

# Internal Control

JICA has developed its Internal Control System<sup>1</sup> and continuously reviews it.

## ● Objectives of Internal Control

### 1. Improvement of Operational Effectiveness and Efficiency

JICA operates in accordance with JICA's Vision, Medium-term Objectives, Medium-term and Annual Plans, directions of operational development, and annual operational plans set by each section, to accomplish its objective as stipulated in Article 3 of the Act of the Independent Administrative Agency—Japan International Cooperation Agency. Furthermore, JICA operates more efficiently through streamlining and rationalizing its operational processes, etc.

### 2. Compliance

JICA establishes its Compliance Policy and promotes compliance to laws, internal regulations, and social norms [→ see page 153 for details].

### 3. Safeguarding of Asset

JICA ensures the safeguarding of its assets through appropriate acquisition, usage, and disposition in compliance with laws and regulations as well as its internal regulations. JICA also utilizes its assets effectively in line with the purpose of acquisition, and properly disposes of those assets as necessary.

### 4. Assurance of Reliability of Documents Such as Financial Reports

In order to assure its accountability to taxpayers and contribute to evaluation by third parties, JICA secures the reliability of information in documents such as its financial reports.

## ● Fundamental Factors of Internal Control

### 1. Control Environment

JICA sets out its Statement of Operational Procedures for the matters related to the development of the Internal Control System, and has established rules and regulations necessary for internal control, such as Internal Control Rules, Auditors and Auditors' Inspection Rules, and Compliance and Risk Assessment and Management Rules.

Within the framework of the Internal Control System, the Vice President for General Affairs Department acts as the Vice President in Charge of Internal Control, and the Director General of General Affairs Department acts as the Officer in Charge of Promotion of Internal Control, under the President, who represents JICA and presides over its operations. Furthermore, important issues relating to internal control will be deliberated on by the Board of Directors.

### 2. Risk Assessment and Management

JICA properly manages risks that may arise through its operations in accordance with Rules on Compliance and Risk Assessment and Analysis, and the Risk Management Rules for Finance and Investment Accounts. More specifically, JICA makes risk matrices at department level, and identifies and assesses risks at both department and organizational level. Major risks will be deliberated at the Compliance and Risk Management Committee.

For integrated risk management regarding ODA Loans and private sector investment finance operations, JICA has prepared internal regulations, and properly manages them through the Risk Management Committee for Finance and Investment Accounts and other related committees.

In addition, considering JICA's characteristics of implementing projects in developing countries, it conducts security management through a specialized department so as to ensure the safety and security of the personnel concerned.

### 3. Control Activities

JICA operates in accordance with the Statement of Operational Procedures and the rules set for individual operations such as guidelines for operational activities. Progress of Medium-term plans and other schemes is also monitored, and operational performance reports are prepared as appropriate. Furthermore, JICA establishes policies to respond to cases such as compliance violations, and promptly determines corrective and preventive measures.

### 4. Information and Communication

JICA ensures that the instructions of the President and organizational missions are clearly communicated to its board and staff members, and that necessary information is communicated from staff members to board members. JICA also establishes contact points for internal and external whistleblowings, and manages them properly. Furthermore, in relation to the appropriate management and disclosure of information, JICA establishes necessary rules, including Corporate Document Management Rules, to ensure that the documents regarding JICA's decision-making are properly managed. JICA also makes organizational information, including financial information, available on its website, etc.

### 5. Monitoring

The Vice President for Internal Control and the department in charge of promotion of internal control conduct necessary monitoring. Auditors will conduct audits on JICA's operations and its financial reports will be audited by accounting auditors.

### 6. ICT

JICA establishes and utilizes information systems to streamline operations, improve accuracy and ensure proper communication, etc. JICA also ensures information security as well as sets out rules and regulations for protection of personal information. Furthermore, through the Information Systems Committee, the Information Security Committee, etc., it properly manages information and communication technologies both inside and outside the organization, while taking measures to ensure information security and protection of personal information.

1. A system for ensuring that the performance of duties by its board members (excluding auditors) complies with the Act on General Rules for Independent Administrative Agencies, the relevant individual law, and any other laws and regulations, and any other system for ensuring proper operation of the Independent Administrative Agency (Article 28 (2) of the Act on General Rules for Independent Administrative Agencies).