



# Supervision of MF-NGOs

# What is Supervision

- Assessment of the MF-NGOs ability to properly manage and control risks.
- Continuous monitoring of the MF-NGO's overall condition.
- Detects any significant changes, conditions and circumstances of the MF-NGO

# Objectives of Supervision

- **Ensure safety and soundness**
  - assessment of risk management and internal control systems, financial condition and compliance with applicable laws and regulations.
- **Foster coordination and communication between MF-NGOs and supervisors.**
  - conducted in a cooperative process between supervised entity and supervisors such that it will add value to the supervised MF-NGO.
- **Provide a comprehensive assessment of the SCC.**
  - should complement good and effective management of MF-NGO operations.

# The Supervisory Functions

- **Licensing**
  - Who are allowed to conduct what type of activities
  - This usually goes beyond registration
  - In the case of MF-NGOs, this include accreditation
- **Accounting practices and reporting requirements**
  - Compliance to PFRS requirements and standards
  - Use clearly defined accounting policies related on portfolio revenue, loan classification, provisioning, write-offs, and funding expenses.
  - Submission of required reports
    - Annual audited financial statements
    - CNDI
    - Performance Standards (financial, social and governance)

# The Supervisory Functions

- **Off-site examination**

- Review and validation of submitted reports including self-rated performance standards
- identify potential areas of risk which will be looked into during on-site examination
- Comparative trend and peer analysis

- **On-site examination**

- Procedural audits and compliance to rules and regulations
- Transactional audits
- Assessment of internal control procedures

- **Public Disclosure of Performance Data**

- Posting in the MNRC website of industry performance
- Not on an entity-level but at the industry level.



● THANK YOU