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Auditors & Business Advisors

The Unique Alternative

REPORT ON ISO 9001:2015 PRE-CERTIFICATION ASSESSMENT OF AMERICAN UNIVERSITY OF AFGHANSITAN UNDER BLANKET PURCHASE AGREEMENT No. AID-306-E-14-00003, Task Order No. AID-306-BC-16-00001

KABUL, AFGHANSITAN

JULY 17, 2016

Limited redactions have been made to in accordance with the principled exceptions to the presumption in favor of openness established in OMB Bulletin 12-01, "Guidance on Collection of U.S. Foreign Assistance Data. Per ADS 201 mandatory reference, Limitations to Disclosure and Exemptions to Public Dissemination of USAID Evaluation Reports (New Edition Date 9/7/16)

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TRANSMITTAL LETTER

July 17, 2016

Mr. Ousmane Faye
Contracting Officer
Office of Acquisition and Assistance (OAA)
United States Agency for International Development (USAID)
Great Masood Road
Kabul, Afghanistan

Contracting Officer,

REPORT ON ISO 9001:2015 PRE-CERTIFICATION ASSESSMENT OF AMERICAN UNIVERSITY OF AFGHANSITAN

We have completed the ISO 9001:2015 Pre-Certification Assessment of American University of Afghanistan (AUAF) as per the Scope of work attached with BPA CALL # AID-306-BC-16-00001 and enclose a copy of our report.

We wish to place on record our appreciation for the cooperation and courtesy extended to us by the representatives of USAID/Afghanistan, staff and the management of AUAF in accomplishment of our task.

Very truly yours

Horwath MAK
Auditors & Business Advisors
KABUL

SECTION 01 – EXECUTIVE SUMMARY

1.1 Background
1.2 About American University of Afghanistan
1.3 USAID Cooperative Agreement for the support of American University of Afghanistan
1.4 Objective of ISO 9001:2015, Pre-Certification Assessment of American University of Afghanistan
1.5 Scope of Assessment
1.6 Assessment methodology and approach
1.7 Area wise summary of Assessment results

1.1 BACKGROUND

USAID/Afghanistan engaged with the American University of Afghanistan (AUAF) to fund an off- budget program where USAID provided $45 million to build the capacity of the University. USAID's activities support AUAF in its efforts to:

a) Increase the number of female students;
b) Introduce new curricula for the sciences, education, and management disciplines; and
c) Explore options for distance learning courses and on-line resources.

These activities are intended to enable AUAF to establish new partnerships and achieve accreditation in Afghanistan and potentially meet the U.S. accreditation standards. USAID supports AUAF as it expands its undergraduate program, increases enrollment, and implements a fundraising plan to increase its financial independence. AUAF offers English-language undergraduate, graduate, and continuing education programs in the U.S. liberal arts tradition. Degree programs are offered in liberal arts and market-driven fields, such as business administration and information technology. AUAF's Foundation Studies Program, a pre-university experience, brings potential students to the levels of English and math required for admission to the university.

Besides addressing critical skills shortages in Afghanistan's workforce, AUAF's Professional Development Institute (PDI) offers courses in English, information technology, leadership, and project management, which generate income that contributes to supporting university operations. AUAF has also launched a Master of Business Administration (MBA) program, the first Western-style MBA in Afghanistan. Additionally, in March 2014, AUAF inaugurated a Master of Education program in conjunction with the Government of the Islamic Republic of Afghanistan (GIRoA) and the World Bank.

1.2 ABOUT AMERICAN UNIVERSITY OF AFGHANISTAN (AUAF)

1.2.1 Incorporation

The name of the institution is the American University of Afghanistan ("University") which has its principal campus and headquarters in Kabul, Afghanistan.

The University was established as "Not for Profit Organization" on July 26, 2004, under Article 46, Chapter 2 of the Constitution of Afghanistan, and other relevant Articles in Chapter 2 related to higher education, and pursuant to Chapter 7, Article 455 of the Civil Code of Afghanistan. The University is chartered to operate in the style of American universities as a private, non-governmental, coeducational, tuition and fee based, and self-governing institution.

1.2.3 Vision

The American University of Afghanistan will rank among the outstanding American international universities, serving as a model for private not-for-profit higher education in the country and the region. The university will be known for academic and professional programs that build on liberal studies and provide enlightened instruction in key areas that serve the development of the country and promote the aspirations of its students.

AUAF will operate from a spacious, attractive campus that is equipped with excellent, up-to-date facilities and technical capacity. The university will employ a diverse, highly educated international faculty to attract and instruct the finest male and female students in the country in a thriving environment of social and scientific inquiry. Graduates will be able to think critically, meet the challenges of a rapidly changing world, be competitive with graduates of other universities globally, achieve technical and electronic expertise, develop new enterprises and employment opportunities, and assume leadership positions in business, education, social services, government, law, international relations, and other sectors. Together, the university and its constituents will contribute to the progress and prosperity of the country and the region.

1.2.3 Mission

The American University of Afghanistan is dedicated to provide world class higher education that prepares leaders to meet the needs of Afghanistan and the region.

1.2.4 Values

The American University of Afghanistan is committed to rigorous transparency in all areas as it advances academic freedom and the unfettered pursuit of knowledge. It respects the principles of equality and fairness without regard to gender, ethnicity, religion, or kinship, and will conduct itself accordingly. It esteems original scholarship, academic honesty, meritorious instruction, and public service in its faculty, staff and students. AUAF embraces diversity and community, understanding that personal responsibility and ethical behavior enhance the collective achievements of students and other constituents of the university.

It believes that the university's responsibility reaches beyond the campus and the timely graduation of students to embrace the future employment and educational success of the university's alumni. The university is committed to playing an active role in the extension of educational services to the people, agencies, businesses, and organizations of Afghanistan.

1.3 USAID COOPERATIVE AGREEMENT 306-A-13-00004 for the support of American University of Afghanistan (AUAF)

A. Purpose and Objective

The purpose of the agreement is to provide support to American University of Afghanistan with objectives;

I. Strengthening Academic and Professional Development Programs
II. Enhancing Quality of Programs
III. Expanding Programs for Women
IV. Increasing Financial Self-Sufficiency

The American University of Afghanistan proposes a five-year cooperative agreement with USAID, to begin at the end of the current cooperative agreement, August 1, 2013, and continuing through July 31, 2018.

Within the five years from the date of signing of the Cooperative Agreement, i.e. 2013 to 2018, with the support of USAID, AUAF will:

- Support the increased number of women students;
- Prepare and refine curricula for the sciences, education, and management disciplines;
- Add an additional master's degree program and expand graduate enrollment;
- Coordinate academic programs and support services with programs for women offered through the International Center for Afghan Women's Economic Development;
- Refine its academic structure to include schools, as well as departments;
- Launch distance learning courses and increase on-line resources;
- Enhance security for students, staff, and faculty;
- Implement quality assurance measures;
- Establish U.S. and regional partnerships; and
- Assume a leadership role in implementing national accreditation in Afghanistan, while meeting substantive requirements for US regional institutional accreditation.

During this period of five years, the university will also move aggressively toward independent sustainability by:

- Limiting growth in undergraduate enrollment while maximizing graduate enrollment;
- Increasing revenues and enrollment in Professional Development Institute courses;

- Offering degree programs for cohorts of students sponsored by ministries, other government agencies, and the private sector under contracts that cover costs;
- Bringing tuition levels and financial aid expenditures for undergraduate students more closely in line with costs;
- Reducing costs by consolidating staff housing and enhancing security on the new campus;
- Diversifying funding including private contributions and in-kind donation; and
- Realizing other cost cutting measures including achieving savings as course enrollment targets are achieved as a result of expanded enrollment levels.

The costs components supported under the Cooperative Agreements are;

i) International Staff Salary
ii) National Staff Salary
iii) International Staff Fringe Benefits
iv) National Staff Fringe Benefits
v) Security Costs
vi) Indirect Costs

1.4 OBJECTIVE OF ISO 9001:2015 PRE-CERTIFICATION ASSESSMENT OF AMERICAN UNIVERSITY OF AFGHANSITAN

In contemplation of USAID's continuous support for the American University of Afghanistan, the objective is to conduct a precertification ISO 9001:2015 assessment with the purpose of informing the Mission and AUAF's standing relative to future accreditation. This pre-certification assessment will evaluate AUAF from the standpoint of a comprehensive Quality of Management System (QMS) using the well-established ISO guidelines. This assessment focused on AUAF's ability to identify Quality Dimensions and develop a baseline from which top AUAF management and USAID leadership can jointly inform future decisions to ensure AUAF becomes the premier American-style University in Afghanistan and ensure its future as a legacy institution.

The assessment was performed in accordance with the ISO 9001: 2015 guidelines with the following specific objectives;

- Determine whether the entity has developed and implemented Quality Management System and its process in different parts of entity.
- Determine whether entity demonstrated that top management is providing leadership and commitment to the Quality Management System. i.e. Customer focus, Quality Policy, Organization roles, responsibilities and authorities.
- Determine whether entity has determined the risks and opportunities that need to be addressed.
- Determine whether entity has determined and provide the resources needed for the Quality Management System.
- Determine whether entity has documented information for their Quality Management System and different parts of organization.
- Determine whether entity has operational planning and controls in place for the design of their products and services.
- Determine whether entity has process in place for monitoring, measurement, analysis and evaluation.
- Determine whether entity has determined and selected opportunities for improvement and implement necessary actions.

We designed assessment steps and procedures in accordance with *ISO 9001:2015 Quality Management System* to provide to determine the adequacy of systems, system to control and account for main principles for Quality Management System under ISO 9001:2015.

1.5 SCOPE OF ASSESSMENT

Our Scope of work for this assessment mainly included the eight Quality Management System principles stated in ISO 9001:2015 which are;

- Customer Focus
- Leadership and Commitment
- Involvement of People
- Process Approach
- System Approach
- Continual Improvement
- Fact based decision making
- Mutually beneficial supplier relationships

Other specific areas of our scope are listed below;

1. Arrange an awareness workshop for university staff to explain the ISO 9001:2015 pre certification process (i.e. staff orientation).

2. Review the current state of the quality of university products like, student knowledge, abilities and competencies, courses and programs including university research programs however our review scope is not limited on these university products only.

3. Advise on organizations governance structure of the university and define the roles and responsibilities for key stakeholders.

4. Examine the university's management efforts to integrate sustainability strategy into the university's overall strategy.

5. Review the decision making process and practices in the university along with the existing code of ethics if any and propose changes in line with best international practices.

6. Review documentation established by the management to define their own needs to manage the processes for new products launching;

7. Review of system for managing processes using Plan Do Check Act (PDCA) for interaction of processes,

8. Review, if any Gap Analysis has been performed by management to identify omissions or weaknesses in fund management and services products;

9. Review of self-assessment mechanism for management responsibility, resources management, product realization and analysis and improvements

10. Advise on staff training requirements for ISO 9001:2015 compliance.

11. Develop a Quality Improvement Program and advice on the prioritization of actions to be taken.

1.6 ASSESSMENT METHODOLOGY & APPROACH

1.6.1 Assessment Approach

Our assessment approach determines the extent of the assignment, which varies depending on the size and nature of the client, as well as on the nature, functionality, complexity and the level of maturity and matters of significance to the management system to be assessed.

Approach for precertification assessment of AUAF includes the following:

- Objective, scope and duration of assignment ;
- Importance, complexity, similarity and locations of the activities to be assessed;
- Factors influencing the effectiveness of the management system;
- Applicable criteria, such as planned arrangements for the relevant management standards, legal and contractual requirements and other requirements to which the organization is committed;
- Conclusions of previous assessments, internal and external audits;
- Language, cultural and social issues;
- The concerns of interested parties, such as customer complaints or non-compliance with legal requirements;

- Significant changes to the AUAF or its operations;
- Availability of information and communication technologies to support assessment activities, in particular the use of remote assessment methods;
- Evaluation of the occurrence of internal and external events, such as product failures, information security leaks, health and safety incidents or criminal acts.

Establishing Procedures for the Assessment Program

There are many different risks associated with establishing, implementing, monitoring, reviewing and improving an assessment program that may affect the achievement of its objectives. These risks may be associated with the following:

- Planning, e.g. failure to set relevant assessment objectives and determine the extent of the assessment program;
- Resources, e.g. allowing insufficient time for developing the assessment program or conducting an assessment;
- Selection of the assessment team, e.g. the team does not have the collective competence to conduct assessments effectively;
- Implementation, e.g. ineffective communication of the assessment program;
- Records and their controls, e.g. failure to adequately protect assessment records to demonstrate assessment program effectiveness;
- Monitoring, reviewing and improving the assessment program, e.g. ineffective monitoring of assessment program outcomes.

However despite these inherent risks Horwath Mak developed its peculiar Risk Assessment and risk Management approach for the precertification assessment of American University of Afghanistan to devise assessment program.

Identifying Assessment Program Resources

While identifying resources for the assessment program, Horwath Mak considered the following:

- Financial resources necessary to develop, implement, manage and improve assessment activities;
- Assessment methods;
- The availability of technical experts having appropriate competence to the particular assessment program objectives;
- The extent of the assessment program and assessment program risks;
- The availability of information and communication technologies.

Defining Objective, Scope and Criteria

Our assessment program is consistent with the overall assessment program objectives. The assessment objectives define what need to be accomplished during assessment and includes the following:

- Determination of the extent of conformity of the management system to be assessed, or parts of it, with assessment criteria;
- Determination of the extent of conformity of activities, processes and products with the requirements and procedures of the quality management system;
- Evaluation of the capability of the management system to ensure compliance with legal and contractual requirements and other requirements to which the organization is committed;
- Evaluation of the effectiveness of the quality management system in meeting its specified objectives;
- Identification of areas for potential improvement of the quality management system;

- The assessment criteria are used as a reference against which conformity is determined and may include its applicability; and
- Policies, procedures, standards, legal requirements, management system requirements, contractual requirements, sector codes of conduct or other planned arrangements.

Assessment Methods

Table below provides the assessment methods that are used in combination, in order to achieve the assessment objectives.

Extent of involvement between the Horwath Mak and the AUAF	Location – On site
Human interaction	▪ Conducted interviews ▪ Inquires / questionnaires with client participation ▪ Conducted document review with client participation ▪ Sampling
No Human interaction	▪ Conducted document review (e.g. records, data analysis) ▪ Observation of work performed ▪ Conducted on-site visit ▪ Completed checklists ▪ Sampling (e.g. products & services)

Managing the Assessment Outcome

Manager Planning and Reporting ensured that the following activities are performed:

- Reviewed and approved assessment reports, including evaluating the suitability and adequacy of assessment findings;
- Review of root cause analysis and the effectiveness of corrective actions and preventive actions;

Monitoring and Assessment Program

- Manager Planning and Reporting monitors the implementation of assessment program, considering the need to:
  - Evaluates conformity with assessment programs, schedules and assessment objectives;
  - Evaluates the performance of the assessment team members;
  - Evaluates the ability of the assessment teams to implement the assessment plan;
- Some factors that determined the need to modify the assessment program, such as the following:
  - Assessment findings;
  - Demonstrated level of management system effectiveness;
  - Changes to the client's management system;
  - Changes to standards, legal and contractual requirements and other requirements to which the organization is committed;
  - Change of supplier.

Preparing Work Documents

The assessment team collected and reviewed the information relevant to assessment assignments and prepared work documents, as necessary, for reference and for recording assessment evidence. Such work documents includes the following:

- Checklists;
- Assessment sampling plans;

- Forms for recording information, such as supporting evidence, assessment findings and records of meetings.

The use of checklists and forms were not restricted to the extent of assignment activities, which are changed as a result of information collected during the assessment. Those documents involving confidential or proprietary information.

Methods of collecting information include the following:

- Interviews;
- Observations;
- Review of documents, including records

Preparing Findings and Recommendation

The assessment team would conferred prior to the closing meeting in order to:

- Review the assessment findings, and any other appropriate information collected during the assessment, against the assessment objectives;
- Agree on the assessment findings, taking into account the uncertainty inherent in the assessment process;
- Prepare recommendations, if specified by the assessment plan;
- Assessment conclusions can address issues such as the following:
    - The extent of conformity with the assessment criteria and robustness of the management system, including the effectiveness of the management system in meeting the stated objectives;
    - The effective implementation, maintenance and improvement of the management system;
    - The capability of the management review process to ensure the continuing suitability, adequacy, effectiveness and improvement of the management system;
    - Achievement of assessment objectives, coverage of assessment scope, and fulfilment of assessment criteria;
    - Similar findings made in different areas that were assessed for the purpose of identifying trends.

Reporting

The format and content of the audit reports closely follows the U.S Government and USAID requirements.

- Review of all the findings along with the working papers by our Senior Manager Planning & Reporting and Quality Control department;
- Finalizing the findings and preparing the draft ‘Assessment Report’. This will take into consideration USAID’s reporting requirements;
- Reviewing draft report with USAID and after the approval of draft report, holding an exit conference for discussion of the report with entity’s management;
- Sharing the draft report with the management for including their comments;
- Evaluating management feedback and proposed corrective action, make revisions as necessary, and finalize the report;
- Issuance of final “Assessment Report”

Assessment finding and recommendations

Our assessment finding and recommendations report covers the following below mentioned areas:

- Quality Control Improvement Plan – AUAF
- Advice On Organizational Structure – AUAF
- Advice / Guidelines For Training Activities of Staff on ISO 9001: 2015
- Proposed Changes In Code of Ethics In Line With ISO 9001: 2015

1.7 AREAS WISE SUMMARY OF ASSESSMENT RESULTS

Assessment Area	Finding No.	Assessment Results	Page Ref
Internal audit	5.1.1	Internal audit reports for the previous year's i.e. 2015, 2014 and 2013 were not preserved by the university.	31
	5.1.2	Head of Internal Audit does not have relevant education and certification	32
	5.1.3	Current Internal Audit Charter was approved by President instead of Board or Audit Review Committee which is not yet formulated	33
Student Affairs	5.2.1	Deficiencies were noted in the files of Scholarship holding students.	34-35
	5.2.2	Deficiencies were observed in the files of students taking Financial Assistance Program	36-37
	5.2.3	Deficiencies were observed in UG, PDI & MBA student files	38
	5.2.4	Lack of Distance Learning Program	39
	5.2.5	Deficiency in post-service delivery event procedures	40
	5.2.6	No written procedures defined for student's complaints receiving and handling function	41
	5.2.7	Separate pathways and elevators are not installed for disabled students/faculty	42
Human Resource Management	5.3.1	Deficiencies were noted in employee/faculty personnel files	43
	5.3.2	Key position remained vacant since long	44
	5.3.3	No written policies and procedures defined for the "Employee Education Opportunities"	45
	5.3.4	Thumb Impression machines to control the timekeeping records were not in operation	46
	5.3.5	Lack of training on USAID rules and regulations	47
Assets Management	5.4.1	Significant discrepancies and nonconformities were found upon physical verification of assets	48
Information Technology	5.5.1	No Information Technology System Audit was performed	49
	5.5.2	IT servers and equipment's were not insured against the risk of unexpected event	51

Assessment Area	Finding No.	Assessment Results	Page Ref
Accounting and Financial Management	5.6.1	Undue Currency Fluctuation losses	52-53
	5.6.2	No Policy for Unclaimed Wages & Salaries.	54
	5.6.3	Lack of credit card/debit card swap machine to enable online receipts	57
	5.6.4	No written timelines defined for authorization of Annual Financial Statements	58
	5.6.6	No practice to prepare monthly financial statements	59
	5.6.7	No practice to prepare project/pro forma annual financial statements	60

SECTION 02 – INDEPENDENT ACCOUNTANT'S REPORT ON AGREED UPON PROCEDURES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES FOR ISO 9001:2015 PRE-CERTIFICATION ASSESSMENT OF AMERICAN UNIVERSITY OF AFGHANISTAN

Contracting Officer,
Office of Acquisition and Assistance (OAA)
USAID/Kabul, Afghanistan
Kabul, Afghanistan

We have performed the procedures enumerated below, which were agreed to by the managements of Horwath Mak, Auditors and Business Advisors and United States Agency for International Development (USAID)/Afghanistan, solely to assist you in evaluation of quality of management system of American University of Afghanistan (AUAF) on the basis of eight quality management principles stated in ISO 9001:2015 through performance of pre-certification assessment.

American University of Afghanistan (AUAF) management is responsible for establishing and maintaining quality of management systems using the well-established ISO guidelines. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For detailed Assessment approach and procedures refer to Section 1.6.1 Assessment Approach (Page: 09 to 13) and Assessment Program delivered as per Section F.4 (a) of contract AID-306-BC-16-0000.
For detailed findings refer to Section 05 "Detailed findings and recommendation" (Page: 31 to 62)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the evaluation of quality of management system of American University of Afghanistan (AUAF) on the basis of eight quality management principles stated in ISO 9001:2015. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the managements of United States Agency for International Development (USAID)/Afghanistan and American University of Afghanistan (AUAF), and is not intended to be and should not be used by anyone other than these specified parties.

HORWATH MAK
Auditors & Business Advisors
Kabul
July 17, 2016

SECTION 03 – BASIS OF ASSESSMENT

3.1 CORE COMPONENTS

Our assessment AUAF is based on ISO 9001:2015 specifies requirements for a Quality Management System keeping in view the following core contents of ISO 9001:2015 "Quality Management System"

1. Scope
2. Normative reference
3. Terms and definitions
4. Context of the Organization
5. Leadership
5. Planning
6. Support
7. Operation
8. Performance Evaluation
9. Improvement

The adoption of a quality management system is a strategic decision for an organization that can help to improve its overall performance and provide a sound basis for sustainable development initiatives.
ISO 9001:2015 specifies requirements for a quality management system when an organization:

a) needs to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, and
b) aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.
c) aims to addressing risks and opportunities associated with its context and objectives

The Quality Management System requirements specified in ISO 9001 are complementary to requirements for products and services. It employs the process approach, which incorporates the Plan-Do-Check-Act (PDCA) cycle and risk-based thinking.

- The PDCA cycle enables an organization to ensure that its processes are adequately resourced and managed, and that opportunities for improvement are determined and acted on.

  The PDCA cycle can be briefly described as follows:

  - — **Plan**: establish the objectives of the system and its processes, and the resources needed to deliver results in accordance with customers' requirements and the organization's policies, and identify and address risks and opportunities;
  - — **Do**: implement what was planned;
  - — **Check**: monitor and (where applicable) measure processes and the resulting products and services against policies, objectives, requirements and planned activities, and report the results;
  - — **Act**: take actions to improve performance, as necessary.

- The process approach enables an organization to plan its processes and their interactions.

- Risk-based thinking enables an organization to determine the factors that could cause its processes and its quality management system to deviate from the planned results, to put in place preventive controls to minimize negative effects and to make maximum use of opportunities as they arise.

3.2 SAMPLING

During the course ISO 9001:2015 assessment, we mainly used judgmental and haphazard sampling techniques. Information on sample size and population is as follows and is based on the information provided to us by the management on the following areas

- Internal Audit
- Finance and Accounting
- Student Affairs
- Human Resource
- Asset Management
- Information Technology
- Security
- Grant Management

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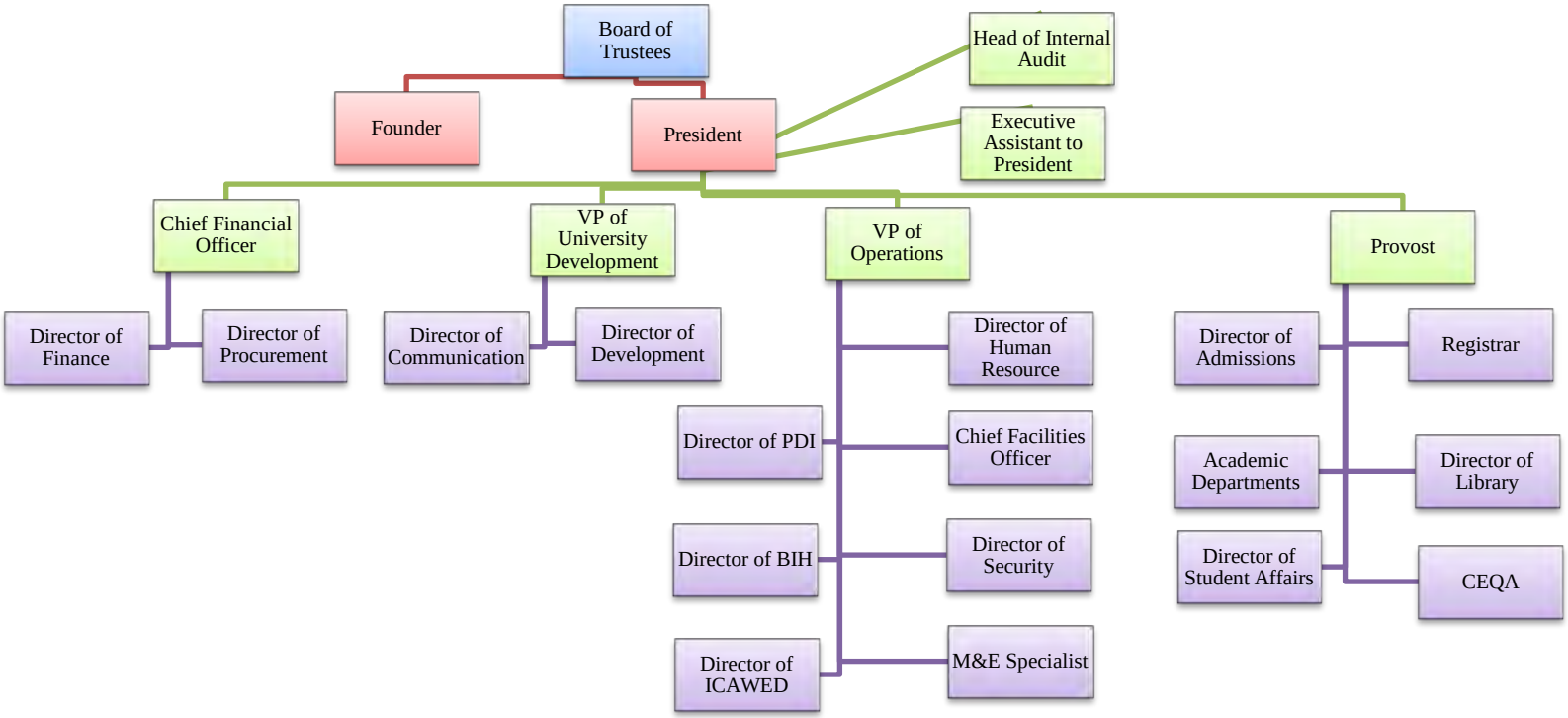
SECTION 04 – CURRENT STATE OF ASSESSED AREAS

- Organizational Structure

4.1 Student Affairs;
4.2 Financial Management and Accounting System;
4.3 Information Technology;
4.4 Human Resource;
4.5 Fixed Assets Management;
4.6 Procurement System;
4.7 Existing Code of Ethic

ORGANIZATIONAL CHART



4.1 STUDENT AFFAIRS

AUAF provides many opportunities for students to become involved on campus. AUAF offer such involvement opportunities as the Student Ambassadors, work-study jobs, Student Government Association, sports clubs, internships, social clubs, and volunteer clubs. If you cannot find a club, sport and Etc.

Fall Activities

Students' activities facilitated by the American University of Afghanistan during fall 2015.
The Office of Student Affairs strives to provide students with a transformative environment to assure a positive contribution to student learning and development and lifelong success. During Fall 2015, sixteen students clubs resumed their activities after the summer break that includes Political Science Club, Arête Business Club, University Computer Club, Law Students Association, Debate Club, Islamic Club, Speech Club, Model United Nation Club, Photography Club, Community Service Club, Soccer Club, Mix Martial Arts Club, Female Volleyball Club, Female Basketball Club, Table Tennis Club and two new clubs were formed, Women's Self Defense Club and Music Club.

Spring Activities

Students' activities facilitated by the American University of Afghanistan during spring 2016. Students Clubs are integral part of the AUAF community. The Office of Student Affairs strives to provide Students with a transformative environment to assure a positive contribution to student learning and Development and lifelong success. During spring 2016, sixteen students clubs resumed their activities After the summer break that includes Political Science Club, Arête Business Club, University Computer Club, Law Students Association, Debate Club, Islamic Club, Speech Club, Model United Nation Club, Photography Club, Community Service Club, Soccer Club, Mix Martial Arts Club, Female Volleyball Club, Female Basketball Club, Table Tennis Club and three new clubs were formed, Women's Self Defense Club, Gender Studies Club and Music Club.

Human Resource (Student Affairs) Structure:
Student Affairs staff includes,

- Student Affairs Director
- Student Affairs Assistant Director
- Student Affairs Coordinator
- Admin Officer
- Student Development Specialist (Student Engagement Coordinator)
- Student Development Specialist (First Year Experience)
- Residence Hall Coordinator (4 persons)
- Residence Hall Assistant (8 persons)
- US Embassy Mentoring Coordinator
- Sports Activities Coordinator (2 persons)

Currently the services offered / activities carried out by AUAF include the following:

Academic Education:

- Master of Business Administration (MBA)
- Master of Arts (MA) – Education
- Bachelor of Arts (BA) – Political Science and Public Administration
- Bachelor of Business Administration (BBA) in Accounting, Finance and Management
- Bachelor of Science (BSc) – Information Technology and Computer Science
- Bachelor of Arts and Law (BA-LLB)

Professional Development and Certification Courses:

- English Language Programs
- Leadership and Management
- Project Management
- Financial Management (CIA, FIA, ACCA)

Apart from the services listed above, AUAF offers TOFEL, GRE and ACCA formal testing services. AUAF also implement projects related to the business women empowerment and capacity building Project to the employees of the public and private sectors. Since its inception, over 250 students have successfully graduated from their undergraduate and graduate courses. Additionally, there have been 23 Master of Business Administration (MBA) and 13 Master of Arts (MA) graduate students. Currently, over 750 students are enrolled in the Undergraduate and graduate courses of AUAF. Apart from the formal higher education courses Over 700 students are enrolled at AUAF, who are studying in the Professional Development Institute (PDI) of AUAF. It is to be noted that over 8,000 students have completed short Professional and certification courses at AUAF.

4.2 FINANCIAL MANAGEMENT AND ACCOUNTING SYSTEM

The Finance Department is headed by Finance Director who reports directly to the President. All financial reports, policies and procedures are reviewed first by Finance Director and approved by President of American University of Afghanistan. Total number of staff in Finance department is 14.
The Financial Management activities of AUAF broadly includes the following:

- Budgeting
- Maintenance of accounting system, transaction processing and reporting
- Payments and receipts
- Cash and bank management (including petty cash management)

Budgeting

Finance Director prepares an outline of the budget priorities each quarter which are reviewed by AUAF President. The budget priorities are presented to the Board of Trustees. Once the annual budget is approved, each department head is requested to submit their budget to Finance Director. Finance Director then performs detailed discussions with departmental heads to ensure that requested budgets are in line with budget priorities. Further, the departmental budgets are included in the master budget.

The master budget is then submitted to the Board of Trustees for their approval. Large portion of organizations fund is received from USAID, therefore, the master budget is submitted to the USAID along with the work plan for their approval. After considering all the points raised by USAID, the budget is approved and made ready for execution during beginning of fiscal year.

Maintenance of Accounting System, Transaction Processing and Reporting

Accrual basis of accounting is used to record the financial transactions and to report the financial position of the organization. Senior Data Entry Assistant, and Cashiers at AUAF are responsible for recording all financial transactions which are then reviewed by the Finance Officer and Students Finance Manager which are then reviewed and approved by the Finance Director.

The Finance Director is responsible for preparing financial statements of AUAF. The financial statements of AUAF are audited by independent external auditors on an annual basis. Further, quarterly and yearly projects financial reports prepared by the Finance Director are submitted to their respective donors for reporting purposes.

Payments and Receipts

All payments and receipts transactions are carried out in accordance with the finance policies and procedures and with the terms and conditions mentioned in each grant agreement. Authorization levels have been defined within the hierarchy for payments. As per our discussion with the management of AUAF, most of the receipts of students' fees are made in cash while receipts and payments other than the students' fees are made through banking channel or through cheques.

The Finance Department consists of the following positions:

- Finance Director
- Deputy Finance Director
- Senior Finance Manger

- Staff Accountant
- Finance Officer
- Finance Assistant
- Student Finance Manager
- Accountant
- Finance Assistant
- Senior Data entry Assistant
- Student Finance Assistant
- Cashier - Morning
- Accounts Payable Officer
- Cashier – Evening

4.3 INFORMATION TECHNOLOGY

The Information Technology Department is headed by IT Director who reports directly to the President. The IT department provides access to computing and information technology resources for students, faculty and staff within institutional priorities and financial capabilities.
Following functions are performed by IT department of AUAF:

- IT Support
- Email Addresses
- University Website
- Domain Account
- Internet Usage
- Supported Campus Software
- Classroom Support
- Computer Lab
- Interactive Video Conferencing Rooms
- Wireless Connection
- Power Campus
- Power Campus Self Service
- Power Campus Course Home page
- Student Print Services
- Dorms Internet Access

Power Campus

Power Campus is the main operating system through which database had been managed. M/s. Illucion is the service provider for AUAF. Power Campus is the Student Information System (SIS) database that Admissions, Registration, Student Finance, Security, Library, and PDI offices use it as the central repository of student records.

It keeps student records including their inquiries, applications and decision process of the Admissions office. It also keeps registration information for students on each semester, their grades and transcripts. Student Finance office also uses this system to track fee payments and financial aid for each student. Security office also uses this database to assign them their ID cards.

Moreover IT department supports to add email addresses of students into power campus, create power campus – self-service account, opening system for online registration, submission of final grades, course evaluation for students and creating reports for different departments.

The Information Technology Department consists of the following positions:

- Director IT
- IT Manger
- Senior Data base Administrator
- IT Support Supervisor
- Network Administrator
- System Administrator
- Database Developer
- IT Officer
- IT Assistant
- Network Support
- IT Technician – 3

4.4 HUMAN RESOURCE

Currently AUAF has 443 national employees, 51 international employees, 41 PDI part time instructors, 4 part time employees in ICAWED and 14 internees in various departments.
Human Resources department has only 5 employees including;

i. HR Director
ii. HR Manager
iii. Senior HR Officer
iv. HR Assistant and
v. HR internee.

Hiring Process – The hiring process of the AUAF is as under;

- First of all when there is a need a Staff requisition form is filled by the concerned department's chair.
- The staff requisition is then approved by the HR Director (after checking against the employment plan) and the Finance Director (after checking against the budget if this is a new vacancy).
- The final approval is given by the President of the AUAF.
- After approval, the vacancy is announced on the AUAF website and other websites and/or newspapers.
- When applications against the announced vacant post are received, a shortlisting of the candidates is produced and
- A written test or interview is scheduled.

The interview panel will contain one employee from HR department and 2 or 3 persons from the concerned department if the vacant post is of lower level.
For interviews of higher level posts like director level of professor level, the interview panel will include;

- Two or three directors including HR director and one from the concerned faculty
- President or Vice President or sometimes both

The HR department is also responsible for;
New staff orientation – to communicate the personnel policies and procedures, to explain how to fill out various form including timesheets, overtime sheets etc. and to provide the new employee with a copy of the personnel policies and ask the employee to sign an acknowledgement form for its receipt and understanding.

Keeping personnel records up to date.

AUAF senior administration – president, chief academic officer and director of human resources – shall be responsible for enforcing and reviewing this AUAF employee manual and Faculty Handbook. These manuals shall be reviewed on an annual basis to ensure compliance with applicable AUAF regulation and the applicable laws of Afghanistan.

These manuals provide guidelines for all personnel hired by the American University of Afghanistan (AUAF). AUAF employees must be familiar with and comply with the policies, guidelines, and practices outlined in this handbook. All new and amended AUAF policies, guidelines, and practices become effective immediately, and will be made available to university personnel. AUAF may take disciplinary action up to and including termination of employment for violations of AUAF policies.

4.5 FIXED ASSET MANAGEMENT

All procurements at AUAF are governed by the policies and procedures mentioned in the Procurement Manual of AUAF. Procurement Manual specifies the procurement methods and procedures, procurement authorities and general principles for procurement. The request for procurement of assets and equipment are submitted to the Procurement Department by requesting employee or the department. The Procurement Director refers the request form to the Logistics Unit of Procurement Department to checks the availability of the asset or equipment in their inventory list or asset register. Purchase request is raised in case the same is not available in stock. Purchase orders are made by the Procurement Director. If the amount of the request is above USD 200 or AFN 10,000 the purchase orders have to be approved by the President of AUAF.

Procurement of the assets is carried out based on the procurement methods mentioned in the Procurement Manual for various levels of monetary limits.

Fixed Asset Procurement cycle:

(1) Department request**:** Each department
(2) Finance Department Review and approve budget availability
    a) Senior Finance Manager
    b) Finance Director
(3) Procurement**:**
    a) Procurement Director Approve the purchases
    b) Procurement Officer purchase the item
(4) Item Purchased are received at AUAF store
(5) Store issues the item to requested Department/Final recipient and assign a Tag number with Bar code.
(6) GRN is submitted to Finance department along with invoice to release payments.
(7) Finance Department Accountant maintain Fixed Asset Register

4.6 PROCUREMENT SYSTEMS

Procurement department has 6 employees, (i.e. procurement director, senior procurement officer, 2 procurement officers, procurement assistant, and procurement intern), the procurement director has a limits of goods to approve up to $10,000 above $10,000 the president will approve.

Procurement Sycle - the procurement process of AUAF is as under;

- First of all if there is need of any item of inventory to AUAF department they send requisition to store department, is the item available in stock or not.
- If there was no in stock then request from finance department and the finance department will review the budget.
- After requisition from procurement department send requisition for quotation (RFQ) from suppliers.
- After receiving of (RFQ) the procurement department make bid analysis summary to select the best supplier for lowest price and good quality.
- When they select one of them then they send purchase order PO for winner supplier.
- The selected supplier arrange the goods according to purchase order form and then send the goods with invoice and delivery note.
- When they send the goods the store department receive the goods checking the purchase order form with invoice and delivery note.
- After receiving goods the store department issue to the relevant department and tag them.

The procurement department provide guideline for all personnel, they must be familiar with policy, guideline and practice outline in this handbook. Any new and amended procurement policy, guideline and practices become effective immediately, and will be available it, they should take action on it. The procurement director are responsible for reviewing each and every thing.

4.7 EXISTING CODE OF ETHIC / CONDUCT

Following baselines were included with in the policies and procedures in line with best international practices;

- Statement of purposes
- Level of responsibilities
- Culture sensitivity
- Individual Accountability and responsibility
- Conflict of interest
- Financial transactions
- Fraud and corruption
- Procurement
- Harassment
- Discrimination
- Bullying
- Racial Harassment
- Sexual Harassment
- Confidentiality
- Proper use of university property
- Compliance with applicable laws and regulations
- Compliance with university policies and procedures
- Illegal payments and gifts
- Reporting of an unethical practices by an employee
- Reporting of unethical practices regarding a third party
- Protection against retaliation
- Waivers and Modification
- Supplementary clauses

SECTION 05 – AREAWISE DETAILED FINDINGS AND RECOMMENDATIONS ON THE AREAS ASSESSED

5.1 Internal Audit
5.2 Student Affairs
5.3 Human Resource Management
5.4 Asset Management
5.5 Information Technology
5.6 Accounting and Financial Management
5.7 Security

5.1 Internal Audit

5.1.1 Internal audit reports for the prior year's audit i.e. 2015, 2014 and 2013 were not preserved by the University

Condition

During the review of documentation system for preservation of internal audit reports, we observed that University does not have the following records for prior period's audits;

- Internal Audit Reports
- Internal Audit Program
- Recommendations and corrective actions

Criteria

1. ISO 9001:2015, Section 9 "Performance Evaluation, Sub section 2 "Internal audit" *requires to retain the documented information for the internal audit.*

2. ISO 9001:2015, Section 7 "Support", Sub-section 5 "Documented Information" *requires that documented information required by Quality Management System are controlled to ensure storage and preservation, and retention and disposition".*

Cause

The management lacks the system to store and preserve the internal audit reports. The internal audit department was not supervised by any authority within the organization which affected its operation and documentation.

Effect

Failure to retain the documented information on internal audit leads to poor performance of internal audit function. Moreover, the improvement under ISO 9001:2015 could not be warranted.

Recommendation

We recommend that management should formulate and enforce a written procedure to preserve and maintain the internal audit reports and relevant information for improvements.

5.1.2 Head of Internal Audit does not have relevant education and certification

Condition

During the review and assessment of the competence of the staff working for AUAF, we observed that Internal Audit Head does not possess the relevant education and certification, though he possess the relevant experience.

Criteria

ISO 9001:2015, Section 9 "Support, Sub section 2 "Competence" *requires to ensure that person(s) are competent on the basis of appropriate education, training, or experience.*

Cause

Management has the policy to hire local national for the post of Head of Internal Audit, so the management hired the best local candidate with relevant experience. However, AUAF did not found an appropriately qualified local candidate for Head of Internal Audit.

Effect

Quality of the overall internal audit department may be compromised in the absence of having an appropriately qualified internal auditor with relevant qualification.

Recommendation

In order to be compliant with ISO 9001:2015 standards, management should seek to get the services of appropriately qualified Internal Auditor.

5.1.3 Current Internal Audit Charter was approved by President instead of Board or Audit Review Committee which is not yet formulated

Condition

During the review of current internal audit charter, we observed that it was approved by the President instead of being approved by the Board or Audit Review Committee, which is not yet formulated, to keep the internal audit function independent from the standard operating hierarchy.

Criteria

International Professional Practices Framework developed by "The Institute of Internal Auditors", Attribute Standards - 1000 states that "*the internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board".*

Cause

Management is unaware about the internationally accepted standards governing internal audit functions in an organization.

Effect

Internal Auditor's independence could not be effectively achieved when the Internal Audit Head reports functionally to the President / CEO of the organization.

Recommendation

We recommend that management should adhere to the guidelines and standards provided within the International Professional Practices Framework for an effectively independent internal audit function.

5.2 Student Affairs

5.2.1 Deficiencies were noted in the files of Scholarship holding students.

Condition

The University offers scholarship to certain students meeting their criterion mentioned in the Student Finance Manual. However, during the review of Scholarship Holding Students' files, we observed that most of the files were lacking the following essential documents which are required for assessment of eligibility for candidates. So, it appears that scholarship have been awarded without the assessment of below mentioned documents.

- Detailed Financial Position Form
- IELTS / TOEFL
- Student Sign-off Form
- Previous semester result
- Statement of personal aims and achievements
- Interview Assessment Form
- Recommendation Letter
- Scholarship offer/Acceptance letter
- Referee reports
- Work Experience Form
- Detailed CV / resume

For details refer to **Annex "A".**

Criteria

Per Section X "Scholarship" Sub-section 3 "Assessment of Eligibility" of Student Finance Manual states that "*when assessing candidates against criteria to establish suitability for any scholarship, the Scholarship Awards Committee and corporate sponsors will have full access to material lodged with AUAF during the program application process". Material may include:*

- *Program application form*
- *Academic transcripts*
- *A form detailing the financial position of the candidate*
- *Statement of personal aims and achievements*
- *Detailed CV / resume*
- *Referee reports*

Per ISO 9001:2015 Section 8 "Operations", Sub-section 1 "Operational Planning and Control" *requires to retain documented information as necessary to demonstrate processes have been carried out effectively and product conformance.*

Cause

The management did not took reasonable care to document the processes carried out and evidently support the operational activity.

Effect

The operational activities remained undocumented and unsupported with adequate evidences. In the absence of such documents, the process remains ineffective and does not confirm the quality.

Recommendation

We recommend that management should develop a mechanism to keep the records and documents for the activities and process carried out. Moreover, the records for evaluation and decision making process should be kept appropriately to support the decisions.

5.2.2 Deficiencies were observed in the files of students taking Financial Assistance Program.

Condition

The University offers scholarship to certain students meeting their criterion mentioned in the Student Finance Manual. However, during our review of Financial Assistance Program holding students' files, we observed that most of the files were lacking the following essential documents which are required as a minimum eligibility criterion for candidates. So, it appears that Financial Assistance have been provided without the assessment of below mentioned documents.

- IELTS / TOEFL
- Recent Semester Results / Transcripts
- Statement showing student's continued Financial Need
- Payment Plan Contract
- Recommendation Letter

For details, refer to **Annex "B"**

Criteria

1. Per ISO 9001:2015 Section 8 "Operations", Sub-section 1 "Operational Planning and Control" requires to retain documented information as necessary to demonstrate processes have been carried out effectively and product conformance.

2. Per Section VIII "Financial Assistance Program" of Student Finance Manual states that *In general, a student is eligible for financial assistance if he or she:*
   - *is admitted as a degree-seeking student to UGP*
   - *is an Afghan citizen*
   - *is making satisfactory academic progress in a chosen course of study per AUAF financial aid minimum eligibility criteria*
   - *is not sponsored by any other program of AUAF or a third party*
   - *has a high school diploma and TOEFL or IELTS scores per AUAF financial aid minimum eligibility criteria*
   - *has completed the documentation necessary to satisfy the program requirements*
   - *has an enrollment status that allows for financial assistance disbursement*
   - *has a valid identification card (Tazkera)*
   - *Is not currently on academic probation or has not been convicted of any offense involving the sale or possession of a controlled substance. (The loss and duration of ineligibility depends on the number of convictions and the date of the conviction[s].)*

   Per Section VIII "Financial Assistance Program", Sub-section 2 "Criteria" of Student Finance Manual states that "*Students must demonstrate continued financial need. Also, students have to show progress in their academic performance. Renewed financial assistance requires a minimum 2.0 GPA. Students who fail to remain in good academic standing will lose their financial assistance".*

   Per Section VIII "Financial Assistance Program", Sub-section 6 "Decision & Award" of Student Finance Manual states that *"Financial Aid decision is finalized by Financial Aid Administrative Committee that is Student Finance Office. After the finalization of the process, the office of the student finance announces the decision. Students are called to collect their payment plan contracts. The payment plan contract will list the tuition and fees, financial assistance, scholarship, and installment payment deadline for the semester. There will be two copies of every payment plan contract, the*

students should sign both copies, submit a copy to the Finance Office and keep the other copy for their own records".

Cause

The management did not took reasonable care to document the processes carried out and evidently support the operational activity.

Effect

The operational activities remained undocumented and unsupported with adequate evidences. In the absence of such documents, the process remains ineffective and does not confirm the quality.

Recommendation

We recommend that management should develop a mechanism to keep the records and documents for the activities and process carried out. Moreover, the records for evaluation and decision making process should be kept appropriately to support the decisions.

5.2.3 Deficiencies were observed in UG, PDI & MBA student files.

Condition

During the review of students' files of Undergraduate, MBA and PDI students we observed that most of the files were lacking the following essential documents.

- TOEFL/IELTS Report
- Admission Form
- Acknowledgement on polices

For detail refer to **Annex "C".**

Criteria

ISO 9001:2015 Section 7 "Support" Sub-section 5 "Documented Information" requires to document information necessary for the effectiveness of Quality Management System.
It further requires to ensure that documented information required by Quality Management System are controlled to ensure;

- It is available and suitable for use
- It is adequately protected.

Cause

Management did not developed a mechanism to update the student files for primary documents to ensure completeness of documented information.

Effect

Failure to maintain complete documents of students' files reduces the reliability of information and documentation process.

Recommendation

We recommend that, mechanism should be developed to complete and update the students' files for record and references.

5.2.4 Lack of Distance Learning Program

Condition

The University has committed to USAID through Cooperative Agreement to launch a distance learning program. However, during the review and analysis of Organization's strengths and opportunities, we observed that management of AUAF has not developed an initial plan / implementation plan to launch such program, moreover, no such in-house proceedings have been made to formulate strategies, goals and objective for Distance Learning Program. AUAF has not yet took approval from Ministry of Higher Education for Distance Learning Program in Afghanistan.

Criteria

ISO 9001:2015, Section 8 "Operations", Sub-section "Design and Development of Product and Services" states that *in determining the stages and controls for design and development, considerations are:*

(a) The nature, duration and complexity of the activities
(b) Stages including review
(c) Verification and validation
(d) Responsibilities and authorities
(e) Internal and external resources
(f) Involvement of customer and user groups
(g) The subsequent production process
(h) Documented information required

Further it states that did Organization considered;

(a) Functional and performance requirements
(b) Similar designs
(c) Statutory and regulatory requirements
(d) Standards or codes of practice
(e) Potential consequences of failure due to the nature of the products and services

Have they ensured inputs are adequate, complete, and unambiguous and all conflicts are resolved.

Have they retained documented information on design and development inputs.

Cause

AUAF and Ministry of Higher Education have formed a committee to launch a Distance Learning Program, however, no significant developments have been made due to slow process of Government.

Effect

Delay in capitalizing the strengths of University within due time will lead toward delay in achievement of milestones and objectives. Moreover, AUAF could may suffer opportunity loss by deferring such prospects. Moreover, AUAF remains noncompliant with the requirements of Cooperative Agreement.

Recommendation

We recommend that management should actively formulate strategies and objective for launching the Distance Learning Program by setting up the key resources required. Moreover, management should perform surveys to assess the market responsiveness for such program.

5.2.5 Deficiency in post-service delivery event procedures

Condition

During the review of post-services delivery events, we observed that there was no written formal process is in place to address the procedures, controls, and timelines for degree and transcripts verifications which are often requested by external parties. However, such verification are presently performed by the "Registrar" independently.

Criteria

Per ISO 9001:2015 Section 4 "Context of the Organization" Sub-section 4 "Quality management systems and it process" *requires to determine the processes for the system and how they are to be applied.*

Cause

The management has not formally developed a Quality Management System, so in due course this part of operations has been missed to be identified in written.

Effect

Absence of written procedure reduces the confidence to carry out the activities appropriately. The control over operations remained ineffective.

Recommendation

We recommend that management should design a Quality Management System to determine;

- the processes for the system and how they are to be applied
- the inputs and outputs for those processes
- how processes interrelate
- methods to operate and control processes
- resources and their availability and responsibilities

5.2.6 No written procedures defined for student's complaints receiving and handling function

Condition

During the review of student handbook and student affairs, it came into our observation that University has not developed written mechanism to address the student's complaints about University services, affairs, and other related domestic matters.

Criteria

Per ISO 9001:2015 Section 4 "Context of the Organization" Sub-section 4 "Quality management systems and it process" *requires to determine the processes for the system and how they are to be applied.*

Cause

The management has not formulated any policy and procedure on "Complaints receiving and handling function" due to lack of awareness on the importance of documented processes.

Effect

Absence of written procedure reduces the confidence to carry out the activities appropriately. Moreover, the quality of the functions could not be ensured.

Recommendation

We recommend that management should design a Quality Management System to determine;

- Mechanism of receiving complaints.
- Timelines to resolve the complaints
- Best possible actions to be taken for the resolution of claims
- Consequences of complaints
- Actions to be taken for complaints which may result in payment of claim.

5.2.7 Separate pathways and elevators are not installed for disabled students/faculty

Condition

During the review of AUAF facilities, we observed that AUAF does have separate pathways or elevators to accommodate disabled and handicapped students or faculty members.

Criteria

1. ISO 9001: 2015, Section 7 "Support", Sub-section 1 "Resources" requires the Organization to;
   (a) Provide and maintain the necessary infrastructure (such as buildings, technology, and equipment)
   (b) Provide and maintain the environment necessary for operations

2. The extract of the mission statement of AUAF summarize that *"AUAF will operate from a spacious, attractive campus that is equipped with excellent, up-to-date facilities and technical capacity.*

Cause

The management is unaware of the requirement of ISO 9001: 2015 for the provision of facilities and environment. Moreover, University has not defined its goals in line with its vision and mission statement.

Effect

The Organization lacks the necessary environment and facilities required for an effective Quality Management System. Besides, University remain scarce in providing resources and attracting disabled students.

Recommendation

In order to comply with the requirement of Quality Management System under ISO 9001: 2015, management should take initiative on providing facilities to disabled and handicapped students.

5.3 Human Resource Management

5.3.1 Deficiencies were noted in employee/faculty personnel files

Condition

During the review of full time and part-time faculty personnel files, we observed that important documents were missing.

- Educational documents
- Interview Evaluation
- Interview Report sheet
- Experience certificates

For detail refer to **Annex "D"**

Criteria

ISO 9001: 2015, Section 7 "Support" Sub-section 5 "Documented Information" *requires the Organization to ensure documented information required by the QMS are controlled to ensure;*

(a) It is available and suitable for use
(b) It is adequately protected

Cause

Management did not developed a mechanism to update the personnel files for primary documents to ensure completeness of documented information.

Effect

Failure to maintain complete documents of personnel files reduces the reliability of information and documentation process.

Recommendation

We recommend that, mechanism should be developed to complete and update the personnel files for record and references.

5.3.2 Key position remained vacant since long

Condition

During the review of the organizational structure, it was observed the following key position was vacant since long.

- Chief Financial Officer

Criteria

ISO 9001: 2015 Section 7 "Support" Sub-section 1 "Resources" *requires that Organization should determine and provide the resources needed for the Quality Management System*
Further it requires the Organization to consider that;

- *Have they provided the persons necessary for the Quality Management System.*

Cause

Management is actively seeking to fill the post of Chief Financial Officer, however, AUAF is unable to find a suitable locally national candidate within their budget.

Effect

The Quality Management System remain less effective due to shortage of resources and people as required by organizational structure.

Recommendation

The management should determine and provide resources needed for the Quality Management System to ensure that;

- the capabilities of, and constraints on existing resources
- what needs to be obtained from external resources

5.3.3 No written policies and procedures defined for the "Employee Education Opportunities"

Condition

The University is providing education opportunities to employees on discounted fee, however, we observed that no written policies and procedure was available to deal with the "Employee Education Opportunity" which could define the discounted credit hours and other mandatory guidelines for employees studying at AUAF.

Criteria

Per ISO 9001:2015 Section 4 "Context of the Organization" Sub-section 4 "Quality management systems and it process" *requires to determine the processes for the system and how they are to be applied.*

Cause

The management has not formulated any policy and procedure on "Employee Education Opportunities" due to lack of awareness on the significance of documented processes.

Effect

Absence of written procedure reduces the confidence to carry out the activities appropriately. Moreover, AUAF could not estimate the discounted credit hours to be offered to employee in monetary terms.

Recommendation

We recommend that management should design a Quality Management System to determine;

- the processes for the system and how they are to be applied
- the inputs and outputs for those processes
- how processes interrelate
- methods to operate and control processes
- resources and their availability and responsibilities

5.3.4 Thumb Impression machines to control the timekeeping records were not in operation

Condition

During the review of human resource management system and devices in use, it was observed that the University has facilities for thumb impression devices to record the times of employees, however such machines and related system was not in operation and the management is maintaining manual timekeeping records through hand filled time sheets.

Criteria

1. ISO 9001: 2015, Section 7 "Support", Sub-section 1 "Resources" *requires the Organization to determine whether they have provided and maintain the necessary infrastructure (such as buildings, technology, equipment)*

2. The extract of the mission statement of AUAF summarize that *"AUAF will operate from a spacious, attractive campus that is equipped with excellent, up-to-date facilities and technical capacity.*

Cause

The management did not realized the importance use thumb impression devices to keep the timekeeping record. Moreover, management did not set up their goals in line with their mission statement.

Effect

The University remained non-compliant with ISO and its mission statement. In the absence of thumb impression machine, the organization is expose to the risk of having ghost/fake employees without any identity. Moreover, manual punching consumes more time and effort, and reduces reliability of record.

Recommendation

We recommend that management should optimally use the technical devices for a strong internal control over documentation and memorandum records. Management should allocate resource for the usage of such devices in most optimal way.

5.3.5 Lack of training on USAID rules and regulations

Condition

United States Agency for International Development – Afghanistan is providing financial support to the University having committed funds of US$ 40,000,000 under a Cooperative Agreement. However, during the review of competencies of the staff working for USAID grant management, we observed that key personnel lacks the training on applicable USAID rules and regulations including new regulations which are applicable on or after 26 December 2014. The main applicable USAID rules and regulations are;

- OMB as applicable on Educational Institutes
- Code of Federal Regulation

Criteria

ISO 9001: 2015 Section 7 "Support", Sub-section 2 "Competence" requires the organizations to;

- *determine the necessary competence of person(s) that could affect the Quality Management System;*
- *ensure that these person(s) are competent on the basis of appropriate education, training, or experience;*
- *take actions to access the necessary competence where applicable; and;*
- *retain appropriate documented information as evidence of competence*

Cause

Management did not took reasonable care to obtain such applicable training on USAID regulations, though management is relying on the in the process of self-learning for the USAID and pertinent clauses of Cooperative Agreement.

Effect

The Organization remained noncompliant with the said requirement of ISO 9001: 2015. Moreover, in the absence of such training, management remains unaware of the recent updates and changes made to USAID compliance requirements which results in ineffective compliance that may results in questioned costs.

Recommendation

We recommend that management should formulate a training mechanism to get their staff trained for said USAID rules and regulation for an effective compliance over Cooperative Agreement.

5.4 Asset Management

5.4.1 Significant discrepancies and nonconformities were found upon physical verification of assets

Condition

During the review of inventory management system, we performed a physical stocktaking of some of the selected items of inventory and observed the following differences between memorandum record and physical quantity.

S. No	Item discerption	Units in store	Units in bin card	Difference
1	901 Color	3	8	5
2	901 Black	5	2	3
3	53A toner	2	1	1
4	49A toner	4	7	3
5	Desktop paper holder	28	22	6
6	A4 paper	35	68	33

Criteria

ISO 9001: 2015 Section 10 "Continual Improvements" Sub-section 2 "Nonconformities and Corrective Actions" requires that;

When a nonconformity occurs, including complaints, Organizations should:
(a) React to the nonconformity, and as applicable:
- *take action to control and correct it*
- *deal with the consequences*

(b) Evaluate the need for action to eliminate the cause(s) by:
- *− reviewing and analyzing*
- *− determining the causes*
- *− determining if similar nonconformities exist, or could potentially occur*

(c) Implement any action needed
(d) Review the effectiveness of any corrective action taken
(e) Make changes to the QMS if necessary

Cause

Management did not has the practice to update and reconcile records of physical quantity with memorandum records.

Effect

Failure to reconcile the physical inventory with the memorandum records depicts weak control inventory management system. Moreover, such difference and nonconformities reduces the reliability of reports and records.

Recommendation

Management should actively participate for the improvement of inventory management system through development of mechanism which addresses the need to reconcile the inventories with memorandum records. Any differences in the physical stocktaking must be investigated and pursued for strong internal control.

5.5 Information Technology

5.5.1 No Information Technology System audit was performed

Criteria

ISO 9001: 2015, Section 9 "Performance Evaluation" Sub-section 3 "Management Review" *requires the management review of QMS at planned interval to review;*
(a) The status of actions from previous management reviews
(b) Changes in external and internal issues relevant to the QMS
(c) Information on the QMS including

- *customer satisfaction and stakeholder feedback*
- *quality objectives performance*
- *product performance and conformity*
- *nonconformance and corrective action*
- *monitoring and measurement including audits*
- *external providers*
- *process performance and conformity of products and services;*

(d) Adequacy of resources
(e) Actions taken regarding risk and opportunity
(f) Improvement

Cause

The management is not aware of the need to perform period reviews, monitoring and IT audits of its Information Management System

Effect

The Information System remain exposed to the risks of Information System breakdowns and errors. Moreover, such risks remain unidentified and timely corrective actions could not be taken to warrant the continual improvements of the system.

Recommendation

We recommend that management should acquire the services of full time or part time IT auditor to identify the risk related to information system and continuously put effort to review and monitor the ongoing system for effectiveness and improvements.

5.5.2 IT servers and equipment's were not insured against the risk of unexpected event

Condition

We observed that Information system and equipment kept at the University were not insured for the risk of loss against unexpected event.

Criteria

ISO 9001:2015 Section 6 "Planning" Sub-section 1 "Actions to Address Risks and Opportunities" *requires to determine the risks and opportunities that need to be addressed to*

(a) Assure the QMS achieves its intended results
(b) Avoid or mitigate negative effects, enhance positive effects
(c) Achieve improvement

Cause

Management is unaware of the risk associated with uninsured equipment.

Effect

The assets of the University remained exposed to the risks of unexpected events.

Recommendation

The management should identify the risk associated with equipment and should obtain insurance cover to mitigate or avoid such risk in orderly manner.

5.6 Accounting and Financial Management

5.6.1 Undue Currency Fluctuation losses

Condition

University has the policy to collect student fee in Afghanis, however the major expenses of University including salaries and other payments are made in U.S Dollars, which causes to arise unusual and material amounts of currency fluctuation loss. Due to the continuous diminishment in Afghanis currency over the past year, the University is bearing Currency Fluctuation loss for which there is no budget and adjustable items. Detailed comparison is give below;

Year	Receipts in Afghanis	Exchange Rate	Equivalent USD	Currency Fluctuation	Loss on Currency Fluctuation (US$)
	a	b	c = a*b	d = a/b(for each year's loss, consider value of "b" in previous year)	e = d-c
2011	127,983,950	46.56	2,748,796	-	-
2012	193,509,990	50.09	3,863,245	4,156,142	292,897
2013	251,723,317	55.77	4,513,597	5,025,420	511,823
2014	233,502,413	57.84	4,037,040	4,186,882	149,842
2015	386,624,313	60.33	6,408,491	6,684,376	275,884
TOTAL					**1,230,446**
Average loss on currency fluctuation per year					**246,090**

Criteria

Per ISO 9001:2015 Section 4 "Context of the Organization" Sub-section 4 "Quality Management Systems and it process" *requires to determine;*

(a) The processes for the system and how they are to be applied.
(b) The inputs and outputs for those processes
(c) How processes interrelate
(d) Methods to operate and control processes
(e) Resources and their availability and responsibilities

Cause

The management is having a policy to collect the student fee in national currency i.e. Afghanis. However, the salaries to national and international staff, and major expenses are paid in U.S Dollars.

Effect

The University policy remain inconsistent with the current economic conditions of Afghanistan, which results in unusual losses being charged to University in terms of currency fluctuation.

Recommendation

We recommend management to formulate such policies which are responsive to economic conditions of the country, moreover, the University may opt to make payments for salaries and other major expenses in Afghanis currency to avoid currency fluctuation loss.

5.6.2 No Policy for Unclaimed Wages & Salaries.

Condition

During the assessment of financial management system, we observed that there is no policy in place to govern unclaimed wages and salaries.

Criteria

Per the standard practices of payroll function, it is required to develop a standard policy and procedure for unclaimed wages & salaries, which mainly administer the notification, authorization, payment criteria, bookings/ write offs etc.

Cause

Management is lacking in implementing prudential policies.

Effect

Weak internal control over payroll function may lead toward happening of any contingent situations.

Recommendation

We recommend management to develop a standard policy and procedure to administer unclaimed wages and salaries to adhere any controversial situation in a procedural manner.

5.6.3 Lack of credit card/debit card swap machine to enable online receipts.

Condition

During the review of facilities available in finance department, we observed, that AUAF does not have the facility of credit card/debit card swap machine which can enable AUAF to provide facility to student to directly remit payment to University's accounts.

Criteria

1. ISO 9001: 2015, Section 7 "Support", Sub-section 1 "Resources" *requires the Organization to determine whether they have provided and maintain the necessary infrastructure (such as buildings, technology, equipment)*

2. The extract of the mission statement of AUAF summarize that *"AUAF will operate from a spacious, attractive campus that is equipped with excellent, up-to-date facilities and technical capacity.*

3. ISO 9001: 2015, Section 10 "Improvements" Sub-section 1 "General" *requires the Organization to determine and select opportunities for improvement and implement necessary actions including:*
   (a) Improving products and services
   (b) Correcting, preventing or reducing undesired effects;
   (c) Improving the performance and effectiveness of the QMS

Cause

Management has not yet considered it important to get a facility of swap machine for the finance department.

Effect

The University remained non-compliant with ISO and its mission statement.

Recommendation

The University should make available the credit card/debit card swap machine to receive payments from the students, which will enable University to reduce cash handling. Moreover, University should encourage payment through online system to keep a better audit trail and records.

5.6.4 No written timelines defined for authorization of Annual Financial Statements

Condition

During the review of accounting and finance system, we observed that AUAF has not defined a written timelines or deadlines for the authorization of annual financial statements for respective year.

Criteria

Per ISO 9001:2015 Section 4 "Context of the Organization" Sub-section 4 "Quality Management Systems and it process" *requires to determine;*

(a) The processes for the system and how they are to be applied.
(b) The inputs and outputs for those processes
(c) How processes interrelate
(d) Methods to operate and control processes
(e) Resources and their availability and responsibilities

Cause

The Management did not formulated policy to get the annual financial statements authorized within a prescribed time limits.

Effect

Failure to authorize the annual financial statements in a timely manner limits the management to take appropriate steps for the future goals based on the actual financial results. Moreover, other interested parties and donors may lose confidence on the Organization. Moreover, management would be unable to ensure the integration of sustainability strategies with overall organization strategies.

Recommendation

We recommend that management should define a timeframe in which AUAF should be required to get the external audit completed and authorize the annual financial statements in due time so that they can publish their financial results for the use of donors and interested parties for their timely decision making and ensuring future accreditation of the organization.

5.6.5 No practice to prepare monthly financial statements

Condition

During the review of finance manual of AUAF, we observed that management of AUAF has the practice to prepare quarterly financial statements (Statement of financial position, Income Statement, Statement of Cash flows and Statement of changes in equity) instead of monthly financial statements, which is a generally accepted practice for evaluating, demonstrating and analyzing the financial results.

Criteria

ISO 9001: 2015, Section 9 "Performance Evaluation", Sub-section 1 "Monitoring, Measurement, Analysis and Evaluation" requires the organization to determine

(a) What needs to be monitored and measured
(b) The methods
(c) When monitoring and measurement is to be done
(d) When results will be analyzed and evaluated

Cause

The management is unaware of the generally accepted practices regarding the minimum period for the presentation of financial statements.

Effect

In the absence of monthly financial statements, the problems and nonconformities are analyzed with delay, so timely corrective action could not be taken which decreases the overall efficiency of AUAF. Moreover, University may lose the short term opportunities for improvement in the absence of monthly financial results.

Recommendation

We recommend management to prepare the monthly financial statement to review and assess the financial results with the planned activities which will enable AUAF to and make corrective actions on timely basis.

5.6.6 No practice to prepare project/pro forma annual financial statements

Condition

During the review of budgeting system and methodologies of AUAF, we observed that AUAF prepares a master budget for its planned activities, however, management do not prepare projected annual financial statements to see the forecasted financial positions, financial performance and relevant results to evaluate and analyze the planned and actual results.

Criteria

ISO 9001: 2015, Section 9 "Performance Evaluation", Sub-section 1 "Monitoring, Measurement, Analysis and Evaluation" requires the organization to determine

(a) What needs to be monitored and measured
(b) The methods
(c) When monitoring and measurement is to be done
(d) When results will be analyzed and evaluated

Cause

The management does consider it necessary to prepare projected financial statements, because AUAF only projects the income and expenses which are to be incurred out of grant income.

Effect

The management remained unable to project and forecast the balance sheet figures and cash inflows and outflows from the various sources. Moreover, management remained unable to performance a performance measurement of their planned and actual activities shown in annual financial statements.

Recommendation

We recommend AUAF to prepare projected annual financial statements to forecast the annual expected figures which depicts their financial goals. Management should further perform variance analysis between planned and actual financial results.

SECTION 06 – QUALITY IMPROVEMENT PROGRAM

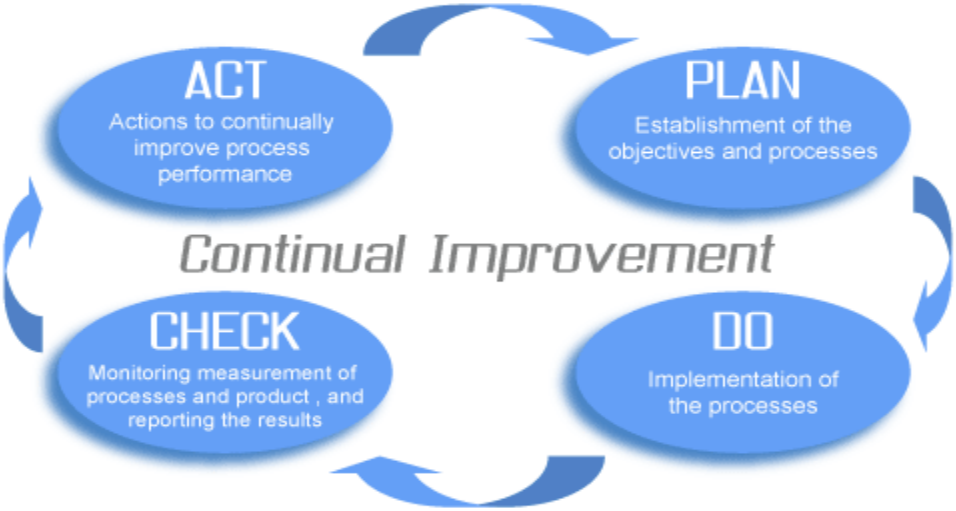
Introduction - Quality Improvement Program

A quality improvement program is a basic guidance document that describes how an education department will manage, deploy, and review quality. It also serves to inform staff and stakeholders of the direction, timeline, activities, and importance of quality and quality improvement.

AIM of Quality Improvement Program

To help providers self-assess their performance in delivering quality education and care and to plan future improvements. The Quality Improvement program also helps the regulatory authorities with their assessment of the service.

Process of Quality Improvement Program



Purpose of Quality Improvement Program

The quality improvement program describes what an education department is planning to accomplish, and should be updated regularly to reflect what is currently happening in Quality Improvement at your education department. The quality improvement program provides written credibility to the entire Quality Improvement process, and is a visible sign of management support and commitment to quality throughout the education department.

The assessment, rating and Improvement process

- Identified Issues
- Decision about outcome or goal we seek (Expected outcomes)
- Set priority
- Steps to get outcomes
- Success measures
- Decide time (Management will prioritize the process of decision making on available resources)
- Progress notes (To be filled by the AUOF management when get outcomes)

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
Internal Audit					
5.1.1	Internal audit reports for the prior year's audit i.e. 2015, 2014 and 2013 were not preserved by the University.	• Act as a communication tool, internally and externally • Provide a basis for establishing priorities	High	• Creating a policy • Training for adoption of the policy • Implementation of the policy • Continuously review	• Documents can be traceable any time • Corrective actions
5.1.2	Head of Internal Audit does not have relevant education and certification.	• Improve department proficiency and professionalism • Lay a foundation for continued improvement and advancement • Increase credibility and respect of the department	Medium	• Make a policy for the internal audit department • Take approval from Board • Advertise and hiring of the qualified CIA	• Internal audit department is operated by Qualified Certified Internal Auditor
5.1.3	Current Internal Audit Charter was approved by President instead of Board or Audit Review Committee which is not yet formulated	• Independent and objective assurance on the adequacy of internal controls from someone other than operational staff.	Medium	• Make necessary amendments in job responsibilities • Formulation of Audit committee • Propose Internal Audit Charter for approval from Audit Committee / Board	• Appropriately approved Audit Charter in practice • Internal Auditor's

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
		• Effective results • Compliance of standards			independence is safeguarded
Student Affairs					
5.2.1	Deficiencies were noted in the files of Scholarship holding students.	• Selection of right eligible persons • Base for effective process • Improved process quality • Availability of relevant information	Medium	• Design updated checklist • Deputed staff for this task • Review before final decision on scholarships. • Continuous review of files for updating documents.	• Checklists are properly filled and records are updated • Eligible students getting the scholarships on merit.
5.2.2	Deficiencies were observed in the files of students taking Financial Assistance Program.	• Selection of right eligible persons • Base for effective process • Improve quality • Availability of information on one click	Low	• Design updated checklist • Deputed staff for this task • Review before final decision on scholarships. • Continuous review of files for updating documents.	• Checklists are properly filled and records are updated • Eligible students getting the scholarships on merit.

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
5.2.3	Deficiencies were observed in UG, PDI & MBA student files.	• Selection of eligible students. • Base for effective process • Improved process quality • Availability of information	Low	• Design updated checklist • Deputed staff for this task • Continuous review of files on weekly or monthly basis	• Updated documents are available in the files
5.2.4	Lack of Distance Learning Program.	• More publicity in education sector • Increase number of students • Increase revenue • Save cost of faculty • Tailored education • Increase study programs • Capturing the market for distance learning	Low	• Establish a clear vision for online distance learning program • Perform a survey to forecast the expected outcome. • Gain approval from Board • Gain approval form Higher education commission for distance learning program • Include distance learning in mission statement • Amend Article of Association • Allocate sufficient time to implement the program • Publicity & Advertisement • Start with individual courses • Strong plan for enhancing courses for distance learning on positive response	• Established Distance Learning Program

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
5.2.5	No written process defined for degree / transcripts verifications.	• Increase university credibility • Regards of past students	Medium	• Prepare policy as per best standard practices • Take approval from Board • Implementation of the policy • Continuously review	• Policy is in place for verification of degrees/transcripts for the other students
5.2.6	No written procedures defined for student's complaints receiving and handling function.	• Good relations and communications with students • Avoid extra time and cost involved in further appeals • Serve as quick and efficient way • Assurance of complaints taken seriously	Low	• Prepare policy as per best standard practices with following effects with this order; o Listen carefully o Understand matter o Elevate / put yourself in their shoes o Apologize without blaming o Ask complainer about solution o Timely resolution of complaint • Take approval from Board. • Implementation of the policy • Continuously review	• Policy is in place and department is handling complaints as per the policy
5.2.7	Separate pathways and elevators are not installed for disabled students/faculty.	• Secure from future unexpected incidents. • Increase public reliance • Increase social values	Low	• Draft a plan • Take approval from Board • Select vendors • Hire staff for day-to-day maintenance of elevators	• Installed elevators and pathways has been constructed

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
Human Resource Management					
5.3.1	Deficiencies were noted in employee/faculty personnel files.	• Underpin the good faith relationship between employer and employee • Correct calculation of employees pay, leave • Effective performance management of employee • Ready for any future legal dispute	Low	• Prepare/ revise general personnel recordkeeping policy • Create a checklist for documents • Depute a one staff member from Human Resource department for placement of documents in files • Plan for continuously review • Keep record in electronic for safety	• All documents attached in personnel files
5.3.2	Key position remained vacant since long.	• Obtain executive sponsorship • Right project team • Better understanding of stakeholders needs • Effective service-delivery strategies • Availability of required Human Resource	High	• Create a hiring checklist • Write a job description • Conduct interviews • Take approval from Board • Negotiate a job offer • Follow-up	• Finance department is operated under Chief Financial Officer as required by Organizational Structure

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
5.3.3	No written policies and procedures defined for the "Employee Education Opportunities".	• Effective operations • Chance for equal opportunities to all employees • Fair distribution of discount to such students	Low	• Prepare policy as per best standard practices and approved by Board. • Take approval for individual student from concerned line authorities. • Implementation of the policy • Continuous review	• Policy is in place for employee education opportunities
5.3.4	Thumb Impression machines to control the timekeeping records were not in operation.	• Elimination of buddy punching • Accuracy • Increased Productivity • Optimal use of resources • Increased benefit on employed resources • Audit Trails • Improve employee accountability	Medium	• Make a policy for thumb impression machine attendance • Issue the circular to employee for new attendance system change • Regular inspection of thumb impression machine for review its effectiveness •	• Attendance system is controlled and managed through Thumb Impression Machine
5.3.5	Lack of training on USAID rules and regulations	• Employee motivation • Efficiency in processes resulting in financial gain • Effective	Medium	• Develop a set of action plan • Develop personal action plans for continuing learning and skills development • Prepare manuals for the training • Develop a system of training need analysis	• Staff has the updated knowledge of USAID rules and regulations

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
		compliance on USAID regulations. • Increased innovation in strategies • Increased confidence in performing operations • Enhanced organization image		(TNA) • Explore training opportunities • Intended candidates for training • Conduct training • Develop a system for analysis of learning objectives	
Asset Management					
5.4.1	Significant discrepancies and nonconformities were found upon physical verification of assets	• Reliable report & record • Availability of actual position • No existence of ghost assets • No theft/losses • Accurate baseline of fixed assets Improved planning and budgeting function	Medium	• Hire or select someone from the existing staff as asset management sponsor (AMS) who will responsible for administrating the policy and related regulations and procedures. • Hire or select someone from the existing staff as Asset management coordinator who will responsible for coordinating asset audits and physical inventories count with the assets management provider. He will also responsible for recording capital asset acquisitions transfers, and disposals. • Develop effective system for tagging of assets.	Asset inventory is matched with memorandum record

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
				• Keep fixed asset register Up to date. • Conduct physical verifications on regular basis to match the record with actual physically existing assets and investigate differences. • Develop effective system for resolving the issues arises during audits.	
Information technology					
5.5.1	No Information Technology System audit was performed.	• Reduce Risk • Strengthen controls • Comply with regulations • Improve IT governance	Medium	• Develop a plan for IT Audit • Take approval from Board for this activity • Select expert firm for the IT audit • Proper follow-up on suggestion which experts recommend after audit	• Mechanism / plan for IT audit is existed and in practice
5.5.2	IT servers and equipment's were not insured against the risk of unexpected event.	• Covered every Hazard • Avoidance of any sudden and unforeseen loss or damage • Safeguard tool for organization assets	Medium	• Make updated list for IT servers & equipment's need to be insured • Select suitable insurance company for services • Included in budget & take Board approval for the insurance expense • Insured the IT servers & equipment's	• IT servers and equipment's are insured
Accounting and Financial Management					

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
5.6.1	Undue Currency Fluctuation losses.	• Immaterial currency fluctuation loss	Medium	• Hedge your bets • Reduce usage of hard currency/overvalued currency. • Outflow using local/national currency	• Currency fluctuation losses has been reduced to acceptable level
5.6.2	No Policy for Unclaimed Wages & Salaries.	• Strong internal control on payroll function Effective payment system	Medium	• Prepare policy as per best standard practices • Take approval from Board • Implementation of the policy • Continuously review	• Policy is existed for unclaimed wages & salaries
5.6.3	Lack of credit card/debit card swap machine to enable online receipts.	• Students stickiness and increased volume of students • Better cash management and speedy payments • Saving of resources and more quality time • Student delight • Student care • Protection against theft and frauds	Low	• Prepare budget for machines • Take approval from Board • Select vendor and buy	• Payments now can be through Credit/Debit card is in practice

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
5.6.4	No written timelines defined for authorization of Annual Financial Statements.	• More relevant to user • Important for decision making	Medium	• Draft a plan for authorization of financial statements on timely basis. • Make audit committee responsible for this activity	• Time lines for authorization of financial statements are designed
5.6.5	No practice to prepare monthly financial statements.	• Helps to control cost • Helps with cash management & planning • Easily comparison of budget and forecast • Avoid big surprises at year end • Helps to identify seasonal differences • Efficient monitoring of working capital	Medium	• Draft a plan for preparation of monthly financial statements on timely basis. • Make Finance department responsible for this activity	• Monthly Financial Statements are now prepared
5.6.6	No practice to prepare project/pro forma annual financial statements.	• Way to Show potential to stakeholders about progress • Good idea of Breakeven point • Way to trim costs	Medium	• Draft a plan for preparation of projected financial statements on timely basis. • Make Finance department responsible for this activity • Continuous monitoring of this activity	• Projected accounts now prepared and reviewed by Board

Finding No.	Identified Issues	Expected Outcomes or Goal we seek	Priority / Timeline	Steps to get outcomes	Success Measures
		strategically • Able to pace your growth more effective			

7.7 Abbreviation Listings

Abbreviations	Description
ACCA	Association of Chartered Certified Accountants
AFN	Afghanistan Afghani
AUAF	American University of Afghanistan
AISA	Afghanistan Investment Support Agency
BPA	Blanket Purchase Agreement
BIH	Business Innovation Hub
CFR	Code of Federal Regulation
CO	Contracting Officer
COR	Contracting Officer Representative
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CIA	Certified Internal Auditor
FIA	Foundation in Accountancy
ISO	In Search of / International Standards Organization
GAGAS	Generally Accepted Government Auditing Standards
GAAP	Generally Accepted Accounting Principles
GIRoA	Government of Islamic Republic of Afghanistan
GRE	Graduate Record Examinations
IELTS	International English Language Testing System
IT	Information Technology
ICAWED	International Center for Afghan Women Economic Development
HRM	Human resource management
AFM	Accounting and financial management
M/S	Messrs
MBA	Master in Business Administration
OAA	Office of Acquisition and Assistance
PDI	Professional Development Institute
QIP	Quality Improvement Program
RFP	Request For Proposal
RFQ	Request For Quotation
SOW	Statement of Work
TOEFL	Test of English as Foreign Language
USAID	United States Agency for International Development
UG	Under Graduate
UGP	Under Graduate Program
US$	United States Dollar

(THE END)