

# Overview of the key issues that need to be addressed by the GFGP Std

6<sup>th</sup> October'15

The Wellcome Trust

London

# Financial governance in Africa

- Multiplicity of funders & recipients
- Funders range from sophisticated & experienced to smaller charities / NGO's with limited knowledge of financial governance
- Not all funders have the internal mechanisms for control of funds awarded yet all funders have legal responsibilities for the funds they distribute
- Recipients range from sophisticated / experienced to small organisations
- Not all recipients have the financial capacity and capability that funders expect

# Issues, Challenges & Opportunities

- Duplication of effort by funders within recipients organisations
- Duplication of audits = Audit fatigue of recipients
- Lack of understanding of donor financial guidelines = risk of ineligible expenses
- Poor internal control systems, inadequate segregation of duties, absence of effective reconciliations, no fixed asset registers, etc.
- *Raising standards of financial governance within recipient organisations will*
  - *Increase effective use of funds*
  - *Reduce risk of mis-use of funds*

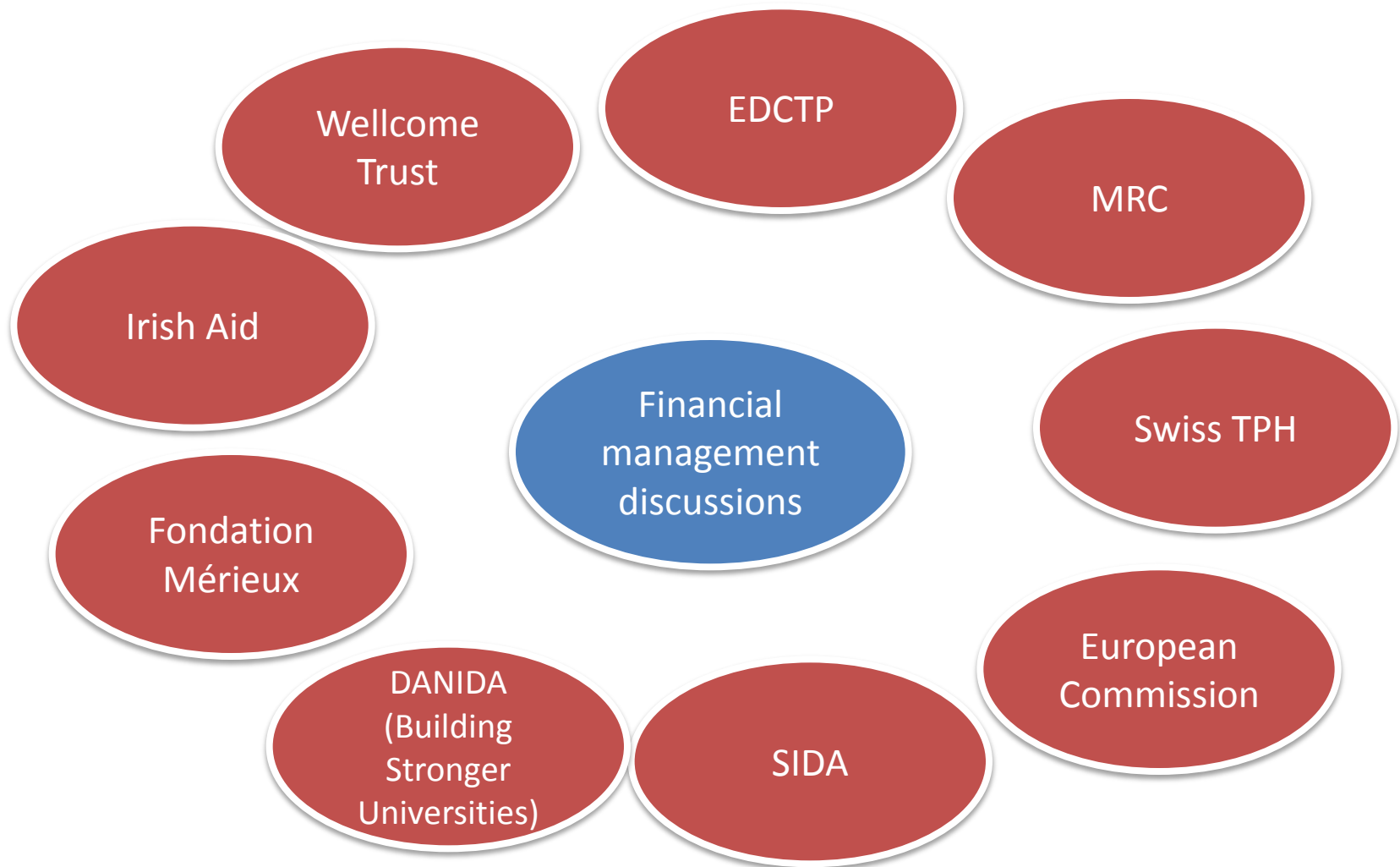
# Convergence of funding at the Institute level in Africa

| Donor           | Same Institutes | Commitments |
|-----------------|-----------------|-------------|
| EDCTP & MRC     | 10              | £32m        |
| EDCTP & WT      | 13              | £37m        |
| EDCTP, MRC & WT | 24              | £62m        |

# International Financial Governance Working Group

- During the last 2 years a working group of the Wellcome Trust, EDCTP and MRC have led a series of meetings to decide what could and should be done to improve collaboration between funders
- The group has expanded to include several of the European overseas aid funders

# Funder attendees



# Strategic Objectives

Funder working group identified the following strategic objectives to enhance how we could work together more effectively:-

1. Share information and resources to reduce the risk of misuse of funds
2. Share audit costs and outcomes
3. Develop an agreed process for assessing financial capability
4. Identify common approaches for building financial capability where a need has been identified

# The vision

1. An international standard of what is meant by “Good Financial Grant Practice”
2. A web based tool to measure recipient performance against the standard
3. A secure dbase of recipient responses for funders to access to avoid replication of assessments.
4. A maturity model in which recipients ultimately become “certified” to GFGP



# Shifting the paradigm from Audit to Assurance

- Commercial audit firms will obtain accreditation of their GFGP certification process,
- Pan- African adoption of the GFGP standard will lead to a process of certification of institutions
- Funders and recipients can therefore rely on this assurance scheme that operations meet GFGP standards
- Funders will do less of their own audits and financial assessments,
- It is planned that the GFGP Standard and FMAT tool will not be limited to research Institutes but be equally applicable to other sectors such as Governmental and Charitable funded national and international AID programmes.

# African Academy of Sciences

- DfID, BMGF and WT are working with the AAS to develop excellence in grant award and management
- As a consequence of this initiative WT & AAS proposed that developing and implementing the assessment, standards and training for “Good Financial Grant Practice” would be in 100% alignment with the objectives and aims of the AESA initiative.
- The opportunity this presents is to implement the GFGP business plan through the AAS platform.

# Support from ARSO

- ARSO ( African Organisation for Standardisation) have agreed to partner with the AAS in the development of the standard for Good Financial Grant Practice .
- GFGP was presented and adopted as a “new work item ” by the ARSO General Assembly in Addis Ababa in August’15.
- Assigned to an ARSO Technical Harmonisation Committee

# Benefits

1. Consistency of funder expectations of what is “excellence “ in grant financial management
2. Benchmark of objectives for financial capacity and capability development funding requests
3. A clear set of auditable standards that are relevant to recipients in LMIC’s
4. Reduction in resources required by funders to assess, train and monitor grant recipients
5. Reduction in the burden of audit and associated costs for funders and recipients

# How do the 3 components of the “Vision” fit together?



The “go to” centre for funders and recipients  
Create dBase of assessment outputs of recipients for funders to review  
Facilitate access to funds for capability and capacity development