Asian Forest Cooperation Organization

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Agenda Item 15.3

Internal Control Policy

I. Background

1. Internal controls play a vital role in the management of the Asian Forest Cooperation Organization (AFoCO), ensuring that the organization achieves its strategic objectives in an effective, efficient, transparent, and accountable manner. They constitute a process implemented by the Assembly, the Executive Director, the Secretariat, and other administrative or management units of AFoCO. The Internal Control Policy builds upon AFoCO's Internal Regulations, including its financial and staff regulations as established in Decision 7-I-18R, highlighting the need to establish a structured system in alignment with recognized standards for intergovernmental and international organizations.

2. Furthermore, this policy does not seek to alter existing regulations, but rather to integrate, harmonize, and strengthen the AFoCO internal policies and regulations listed below. In doing so, the Internal Control Framework brings together a wide range of existing policies into a coherent and comprehensive system.

II. Objectives

3. **Effectiveness and Efficiency of Operations**
The Internal Control Framework aims to ensure that operations are aligned with AFoCO's Strategic Plan, achieve programmatic and operational targets, and safeguard organizational assets from loss, misuse, or mismanagement.

4. **Reliability of Financial and Non-Financial Reporting**
The Internal Control Framework aims to guarantee the accuracy, timeliness, and transparency of both internal and external reports, in compliance with Green Climate Fund (GCF) requirements and International Public Sector Accounting Standards (IPSAS), while fulfilling obligations under AFoCO's Financial and Staff Regulations, executive directives, and operational guidelines.

III. Internal Control Framework

6. The Framework consolidates all guidelines and procedures under five internationally recognized components, designed to ensure integrated and effective internal control.

7. **Component 1: Control Environment**
This component serves as the foundation of AFoCO's internal control system and represents the "tone at the top." It reflects leadership's commitment to integrity, ethical behavior, accountability, and internal control, shaping the organization's ethical and control culture. By setting this tone, AFoCO leadership guides staff conduct and reinforces the importance of internal control across all stakeholders, both internal and external.

8. **Component 2: Risk Assessment**
This component refers to the process of identifying and evaluating risks that could impact the achievement of objectives, while considering established risk appetite.

9. **Component 3: Control Activities**
This component refers to actions guided by policies and procedures to ensure AFoCO's risk-mitigation directives are implemented. They operate across all organizational levels and processes, combining preventive, detective, and corrective measures to manage risks effectively.

10. **Component 4: Information and Communication**
This component ensures that relevant, high-quality information from internal and external sources is captured and communicated clearly and promptly, enabling management and staff to carry out their responsibilities effectively.

11. **Component 5: Monitoring**
This component assesses whether each internal control component is properly implemented and functioning effectively. Monitoring is carried out through continuous monitoring activities, independent reviews, or a combination of both.

IV. Points for Consideration

15. The Assembly may wish to consider and approve the Internal Control Policy.

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