**Risk Checklist for Cash-Based Programming**

The risk checklist is intended to help a cash-based program staff to identify if they have properly considered possible risks. The following risks are considered:

**Diversion**: Risks that cash transfer will be used for unintended purposes, including anti-social uses

**Fraud**: Risks of corruption or other fraudulent activities

**Inclusion/ exclusion**: Risks that people will be included when they do not qualify, due to coercion, political force, nepotism, or simply poor targeting (wrongful inclusion); OR, risks that people will be excluded when they do qualify

**Inflation/ indirect beneficiary impact**: Risks that prices will increase or inflation or exchange rates will fluctuate, thus making it more difficult for both beneficiaries and non-beneficiaries to access the same quantity and quality of goods and services

**Loss**: Risks of loss of transfer amounts for any reason

**Security/ protection**: Risk of physical security problems or abuses of basic protection, rights, and dignity for beneficiaries, vendors or staff

*Directions: The checklist identifies positive strategies for designing and implementing low-risk programs. The risks associated with each strategy are in [brackets]. For each numbered statement, mark “Yes” if you’ve done or plan to do the action, or “No” if you haven’t done or don’t plan to do the action. If you marked “No”, use the last column to write any actions you’ll do to mitigate possible risks.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **#** | **Risk strategy [risk]** | **Reference documents** | **Yes** | **No** | **If “No,” mitigation action?** |
|  | **Program Design** |  |  |  |  |
| 1 | A market assessment has been conducted to determine the appropriateness and feasibility of cash/ vouchers. [inflation; indirect beneficiary impact] | RAM; EMMA; CRS market assessment; CRS MBRRR Training |  |  |  |
| 2 | The market assessment includes a security analysis. [security/ protection] | CRS market assessment; CRS MBRRR Training |  |  |  |
| 3 | The program includes flexibility to shift among modalities as appropriate. [inflation; indirect beneficiary impact] | MARKit; CRS MBRRR Training |  |  |  |
|  | **Community Awareness and Participation** |  |  |  |  |
| 4 | Community leaders, community members, local government, and traders take part in transparent discussions about the program, its aims, and clear roles and responsibilities, to mitigate risk of anti-social use of cash. [diversion; fraud] | CRS MBRRR Training |  |  |  |
| 5 | Communities discuss and plan to mitigate any security risks associated with the use of cash. [diversion; security/ protection] | CRS MBRRR Training |  |  |  |
| 6 | A community feedback and accountability system exists. [diversion, inclusion/ exclusion; fraud] | CRS MEAL Policy |  |  |  |
|  | **Beneficiary Selection** |  |  |  |  |
| 7 | Beneficiary selection criteria are clearly formulated and meet identified needs. [inclusion/ exclusion; diversion] | CRS MQ guidance |  |  |  |
| 8 | Verification of beneficiary lists is done by a third party (MEAL/External) [inclusion/exclusion] |  |  |  |  |
| 9 | Community leaders, community members, local government, and traders take part in transparent beneficiary selection, to mitigate risk of anti-social use of cash. [inclusion/ exclusion; diversion; fraud] | CRS MBRRR Training |  |  |  |
|  | **Vendor Selection (vouchers or LRP only)** |  |  |  |  |
| 10 | Vendor selection criteria are clearly formulated and gathering vendor data and conducting vendor selection is done by 2 separate (staff) groups. [fraud; inclusion/ exclusion] | CRS MQ guidance |  |  |  |
| 11 | All vendors are verified (Due Diligence) and checked through Bridger Software. [security; fraud; inclusion/ exclusion] | CRS Finance Policy; CRS Procurement guidance |  |  |  |
|  | **Handling Debit Cards/ Cash/ Vouchers** |  |  |  |  |
| 12 | Debit cards have a unique identification number which is linked to specific beneficiary when distributed [fraud] | CRS Voucher Design Toolkit |  |  |  |
| 13 | Debit cards/ cash/ vouchers (etc.) are kept in a locked cupboard/safe managed by a cash custodian [fraud] | CRS MQ guidance |  |  |  |
| 14 | Debit cards/ vouchers are only handed over to staff based on showing an approved request form [fraud] | CRS MQ guidance |  |  |  |
| 15 | Cash custodian keeps a ledger to track debit card/ cash/ voucher movements [fraud] | CRS MQ guidance |  |  |  |
| 16 | Surprise debit card counts are conducted regularly [fraud] | CRS MQ guidance |  |  |  |
| 17 | Separation of duties is respected for payment requests. [fraud] | CRS MQ guidance |  |  |  |
| 18 | Disposal of voided debit cards/ vouchers is observed by independent staff and documented [fraud] | CRS MQ guidance |  |  |  |
| 19 | [For paper vouchers only] Vouchers are designed with multiple features that prevent easy reproduction. [fraud] | CRS Voucher Design Toolkit |  |  |  |
|  | **Cash/ Voucher Distributions** |  |  |  |  |
|  | ***Cash (c)*** |  |  |  |  |
| 20c | Cash is transferred digitally (mobile money, debit cards or bank transfers). [security/ protection; fraud] | CaLP “Direct Cash: A Quick Delivery Guide for Cash Transfer Programmes in Emergencies” |  |  |  |
| 21c | Cash is distributed with direct verification by finance staff. [fraud] | CRS MQ guidance |  |  |  |
| 22c | Cash is distributed in the presence of local authorities or community members, as appropriate. [fraud] | CRS MBRRR Training |  |  |  |
| 23c | Including local communities and authorities, a security assessment and mitigation plan is made before conducting physical cash distributions. [security/ protection/ fraud] |  |  |  |  |
|  | ***Debit Cards (d)*** |  |  |  |  |
| 20d | Cards and PIN codes are stored in 2 separate places. [fraud] | CRS MQ guidance |  |  |  |
| 21d | Cards and PIN codes are distributed separately. [security/ protection; fraud] | CRS MQ guidance |  |  |  |
| 22d | Regular card counts and surprise counts are conducted by independent observer. [fraud] | CRS MQ guidance |  |  |  |
| 23d | Cards are activated after the verified distribution to beneficiaries. [fraud] | CRS MQ guidance |  |  |  |
| 24d | Cards are blocked when suspected misuse. [security/ protection; fraud] | CRS MQ guidance |  |  |  |
|  | ***Vouchers (v)*** |  |  |  |  |
| 20v | Beneficiaries show a form of identification at the distribution and sign for receipt. [security/ protection; fraud] | CRS MQ guidance |  |  |  |
| 21v | Cash/ voucher distributions are observed by an external agent who signs distributions sheets if conducted compliant with procedures. [security/ protection; fraud] | CRS MQ guidance |  |  |  |
|  | **Market Monitoring** |  |  |  |  |
| 25 | A staff member is trained in MARKit or a similar price/ market monitoring toolkit. [inflation/ indirect beneficiary impact] | MARKit or other monitoring guidance |  |  |  |
| 26 | Price monitoring and analysis is used to identify potential market manipulation, and check program appropriateness. [inflation/ indirect beneficiary impact; fraud] | MARKit or other monitoring guidance |  |  |  |
| 27 | [For fairs only] Vendors’ inventory is checked at the start and the end of the fair/market and is compared to the value of vouchers received. [fraud] | CRS MQ guidance |  |  |  |
| 28 | Project uses ghost/mystery shoppers to observe cash transfers and vendor compliance with project regulations. [security/ protection; fraud] | CRS MQ guidance |  |  |  |
| 29 | Project uses project staff to observe transaction on fairs on shopping days. [fraud] | CRS MQ guidance |  |  |  |
| 30 | Project conducts Post Distribution Monitoring to verify cash use by beneficiaries. [diversion; fraud] | CRS MBRRR Training |  |  |  |
|  | **Financial Controls (General)** |  |  |  |  |
| 31 | Corruption risks have been evaluated, and steps taken to mitigate them. [fraud] |  |  |  |  |
| 32 | CRS finance staff are trained in fiscal controls and standards for cash programs. [fraud] | CRS procurement guidance; CRS MQ guidance |  |  |  |
|  | **Reconciliation** |  |  |  |  |
| 33 | Project keeps detailed records of cash/voucher/card distributions. [loss; fraud] | CRS MQ guidance; CRS Procurement Manual |  |  |  |
| 34 | Project keeps detailed records of market transactions. [loss; fraud] | CRS MQ guidance; CRS Procurement Manual |  |  |  |
| 35 | Regular (weekly/monthly) reconciliation is done between the value of cards/ vouchers issued and vendor value of payments made to vendors. [loss; fraud] | CRS MQ guidance; CRS Procurement Manual |  |  |  |
| 36 | CRS staff are trained in how to handle losses. [loss; fraud] | CRS Procurement Manual |  |  |  |
|  | **Staff capacity** |  |  |  |  |
| 37 | All processes for the cash-based response project are clearly documented. [security/ protection; diversion; loss; fraud] |  |  |  |  |
| 38 | Sufficient staff exist to monitor transactions and security. [security/ protection; fraud] |  |  |  |  |
| 39 | All staff involved in the project receive clear instructions/training. [security/ protection; fraud] |  |  |  |  |
|  | ***Total score per risk type (1 pt. per check in NO column)*** | |  |
|  | Diversion | |  |
|  | Fraud | |  |
|  | Inclusion/ exclusion | |  |
|  | Inflation/ indirect beneficiary impact | |  |
|  | Loss | |  |
|  | Security/ protection | |  |
|  | ***TOTAL SCORE*** | |  |
|  | Low risk (<10 points) | |  |
|  | Medium risk (10-20 points) | |  |
|  | High risk (>20 points) | |  |