



**Independent
Commission
for Aid Impact**

**Independent Commission for Aid Impact Annual Corporate
Plan 2011-12**

September 2011

Contents

	Page
1. Aims and Objectives	3
2. Delivery Arrangements	5
3. Business Plan	7
4. Financial Management	9
5. Corporate Governance	13
Annex A: Planned Reports for Year 1	19

1. Aims and Objectives

1. The Independent Commission for Aid Impact (ICAI) is a new, independent body responsible for the scrutiny of UK aid. ICAI focuses on the maximisation of impact and effectiveness of the UK aid budget for beneficiaries and the delivery of value for money for the UK taxpayer. Our mandate covers all Official Development Assistance (ODA) expenditure managed by the UK Government.
2. Led by a Chief Commissioner, ICAI reports to Parliament through the House of Commons International Development Select Committee. This ensures both independence and accountability.
3. We aim to publish transparent, impartial and objective reports, balancing value for money with delivery and impact on the ground and the voice of intended beneficiaries. We will provide strong, evidence-based feedback into Government decision-making to ensure that our recommendations lead to change.
4. In delivering our mandate we will:
 - publish up to 20 reports per year on our website;
 - communicate our findings clearly and concisely;
 - report to the International Development Select Committee, as well as accounting for our own performance;
 - advise the Department for International Development (DFID) and other government departments on the effectiveness of their expenditure through targeted recommendations and follow-up work; and
 - champion the use of independent evidence to help the UK to spend aid on what works best.
5. The Framework Agreement between DFID and ICAI notes that ICAI Commissioners should approve an annual Corporate Plan and that this plan should contain “an annual business plan, risk management strategy

and policies and practices to safeguard itself against fraud and theft". This document is our first Corporate Plan and builds on the work undertaken during our shadow phase to set out our proposed activities during 2011-12.

2. Delivery Arrangements

1. ICAI's mandate and the way we in which we work are set out in the founding documents, namely the Framework Agreement and Memorandum of Understanding, which have been agreed between us and DFID. These documents are available on our website at: www.independent.gov.uk/icaei.
2. ICAI comprises a three-part structure. The first part is a small Board of four Commissioners, who have been appointed on the basis of four-year contracts. The Board includes a Chief Commissioner, Graham Ward CBE and three other Commissioners: Mark Foster, John Githongo and Diana Good. The Commissioners are independent from Government and report directly to Parliament through the House of Commons International Development Select Committee, as set out in an exchange of letters between the Secretary of State for International Development and the Chairman of the Select Committee.
3. The second part of ICAI's organisational structure is a small Secretariat, whose members work from Dover House, 66 Whitehall and who provide all necessary support for the Commissioners to perform their duties. The Secretariat also leads the day-to-day management of the service provider described below.
4. The third part of the structure is a contracted-out service provider, led by KPMG in partnership with Agulhas Applied Knowledge, CEGA and SIPU International. We have awarded KPMG and its partners a four-year, non-exclusive contract, meaning that we can build an effective working relationship with them over time but also look to other firms if, for example, there is a conflict of interest or if we are dissatisfied with their performance. The contract also contains break-points to enable a review of performance and cost at the end of the first, second and fourth years.
5. The contractor's role is to provide a core team of in-house staff and a wider roster of subject-matter experts who will undertake evaluations,

reviews and investigations on behalf of ICAI and send draft reports to the Board for their approval.

6. ICAI as a whole will operate on the basis of the following core values:

- *Independence*: undertaking our work without fear or favour and reporting the facts as we find them;
- *Professional rigour*: using the highest professional standards to gather and evaluate evidence;
- *Transparency*: placing all reports and supporting analysis and our own records of costs and activities on our website;
- *Responsiveness*: taking account of public and Parliamentary opinion in selecting our work programme and undertaking our work;
- *Innovation*: making the most of our new status to experiment with new ways of working, reporting and interacting with our stakeholders; and
- *Integrity*: ensuring that our own operations are characterised by value for money, high ethical standards, transparency and accountability to Parliament and to the public.

3. Business Plan

1. In this section we set out our plans for 2011-12, including the reports we plan to undertake and our likely expenditure.
2. Descriptions of the 16 reports we plan to initiate in the coming year are set out at **Annex A**. These descriptions are taken from the work plan we published at our launch on 12 May 2011. In order to remain flexible and to be able to respond to events, we may change the scope of these reports, their individual emphasis on evaluation, value for money or investigation or the order in which we publish them.
3. We will follow the same process in respect of each report, as follows:
 - Commissioners draw up terms of reference;
 - our contractor responds with an inception report, setting out their approach, methodologies, resource requirements, delivery schedule and costs;
 - Commissioners approve the inception report which forms the basis of the contract for that report;
 - the contractor carries out the work and delivers a draft report;
 - Commissioners amend, approve and publish the final report, including recommendations;
 - DFID and other Departments respond to our recommendations; and
 - Commissioners may choose to examine whether recommendations have been implemented.
4. In addition to undertaking this work, Commissioners will continue to deepen their understanding of how DFID and other Departments spend Official Development Assistance. Following the Commissioners' recent visit to Sierra Leone and their extensive UK-based induction, further Commissioner engagement, whether in the UK or overseas, will demonstrate clear value for money in achieving ICAI objectives. As with our travel arrangements to date, we will continue to use resources economically and to report the benefits gained.

5. Commissioners will also continue to engage with a wide range of stakeholders, including NGOs, academics, interest groups and representatives of other bilateral and multilateral donors. This engagement should ensure that we understand the various debates within the development community and can explain our findings to those groups.

4. Financial Management

1. Our financial management arrangements are as follows: DFID will provide funding for the Commissioners and Secretariat and their associated costs. Funds will be spent and accounted for in line with DFID procedures. The Secretary of State for International Development has written a letter (available on our website) guaranteeing ICAI funding over a four-year period, enabling us to plan on the basis of a reliable and stable budget. We in turn will obtain DFID's prior written approval before making any significant change in the scale of operations which would affect the overall budget.

2. We expect to incur expenditure in the following areas:
 - fees for work undertaken by the contractor, including a monthly management fee, as well as the costs of individual evaluations, reviews and investigations, as set out in the contract;
 - Commissioners' costs, including honoraria and reimbursable expenditure for travel and subsistence in accordance with agreed public sector rates and guidelines;
 - Secretariat costs, including staff salaries and reimbursable expenditure for travel and subsistence in accordance with agreed public sector rates and guidelines; and
 - office accommodation and associated running costs, including IT and security.

3. We will use our resources efficiently, economically and effectively. We will seek to maximise good value for the public purse by:
 - using management information to gain assurance about value for money and the quality of delivery by our contractor and take appropriate action;
 - ensuring Commissioners approve an annual budget and any expenditure by the Head of Secretariat, who in turn approves all expenditure by Secretariat staff;

- the regular review by Commissioners of financial performance against budget;
 - having practical, documented arrangements for working in partnership with other organisations; and
 - using internal and external audit to improve internal controls and performance.
4. We will ensure high quality financial management through the implementation of the controls detailed above, as well as through sound contract management. To assist us, our contractor will provide:
- quarterly reports, including details of all work undertaken and costs incurred in the previous quarter; and work to be undertaken in the forthcoming quarter with a description of the relevant outputs, estimated costs and timeframes;
 - annual management reports; and
 - annual audited statements, provided in June every year.
5. We are an Advisory Non-Departmental Public Body¹ and, as such, are not formally required to account for our expenditure outside DFID's Annual Report and Accounts. Nevertheless, as part of our commitment to values such as transparency and integrity set out in Part 2, we are keen to explain how we will spend the money we have been allocated.
6. One challenge in meeting this aspiration is that the majority of our expenditure in every full year of operation will be spent on payments to the contractor. For reasons of commercial confidentiality we have not released the total value of our capped budget, since we wish to avoid the contractor simply bidding up to that figure. The budget set out below at **Figure 1** therefore excludes the majority of our likely expenditure. The amount we actually spend will be published in our annual report. We may also discuss

¹ Non-Departmental Public Bodies (NDPBs) are bodies which have a role in the processes of national Government, but which are not part of any Government Department and which accordingly operate to a greater or lesser extent at arm's length from Ministers. Advisory NDPBs usually provide independent, expert advice, unlike Executive NDPBs, which typically carry out executive, administrative, regulatory and/or commercial functions.

confidential estimates of costs for individual reviews with DFID to build mutual confidence in our process and provide them with assistance in the discharge of their financial management responsibilities.

Figure 1: ICAI budget for 2011-12

Inputs	Rates	Details	Total
Contractor costs, including fixed management fee and fees for individual reports	Report fees to be agreed depending on scope	Up to 20 reports per annum	<i>Withheld</i> (see Section 4, Para. 6)
Secretariat staff costs	<i>Withheld</i> ²	4 members of staff	£275,000
Secretariat travel and reimbursable expenses	Economy rates; expenses in line with DFID travel policy	Planned trips to Paris, Brussels, Washington DC and a DFID Country Office	£5,200
Commissioners costs, including honoraria payments and travel (for overseas visits / board meetings)	Chief Commissioner (£600 per day); Commissioners (£300 per day)	Up to 65 / 40 days per annum for Chief Commissioner and Commissioners respectively	£101,500
Accommodation costs	£2,083 per month	For office space and use of meeting rooms	£25,000
IT Services	£67 per month	Telecoms and broadband services	£800
Other office costs		To cover incidental costs, including postage and stationery	£1,000
Total			£408,500

² Further breakdown is withheld since staff below Senior Civil Service grades are not required to disclose salary levels. Costs shown here include VAT charges and National Insurance contributions charged to DFID by those Departments seconding staff to ICAI.

2. DFID's Internal Audit Department will have access to information required to provide assurance to DFID's Permanent Secretary on governance, risk management and control, including fraud prevention and response. The National Audit Office (NAO) is the external auditor of DFID and as such the Comptroller & Auditor General and his staff will have rights of access to ICAI for all the NAO's statutory functions.

3. We will report on overall performance against financial management and governance objectives in our future annual reports.

5. Corporate Governance

1. ICAI operates as an Advisory Non Departmental Public Body, sponsored by DFID. Our over-arching corporate governance objectives are to act within the mandate agreed with the Secretary of State for International Development and to ensure that ICAI operates efficiently, effectively and to a high standard of probity.

2. Our more detailed governance objectives are to:
 - operate a governance structure which takes effective decisions;
 - have trustworthy internal controls to safeguard, record and channel resources as intended;
 - operate with propriety and regularity in all our transactions;
 - treat stakeholders and business counterparties fairly and honestly;
 - give timely, transparent and realistic accounts of our activities through our agreed reporting channels;
 - make all decisions in line with the aims and objectives of the organisation set out in our founding documents;
 - use our resources according to the principles set out in the Treasury's *Managing Public Money* guidance³;
 - manage our staff fairly, with inclusive policies designed to promote and integrate diversity; and
 - communicate decisions openly and transparently.

3. As set out in our founding documents, we will follow DFID practice in most areas of operational policy, unless there is a compelling reason not to, such as the different health and safety policy required as a result of our office location in Dover House. This approach applies to our adherence to: human resource policies on pay and performance; complaints; information security; and compliance with the Freedom of Information, Data Protection and Public Records Acts.

³ *Managing Public Money*, HM Treasury guidance on handling public expenditure - http://www.hm-treasury.gov.uk/psr_mpm_index.htm

4. As an Advisory Non-Departmental Public Body, we are not obliged to publish a separate, formal statement of internal control to that issued by DFID in its annual report and accounts, although we will contribute to that process. Our intention here, however, is to provide a picture of our internal controls, so as to demonstrate our commitment to both transparency and efficiency. In addition, in the following section, we set out our approach to the management of risk.
5. Our approach to internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The approach is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. Our system of internal control has been in place since 12 May 2011.
6. The Chief Commissioner is responsible for maintaining a sound system of internal controls that supports the achievement of ICAI policies, aims and objectives, whilst safeguarding the public funds and assets for which he is responsible, in accordance with the responsibilities assigned to him in *Managing Public Money*.
7. DFID's responsibility is to ensure that arrangements are in place to monitor ICAI's activities, assess risk and deliver value for money. DFID will also ensure that ICAI's expenditure is reflected within DFID's overall resource accounts.
8. Our key controls relate to the establishment of clear arrangements for the relationship and use of resources between ICAI and DFID and the control of ICAI expenditure with our contractor and elsewhere. Arrangements for the DFID-ICAI relationship are set out in the Framework Agreement and Memorandum of Understanding.

9. The oversight of expenditure via our principal contract is our most important control. We will provide assurance that contract funding is used efficiently by:

- giving the contractor clear cost, time and quality targets through agreed terms of reference, inception reports and contract conditions;
- tracking contractor delivery performance through regular meetings and quarterly reporting;
- ensuring contractor payments do not exceed agreed fee rates or the agreed overall budget;
- reconciling payment requests to outputs delivered; and
- requesting updates by the contractor to Commissioners at Board meetings.

10. Our payments to the contractor and to other parties for our accommodation in Dover House and IT services will all be made through DFID. Protection against fraud and theft in those areas will therefore rely on DFID systems, enhanced by an additional level of protection via our counter-signature to confirm that those services have been delivered.

11. The area of expenditure where we currently have more direct control is for our costs of £1,000 to provide stationary, postage and other office supplies. For this expenditure we will use a DFID Purchasing Card. In addition to the usual controls required to use this card, DFID will have electronic oversight of our expenditure.

12. In addition to these controls, we will also gain assurance from other parties, including DFID's internal and external auditors and the audited statements of our contractor. Where they note weaknesses in our systems or policies, we will act immediately to remedy them.

13. We have designed our risk management approach to mirror the nature of our work. Risks may be identified by Commissioners and Secretariat staff, sometimes in conjunction with DFID or our contractor. The Secretariat is then responsible for incorporating those risks into a risk register and assigning assessments of likelihood and impact and mitigation actions. The Secretariat will report back to Commissioners at every Board meeting whether new risks have arisen and whether the status of identified risks has changed. Commissioners will review the risk register in detail once a year.
14. In overall terms, our risk appetite is low, since the materialisation of any risk could damage our reputation and thus our credibility with Parliament, the public and the Departments with which we work. Risks are likely to arise from two principal aspects of our work: our business transactions and the challenge of producing reports. Carefully managed, our business transactions should be straightforward, although the financial impact of not managing them would be considerable. The process of producing high-quality reports, on the other hand, might not represent a large financial risk, but poses real challenges for our reputation and ability to exercise a positive influence.
15. Key areas of risk for us include: not delivering the high-quality, accessible and influential reports envisaged by our mandate; Commissioners' or staff actions undermining confidence in ICAI; shortfalls in information assurance; and failing to manage our resources, particularly with regard to our contractor, where the majority of our expenditure will fall. Our view of the current major risks facing ICAI and associated mitigating actions is set out at **Figure 2**.

Figure 2: Major risks for ICAI and associated mitigating actions

Risk	Mitigation	Risk Assessment Post-Mitigation	
		Likelihood	Impact
Loss of control over main contract expenditure leading to excess overall expenditure or poor value reports	<ul style="list-style-type: none"> • Clear Terms of Reference, Inception Reports and individual contracts • Close scrutiny of report budgets against actual expenditure • Analysis of report cost trends over next 12 months • Chief Commissioner & Head of Secretariat sign-off for each contract 	Low	Medium
Not delivering high-quality, accessible reports envisaged in our mandate	<ul style="list-style-type: none"> • Clear contractual requirements for contractor to deliver to quality standards • Multiple quality assurance processes within contractor team and at Secretariat level prior to report publication • Commissioner scrutiny • Deliver reports which are accessible to all our stakeholders 	Medium	High
Inappropriate behaviour of staff or Commissioners undermining public confidence in ICAI	<ul style="list-style-type: none"> • Commissioners abide by Code of Conduct including Nolan principles of public life • Commissioners' interests are declared / managed appropriately • Staff work according to ICAI core values and Civil Service Code 	Low	High
Risk of lost or leaked information	<ul style="list-style-type: none"> • All Secretariat/contractor staff and Commissioners security cleared • Minimise use/retention of personal data • Joint responsibility with DFID to ensure reports are unclassified • Compliance with Data Protection 	Medium	Medium

	<p>Act by following DFID policies and procedures</p> <ul style="list-style-type: none"> • Physical security measures in Dover House 		
Lack of access to all data, information and people to report accurately	<ul style="list-style-type: none"> • DFID internal guidance making clear responsibility to provide information requested • Secretariat having access to DFID systems 	Low	Medium

Annex A: Planned reports for Year 1

1. The table below sets out the reports we envisage initiating in the next twelve months.

Core Component		
Product	No.	Candidate Subjects
Investigation	1	Subject: <i>Investigation into DFID's programme controls and assurance in Afghanistan</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>materiality</u>, <u>interest</u> and <u>risk</u> elements of strategy • Clear public and Select Committee interest • Rising budget and challenging environment means controls are vital to avoid waste and corruption • DFID uses World Bank Trust Fund as proxy for budget support
VFM Review	2	Subject: <i>Comparison of DFID's education programmes in three East African countries</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>interest</u> and <u>materiality</u> elements of strategy • Comparative approach sets baseline for additional ICAI work on education and could provide some lessons on budget support in this sector • Should provide cost comparisons through VFM approach – important in context of increasing expenditure • Would assess contribution towards Millennium Development Goal 2

Evaluation	3	Subject: <i>DFID's Anti-Corruption Strategy</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <i>interest</i> and <i>risk</i> elements of strategy • Responds to clear public interest from our consultation • Should provide useful starting-point for additional anti-corruption work
Evaluation	4	Subject: <i>Management of the cross-departmental Conflict Pools</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <i>coverage</i> and <i>risk</i> elements of strategy • Some concerns expressed over effectiveness of programme strategy and management • Allows ICAI to examine two other Departments (Foreign and Commonwealth Office and Ministry of Defence) alongside DFID in year 1 • Reflects increasing focus on conflict states
Evaluation	5	Subject: <i>Study of World Bank Evaluation and Performance Measurement Activity</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <i>coverage</i> and <i>materiality</i> elements of strategy • Would allow assessment of one of the Government's largest multilateral partners • Could follow up Multilateral Aid Review analysis
VFM Review	6	Subject: <i>DFID's management of budget support activities</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <i>coverage</i>, <i>materiality</i> and <i>risk</i> elements of strategy • Would provide assurance over significant annual expenditure with direct impact on Millennium Development Goal targets • Could cover coordination with both bilateral and multilateral donors • A part of DFID's business not widely understood by the public

Joint Evaluation	7	Subject: Joint evaluation of United Nations Programme (e.g. with United Nations Development Programme Evaluation Team)
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>materiality</u>, <u>interest</u> and <u>risk</u> elements of strategy • Allows us to tackle multilateral expenditure in Year 1 • Choice of programme would depend on agreement with UNDP, but could examine delivery chain effectiveness or UNDP's coordination role • UNDP rated "good" by Multilateral Aid Review and UK contributions likely to remain considerable
VFM Review	8	Subject: DFID's use of technical consultants
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>materiality</u> and <u>risk</u> elements of strategy • Obvious value for money angle • Clear recommendation from International Development Committee to investigate this topic. Also a theme from the public consultation. • May provide wider lessons for working with private sector
VFM Review	9	Subject: Emergency / humanitarian response to crisis (e.g. in Libya)
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>interest</u> and <u>risk</u> elements of strategy • Considerable public and recipient interest • Would provide response to Humanitarian Emergency Response Review recommendation for ICAI to focus on this sector • Changing events on the ground in Libya may mean another country provides a better case study by the time we undertake this work

Evaluation	10	Subject: <i>DFID's climate change programme in Bangladesh</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>interest</u>, <u>materiality</u> and <u>risk</u> elements of strategy • Clear recipient interest, since Bangladesh already suffers effects of climate change • Large programme budget: £75 million (2009-2013) on direct climate change activity and £100 million over eight years to support sustainable livelihoods
Flex Component		
Product	No.	Candidate Subjects
Evaluation	1	Subject: <i>Joint evaluation with Gates Foundation</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Could address <u>coverage</u> and <u>interest</u> elements of strategy, depending on scope, but should also address Gates Foundation priorities • Gates Foundation are keen to collaborate • Scope to be decided, but could examine various DFID and Gates Foundation programmes
Evaluation	2	Subject: <i>Evaluation of a Regional Development Bank</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u> and <u>materiality</u> elements of strategy • Allows further coverage of multilateral expenditure in an area with low public profile • Could follow up Multilateral Aid Review analysis • Choice of Bank to examine will follow after further analysis
VFM Review	3	Subject: <i>DFID's health programme in Zimbabwe</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u> and <u>interest</u> elements of strategy • Responds to public consultation interest in both Africa and health

		<ul style="list-style-type: none"> • Obvious recipient interest and clear link to Millennium Development Goal 6 • Provides opportunity to examine priority areas such as HIV/AIDS and maternal health in context of a fragile state
Evaluation	4	Subject: <i>Study of Value for Money and Aid Effectiveness</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>risk</u> and <u>interest</u> elements of strategy • This will consist of a review of the current thinking on the meaning of value for money in the context of international development and aid effectiveness and aim to produce a practical contribution to this important international debate
Investigation	5	Subject: <i>Comparative study of health and education programmes in India</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u>, <u>risk</u> and <u>interest</u> elements of strategy • Would look at a small number of programmes to compare approaches taken to programme management, assurance and results • Area of particular public and Parliamentary interest
Investigation	6	Subject: <i>DFID/Nike Girl Hub</i>
		Rationale & selection criteria covered: <ul style="list-style-type: none"> • Addresses <u>coverage</u> and <u>materiality</u> elements of strategy • Would examine this joint venture, examining how the partnership is delivering development impact for recipient communities • Could examine how it balances its governance, funding and accountability arrangements with those of its parent institutions - Nike Foundation and DFID • Reflects policy priority of increasing role of private sector