parameters/targets to assess if the risk is effectively addressed	
3.	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 1	***Has the funding requirement and pattern for the scheme been finalised and approved? Provide details.***				
Question 2	***Has the ratio of the programme cost and establishment cost been reviewed and is within the generally accepted norms?***				
Question 3	***Is the funding linked to annual budgets and accomplishment of targets outputs?***				
Question 4	***Have the timeframes/ conditions for release of funds been defined? Provide details.***				

Risk Treatment Plan: *[Insert the name of scheme]*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question 5	***Does the scheme have some flexibility to change funding pattern due to change in political, social and economic environment?***				
Question 6	***What mechanisms have been proposed to ensure that the funds are spent for intended purpose and accurately reported?***				

Chapter 3: Risk MIS Coverage

Following is the set of MIS required to assess efficacy of scheme delivery and effective addressing of risks.

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer

Other targets & timelines for achievement of key parameters defined for the risks

S. No.	Risk title	Targets	Timelines	Responsibility

Annexure B: Illustrative Example for the National Rural Employment Guarantee Scheme (NREGS)

Annexure B1: Key Risk Template

National Rural Employment Guarantee Scheme (NREGS)

Document Name	Key Risk Template
Document Type	Template- Internal Control and Risk Management Framework
Purpose	To facilitate identification of the key risks applicable to the scheme in consideration
About the Template	The Key Risk Template is a working document prepared by the department responsible for formulating the scheme. The template shall be used to identify the key risks applicable for the scheme in consideration. The output of this exercise shall be used by the department while: ► Preparing and updating the risks and concerns section in Risk Assessment Note; and ► Preparing scheme guidelines and MIS structure.
Responsibility and Timeline for Updating	The document shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated prior to preparation of Risk Assessment Note
Work steps for Preparation	4. List the overall objectives of the scheme 5. After considering the objectives of the scheme, identify applicable risks for the scheme by: ► Selecting the risks from the standard list of applicable risks provided in the Generic Risk Library; and ► Adding any additional scheme specific risk not captured in the standard list 6. Prioritise the list of applicable risks to arrive at the key risks for the scheme by evaluating each risk for its propensity to adversely impact the scheme delivery

Scheme/ Programme	National Rural Employment Guarantee Scheme (NREGS)
Subject	Key risks for NREGS
Assessed on	September, 2005
Prepared by	Mr./ Ms. XXX, [Designation],Department of Rural Development
Reviewed by	Mr./ Ms. XXX, Joint Secretary, Department of Rural Development

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Chapter 1: Overall objectives of the scheme

This section specifies the overall objectives of the National Rural Employment Guarantee Scheme (NREGS). The risks applicable to the scheme have been identified and prioritised in context of these objectives.

S.No.	Key objectives of the scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
1.	To enhance security of livelihood in rural areas	To provide guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.	i) Providing at least 100 days of employment to each of the registered households	i) Coverage of 200 Districts with effect from February 2nd 2006 ; ii) Coverage of 113 districts with effect from April 1st 2007; and iii) Coverage of 17 districts with effect from May 15th 2007 iv) Coverage of all rural districts from April 1st 2008	
Secondary Objective(s)					
1.	To promote sustainable development	To provide employment on works that addresses causes of chronic poverty such as drought, deforestation, soil erosion and create durable assets.	Inclusion of the following works in the shelf of works to be executed by Gram Panchayat under NREGS: i) Water conservation and water harvesting; ii) Drought proofing, including afforestation and tree plantation; iii) Irrigation canals, including micro and minor irrigation works; iv) Provision of irrigation facility to land owners; v) Renovation of traditional water bodies; vi) Land development; vii) Flood-control and protection works, including drainage in water logged areas; and viii) Rural connectivity to provide all-weather access.		

Chapter 2: Applicable risks for National Programme of National Rural Employment Guarantee Scheme (NREGS)

The risks applicable from the Generic Risk Library have been ticked and the risks not applicable have been crossed out. Additional risks relevant in the context of the scheme have also been added in the list below:

I. Planning and Implementation

1.1 Formulation:

1.1.1 Beneficiary Identification and Assessment	✓
1.1.2 Assumptions and Baseline data	✓
1.1.3 Scheme Output and Outcomes	✓
1.1.4 Scheme Localisation	✓
1.1.5 Scheme Delivery Mechanism	✓
1.1.6 Scheme based on Redundant Policies	✓
1.1.7 Scheme Dependency	✓
1.1.8 Scheme Overlap	✓
1.1.9 Budgeting and Forecasting	✓
1.1.10 Infrastructure	✓
1.1.11 Changing Needs	✓
1.1.12 Scheme Obsolescence	✓
1.1.13 Knowledge Capital	✓
1.1.14 Scheme Management	✓

1.2 Information and Communication

1.2.1 Information, Education & Communication	✓
1.2.2 Regulatory Communications	✓
1.2.3 Public Transparency	✓

1.3 Scheme Delivery:

1.3.1 Implementing Agency Effectiveness	✓
1.3.2 Procurement of Goods and Services	✓
1.3.3 Quality	✓
1.3.4 Efficiency	✓
1.3.5 Performance Indicators	✓
1.3.6 Contract Management	x
1.3.7 Public Private Partnerships	x

1.4 Scheme Compliance

1.4.1 Labour Laws	✓
1.4.2 Environment & Other Applicable Laws	x
1.4.3 Financial and Regulatory Compliance	✓

1.5 Organisation and HR

1.5.1 Capacity Building	✓
1.5.2 Roles and Responsibilities	✓
1.5.3 Compensation	✓

1.6 Asset Management and Maintenance

1.6.1 Fixed Assets Management	✓
1.6.2 Assets Sustainability	✓
1.6.3 Inventory Management	x

1.7 Hazards

1.7.1 Natural Events	✓
1.7.2 Terrorists and Malicious Acts	x

1.8 Integrity

1.8.1 Fraud and Illegal Acts	✓
1.8.2 Ethics	✓

II. Monitoring

2.1 Oversight

2.1.1 Periodic reporting of Physical and Financial Outputs	✓
2.1.2 Social and External audit	✓

2.2 Monitoring System (IT)

2.2.1 Physical (IT) Infrastructure	✓
2.2.2 Information Availability/ Continuity and accuracy	✓
2.2.3 Information Security and Access	✓

III. Financial Management

3.1 Funding

3.1.1 Funding Pattern	✓
3.1.2 Fund Tracking and Management	✓
3.1.3 Budgeting and Forecasting	✓

3.2 Accounting and Reporting

3.2.1 Statutory Accounting and Reporting	✓
3.2.2 Disclosures	✓

Legend	
✓	Applicable from Generic Risk Library
x	Not Applicable
★	Additional risks not included in Generic Risk Library

Chapter 3: Identification of key risks

The risks identified in Chapter 2 needs to be prioritised to identify the key risks and challenges for the formulation and implementation of NREGS. The following are suggested criteria that should be kept in mind while prioritising the applicable risks:

- Scheme effectiveness: Refers to the ability of the scheme to meet its principal objectives. The following concerns need to be addressed in order to ensure effective implementation of the scheme:
  - **Accurate assessment of** the intended **beneficiaries** for the scheme
  - Use of adequate and accurate data and **assumptions**
  - **Defining** clearly and adequately the **outputs and outcomes** related to the scheme
  - **Adapting** the scheme **to the local environment** where it is to be implemented
  - **Defining** the mechanism and **institutional arrangements** through which the scheme will be delivered
  - **Identifying dependencies** for the scheme and defining a mechanism to ensure smooth coordination
  - **Eliminating overlaps** with other existing schemes for proper channeling of funds

- Fund Management: Refers to the ability to provide **adequate and timely funds** to the implementing agencies for ensuring effective delivery of the scheme

- Compliance: Refers to the ability to identify accurately and comply with relevant statues, rules and guidelines applicable for the scheme

- Expenditure management: Refers to the effectiveness of implementation agencies to achieve the desired objectives of the scheme within the sanctioned budget by:
  - **Preventing over/ underutilisation** of funds;
  - Preventing misappropriation/ undue **diversion of funds**; and
  - **Avoidance** of large **variances from the budget**

Keeping the above factors in mind, the applicable risks for the scheme need to be prioritised into the categories of ‘High’; ‘Medium’ or ‘Low’ in the worksheet below:

3.2 Risk prioritisation worksheet

Each applicable risk has been evaluated against the parameters mentioned in Section 3.1 and rated as **High, Medium or Low** depending on the impact the risk will have on the enumerated parameters.

The risks with '**High (H)'** rating in the column 'Overall Risk Evaluations' are the **key risks** identified for the scheme.

H	M	L
High	Medium	Low

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
I Planning and Implementation		
1.1 Formulation:		
1.1.1 Beneficiary Identification and Assessment	H	Significant impact on scheme effectiveness
1.1.2 Assumptions and Baseline data	H	
1.1.3 Scheme Output and Outcomes	H	
1.1.4 Scheme Localisation	H	
1.1.5 Scheme Delivery Mechanism	H	Significant impact on scheme effectiveness
1.1.6 Scheme based on Redundant Policies	M	
1.1.7 Scheme Dependency	M	
1.1.8 Scheme Overlap	M	
1.1.9 Budgeting and Forecasting	H	
1.1.10 Infrastructure	M	
1.1.11 Changing Needs	M	
1.1.12 Scheme Obsolescence	M	
1.1.13 Knowledge Capital	L	
1.1.14 Scheme Management	M	Significant impact on scheme effectiveness
1.2 Information and Communication		
1.2.1 Information, Education and Communication	H	Increases scheme awareness thereby impacting effectiveness
1.2.2 Regulatory Communication	L	
1.2.3 Public Transparency	M	
1.3 Scheme Delivery		
1.3.1 Implementing Agency Effectiveness	H	Significant impact on scheme effectiveness

Illustrative only

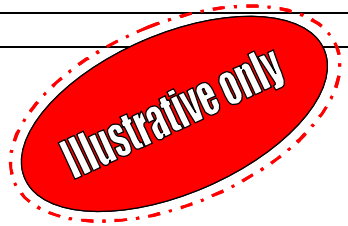
Key Risks Template: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
1.3.2 Procurement of Goods and Services	M	
1.3.3 Quality	L	
1.3.4 Efficiency	L	
1.3.5 Performance Indicators	H	
1.4 Scheme Compliance		
1.1.1 Labor Laws	M	Significant impact on compliance
1.4.4 Financial and Regulatory Compliance	M	
1.5 Organisation and HR		
1.5.1 Capacity Building	H	
1.5.2 Roles and Responsibilities	L	
1.5.3 Compensation	L	
1.6 Asset Management and Maintenance		
1.6.1 Fixed Assets Management	L	pact on expenditure management
1.6.3 Asset Sustainability	H	Significant impact on expenditure management
1.7 Hazards:		
1.7.1 Natural Events	L	
1.8 Integrity:		
1.8.1 Fraud and Illegal Acts	M	
1.8.2 Ethics	M	
II. Monitoring		
2.1 Oversight		
2.1.1 Periodic reporting of physical and financial outputs	H	
2.1.2 Social and External audit	H	
2.2 Monitoring System (IT)		
2.2.1 Physical (IT) Infrastructure	H	

Illustrative only

Key Risks Template: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
2.2.2 Information Availability/ Continuity and Accuracy	M	
2.2.3 Information Security and Access	M	
III. Financial Management		
3.1 Funding		
3.1.1 Funding Pattern	H	
3.1.2 Fund Tracking and Management	H	Significant impact on fund management
3.1.3 Budgeting and Forecasting	H	Significant impact on expenditure management
3.2 Accounting and Reporting		
3.2.1 Statutory Accounting and Reporting	H	
3.2.2 Disclosures	M	



Annexure B2: Risk Assessment Note

National Rural Employment Guarantee Scheme (NREGS)

National Rural Employment Guarantee Scheme (NREGS)

Ministry of Rural Development

Department of Rural Development

Annexure no XXX to EFC Memo

Risk Assessment Note

September, 1995

_____	_____	_____
[Name & designation of preparer]	[Signature]	Date]
_____	_____	_____
[Name & designation of approver]	[Signature]	[Date]

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Section 1: Setting the context for National Rural Employment Guarantee Scheme (NREGS)

1.1 Overall objectives for the scheme

This section specifies the overall objectives for NREGS. The risks and treatment plans for the scheme have been identified in the context of these objectives. The primary and secondary objectives for the scheme are as follows:

S.No.	Key Objectives of the Scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
1.	To enhance security of livelihood in rural areas	To provide guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.	i) Providing at least 100 days of employment to each of the registered households	i) Coverage of 200 Districts with effect from February 2nd 2006 ; ii) Coverage of 113 districts with effect from April 1st 2007; and iii) Coverage of 17 districts with effect from May 15th 2007 iv) Coverage of all rural districts from April 1st 2008	
Secondary Objective(s)					
2.	To promote sustainable development	To provide employment on works that addresses causes of chronic poverty such as drought, deforestation, soil erosion and create durable assets.	Inclusion of the following works in the shelf of works to be executed by Gram Panchayat under NREGS: i) Water conservation and water harvesting; ii) Drought proofing, including afforestation and tree plantation; iii) Irrigation canals, including micro and minor irrigation works; iv) Provision of irrigation facility to land owners; v) Renovation of traditional water bodies vi) Land development; vii) Flood-control and protection works, including drainage in water logged areas; and viii) Rural connectivity to provide all-weather access.		

Section 2: Key risks to be addressed

2.1 Summary of key risks

The following key risks for NREGS need to be addressed to ensure achievement of the objectives of the scheme, effective financial management and compliance with procedures. In addition to the key risks identified for the scheme as updated in the Key Risk Template, this list also includes certain risks, the response to which is mandatorily required, irrespective of whether these are identified as key risks for the scheme.

1. Planning & Implementation
   - 1.1. Scheme formulation
     - ◆ ● 1.1.1. Beneficiary identification and assessment
     - ◆ ● 1.1.2. Assumptions and baseline data
     - ◆ ● 1.1.3. Scheme output and outcomes
     - ◆ ● 1.1.4. Scheme localisation
     - ◆ ● 1.1.5. Scheme delivery mechanism
     - ● 1.1.6. Scheme dependency
     - ● 1.1.7. Scheme overlap
     - ◆ ● 1.1.8. Budgeting and forecasting
   - 1.2. Information and communication
     - ◆ ● 1.2.1. Information, education and communication
   - 1.3. Scheme delivery
     - ◆ ● 1.3.1. Performance indicators
     - ● *1.3.2.* Public private partnerships
     - ◆ 1.3.3. Implementing agency effectiveness
   - 1.4. Organisation and HR
     - ◆ ● 1.4.1. Capacity building
   - 1.5. Asset management and maintenance
     - ◆ ● 1.5.1. Asset sustainability

2. Monitoring
   - 2.1. Oversight
     - ◆ ● 2.1.1. Periodic reporting of physical and financial outputs
     - ◆ 2.1.2. Social and external audit
   - 2.2. Monitoring system (IT)
     - ● 2.2.1. Information availability/ continuity and accuracy
     - ◆ 2.2.2. Physical (IT) Infrastructure
3. Financial Management
   - 3.1. Funding
     - ◆ ● 3.1.1. Funding pattern
     - ◆ 3.1.2. Funding tracking and management
     - ◆ 3.1.3. Budgeting and forecasting
   - 3.2. Accounting and reporting
     - ◆ 3.2.1. Statutory accounting and reporting

● *Denotes those risks on which the response with respect to risk management is mandatorily required, irrespective of whether these are listed as key or not for the scheme*

◆ *Denotes risks other than those listed as* ● *which were determined to be key risks for the scheme*

2.2 Risk Assessment and Treatment Plan

The following section details the action taken/ proposed to address each of the above key risks.

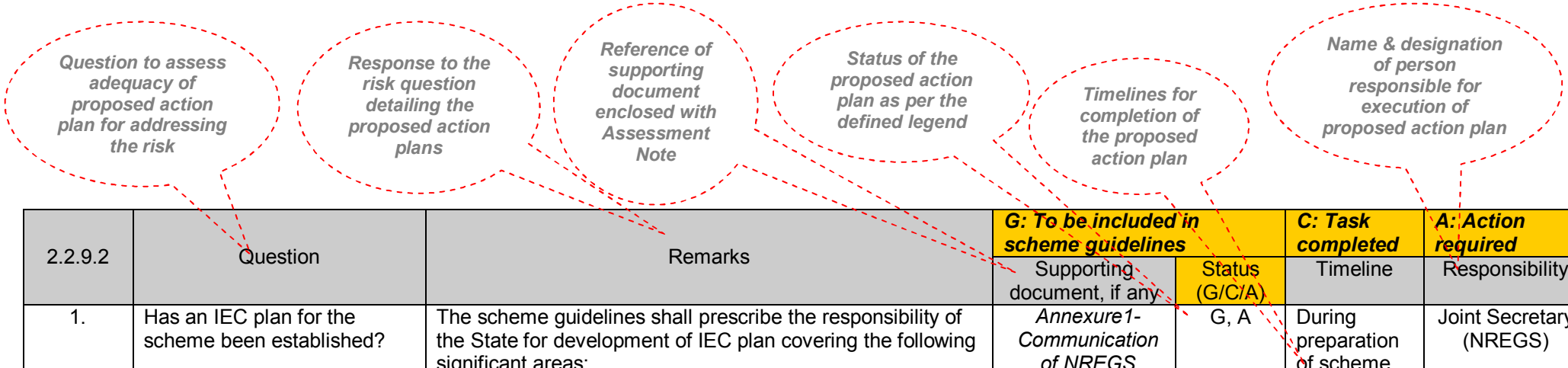
Describes the name of risk

Brief description about the risk

What is the measurement criterion to state that the risk is adequately addressed

Overall assessment by the formulator of proposed action steps to address the relevant risk

2.2.9.1	Risk title	**Information, education and communication (IEC)**
	Risk definition	For successful implementation of the scheme it is imperative that there is proper education and effective communication on following two areas: 1) Awareness generation on NREGA among the rural population; and 2) Status update on the implementation of the various activities under NREGS such as execution of works, payment of wages, notification of scheme, etc. to keep a track of the scheme progress and receiving feedback in order to take corrective actions/steps, if required.
	Key parameters/targets to assess if the risk is effectively addressed	• Number of villages covered under IEC programme as against total number of villages in the district • Number of Gram Sabhas held on NREGA • Number of advertisements issued in local vernacular newspapers • Number of training modules devised for different target groups • Number of training held at block and district levels
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☑ b. Will require action during preparation of guidelines and implementation ☑ c. Requires close monitoring during implementation ☑ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐



2.2.9.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Has an IEC plan for the scheme been established?	The scheme guidelines shall prescribe the responsibility of the State for development of IEC plan covering the following significant areas: • Process of registration; • Unemployment allowance; • Grievance redressal; and • Social audit The State, through development of IEC plan shall ensure the coverage of the following activities: • Preparation of communication material and conducting awareness generation programmes targeting workers, rural households, PRIs; • Development of training modules/ calendar for the purpose of training of key implementing agencies; and • Imparting trainings to various agencies in order to enable them to discharge their duties effectively and efficiently.	*Annexure1- Communication of NREGS*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
2.	Have targets, timelines and responsibilities been defined for the various activities under this plan (e.g. awareness generation programmes, training workshops, etc.)	The guidelines shall prescribe the responsibility of the participating State to lay down the targets, timelines and responsibilities for the development and execution of IEC plan.	*Annexure1- Communication of NREGA*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)

Illustrative only

2.2.9.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
3.	Is there an involvement of external agencies envisaged for delivering the plan? Have the terms of reference for these agencies been defined?	The guidelines shall prescribe the responsibility of the State for the involvement of eligible external agencies. Further, the guidelines shall suggest the external agencies that may be employed by the States, such as • Public Sector Undertakings of the Central and State Governments • Cooperative Societies with a majority shareholding by the Central and State Governments • Reputed NGOs with proven track record of performance for delivering the IEC plan. The terms of references shall be defined by the State appointing the agency.	*Annexure 2- Implementing agencies*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
4.	Have the fund requirements as well as source of funds for the conduct of the IEC activities been determined? Please specify.	The guidelines shall prescribe the following for meeting the requirement of the funds for IEC activities: • Mechanism for release of funds from Centre; • Percentage of the total administrative costs that shall be used for meeting expenditure on IEC activities.	*Annexure 3- Funding*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
5.	How will the effectiveness of IEC activities be monitored ?	The guidelines shall prescribe the constitution of District Internal Audit Cell in the office of the District Programme Coordinator for ascertaining the effectiveness of IEC activities undertaken in the district.	*Annexure 4- Transparency and Accountability*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
Are there any other concerns that need to be addressed		No other concerns that need to be addressed				
Comments by approving authorities						

In addition to the above mentioned concerns, any other concerns/issues pertaining to the risk that need to be addressed

2.2.13.1	Risk title	**Asset sustainability**
	Risk definition	One of the key objectives of NREGA is to create durable assets. Therefore, it is necessary for the implementing agencies to focus on the work plans that emphasise creation of sustainable and economically viable assets and also to ensure a maintenance mechanism for the assets created under the scheme.
	Key parameters/targets to assess if the risk is effectively addressed	• Number of assets created under the scheme in line with prescribed categories of work allowed ; and • Status of the asset created (useful/partly derelict/ derelict)
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☑ b. Will require action during preparation of guidelines and implementation ☑ c. Requires close monitoring during implementation ☑ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	What types of assets are proposed to be created during scheme implementation? Is this specified in scheme guidelines?	Assets falling under 8 categories of works shall be allowed and shall be specified in the guidelines. The following are the permissible works: • Water conservation and water harvesting; • Drought proofing, including afforestation and tree plantation; • Irrigation canals, including micro and minor irrigation works; • Provision of irrigation facility to land owners;	*Annexure 5 : Proposed list of works and assets to be allowed under NREGS*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		• Renovation of traditional water bodies; • Land development; • Flood-control and protection works, including drainage in water logged areas; and • Rural connectivity to provide all-weather access. Further new categories of work may be added to the above list on the basis of consultation between Central Government and State Government.				
2.	How the creation of assets is directly linked to the objectives of the scheme?	The primary objective of the scheme is to provide 100 days of employment to every household whose adult member volunteers to do unskilled manual work. Creation of assets has been recognised as the means for generating employment for the rural poor and through the process of providing employment on works/assets that address causes of chronic poverty such as drought, deforestation, soil erosion, etc., the scheme seeks to strengthen the natural resource based rural livelihood and promote sustainable development of rural areas.	*Annexure 6: Objectives, scope and coverage*	*G, A*	During preparation of scheme guidelines	Joint Secretary (NREGS)
3.	Have the formats for recording creation, deployment and maintenance of the assets been prescribed? Is there a database prescribed for recording the particulars of these assets?	• The guidelines shall prescribe for recording the creation and deployment of assets through: – Works Register – Assets Register – Monthly Progress Reports (MPRs) • There shall not be any separate format for recording the maintenance of assets created under NREGS. • NREGS customised MIS software shall be devised to capture the details about the ongoing works and assets created under the scheme. The MIS software shall be developed by National Informatics Centre (NIC) with the	*Annexure 7: Proposed formats of Asset Register and MPRs*	*G, A* *G, A*	During preparation of scheme guidelines Within 1 year of scheme implementati	Joint Secretary (NREGS) Joint Secretary (NREGS)

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		objective of bringing about greater efficiency and transparency in operational processes.			on	
4.	Do the guidelines prescribe any plan/ community involvement in planning for the creation of assets? What are the timelines and responsibilities for the creation and scrutiny of these plans?	• Yes, with a view to encourage community involvement at the village level, the guidelines shall prescribe the involvement of Gram Panchayat for the preparation of Development Plan detailing the intended assets to be created vis-à-vis the expected benefits from them. The guidelines shall prescribe the convention of the Gram Sabha for identifying the works to be undertaken and included in the Development Plan. • Assets to be created shall be identified through the Development Plan (i.e. Annual Work Plan) comprising of shelf of projects for each village for the coming year with administrative and technical details. The Development plan shall be reviewed and approved by Programme Officer and then by the District Programme Coordinator in consultation with technical assistants/ engineers available at Block and District level. For detailed timelines and responsibilities that shall be prescribed for creation and scrutiny of these plans, refer *Annexure 8: Proposed PRI Planning process*	*Annexure 8: Proposed PRI Planning process*	*G, A*	During preparation of scheme guidelines	Joint Secretary (NREGS)
5.	What procedures have been defined within the scheme to ensure that the assets created are durable?	• Refer point 4. above for preparation, review and approval of Development Plan. This will ensure the quality and durability of works/ assets sought to be created under the scheme. • Local Vigilance and Monitoring Committee will be formed at Gram Panchayat level to monitor the progress and quality of the work being executed. • Information on works under NREGS shall be available through reporting in specified formats. These may	*Annexure 8: Proposed PRI Planning process* *Annexure 7:*	G, A G, A	During preparation of scheme guidelines During	Joint Secretary (NREGS) Joint Secretary

Illustrative only

2.2.13.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		include a separate Assets Register and a dedicated section for assets created in the Monthly Progress Reports (MPRs).	*Proposed formats of Asset Register and MPRs*		preparation of scheme guidelines	(NREGS)
6.	What is the sustainability plan for the assets created? Have formats for reporting, maintenance of assets been prescribed in the scheme? Who will fund the maintenance to ensure sustainability of the assets created?	• The maintenance of assets created shall be considered as permissible works under NREGS in the development plan. • No separate sustainability plan, maintenance mechanism and formats for reporting maintenance of assets and works completed under NREGS has been proposed.	Not Applicable	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
7.	What procedures are proposed to detect misuse and theft of the created assets?	Gram Panchayat shall have the ultimate responsibility for safeguarding and maintaining the assets. However, following procedures shall be adopted to detect any misuse /theft of assets: • Maintenance of proper records (manual and in MIS software) • Establish monitoring/verification system through external and internal monitoring agencies at the Centre, State and District level	*Annexure 9: Proposed Monitoring and Evaluation system*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
Are there any other concerns that need to be addressed		**Maintenance of assets created:** A detailed sustainability plan with responsibilities and the procedures to be adopted for maintenance of assets created under NREGS need to be clearly defined in the scheme guidelines.				
Comments by approving authorities						

Illustrative only

2.2.14.1	Risk title	**Periodic reporting of physical and financial outputs**
	Risk definition	The successful implementation of NREGS requires constant capturing and reporting of relevant information on performance on a periodic basis. This helps in evaluating the progress against the targets set for the scheme and in taking corrective action, where applicable.
	Key parameters/targets to assess if the risk is effectively addressed	• MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines by_____ • Launch of IT enabled MIS for data capturing and reporting by_____ • Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level • 80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☑ b. Will require action during preparation of guidelines and implementation ☑ c. Requires close monitoring during implementation ☑ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Have processes been defined to report the physical and financial progress of the scheme?	Yes, the guidelines shall prescribe the processes to report the physical and financial progress of the scheme. The physical and financial progress of the scheme shall be evaluated based on following reports envisaged for the scheme: • Monthly Progress Reports • Labour Budget – I & II Further, the guidelines shall prescribe the process and	*Annexure 10: Proposed formats for reporting*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		responsibility for reporting and consolidation of information in the specified formats across various implementation levels viz., Gram Panchayat, Block, District and State level in order to effectively monitor the physical and financial progress of the scheme.				
2.	Have relevant formats and checklists to support the reporting process been developed and communicated?	The following report formats shall be prepared and updated at the Gram Panchayat level and then consolidated at the , Block, District and State levels: • Employment Generation; • Financial Performance; • Assets Created; • Bank and Post Office Report; • Transparency Report; and • Capacity Building. All the above formats shall be a part of the scheme guidelines and shall be readily available.	*Annexure 10: Proposed formats for reporting*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
3.	Have the responsibilities for capturing and reporting information been defined?	Yes, the responsibilities for capturing and reporting of information in all the prescribed formats shall be defined as a part of scheme guidelines. Further, the guidelines shall prescribe the responsibility of the State to position the necessary technical/ administrative staff for capturing and reporting of the information in the various pre-defined formats at: • Block level • District level • State level	*Annexure 11: Proposed Responsibilities*	G,A	During preparation of scheme guidelines	Joint Secretary (NREGS)
4.	Has an MIS been developed for the purpose of monitoring of the scheme?	Yes, an IT based MIS system that captures information from the Block level to the State level in the proposed formats is being envisaged for NREGS. An implementation plan for role out of the MIS system shall be devised in coordination	*Annexure12: Proposed Management Information*	G, A	Within ___ years of implementation of	National Informatics Centre

Illustrative only

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		with National Informatics Centre.	*System*		scheme	
5.	To what extent will the reporting be IT enabled? What is the plan for its implementation?	Refer point 4 above.	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above
6.	Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) in place to evaluate the scope and quality of the scheme's deliverables on a regular basis?	Yes, the scheme is envisaged to have an independent effective evaluation mechanism to evaluate the scope and quality of the scheme's deliverables Like other Government schemes/ programmes, the NREGS shall be subject to audit by the Office of Comptroller and Auditor General of India (C&AG). All the reports submitted by various implementing agencies under the scheme shall be available to C&AG for review and audit purposes. Further, the guidelines shall prescribe the independent effective evaluation mechanism through the constitution of: • National Employment Guarantee Council; • State Employment Guarantee Council; • District Internal Audit Cell; • Local Vigilance and Monitoring Committee; • Financial Audit; and • Physical Audit; The above Committees/ mechanisms shall be responsible to review and evaluate the scope and quality of all reports prescribed under the scheme on a regular basis. In addition to specific guidelines, responsibilities and targets in regard to the monitoring and evaluation of the scheme's deliverables shall be prescribed by the State.	*Annexure 9: Proposed Monitoring and Evaluation*	G, A	During preparation of scheme guidelines	Joint Secretary (NREGS)
Are there any other concerns that need to be addressed		**Training of implementing agencies:** A formal training mechanism to be devised to train the implementing agencies responsible for updating the various report formats prescribed under the scheme. The training programme to educate the				

Illustrative only

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		implementing agencies on: • Relevance of the formats for capturing essential information; and • Methodology to be followed for updating and timelines for submission of various reports. This shall ensure the quality of the scheme's deliverables (reports, MIS, etc.) at various implementation levels.				
Comments by approving authorities						

The 'Questions' for the risks (other than the risks for which the response is mandatorily required) should be updated in the template provided below.
The key areas to be covered while framing the risk questions have been provided in the template. However, the person updating the template may articulate additional risk questions in order to facilitate assessment of actions plans in place to address the relevant risk.

2.2.14.1	Risk title	*[Write the title as per section 2 of this document, Key risks to be addressed.]*
	Risk definition	*[Insert a brief description of the risk.]*
	Key parameters/targets to assess if the risk is effectively addressed	*[Insert the parameters/ targets, achievement of which shall ensure that proposed action plans to address the relevant risk have been implemented effectively]*
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

S.No.	Question	Remarks	Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	*What are the **proposed procedures** to address the _____ [Insert name of the risk]?*					
2.	*What is the **proposed responsibility** for _____ [insert relevant parameter(s)/target to be achieved] prescribed under the scheme?*					

Annexure to EFC Memo - Risk Assessment Note for NREGS *(for illustrative purpose only)*

S.No.	Question	Remarks	Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
3.	*Has an **MIS system** been developed for the purpose of monitoring the scheme? Is the same IT enabled across implementation levels? What is the plan of implementation? Provide details.*					
4.	*Does the scheme have an independent effective **evaluation mechanism** in place to evaluate _____ [Insert important parameter/target set to achieved]?*					
5.	*[Additional risk questions may be added]*					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

Illustrative only

Annexure B3: Risk Treatment Plan

National Rural Employment Guarantee Scheme (NREGS)

Document Name	Risk Treatment Plan
Document Type	Template- Internal Control and Risk Management Framework
Purpose	To ensure that the risk treatment strategies as specified in the Risk Assessment Note are actioned.
About the Document	The Risk Treatment Plan is a working document prepared by the Implementing Ministry. This template is used to: ► Detail the risk treatment strategies/actions plans for the risks to be addressed during scheme implementation as listed in the Risk Assessment Note ► Integrate the risk treatment strategies into : – Definitive action steps – Scheme guidelines – Scheme MIS
Responsibility and Timeline for Updating	The Risk Treatment Plan shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated after the approval of the Risk Assessment Note which is appended to the EFC memo.

Scheme/ Programme	National Rural Employment Guarantee Scheme (NREGS)
Subject	Risk Treatment Plan for NREGS
Assessed on	September, 2005
Prepared by	Mr./Ms. XXX, [Designation], Department of Rural Development
Reviewed by	Mr./Ms. XXX, Joint Secretary, Department of Rural Development

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Chapter 2: Risk Treatment Plans to be addressed during implementation…… 178
Chapter 3: Risk MIS Coverage…… 191

Chapter 1: Key risks for the scheme

The following are the key risks to be addressed for effective implementation of NREGS. It also includes the risks as specified in the Risk Assessment Note, for which treatment plans are mandatorily required, irrespective of whether they have been identified as key risks for the scheme.

I. Planning and Implementation

1.1 Formulation:

- 1.1.1 Beneficiary identification and assessment
- 1.1.2 Assumptions and baseline data
- 1.1.3. Scheme output and outcomes
- 1.1.4 Scheme localisation
- 1.1.5 Scheme delivery mechanism
- 1.1.6 Scheme dependency
- 1.1.7 Scheme overlap
- 1.1.8 Budgeting and forecasting

1.2 Information and Communication

- 1.2.1 Information, education and communication

1.3 Scheme Delivery:

- 1.3.1 Performance indicators
- 1.3.2 Public private partnership
- 1.3.1 Implementing agency effectiveness

1.4 Organisation and HR

- 1.4.1 Capacity building

1.5 Asset Management and Maintenance

- 1.5.2 Assets sustainability

II. Monitoring

2.1 Oversight

- 2.1.1 Periodic reporting of physical and financial outputs
- 2.1.2 Social and external audit

2.2 Monitoring System (IT)

- 2.2.1 Physical infrastructure
- 2.2.2 Information availability/continuity and accuracy

III. Financial Management

3.1 Funding

- 3.1.1 Funding pattern
- 3.1.2 Fund tracking and management
- 3.1.3 Budgeting and forecasting

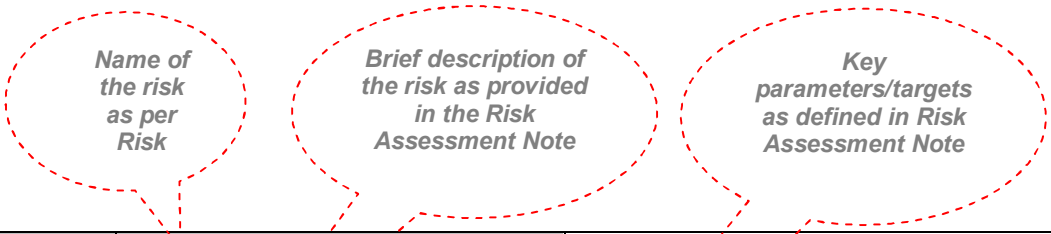
3.2 Accounting and Reporting

- 3.2.1 Statutory accounting and reporting

Legend	
▲	Incorporated in sheme guidelines and MIS
●	Action steps completed during formulation
♀	Action required during implementation

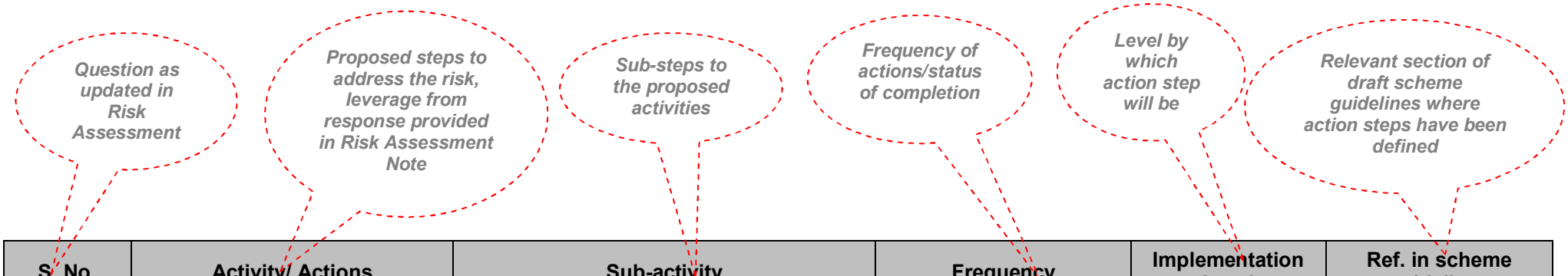
Chapter 2: Risk Treatment Plans to be addressed during implementation

Detailed action plans for the risks to be addressed during scheme implementation have been updated in the following pages:



S. No.	Risk title	Information, education and communication (IEC)
1.	**Risk definition**	For successful implementation of the scheme it is imperative that there is proper education and effective communication on following two areas: • Awareness generation on NREGA among the rural population; and • Status update on the implementation of the various activities under NREGS such as execution of works, payment of wages, notification of scheme, etc. to keep a track of the scheme progress and receiving feedback in order to take corrective actions/steps, if required.
2.	**Key parameters/targets to assess if the risk is effectively addressed**	• Number of villages covered under IEC programme as against total number of villages in the district • Number of Gram Sabhas held on NREGA • Number of advertisements issued in local vernacular newspapers • Number of training modules devised for different target groups • Number of training held at block and district levels

Risk Treatment Plan: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*



S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
Question1.	***Has an IEC plan for the scheme been established?***				
1.	Define the responsibility of the State for development of IEC plan.	Define the responsibility of the State to undertake the following activities as a part of IEC plan: • Preparation of communication material and training modules/ calendar on NREGS processes; and • Conduct training programmes for workers and key implementing agencies on key processes of NREGS.	One time/ Completed	Centre	*Draft NREGS Guidelines: 3.2 Communication of NREGA*
		Prescribe the responsibility of the District Programme Coordinator to conduct local awareness generation programmes at village level through following modes: • Convening one day orientation of all Sarpanchas at Block level; • Conducting Gram Sabhas/ Social Audit in each village to familiarise beneficiaries on the following areas: – Process of registration – Unemployment allowance – Grievance redressal • Publish advertisements about	One time/ Completed	Centre	*Draft NREGS Guidelines: 3.2 Communication of NREGA*

Illustrative only

Risk Treatment Plan: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
		NREGS in local newspapers			
2.	Define IEC Plan for the scheme	Define IEC plan to publicise the key provisions under NREGS and procedures to be followed such as: • Process of registration • Unemployment allowance • Grievance redressal • Social audit	One time/ will be completed by_____	State	*Draft NREGS Guidelines: 3.2 Communication of NREGA*
		Prescribe guidelines for targeting workers, rural households, Panchayati Raj Institutions and other implementing agencies under the IEC plan.	One time/ will be completed by_____	State	*Draft NREGS Guidelines: 3.2 Communication of NREGA*
		Prescribe various modes by which essential information can be widely disseminated among the rural masses such as TV, radios, films, print media including vernacular newspapers, pamphlets, brochures	One time/ will be completed by_____	State	*Draft NREGS Guidelines: 3.2 Communication of NREGA*
Question2.	***Have targets, timelines and responsibilities been defined for the various activities under this plan (e.g. awareness generation programmes, training workshops etc)?***				
3.	Define the responsibility of the participating State to lay down the targets, timelines and responsibilities for the development and execution of IEC plan.	Not Applicable	One time/ Completed	Centre	*Draft NREGS Guidelines: 3.2 Communication of NREGA*

S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
Question3.	***Is there an involvement of external agencies envisaged for delivering the plan? Have the terms of reference for these agencies been defined?***				
4.	Prescribe the responsibility of the State for the involvement of external agencies for delivering the IEC plan.	Prescribe in the guidelines the external agencies that may be employed by the State for execution of the IEC plan, such as: • Public Sector Undertakings of the Central and State Governments • Cooperative Societies with a majority shareholding by the Central and State Governments • Reputed NGOs with proven track record of performance for delivering the IEC plan. Terms of reference shall be defined by the State appointing the agency.	One time/ Completed	Centre	*Draft NREGS Guidelines: 6.3 Other implementing agencies*
Question4.	***Have the fund requirements as well as source of funds for the conduct of the IEC activities been determined? Please specify.***				
5.	Define source and percentage of funds allocated for IEC plan in the scheme guidelines.	• Define a detailed mechanism for release of funds from Centre for IEC activities; and • Prescribe percentage of the administrative cost to be allocated for the purpose of conducting IEC activities in a State.	One time/ In progress will be completed by _____	Centre	
Question5.	***How will the effectiveness of the IEC activities be monitored?***				
6.	Constitute District Internal Audit Cell in the office of the District Programme Coordinator (DPC) for ascertaining the effectiveness of IEC activities.	Prescribe the responsibility of the DPC for appointing personnel in the District Internal Audit Cell for monitoring the effectiveness of IEC activities.	One time/ Completed	Centre	*Draft NREGS Guidelines: 11. Rights to Information and Proactive Disclosure*

S. No.	Risk title	Asset sustainability
1.	**Risk definition**	One of the key objectives of NREGA is to create durable assets. Therefore, it is necessary for the implementing agencies to focus on the work plans that emphasise creation of sustainable and economically viable assets and also to ensure a maintenance mechanism for the assets created under the scheme.
2.	**Key parameters/targets to assess if the risk is effectively addressed**	• Number of assets created under the scheme in line with prescribed categories of work allowed ; and • Status of the asset created (useful / partly derelict/ derelict)

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question1.	***What types of assets are proposed to be created during scheme implementation? Is this specified in scheme guidelines?***				
1.	Specify the list of assets/ works that can be undertaken as per NREGS.	Refer draft guidelines section 6.1 Permissible works, for details of proposed works/assets to be allowed under NREGS. During implementation of the scheme, State to be allowed to make additions to the categories of work/assets only in consultation with the Central Government.	One time/ completed	Centre	*Draft NREGS Guidelines:* 6.1 Permissible works
Question2.	***How the creation of assets is directly linked to the objectives of the scheme?***				
2.	Define in scheme guidelines how creation of assets is the means for generating employment for the rural poor which is the primary objective of the scheme and also how the assets and works undertaken shall lead to development of rural areas.	Not Applicable	One time/ completed	Centre	*Draft NREGS Guidelines:* 1.1 Objective of the Act

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question3.	***Have the formats for recording creation, deployment and maintenance of the assets been prescribed? Is there a database prescribed for recording the particulars of these assets?***				
3.	Prescribe the formats for recording the creation and deployment of assets.	Prepare following formats required to make available the information about the assets created under the scheme: • Works Register • Assets Register • Monthly Progress Reports (MPRs)	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: Annexures*
4.	NREGS MIS software to be developed in consultation with NIC where a database of details about assets/work undertaken will be available.	Once the MIS software is rolled out, all information and data will be entered in the software at the level where the event occurs and data consolidation will happen automatically. Therefore, all details of the assets created will be available in the software and the following reports relating to assets/ work executed under NREGS will be generated by the software using the data entered in it: • Assets Register • Works Register • Monthly Progress Report In the meantime, prepare formats of all above reports to be filled manually by the implementing agencies.	One time/ will be completed by_____ One time/ In progress, will be completed by _____	Centre	*Draft NREGS Guidelines: 13.1 Use of Information and Technology Annexure A-5*
Question4.	***Do the guidelines prescribe any plan/ community involvement in planning for the creation of assets? What are the timelines and responsibilities for the creation and scrutiny of these plans?***				
5.	Define detailed procedures to be followed for preparation, review and approval of Development Plans (DPs) for the purpose of creation of the assets.	Lay down the procedure and detailed responsibilities and timelines for preparation, review and approval of DPs: • Sarpanch and Panchayat Secretary to convene Gram Sabha for the involvement of village community in	One time/ In progress to be completed by _____	Centre and States	*Draft NREGS Guidelines:* 4.4 PRI Planning Process

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		the planning works/ assets to be created under the scheme in the coming year; • Gram Panchayat to prepare DP for next year based on the shelf of works identified in Gram Sabha held for this purpose; • Junior Engineers/ Junior Technical Assistant to review DPs at Gram Panchayat level; and • Programme Officer to scrutinise DPs for technical feasibility and consolidate all DPs of Gram Panchayats into a Block Plan • District Programme Coordinator to review the Block Plans and ensure durability of assets/ works sought to undertaken. *For detailed procedure and responsibilities, refer draft guidelines section 4.4. PRI Planning Process*			
Question5.	***What procedures have been defined within the scheme to ensure that the assets created are durable?***				
6.	Define detailed procedures to be followed for preparation, review and approval of Development Plans (DPs) for the assets/ works sought to be undertaken in a village in the coming year.	Refer point 5. above	Refer point 5. above	Refer point 5. above	Refer point 5. above
7.	Establish monitoring mechanism to monitor and evaluate the progress and quality of the work being executed.	Following measure to be included in the NREGS guidelines: Set up Technical Secretariat in the Ministry of Rural Development (MORD) to infuse professional resources for monitoring,	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: 13. Technical*

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		evaluation and for executing quality audits.			*resource for support for quality*
		Set up Technical Resource Support systems at State and District levels to assist in planning, designing, monitoring, evaluation and quality audit of various initiatives.	One time/ Will be completed by _____	State	*Draft NREGS Guidelines: 13.3. Technical Resource Systems*
		Set up Technical Support Centre constituted by panels of accredited engineers at District and Block levels to oversee the progress and quality of work.	One time/ Will be completed by _____	State	*Draft NREGS Guidelines: 13.2 Accredited Engineers*
		For every work sanctioned under the scheme, Local Vigilance and Monitoring Committee to be established for a village to monitor the progress and quality of work while it is in progress.	One time/ Will be completed by _____	Gram Panchayat	*Draft NREGS Guidelines: 10.1.2 Vigilance and Monitoring Committee*
8.	Information of the assets created to be readily available for review and decision making.	Prepare following formats required to make available the information about the assets created under the scheme: • Works Register • Assets Register • Monthly Progress Report	One time/ In progress will be done by_____	Centre	*Draft NREGS Guidelines: Annexures: B-10 (i) (ii) and B-12(iii)*
Question6.	***What is the sustainability plan for the assets created? Have formats for reporting, maintenance of assets been prescribed in the scheme? Who will fund the maintenance to ensure sustainability of the assets created?***				
9.	Maintenance of assets created to be considered as permissible work under NREGS.	Not Applicable	One time/ Will be completed by _____	Centre	
Question7.	***What procedures are proposed to detect misuse and theft of the created assets?***				
10.	Define supervision and monitoring mechanism at the work site to avoid misuse and theft of assets created.	Define the responsibility of Gram Panchayat for safeguarding and maintaining the assets by taking adequate measures such as: • Appointment of Mates for daily supervision and maintenance of	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines* 6.4.4 Mates *Draft NREGS*

Risk Treatment Plan: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		worksites • Local Vigilance and Monitoring Committee to be responsible for overall supervision of the assets created • Field visits, inspection and audits by external and internal agencies *Refer draft Guidelines section 10 Monitoring and evaluation and review for details*			*Guidelines* 10. Monitoring Evaluation and Review
11.	Define procedures to be followed for maintenance of proper records of all the assets and work executed under NREGS	*Refer question 3. above*	*Refer question 3. above*	*Refer question 3. above*	*Refer question 3. above*

Illustrative only

S. No.	Risk title	**Periodic reporting of physical and financial outputs**
1.	**Risk definition**	The successful implementation of NREGA requires constant capturing and reporting of relevant information on a periodic basis. This helps in evaluating the progress against the targets set for the scheme and in taking corrective action, where applicable.
2.	**Key parameters/targets to assess if the risk is effectively addressed**	• MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines by_____ • Launch of IT enabled MIS for data capturing and reporting by_____ • Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level • 80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question1.	***Have processes been defined to report the physical and financial progress of the scheme?***				
1.	Define the process and formats for monitoring of performance under the scheme. The programme envisages: • Monthly Progress Reports • Labour Budget – I and II	Prescribe the formats of data-capture at Gram Panchayat, Block, District and State level, considering the monitoring requirements.	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: Annexures*
		Prescribe the following formats for periodic reporting of physical and financial progress • Monthly Progress Reports • Labour Budget – I and II	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: Annexures*
		Prescribe the flow of information from the Gram Panchayat to the State level. The information shall be generated at the Gram Panchayat level and shall be consolidated at the following levels:	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: Annexures*

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		• Block level • District level • State level			
		Prescribe the responsibility of the State for devising a detailed process of reporting and consolidation of information in the specified formats across various implementation levels in order to effectively monitor the physical and financial progress of the scheme.	One time/ Completed	Centre	*Draft NREGS Guidelines: Annexures*
Question2.	***Have relevant formats and checklists to support the reporting process been developed and communicated?***				
2.	Prescribe the reporting formats to be maintained under the programme.	Prepare comprehensive and easy-to-follow reporting formats to capture the following information: • Employment Generation; • Financial Performance; • Assets Created; • Bank and Post Office Report; • Transparency Report; and • Capacity Building.	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: Annexures*
Question3.	***Have the responsibilities for capturing and reporting information been defined?***				
3.	Prescribe the responsibilities for data-capture and reporting across the scheme: • Gram Panchayat level • Block level • District level • State level	Lay down responsibility for reporting in the prescribed formats across different levels of scheme implementation.	One time/ In progress will be completed by _____	Centre	*Draft NREGS Guidelines: 13.5. Use of Information Technology*
		Prescribe appointment of MIS co-coordinators/ data entry operators to generate reports from MIS system (whenever it is operational) and in the meantime consolidate manual reports received at Block and District level.	One time/ Completed	Centre	*Draft NREGS Guidelines: 13.5. Use of Information Technology*

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question4.	***Has an MIS been developed for the purpose of monitoring of the scheme?***				
4.	An IT enabled MIS is proposed to be designed for the scheme in coordination with National Informatics Centre.	Prepare the specifications/ information requirement list	One time/ will be completed by_____	Centre	*Draft NREGS Guidelines: 13.5. Use of Information Technology*
		Design the IT enabled MIS and test it to highlight deficiencies for taking necessary corrective actions	One time/ will be completed by_____	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Roll out the MIS system in a phased manner across the participating States	One time/ will be completed by_____	Centre	*Draft NREGS Guidelines: 13.5. Use of Information Technology*
Question5.	***To what extent will the reporting be IT enabled? What is the plan for its implementation?***				
5.	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above
Question6.	***Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) in place to evaluate the scope and quality of the scheme's deliverables on a regular basis?***				
6.	Prescribe guidelines, responsibilities and targets for monitoring and evaluation of the scheme's deliverables.	Constitute the following Committees/ Associations for effective monitoring of the scope and quality of scheme's deliverables: • National Employment Guarantee Council; • State Employment Guarantee Council; • Financial Audit; • Physical Audit; • District Internal Audit Cell; and • Local Vigilance and Monitoring Committee.	One time/ In progress will be completed by _____	Centre/ State/Gram Panchayat	*Draft NREGS Guidelines: 10.3. Monitoring Methods*

Illustrative only

Risk Treatment Plan: National Rural Employment Guarantee Scheme (NREGS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		Further, prescribe responsibility of the State to establish evaluation mechanism in the form of social, internal, external audits to evaluate the scheme performance and also the scope and quality of reporting structure prescribed under NREGS.	One time/ Completed	State	*Draft NREGS Guidelines: 10.3. Monitoring Methods*

Chapter 3: Risk MIS Coverage

Following is the set of MIS required to assess efficacy of scheme delivery and effective addressing of risks.

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer
1.	Information, education and communication (IEC)	Number of villages covered under IEC programme as against total number of villages in the district	*No MIS has been prescribed for this parameter*			
		Number of Gram Sabhas held on NREGA	*No MIS has been prescribed for this parameter*			
		Number of advertisements issued in local vernacular newspapers	*No MIS has been prescribed for this parameter*			
		Number of training modules devised for different target groups	*No MIS has been prescribed for this parameter*			
		Number of trainings held at block and district levels	Monthly Progress Report Part VI-B	To report the number of implementing agencies trained under the Gram Panchayat, Block, District and State level.	Monthly	Block/ District
2.	Asset sustainability	Number of assets created under the scheme in line with prescribed categories of work allowed	Monthly Progress Report-III	To report creation of assets under the permissible works of NREGS vis-à-vis their current status.	Monthly	Block/ District
		Status of the asset created (useful / partly derelict/ derelict)	Asset Register	To provide information on asset cost its location, current status and the benefits derivable from the asset.	Fortnightly	Gram Panchayat
3.	Periodic reporting of physical and financial outputs	MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines	District level Monthly Progress Report	To report on the following: • Employment Generation; • Financial Performance; • Assets Created;	Monthly	Block/ District

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer
		by_____		• Bank and Post Office Report; • Transparency Report; and • Capacity Building		
			State level Monthly Progress Reports	To report on the following: • Staffing Status • Total number of inspections conducted • Complaints received • Minimum Wages	Monthly	District/ State
			Labour Budget- Part I and II	To report on the following: • Number of person days of employment provided in previous year; • Wage expenditure in the previous year • Material expenditure in the previous year	Annually	State
		Launch of IT enabled MIS for data capturing and reporting by_____	*MIS for this parameter is not possible. However, post launch of the MIS system, reporting formats may be devised to assess the success of the IT enabled MIS reporting system.*			
		Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level	*Not Applicable, no MIS prescribed as of now to assess whether the reports are submitted on time by various implementing agencies*			
		80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme	*Not Applicable, no MIS prescribed as of now to assess the accuracy of scheme*			

Illustrative only

Other targets and timelines for NREGS for achievement of key parameters defined for the risks

S. No.	Risk title	Targets	Timelines	Responsibility
1.	Information, education and communication (IEC)	Preparation of IEC Plan	[dd/mm/yyyy]	State
2.	Asset Sustainability	Establish monitoring mechanism to monitor and evaluate the progress and quality of the work being executed.	[dd/mm/yyyy]	Centre and State
		Define detailed procedures to be followed for preparation, review and approval of Development Plans for the assets/ works sought to be undertaken in a village in the coming year.	[dd/mm/yyyy]	Centre and State
3.	Periodic reporting of physical and financial outputs	Preparation of MIS formats and assigning roles to the agencies for monitoring performance of the scheme	[dd/mm/yyyy]	Centre
		Launch of IT enabled MIS	[dd/mm/yyyy]	Centre and National Informatics Centre

Annexure C: Illustrative Example for the Mid-Day Meal Scheme (MDMS)

Annexure C1: Key Risk Template

Mid-Day Meal Scheme(MDMS)

Document Name	Key Risk Template
Document Type	Template-Internal Control and Risk Management Framework
Purpose	To facilitate identification of the key risks applicable to the scheme in consideration
About the Template	The Key Risk Template is a working document prepared by the department responsible for formulating the scheme. The template shall be used to identify the key risks applicable for the scheme in consideration. The output of this exercise shall be used by the department while: ► Preparing and updating the risks and concerns section in Risk Assessment Note; and ► Preparing scheme guidelines and MIS structure.
Responsibility and Timeline for Updating	The document shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated prior to preparation of Risk Assessment Note
Worksteps for Preparation	7. List the overall objectives of the scheme 8. After considering the objectives of the scheme, identify applicable risks for the scheme by: ► Selecting the risks from the standard list of applicable risks provided in the Generic Risk Library; and ► Adding any additional scheme specific risk not captured in the standard list 9. Prioritise the list of applicable risks to arrive at the key risks for the scheme by evaluating each risk for its propensity to adversely impact the scheme delivery

Scheme/ Programme	National Programme of Nutritional Support to Primary Education (Mid-day Meal Scheme)
Subject	Key risks for Mid-day Meal Scheme (MDMS)
Assessed on	September, 1995
Prepared by	Mr./ Ms. XXX, [Designation], Department of School Education and Literacy
Reviewed by	Mr./ Ms. XXX, Joint Secretary, Department of School Education and Literacy

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Chapter 1: Overall objectives of the Scheme

This section specifies the overall objectives of the Mid- day Meal Scheme. The risks applicable to the scheme have been identified and prioritised in context of these objectives.

S.No.	Key objectives of the scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
1.	To provide meals to children in Government schools.	i) To provide adequate meals to children of classes I-V on a regular basis in Government, Local Body/ Government aided schools, Education Guarantee Scheme (EGS), Alternative and Innovative Education (AIE) Centres; ii) To provide adequate meals to children in above mentioned institutions during summer vacations in the drought affected areas.			
Secondary Objective(s)					
2.	To improve nutritional status of the children in primary classes.	To improve the nutritional status of children in classes I-V in Government, Local Body and Government aided schools, and Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) centres.			
3.	To improve attendance in schools.	To encourage poor children, belonging to disadvantaged sections, to attend school more regularly and help concentrate on classroom activities.			
5.	To foster social values and equality.	To encourage children to sit together and share one common meal and help eradicate caste prejudices, class inequalities and gender gap in education.			

Chapter 2: Applicable risks for National Programme of Nutritional Support to Primary Education (Mid-day Meal Scheme)

The risks applicable from the Generic Risk Library have been ticked and the risks not applicable have been crossed out. Additional risks relevant in the context of the scheme have also been added in the list below:

I Planning and Implementation

1.1 Formulation:

1.1.1 Beneficiary Identification and Assessment	✓
1.1.2 Assumptions and Baseline data	✓
1.1.3 Scheme Output and Outcomes	✓
1.1.4 Scheme Localisation	✓
1.1.5 Scheme Delivery Mechanism	✓
1.1.6 Scheme based on Redundant Policies	✓
1.1.7 Scheme Dependency	✓
1.1.8 Scheme Overlap	x
1.1.9 Budgeting and Forecasting	✓
1.1.10 Infrastructure	✓
1.1.11 Changing Needs	✓
1.1.12 Scheme Obsolescence	✓
1.1.13 Knowledge Capital	✓
1.1.14 Scheme Management	✓

1.2 Information and Communication

1.2.1 Information, Education & Communication	✓
1.2.2 Regulatory Communications	x
1.2.3 Public Transparency	✓

1.3 Scheme Delivery:

1.3.1 Implementing Agency Effectiveness	✓
1.3.2 Procurement of Goods and Services	✓
1.3.3 Quality	✓
1.3.4 Efficiency	✓
1.3.5 Performance Indicators	✓
1.3.6 Contract Management	✓
1.3.7 Public Private Partnerships	x
1.3.8 Health and safety	★

1.4 Scheme Compliance

1.4.1 Labour Laws	x
1.4.2 Environment & Other Applicable Laws	x
1.4.3 Financial and Regulatory Compliance	✓

1.5 Organisation and HR

1.5.1 Capacity Building	✓
1.5.2 Roles and Responsibilities	✓
1.5.3 Compensation	✓

1.6 Asset Management and Maintenance

1.6.1 Fixed Assets Management	✓
1.6.2 Assets Sustainability	x
1.6.3 Inventory Management	✓

1.7 Hazards:

1.7.1 Natural Events	x
1.7.2 Terrorists and Malicious Acts	✓

1.8 Integrity:

1.8.1 Fraud and Illegal Acts	✓
1.8.2 Ethics	✓

II Monitoring

2.1 Oversight

2.1.1 Periodic Reporting of Physical and Financial Outputs	✓
2.1.2 Social and External audit	✓

2.2 Monitoring System (IT)

2.2.1 Physical (IT) Infrastructure	✓
2.2.2 Information Availability/ Continuity and Accuracy	✓
2.2.3 Information Security and Access	✓

III Financial Management

3.1 Funding

3.1.1 Funding Pattern	✓
3.1.2 Fund Tracking and Management	✓
3.1.3 Budgeting and Forecasting	✓

3.2 Accounting and Reporting

3.2.1 Statutory Accounting and Reporting	✓
3.2.2 Disclosures	✓

Legend	
✓	Applicable from Generic Risk Library
x	Not Applicable
★	Additional risks not included in Generic Risk Library

Chapter 3: Identification of key risks

The risks identified in Chapter 2 needs to be prioritised to identify the key risks and challenges for the formulation and implementation of MDMS. The following are suggested criteria that should be kept in mind while prioritising the applicable risks:

- Scheme effectiveness: Refers to the ability of the scheme to meet its principal objectives. The following concerns need to be addressed in order to ensure effective implementation of the scheme:
  - **Accurate assessment of** the intended **beneficiaries** for the scheme
  - Use of adequate and accurate data and **assumptions**
  - **Defining** clearly and adequately the **outputs and outcomes** related to the scheme
  - **Adapting** the scheme **to the local environment** where it is to be implemented
  - **Defining** the mechanism and **institutional arrangements** through which the scheme will be delivered
  - **Identifying dependencies** for the scheme and defining a mechanism to ensure smooth coordination
  - **Eliminating overlaps** with other existing schemes for proper channeling of funds

- Fund Management: Refers to the ability to provide **adequate and timely funds** to the implementing agencies for ensuring effective delivery of the scheme

- Compliance: Refers to the ability to identify accurately and comply with relevant statues, rules and guidelines applicable for the scheme

- Expenditure management: Refers to the effectiveness of implementation agencies to achieve the desired objectives of the scheme within the sanctioned budget by:
  - **Preventing over/ underutilisation** of funds;
  - Preventing misappropriation/ undue **diversion of funds**; and
  - **Avoidance** of large **variances from the budget**

Keeping the above factors in mind, the applicable risks for the scheme need to be prioritised into the categories of ‘High’; ‘Medium’ or ‘Low’ in the worksheet below:

3.1 Risk prioritisation worksheet

Each applicable risk has been evaluated against the parameters mentioned above and rated as **High, Medium or Low** depending on the impact that the risk will have on the enumerated parameters.

The risks with '**High (H)'** rating in the column 'Overall Risk Evaluations' are the **key risks** identified for the scheme.

.

H	M	L
High	Medium	Low

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
I Planning and Implementation		
1.1 Formulation:		
1.1.1 Beneficiary Identification and Assessment	H	Significant impact on scheme effectiveness
1.1.2 Assumptions and Baseline data	H	
1.1.3 Scheme Output and Outcomes	H	
1.1.4 Scheme Localisation	M	
1.1.5 Scheme Delivery Mechanism	H	Significant impact on scheme effectiveness
1.1.6 Scheme based on Redundant Policies	M	
1.1.7 Scheme Dependency	M	
1.1.9 Budgeting and Forecasting	H	scheme effectiveness
1.1.10 Infrastructure	H	
1.1.11 Changing needs	M	
1.1.12 Scheme Obsolescence	L	
1.1.13 Knowledge Capital	L	
1.1.14 Scheme Management	M	
1.2 Information and Communication		
1.2.1 Information, Education and Communication	H	Increases scheme awareness thereby impacting effectiveness
1.2.3 Public Transparency	H	
1.3 Scheme Delivery		
1.3.1 Implementing Agency Effectiveness	M	Significant impact on scheme effectiveness
1.3.2 Procurement of Goods and Services	M	
1.3.3 Quality	M	
1.3.4 Efficiency	L	

Illustrative only

Key Risks Template: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
1.3.5 Performance Indicators	M	
1.3.6 Contract Management	L	
1.3.8 Health and Safety	H	
1.4 Scheme Compliance		
1.4.4 Financial and Regulatory Compliance	M	
1.5 Organisation and HR		
1.5.1 Capacity Building	H	Significant impact on compliance
1.5.2 Roles and Responsibilities	L	
1.5.3 Compensation	H	
1.6 Asset Management and Maintenance		
1.6.1 Fixed Assets Management	L	Significant impact on expenditure management
1.6.3 Inventory Management	M	Significant impact on expenditure management
1.7 Hazards:		
1.7.2 Terrorists and Malicious Acts	L	
1.8 Integrity:		
1.8.1 Fraud and Illegal Acts	H	
1.8.2 Ethics	M	
II. Monitoring		
2.1 Oversight		
2.1.1 Periodic reporting of physical and financial outputs (Internal Reporting)	H	
2.1.2 Social and External audit	M	
2.2 Monitoring System (IT)		
2.2.1 Physical (IT) Infrastructure	H	
2.2.2 Information Availability/ Continuity and Accuracy	M	
2.2.3 Information Security and Access	M	

Illustrative only

Key Risks Template: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

Risk Category	Overall Risk Evaluations	Key factors considered for the rating
III. Financial Management		
3.1 Funding		
3.1.1 Funding Pattern	H	
3.1.2 Fund Tracking and Management	H	Significant impact on fund management
3.1.3 Budgeting and Forecasting	H	Significant impact on expenditure management
3.2 Accounting and Reporting		
3.2.1 Statutory Accounting and Reporting	H	
3.2.2 Disclosures	M	

Annexure C2:Risk Assessment Note

Mid-Day Meal Scheme(MDMS)

National Programme of Nutritional Support to Primary Education (Mid-day Meal Scheme)

Ministry of Human Resource Development

Department of School Education and Literacy

Annexure no XXX to EFC Memo

Risk Assessment Note

September, 1995

_____	_____	_____
[Name & designation of preparer]	[Signature]	[Date]
_____	_____	_____
[Name & designation of approver]	[Signature]	[Date]

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Section 1: Setting the context for Mid-day Meal Scheme

1.1 Overall objectives for the scheme

This section specifies the overall objectives for MDMS. The risks and treatment plans for the scheme have been identified in the context of these objectives. The primary and secondary objectives for the scheme are as follows:

S.No.	Key Objectives of the Scheme	Brief description of scheme objective	Description of outputs linked to defined objectives	Milestones and time frame for each objective	Remarks
Primary Objective(s)					
1.	To provide meals to children in Government schools.	i) To provide adequate meals to children of classes I-V on a regular basis in Government, Local Body/ Government aided schools, Education Guarantee Scheme (EGS), Alternative and Innovative Education (AIE) Centres; ii) To provide adequate meals to children in above mentioned institutions during summer vacations in the drought affected areas.			
Secondary Objective(s)					
2.	To improve nutritional status of the children in primary classes.	To improve the nutritional status of children in classes I-V in Government, Local Body and Government aided schools, and Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) centres.			
3.	To improve attendance in schools.	To encourage poor children, belonging to disadvantaged sections, to attend school more regularly and help concentrate on classroom activities.			
5.	To foster social values and equality.	To encourage children to sit together and share one common meal and help eradicate caste prejudices, class inequalities and gender gap in education.			

Section 2: Key risks to be addressed

2.1 Summary of key risks

The following key risks for MDMS need to be addressed to ensure achievement of the objectives of the scheme, effective financial management and compliance with procedures. In addition to the key risks identified for the scheme as updated in the Key Risk Template, this list also includes certain risks, the response to which is mandatorily required, irrespective of whether these are identified as key risks for the scheme.

4. Planning & Implementation
   - 4.1. Scheme formulation
     - ◆ ● 4.1.1. Beneficiary identification and assessment
     - ◆ ● 4.1.2. Assumptions and baseline data
     - ◆ ● 4.1.3. Scheme output and outcomes
     - ● 4.1.4. Scheme localisation
     - ◆ ● 4.1.5. Scheme delivery mechanism
     - ● 4.1.6. Scheme dependency
     - ● 4.1.7. Scheme overlap
     - ◆ ● 4.1.8. Budgeting and forecasting
     - ◆ 4.1.9. Infrastructure
   - 4.2. Information and Communication
     - ◆ ● 4.2.1. Information, education and communication
     - ◆ 4.2.2. Public transparency
   - 4.3. Scheme delivery
     - ● 4.3.1. Performance indicators
     - ● 4.3.2. Public private partnerships
     - ◆ 4.3.3. Health and safety
   - 4.4. Organisation and HR
     - ◆ ● 4.4.1. Capacity building
     - ◆ 4.4.2. Compensation
   - 4.5. Asset Management and Maintenance
     - ● 4.5.1. Asset sustainability
   - 4.6. Integrity
     - ◆ 4.6.1. Fraud and illegal acts

5. Monitoring
   - 5.1. Oversight
     - ◆ ● 5.1.1. Periodic reporting of physical and financial outputs
   - 5.2. Monitoring System (IT)
     - ● 5.2.1. Information availability/ continuity and accuracy
     - ◆ 5.2.2. Physical (IT) infrastructure
6. Financial Management
   - 6.1. Funding
     - ◆ ● 6.1.1. Funding pattern
     - ◆ 6.1.2. Fund tracking and management
     - ◆ 6.1.3. Budgeting and forecasting
   - 6.2. Accounting and reporting
     - ◆ 6.2.1. Statutory accounting and reporting

● *Denotes those risks on which the response with respect to risk management is mandatorily required, irrespective of whether these are listed as key or not for the scheme*

◆ *Denotes risks other than those listed as* ● *which were determined to be key risks for the scheme*

2.2 Risk Assessment and Treatment Plan

The following section details the action taken/ proposed to address each of the above key risks.

Describes the name of risk

Brief description about the risk

What is the measurement criterion to state that the risk is adequately addressed

Overall assessment by the formulator of proposed action steps to address the relevant risk

2.2.14.1	Risk title	**Periodic reporting of physical and financial outputs**
	Risk definition	The successful implementation of MDMS requires constant capturing and reporting of relevant information on performance on a periodic basis. This helps in evaluating the progress against the targets set for the scheme and in taking corrective action, where applicable.
	Key parameters/targets to assess if the risk is effectively addressed	• MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines by_____ • Launch of IT enabled MIS for data capturing and reporting by_____ • Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level • 80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☑ b. Will require action during preparation of guidelines and implementation ☑ c. Requires close monitoring during implementation ☑ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

Question to assess adequacy of proposed action plan for addressing the risk

Response to the risk question detailing the proposed/ actioned plans

Reference of supporting document enclosed with Assessment Note

Status of the proposed action plan as per the defined legend

Timelines for completion of the proposed action plan

Name & designation of person responsible for execution of proposed action plan

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	Have processes been defined to report the physical and financial progress of the scheme?	Yes, processes shall be defined to report the physical and financial progress of the scheme. The physical and financial progress of the scheme shall be evaluated based on following reports envisaged for the scheme: • Monthly Progress Reports • Quarterly Progress Reports • Annual Work-Plan and Budgets Further, the guidelines shall prescribe the responsibility of the State for devising the process of reporting and consolidation of information in the specified formats across various implementation levels viz., Schools, Block, District and State level in order to effectively monitor the physical and financial progress of the scheme.	*Annexure A1 – Proposed formats for reporting*	G, A	During preparation of scheme guidelines	Joint Secretary (MDMS)
2.	Have relevant formats and checklists to support the reporting process been developed and communicated?	The following report formats shall be prepared and updated at the School level and then consolidated at the Block, District and State levels: • Monthly off-take of food grains • Coverage in terms of Primary Schools, Education Guarantee Scheme (EGS)/ Alternative & Innovation Education (AIE) Centres & Children • Availability of infrastructure at the school level. All the above formats shall be a part of the scheme	*Annexure A1 – Proposed formats for reporting*	G, A	During preparation of scheme guidelines	Joint Secretary (MDMS)

Illustrative only

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		guidelines and shall be readily available.				
3.	Have the responsibilities for capturing and reporting information been defined?	Yes, the responsibilities for capturing and reporting of information in all the prescribed formats shall be defined as a part of scheme guidelines. Further, the guidelines shall prescribe the responsibility of the State to position the necessary technical/ administrative staff for capturing and reporting of the information in the various pre-defined formats at: • Block level • District level • State level	*Annexure A2- Proposed Responsibilities*	G,A	During preparation of scheme guidelines	Joint Secretary (MDMS)
4.	Has an MIS been developed for the purpose of monitoring of the scheme?	Yes, an IT based MIS system that captures information from the Block level to the State level in the proposed formats is being envisaged for MDMS. An implementation plan for role out of the MIS system shall be devised in coordination with National Informatics Centre.	*Annexure A3- Proposed Management Information System*	G, A	Within ___ years of implementation of scheme	National Informatics Centre
5.	To what extent will the reporting be IT enabled? What is the plan for its implementation?	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above
6.	Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) in place to evaluate the scope and quality of the scheme's deliverables on a regular basis?	Yes, the scheme is envisaged to have an independent effective evaluation mechanism to evaluate the scope and quality of the scheme's deliverables. Like other Government schemes/ programmes, the MDMS shall be subject to audit by the Office of Comptroller and Auditor General of India (C&AG). All the reports submitted by various implementing agencies under the scheme shall be available to C&AG for review and audit purposes.	*Annexure A3- Monitoring and Evaluation*	G, A	During preparation of scheme guidelines	Joint Secretary (MDMS)

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		Further, the guidelines shall prescribe the independent effective evaluation mechanism through the constitution of: • Steering- cum Monitoring Committees at National, State, District and Block levels; • General Council and Executive Council of the National Mission for Sarva Shaksha Abhiyan (SSA) at National level • Parent-Teacher Association at School level The above Committees/ Associations shall be responsible to review and evaluate the scope and quality of all reports prescribed under the scheme on a regular basis. In addition to it, guidelines, responsibilities and targets in regard to the monitoring and evaluation of the scheme's deliverables shall be devised by State Government.				
Are there any other concerns that need to be addressed		**Training of implementing agencies:** A formal training mechanism to be devised to train the implementing agencies responsible for updating the various report formats prescribed under the scheme. The training programme to educate the implementing agencies on: • Relevance of the formats for capturing essential information; and • Methodology to be followed for updating and timelines for submission of various reports. This shall ensure the quality of the scheme's deliverables (reports, MIS etc.) at various implementation level				
Comments by approving authorities						

In addition to the above mentioned questions and responses, any other concerns / issues pertaining to the risk that need to be addressed

***For articulating the questions for key risks other than the risks mentioned for which the response is mandatorily required, refer the guidelines prescribed in the template below**. However, the person updating the template may articulate additional risk questions in order to facilitate assessment of actions plans in place to address the relevant risk.*

2.2.14.1	Risk title	*[Write the title as per section 2 of this document, Key risks to be addressed.]*
	Risk definition	*[Insert a brief description of the risk]*
	Key parameters/targets to assess if the risk is effectively addressed	*[Insert the parameters/ targets, achievement of which shall ensure that proposed action plans to address the relevant risk have been implemented effectively]*
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☐ b. Will require action during preparation of guidelines and implementation ☐ c. Requires close monitoring during implementation ☐ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task com***	
			Supporting document, if any	Status (G/C/A)	Ti	onsibility
1.	*What are the **proposed procedures** to address the _____ [Insert name of the risk]?*					
2.	*What is the **proposed responsibility** for _____ [insert relevant parameter(s)/target to be achieved] prescribed under the scheme?*					

Illustrative only

2.2.14.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
3.	*Has an **MIS system** been developed for the purpose of monitoring the scheme? Is the same IT enabled across implementation levels? What is the plan of implementation? Provide details.*					
4.	*Does the scheme have an independent effective **evaluation mechanism** in place to evaluate _____ [Insert important parameter/target set to achieved]?*					
5.	*[Additional risk questions may be added]*					
Are there any other concerns that need to be addressed						
Comments by approving authorities						

2.2.17.1	Risk title	Health and safety
	Risk definition	Absence of/ improper guidelines or monitoring on safety and hygiene conditions with respect to storage, cooking and transportation of meals/ raw materials may pose a threat of contamination and adulteration of meals specially during storage and transportation.
	Key parameters/targets to assess if the risk is effectively addressed	• Procedures and institutional framework to address the risk shall be established by_____ in the form of : – Scheme guidelines – MIS structure with responsibilities – Monitoring and evaluation mechanism • Number and extent of instances reported through MIS/ Audit(s) on health and safety issues in the past twelve months by State/ District/ Block
	Based on your assessment, the risk (please tick the relevant option)	a. Is effectively addressed in the planning stage ☑ b. Will require action during preparation of guidelines and implementation ☑ c. Requires close monitoring during implementation ☑ d. Is not effectively addressed ☐ e. Is not applicable for the scheme ☐

2.2.17.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
1.	How are concerns of health and safety proposed to be addressed as part of the scheme?	The guidelines shall prescribe the requirements with respect to the following significant areas affecting the health and safety concerns in the scheme: • Infrastructure; • Quality of food grains/ ingredients/ condiments; and • Maintenance of hygiene factors while preparing	*Annexure A4- Proposed Health and Safety Specifications*	G, A	During preparation of scheme guidelines	Joint Secretary (MDMS)

2.2.17.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		midday meals. *For details refer, Proposed Health and Safety Specifications.*				
2.	What is the proposed responsibility for ensuring health and safety specifications prescribed under the MDMS are adhered to?	Every school where the scheme is implemented shall be made responsible for ensuring adherence of the health and safety specifications prescribed in the scheme guidelines. Further, guidelines shall prescribe surprise field visits to be conducted by the Block level/ District Level Officers to test if the health and safety standards are met.	*Not Applicable*	G/ A	During preparation of scheme guidelines	Joint Secretary (MDMS)
3.	How are concerns regarding health and safety being addressed in the Scheme MIS?	Scheme MIS shall prescribe the periodic reporting on the health and safety concerns through: 1) Monthly Progress Report; 2) Quarterly Progress Reports; 3) Annual Work Plan & Budget The above formats shall have dedicated sections on reporting the health and safety conditions prevailing in the schools. The information captured shall help the evaluators to take necessary action, if required.	*Annexure A6- Management Information System*	G/ A	During preparation of scheme guidelines	Joint Secretary (MDMS)
4.	What are the inspection/ independent verification mechanisms to address this risk?	• Guidelines, responsibilities and targets in regard to the monitoring and evaluation of the operational processes shall be devised by State Government/ State level Monitoring Committees. • In addition to it, the guidelines shall also prescribe the responsibility of the State for evolving suitable formats/ questionnaire for conducting necessary surprise checks/ field visits to monitor the efficiency of various agencies in adhering to the prescribed health and safety specifications/ standards. • Like other Government schemes/ programmes, the	*Annexure A3- Monitoring and Evaluation*	G/ A	During preparation of scheme guidelines	Joint Secretary (MDMS)

2.2.17.2	Question	Remarks	***G: To be included in scheme guidelines***		***C: Task completed***	***A: Action required***
			Supporting document, if any	Status (G/C/A)	Timeline	Responsibility
		MDMS shall be subject to audit by the C&AG. • Guidelines shall also prescribe the establishment of Steering –cum- Monitoring Committees for monitoring the performance of the scheme (including health and safety standards) at National, State, District and Block levels.				
Are there any other concerns that need to be addressed		No other concerns to be addressed				
Comments by approving authorities						

Annexure C3: Risk Treatment Plan

Mid-Day Meal Scheme (MDMS)

Document Name	Risk Treatment Plan
Document Type	Template- Internal Control and Risk Management Framework
Purpose	To ensure that the risk treatment strategies as specified in the Risk Assessment Note are actioned
About the Document	The Risk Treatment Plan is a working document prepared by the department responsible for formulating scheme. This template is used to: ► Detail the risk treatment strategies/actions plans for the risks to be addressed during scheme implementation as listed in the Risk Assessment Note ► Integrate the risk treatment strategies into : – Definitive action steps – Scheme guidelines – Scheme MIS
Responsibility and Timeline for Updating	The Risk Treatment Plan shall be prepared and reviewed by the designated personnel of the department responsible for formulating the scheme. The template shall be updated after the approval of the Risk Assessment Note which is appended to the EFC memo.

Scheme/ Programme	National Programme of Nutritional Support to Primary Education (Mid-day Meal Scheme)
Subject	Risk Treatment Plan for MDMS
Assessed on	September, 1995
Prepared by	Mr./Ms. XXX, [Designation], Department of School Education and Literacy
Reviewed by	Mr./Ms. XXX, Joint Secretary, Department of School Education and Literacy

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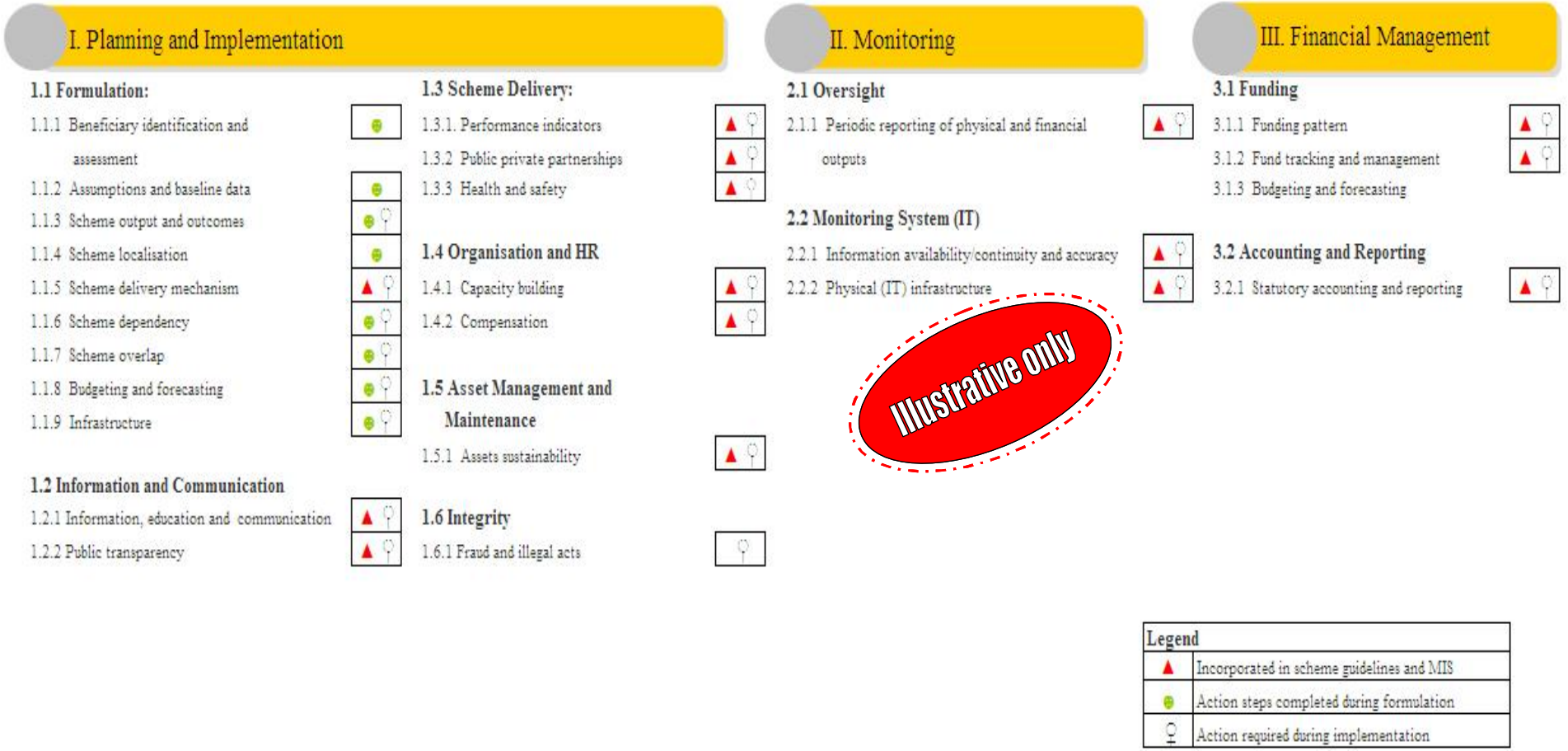
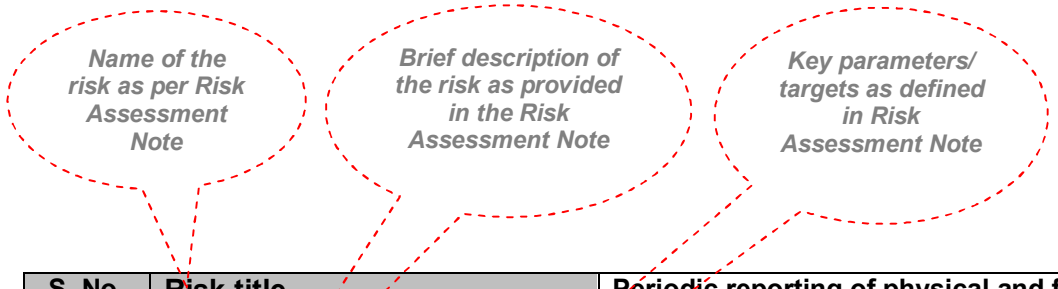
Chapter 1: Key risks for the scheme

The following are the key risks to be addressed for effective implementation of MDMS. It also includes the risks as specified in the Risk Assessment Note, for which treatment plans are mandatorily required, irrespective of whether they have been identified as key risks for the scheme.



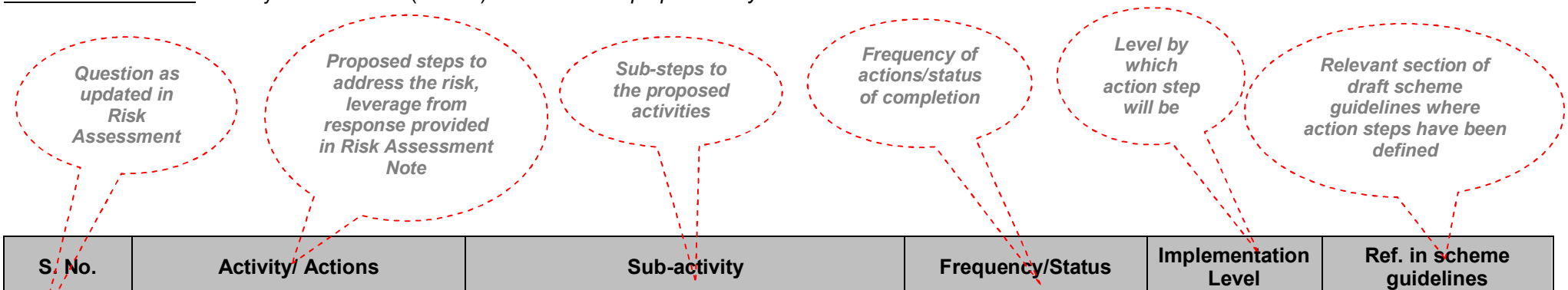
Chapter 2: Risk Treatment Plans to be addressed during implementation

Detailed action plans for the risks to be addressed during scheme implementation have been updated in the following pages:



S. No.	Risk title	Periodic reporting of physical and financial outputs
1.	**Risk definition**	The successful implementation of MDMS requires constant capturing and reporting of relevant information on a periodic basis. This helps in evaluating the progress against the targets set for the scheme and in taking corrective action, where applicable.
2.	**Key parameters/targets to assess if the risk is effectively addressed**	• MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines by_____ • Launch of IT enabled MIS for data capturing and reporting by_____ • Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level • 80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*



S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question1.	***Have processes been defined to report the physical and financial progress of the scheme?***				
1.	Scheme guidelines to provide the process and formats for monitoring of performance under the scheme. The programme envisages: • Annual Work-Plan and Budgets • Monthly Progress Reports • Quarterly Progress Reports	Prescribe the formats of data-capture at School, Block, District and State level, considering the monitoring requirements.	One time/ Completed	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Prescribe the following formats for periodic reporting of physical and financial progress • Monthly Progress Reporting • Quarterly Progress Reports • Annual Work Plan and Budget	One time/ Completed	Centre	*Draft MDMS Guidelines: Form 1-3: Monthly Progress Reports/ Quarterly Progress Report; Annexure-11: Annual Work Plan and Budget*
		Prescribe the flow of information from the School to the State level. The information shall be generated at the School level and shall be consolidated at the following levels: • Block level • District level • State level	One time/ Completed	Centre	*Draft MDMS Guidelines: Form 1-3: Monthly Progress Reports/ Quarterly Progress Report*
		Prescribe the responsibility of the State for devising a detailed process of reporting and consolidation of information in the specified formats across various implementation levels in order to effectively monitor the physical and financial progress of the scheme.	One time/ Completed	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*

Illustrative only

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question2.	***Have relevant formats and checklists to support the reporting process been developed and communicated?***				
2.	Prescribe the reporting formats to be maintained under the programme.	Prepare comprehensive and easy-to-follow reporting formats to capture the following information: • Monthly off-take of food grains • Coverage in terms of Primary Schools, Education Guarantee Scheme (EGS)/ Alternative and Innovation Education (AIE) Centres and Children • Availability of infrastructure at the school level. All formats prepared to be included in the scheme guidelines.	One time/ In progress will be completed by _____	Centre	*Draft MDMS Guidelines: Form 1-3: Monthly Progress Reports/ Quarterly Progress Report; Annexure-11: Annual Work Plan and Budget*
Question3.	***Have the responsibilities for capturing and reporting information been defined?***				
3.	Prescribe the responsibilities for data-capture and reporting across the scheme: • School level • Block level • District level • State level	Lay down responsibility for reporting in the prescribed formats (Monthly Progress Reports, Quarterly Progress Reports, and Annual Work Plan and Budget) across different levels of scheme implementation.	One time/ In progress will be completed by _____	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Prescribe the appointment of administrative/ technical assistants to report the necessary information (as per point 2 above) in the pre-defined formats.	One time/ Will be completed by _____	State	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Prescribe appointment of MIS co-coordinators/ data entry operators to generate reports from MIS system (whenever it is operational) and in the meantime prescribe consolidation of the manual reports received at Block and District level.	One time/ Completed	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*

Illustrative only

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
Question4.	***Has an MIS been developed for the purpose of monitoring of the scheme?***				
4.	An IT enabled MIS is proposed to be designed for the scheme in coordination with National Informatics Centre.	Prepare the specifications/ information requirement list.	One time/ will be completed by_____	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Design the IT enabled MIS and test it to highlight deficiencies for taking necessary corrective actions.	One time/ will be completed by_____	Centre	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
		Roll out the MIS system in a phased manner across the participating States.	One time/ will be completed by_____	Centre and State	*Draft MDMS Guidelines: 6.1 (ii) Management Information System*
Question5.	***To what extent will the reporting be IT enabled? What is the plan for its implementation?***				
5.	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above	Refer point 4 above
Question6.	***Does the scheme have an independent effective evaluation mechanism (such as social/ internal/ external audit) ... valuate the scope and quality of the scheme's deliverables on a regular basis?***				
6.	Prescribe guidelines, responsibilities and targets for monitoring and evaluation of the scheme's deliverables	Constitute the following Committees/ Associations for effective monitoring of the scope and quality of scheme's deliverables: • Steering- cum Monitoring Committees at National, State, District and Block levels; • Parent-Teacher Association at School level	One time/ In progress will be completed by _____		*aft MDMS Guidelines: Monitoring and Evaluation*
		Prescribe the review of scheme implementation by the General Council and Executive Council of the National Mission for Sarva Shaksha Abhiyan (SSA) at National level	One time/ Completed	Centre	*Draft MDMS Guidelines: Programme Management*

Illustrative only

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency/Status	Implementation Level	Ref. in scheme guidelines
		Further, prescribe responsibility of the State to establish evaluation mechanism (in the form of social, internal, external audits to evaluate the scheme performance and also the scope and quality of scheme deliverables prescribed under MDMS.	One time/ Completed	State level	*Draft MDMS Guidelines: Monitoring and Evaluation*

S. No.	Risk title	Health and safety
1.	**Risk definition**	Absence of/ improper guidelines or monitoring on safety and hygiene conditions with respect to storage, cooking and transportation of meals/ raw materials may pose a threat of contamination and adulteration of meals specially during storage and transportation.
2.	**Key parameters/targets to assess if the risk is effectively addressed**	• Procedures and institutional framework to address the risk shall be established by_____ in the form of : – Scheme guidelines – MIS structure with responsibilities – Monitoring and evaluation mechanism • Number and extent of instances reported through MIS/ Audit(s) on health and safety issues in the past twelve months by State/ District/ Block

S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
Question1.	***How are concerns of health and safety proposed to be addressed as part of the scheme?***				
1.	Prescribe health and safety requirements as part of the scheme guidelines	Define infrastructure requirements with reference to cooking and storage of midday meals, cooking ingredients/ condiments etc.	One time/ Completed	Centre	*Draft MDMS guidelines: 4.2 Safety and Hygiene Specifications*
		Prescribe the quality of supplies/ food-grains to be used while preparation of midday meals.	One time/ Completed	Centre	*Draft MDMS guidelines: 3.7 Responsibility of Food Corporation of India (FCI)*
		Define standards of health and hygiene to be adopted while preparing and serving the midday meals.	One time/ Completed	Centre	*Draft MDMS guidelines: 4.2 Safety and Hygiene Specifications*
Question2.	***What is the proposed responsibility for ensuring health and safety specifications prescribed under the MDMS are adhered to?***				
2.	Assign responsibility for ensuring health and safety of the children as a part of scheme guidelines	Fix responsibility of the school authorities (Head Master, Teachers, etc.) to ensure that health and safety standards are followed. Headmaster/ teachers to daily inspect the food and ensure hygiene specifications are met while preparing and serving meals in the	One time/ Completed	School level	*Draft MDMS Guidelines: 4.3 Midday meal not to adversely affect teaching and learning*

S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
		schools.			
		Prescribe responsibilities for cooks and helpers in the school to also maintain hygiene and safety standards while preparing and serving meals.	One time/ Completed	School level	*Draft MDMS Guidelines: 4. Quality and Safety aspects*
Question3.	***How are concerns regarding health and safety being addressed in the Scheme MIS?***				
3.	Prepare following MIS formats for periodic reporting including the health and safety concerns: • Monthly Progress Report; • Quarterly Progress Reports; • Annual Work Plan and Budget	Not Applicable	One time/ In progress will be completed by _____	Centre	*Draft MDMS Guidelines: Annexures*
Question4.	***What are the inspection/ independent verification mechanism to address this risk?***				
4.	Define guidelines/ responsibilities and targets for monitoring and evaluation	Prepare suitable formats/ questionnaire for conducting necessary surprise checks/ field visits to monitor the efficiency of various agencies in adhering to the prescribed health and safety specifications/ standards	One time/ Completed	State/ District	*Draft MDMS Guidelines: 6.2 Regular monitoring of Programme Implementation and its impact*
5.	Lay down the parameters (including health and safety) to facilitate monitoring and evaluation of the scheme and define the responsibility and frequency of monitoring the performance of scheme against the set parameters.	Not Applicable	One time/ In progress will be completed by _____	Centre	*Draft MDMS Guidelines: 6.2 Regular monitoring of Programme Implementation and its impact Annexure 12*
6.	Lay down procedures and timelines for engaging external agencies for evaluation of the programme including health and	Prescribe responsibility of external agency to inspect and report on findings related to unhygienic conditions and non-compliance with safety standards to State/ District Nodal	One time	State/ District	*Draft MDMS Guidelines: 6.2 Monitoring and Evaluation*

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

S. No.	Activity/ Actions	Sub-activity	Frequency	Implementation Level	Ref. in scheme guidelines
	safety measures undertaken	Agency.			

Chapter 3: Risk MIS Coverage

Following is the set of MIS required to assess efficacy of scheme delivery and effective addressing of risks.

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer
1.	Periodic reporting of physical and financial outputs	MIS formats and roles of agencies in monitoring performance of the scheme is defined in scheme guidelines by_____.	Form 1: Monthly Progress Report	To report on the monthly off-take of food grains	Monthly	Block/ District
			Form 3:Quarterly Progress Reports;	To report on the following: • Coverage in terms of Primary Schools, Education Guarantee Scheme (EGS)/ Alternative and Innovation Education (AIE) Centres and Children • Availability of the infrastructure at the school level • Progress on off take of food grains • Progress on utilisation of Central assistance towards cooking cost and management; • Results of monitoring and evaluation.	Quarterly	District/ State
			Annexure 11: Annual Work Plan and Budget	To report on the following: • Information on State Implementation Model; • Strategies adopted and performance during previous year and • Action plan for next year; and • Costing tables for requesting the grant of assistance under	Annually	State

Illustrative only

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer
				the scheme.		
		Launch of IT enabled MIS for data capturing and reporting by_____.	*MIS for this parameter is not possible. However, post launch of the MIS system, reporting formats may be devised to assess the success of the IT enabled MIS reporting system.*			
		Timely submission of reports prescribed under the scheme by more than 80 % of the implementing agencies at the State level.	*Not Applicable, no MIS prescribed as of now to assess whether the reports are submitted on time by various implementing agencies*			
		80% accuracy in reporting based on the audit/ external evaluations conducted by the Centre/ State in regard to the scheme.	*Not Applicable, no MIS prescribed as of now to assess the accuracy of reporting under the scheme*			
2.	Health and safety	Procedures and institutional framework to address the risk shall be established by_____ in the form of : – Scheme guidelines – MIS structure with responsibilities – Monitoring and evaluation mechanism	Annexure 11: Annual Work Plan and Budget (Part B)	To provide a comprehensive details of present scenario in the State as far as implementation of MDMS is concerned. It contains details of: • Management Structure • Implementation processes • Monitoring systems • Findings of evaluation studies • Strategies to tackle problems and new initiatives, etc.	Annually	State

Risk Treatment Plan: Mid-day Meal Scheme (MDMS). *For illustrative purposes only*

S. No.	Risk title	Key parameters/targets to assess if the risk is effectively addressed	Report reference	Purpose of report	Frequency of report	Preparer
		Number and extent of instances reported through MIS/ Audit(s) on health and safety issues in the past twelve months by State/ District/ Block	Form 3:Quarterly Progress Report – Part VI	To highlight the important concerns/issues faced regarding health and safety aspect in the scheme.	Quarterly	District/ State

Other targets and timelines for MDMS for achievement of key parameters defined for the risks

S. No.	Risk title	Targets	Timelines	Responsibility
1.	Periodic reporting of physical and financial outputs	Preparation of MIS formats and assigning roles to the agencies for monitoring performance of the scheme	[dd/mm/yyyy]	Centre
		Launch of IT enabled MIS	[dd/mm/yyyy]	Centre and National Informatics Centre
2.	Health and Safety	Preparation of suitable formats/ questionnaire for conducting necessary surprise checks/ field visits to monitor the efficiency of various agencies in adhering to the prescribed health and safety specifications/ standards	[dd/mm/yyyy]	State
		Lay down the parameters (including health and safety) to facilitate monitoring and evaluation of the scheme and define the responsibility and frequency of monitoring the performance of scheme against the set parameters.	[dd/mm/yyyy]	Centre