Good Financial Grant Practice (GFGP)

“Using GFGP to reduce corruption and fraud ”

ASET Global Tech Sprint

June 2022
WHAT IS CORRUPTION & FRAUD?

❖ Corruption

Abuse of entrusted power or privileges for private gain

Corruption can be classified as grand, petty or political, depending on the amounts of money lost.

❖ Fraud

Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss.
Follow the money

- Improve the transparency of who is receiving the funds
- Follow the $$'s from the US Agency to the end user

BUT - Is the end user fit for purpose to use the funds correctly?

- Typically assessed by undertaking a pre award due diligence
CURRENT PROCESS

AGENCIES DOING DUE DILIGENCE – BEFORE FUNDS AWARDED

Agency A

Agency B

Agency C

Agency D

Agency E
USAID typically uses NUPAS (Non-U.S. Organization Pre-award Survey) as their due diligence tool.

GFGP covers 90% of the criteria (26 out of 29) included in NUPAS.

**Conclusions:-**

1. Certification to GFGP would score the New Partner as having “strong capacity”
2. For full compliance to NUPAS all that would be required is completion of NUPAS clauses 1, 5.1 & 5.2
THE GOOD FINANCIAL GRANT PRACTICE STANDARD

FOUR PRACTICE AREAS

**Financial Management**
- Planning and Budgeting
- Income Management
- Expenditure Management
- PPE, Cash, Bank and Treasury Management
- Travel Expenses, Sub-grantee management*
- Financial Management Systems, Financial Management

**Human Resource**
- Human Resource Management and Payroll
- Staff Development

**Procurement**
- Planning
- Contract Management

**Governance**
- General
- Grant Management and Compliance
- Audit
- Risk Management
Launched in 2019, GFGP has established a global footprint.

- 471 Organizations using GFGP
- 64 Countries where GFGP is being used

Funders using / piloting GFGP:
- The African Academy of Sciences
- Bundesministerium für Bildung und Forschung
- Wellcome
- UK Research and Innovation
- National Institute for Health Research
- USAID
- Science for Africa Foundation
CERTIFICATION BODIES LICENSED TO PERFORM GFGP AUDITS
GFGP Certification process and costs

❖ Process
  o Purchase of a copy of the GFGP standard from one of the standards Boards. $50
  o Register on the SFA's GFGP Pre certification assessment system. Free of charge.
  o Engage services of an independent GFGP auditor. Fees payable
    o Dependent on where the audit will occur and size / complexity of the organization/ award
    o Recommend a budget figures of $5,000 to $7,000 for smaller organizations and $10,000 to $14,000 for larger
  o An internal resource to dedicate time to undertake the Pre certification assessment and prepare and implement any additional policies & procedures required for compliance to the GFGP Standard. Recommend 1FTE for circa 6 months. This cost will be dependent on the local employment costs, as could be an internal secondment.

❖ Annualized Costs
  ❖ GFGP compliance certificates are valid for 2 or 3 years
  ❖ Costs of compliance to GFGP are therefore circa $6,200 to $7,200 per annum
Is it time to consider whether undertaking full financial due diligence on a grantee organization is necessary if it has been independently certified to GFGP?

With the advent of certification to GFGP, further financial due diligence adds little extra governance value and yet is time consuming and costly for both funders and fund receivers.

Imagine an environment where your potential partners have been independently audited against GFGP and demonstrated they are trustworthy and accountable.

Analogous to being certified to ISO 9001 – but in this case for good financial governance.

It can all be done digitally - virtually - rapidly.
A pan-African not-for-profit organisation, that aims to support, strengthen and promote science and innovation in Africa.

The goal of SFA Foundation is to support African scientists in addressing the continent’s most pressing challenges/developmental needs by generating knowledge that solves problems; making use of the knowledge/evidence to inform decision-making; and enabling scientists to collaborate effectively and nurture interdisciplinary expertise.

Committed to improving the quality of lives for African people and to promote the uptake of research in communities, industry, private and the public sector.

Strengthening the entire research ecosystem by creating major STI programmes implemented through a well-established grant making scheme, advocacy and promotion of scientific excellence, emphasis on intra-Africa collaboration and evidence-based policymaking mechanisms.