



Harmonised Approach to Cash Transfers (HACT)

Strengthening capacities for management and accountability

We promote ethical, inclusive and innovative practices



Anti-corruption

Deloitte collaborates with the World Economic Forum to develop solutions through the Forum's multi-year Partnering Against Corruption Initiative (PACI) project. Recent efforts target corruption risks in infrastructure, engineering, construction and real estate.



Privacy and security

Deloitte helps organisations adopt an integrated approach to data security, privacy and confidentiality. Our worldwide network of Cyber Intelligence Centres provide advanced threat intelligence that helps clients become secure, vigilant, and resilient.



Empowering women

Deloitte helps women around the world participate more fully in society and the economy by elevating their aspirations and connecting them with training and opportunities.



Global operating model

Deloitte has over 312,000 professionals dedicated to serving United Nations agencies and programmes, governments, not-for-profit and international organisations in a variety of capacities worldwide. In Asia Pacific, Deloitte has over 61,500 professionals ready to help accomplish your objectives.



Global recognition

Deloitte possesses numerous recognitions including #1 consulting service provider by market share (ALM Intelligence and Gartner), Audit Innovation of the Year based on our capacity to continuously lead new audit innovation technologies (Digital Accountancy Forum).

Harmonised Approach to Cash Transfers (HACT)

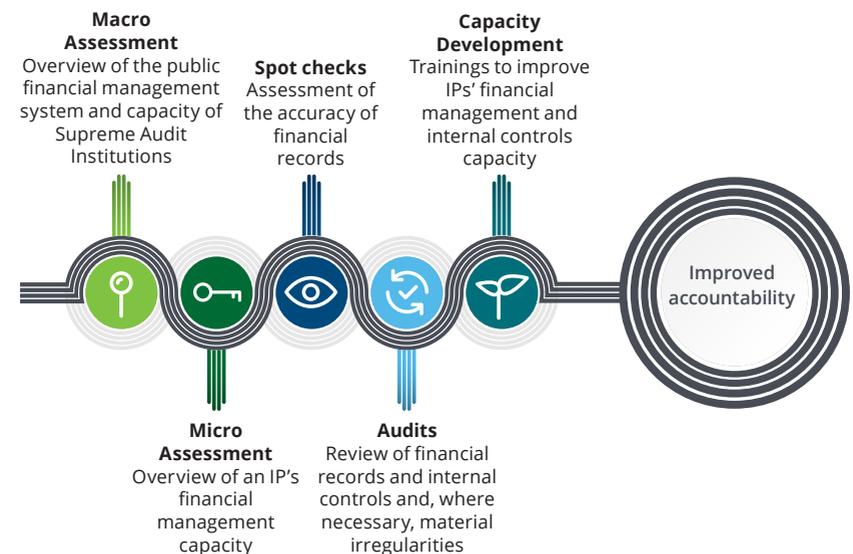
What is HACT

The HACT framework represents a common operational framework for transferring cash to government and non-governmental Implementing Partners (IPs). First adopted in 2005 and updated in 2014, HACT is applicable in all situations and circumstances, as long as there is cash transfer from UN agencies to IPs. It represents a shift from a system of rigid controls to a risk management approach. The framework is currently applied by the United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA), and United Nations Development Programme (UNDP). Each agency is responsible for mainstreaming HACT principles and processes in their guidelines.

Objective

HACT is designed to support a closer alignment of development aid with national priorities and to strengthen national capacities for management and accountability. The ultimate objective is to gradually shift to national systems.

Activities



We help you adopt the HACT framework effectively

Catering to your organisation's most pressing needs, our services will help you align with HACT's risk-based principles and processes.

For UN agencies, we help them manage a variety of risks associated with cash transfer activities and strengthen their national capacities. For the IPs, we offer trainings that enhance and transform their financial and operational management and make them better partners for sustainable collaboration. We strive to help organisations not only comply with existing regulations and guidelines but turn this into an opportunity to embrace a risk-based approach and succeed.

We provide the UN with:

- ✓ High-quality provision of assessment reports
- ✓ Appropriate design and implementation of assurance activities
- ✓ Improved risk portfolio of partners
- ✓ Lower costs for assurance and more funds for impact

We provide the IPs with:

- ✓ Increased awareness of HACT principles and processes
- ✓ Catalyst and roadmap for operational transformation
- ✓ Improved operational effectiveness and efficiency, enhancing your qualification as a future partner

Macro assessment

Where uncertainties prevail, assessing macro risks is critical to your programme's success



What

The macro assessment is a review of a country's public expenditures, procurement, and financial accountability system. It serves as background information during programme preparation.

Who

- Third-party service providers review existing analyses;
- UN country team reviews recent reports done by other development partners.

When

Must be completed once per country programme cycle, preferably during the United Nations Development Assistance Framework (UNDAF) and country programme preparation phase.

How we can help

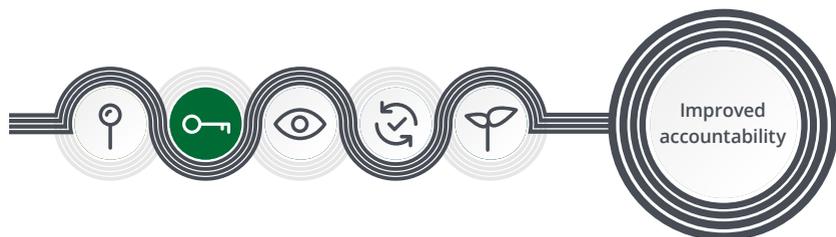
- **Leverage** our global intelligence and country-specific expertise in risk analysis and advisory;
- **Share** best practices on the Public Financial Management System among key stakeholders within the government.

Deliverables

- Outline of risks related to the Public Financial Management System;
- Overview of the capacity of Supreme Audit Institutions;
- Capacity development workshops and trainings with Supreme Audit Institutions.

Micro assessment

An independent, comprehensive risk assessment of your partner underpins smooth collaboration



What

The micro assessment reviews IP's financial management capacity to determine an overall risk rating. This risk rating, alongside other available information from past engagements, is used to determine the cash transfer modality as well as the type and frequency of subsequent assurance activities.

Who

- Third-party service providers undertake assessment;
- The HACT Focal Point supervises and supports the process.

When

Preferably during programme preparation and valid for up to 5 years.

How we can help

- **Mobilise** an extensive pool of expertise across functional areas such as organisational structure, financial reporting, procurement, etc.;
- **Identify** IPs' areas in need of capacity development interventions;
- **Propose** integrated solutions that improve IPs' risk ratings.

Deliverables

- Completed micro assessment questionnaire;
- Completed micro assessment report detailing overall risk rating and specific identified risks;
- IP capability gap analysis;
- Training sessions with IPs on financial management best practices.

Spot checks

Periodic reviews of your partner's financial records enhance programme accountability



What

Depending on an IP's overall micro assessment risk rating and the volume of cash transfers, appropriate assurance activities can be planned and implemented. Common measures include programme monitoring, spot checks, and audits. Spot checks are periodic on-site reviews of the partner's financial records.

Who

- Third-party service providers perform assurance;
- The IP provides relevant documentation.

When

Spot checks are performed during programme implementation. Additionally, where financial audits are not possible, the number of spot checks increases.

How we can help

- **Assess** the accuracy of IPs' financial records in relation to the status of programme implementation;
- **Identify** areas in need for further capacity development interventions.

Deliverables

- Report of spot check findings;
- IP capability gap analysis for further interventions;
- Training sessions with IPs on financial and operational management.

Audits

Quality, independent auditing helps your partner safeguard integrity



What

Audit services can determine whether funds are used for intended purposes and in accordance with the work plan. There are two types of audits:

- Scheduled audit: systematic and independent review of data, statements, and records of an IP related to cash transfer;
- Special audit: conducted when significant issues arise during programme implementation.

Who

- Third-party service providers perform audits;
- The IP provides relevant documentation.

When

At least one scheduled audit is required during the programme cycle or per year, based on the IP's overall risk rating.

How we can help

- **Combine** rigorous risk assessment, diagnostic processes, and audit testing procedures to focus on areas that are material to the quality and credibility of financial reporting;
- **Identify** capability gaps in IPs' financial management policies, procedures, and practices.

Deliverables

- Report on financial and internal control audit findings;
- Training sessions with IPs on financial and operational management.

Capacity development

Long-term accountability demands sustained investments into capacity building



What

UN agencies can take action to address their IPs' common weaknesses in financial management. Such interventions are necessary for IPs to effectively contribute to achieving sustainable results. Capacity development is a critical part of the HACT framework's vision of managing risk, rather than just assessing it.

Who

- United Nations staff with suitable skills and experience;
- Other development partners or third-party service providers.

When

Throughout the programme cycle as well as thereafter.

How we can help

- **Provide** pertinent trainings to raise IPs' awareness of HACT;
- **Develop** customised plans and recommendations for capacity development for short- and long-term;
- **Share** best practices.

Deliverables

- IP capability gap analysis;
- Workshops and trainings for IPs on financial and operational management, such as training in accounting procedures, document management and procurement;
- Plans and recommendations for long-term organisational transformation.

Our Commitments

Inspired by sharing the same values as our clients, Deloitte is highly engaged in societal commitments and humanitarian initiatives. We collaborate with various international organisations' management and staff at all levels and in various technical areas to respond to numerous organisational needs for more than 25 years.



As a result, we have achieved international recognition for dealing with significant issues and developed a large and prestigious public sector practice.

As a leading professional services organisation, Deloitte has much to contribute to the political, economic, and social development of our societies on a global scale. As such, we promote human dignity and ethical behaviour, advance learning and culture, and advocate the sustainable use of natural resources and the environment.

We demonstrate this through investments in our people, the advice and services we provide to our clients, the way we run our internal operations and the commitment we have towards our communities. Deloitte supports 50+ humanitarian organisations and has performed \$130M worth of volunteer and pro bono work in FY 2019.

Our Integrated Solutions

The Deloitte HACT brochure is part of a series of brochures that Deloitte has developed to offer targeted solutions to United Nations agencies and programmes as well as their partners in Asia Pacific. The other complementary offerings are:



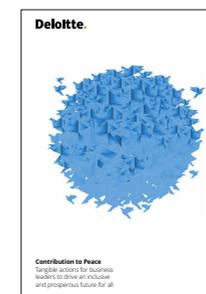
NPO and International Organisations:
Help to drive transparency, efficiency and accountability



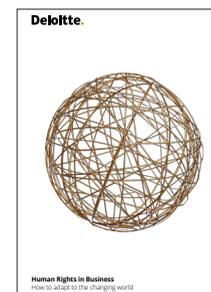
Partnership Mobilisation:
Discovering and leveraging synergies for mutual value creation



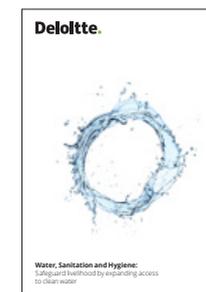
Sustainability Risk Management:
Powering performance for responsible growth



Contribution to Peace:
Tangible actions for business leaders to drive an inclusive and prosperous future for all



Human Rights in Business:
How to adapt to the changing world



Water, Sanitation and Hygiene:
Safeguard livelihood by expanding access to clean water

Contact us

Rui Figueiredo

Director, Strategic and Operational Risk
Deloitte Risk Advisory
rfigrdo@deloitte.com

Rebecca Bucherer

Manager, Strategic Risk
Deloitte Risk Advisory
rbucherer@deloitte.com

Deloitte.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax & legal and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei, Tokyo and Yangon.