



**STAR  
Ghana**

Strengthening Transparency,  
Accountability and Responsiveness

# STAR-Ghana Grants Strategy and Manual

April, 2016

# STAR-Ghana Grants Strategy and Manual

## Contents

Abbreviations and Acronyms .....	4
1.0 Introduction and Background .....	5
2.0 Objective .....	6
3.0 Scope .....	6
4.0 Approach .....	7
4.1 Overall Approach to Grants and Grant-making in STAR-Ghana .....	7
5.0 Grants Management Manual .....	8
5.1 Value for Money .....	8
5.2 Funding Types .....	9
5.2.1 Competitive Funding Windows .....	10
5.2.2 Closed or Non-competitive Windows .....	10
6.0 The Grant Cycle .....	11
6.1 Conceptualisation .....	12
6.2 Solicitation and Eligibility .....	12
6.2.1 Public Notice .....	13
6.2.2 Request for Application (RFA) and or Concept Note .....	13
6.2.3 Competition Requirements .....	14
6.3 Selection and Screening .....	14
6.3.1 Initial Screening .....	14
6.3.2 Grants Review Panel .....	14
6.3.3 The Review Process .....	15
6.3.4 Clarification and Follow-Up Issues .....	15
6.3.5 Short-listing of Applicants .....	16
6.3.6 Conduct Due Diligence on Shortlisted .....	16
6.3.7 Finalisation of Selection .....	16
6.4 Award .....	17
6.4.1 Negotiation .....	17
6.4.2 Final Documentation Submission .....	17
6.5 Grant Approval and Contracting .....	17
6.5.1 Finalisation of the Grant Agreement .....	17
6.5.2 Special Award Conditions .....	18
6.5.3 Amendments to Grant Agreements .....	18
6.6 Authorisation in PROMISE and Disbursement .....	19

# STAR-Ghana Grants Strategy and Manual

6.6.1 Project Proposers and Seconders .....	19
6.6.2 Project Risk Rating .....	20
6.6.3 Grant Disbursement/Transfers .....	21
6.6.4 Zero tolerance to Bribery and Corruption .....	22
6.6.5 Confirmation of Receipt of Grant Transfer by Partner .....	22
6.6.6 Value of the Grant Transfer .....	23
6.6.7 Payments made on behalf of the Partner.....	23
6.7 Implementation .....	23
6.7.1 Orientation for Grant Partners .....	23
6.7.2 Monitoring and Evaluation .....	23
6.8 Grant Close-Out .....	24
7.0 Financial Management and Reporting by Grant Partners .....	24
<b>General Principles</b> .....	24
7.1 Budgeting .....	25
<b>Variations and changes to the project budget (Virement)</b> .....	25
7.2 Accounting .....	26
7.3 Internal Control.....	27
7.4 Records Retention.....	28
7.5 Financial Reporting .....	28
7.6 Allowable and Disallowable Costs.....	29
7.7 Assets and Inventory Management.....	30
7.8 Taxation.....	31
7.9 External Audit.....	31
7.10 Definitions.....	32
7.11 Suspension of Grant Partner.....	33
<b>Procedure:</b> .....	33
8.0 Validity .....	34
9.0 Appendices.....	35

# STAR-Ghana Grants Strategy and Manual

## Abbreviations and Acronyms

CA	Christian Aid
CSO	Civil Society Organisation
DFID	Department for International Development
GP	Grant Partners
GSC	Grant Sub Committee
ICAI	Independent Commission on Aid Impact
IT	Information Technology
PAS	Proposal Assessment Sheet
PEA	Political Economy Analysis
PNR	Payment Notification Receipt
PROMISE	Programme Management Information System
RFA	Request for Application
SC	Steering Committee
VFM	Value for Money

# STAR-Ghana Grants Strategy and Manual

## 1.0 Introduction and Background

The Strengthening Transparency, Accountability and Responsiveness in Ghana (STAR-Ghana) initiative is a £22 million multi-donor funded programme (funding from DFID, DANIDA, and the EU) to support the creation, utilisation and institutionalisation of spaces for collective civil society engagement in order to increase the responsiveness of the executive and key state institutions at both local and national levels. The long-term programme goal is to develop a vibrant, well-informed and assertive civil society, able to contribute to transformational national development for all Ghanaian citizens in an inclusive manner.

The key shift from its predecessor programme is the new strategic focus on facilitating and supporting processes and interventions which aim at systemic changes in socio-economic and political institutions and structures in Ghana. Phase 1 of the programme (2010 – 2015) focused on increasing civil society and parliamentary influence in the governance of public goods and services delivery. The current phase of the programme (2015 -2020) has a much stronger focus on facilitating and supporting civil society action. STAR-Ghana seeks to act as Convener, Coordinator and Catalyst (CCC) and Learning role.

It has four main objectives, namely to:

- I. Drive active citizenry;
- II. Influence the national reform agenda through strategic partnerships with organisations;
- III. Provide grant support to local organisations so that local issues can be synthesized across the country.
- IV. Transition STAR-Ghana to become a corporate body within the first half of the programme.

STAR-Ghana will deliver the following four outputs that will collectively enable the programme goal to be achieved:

***Output 1 – STAR-Ghana providing effective convener, catalyst and coordinator (CCC) and learning role.*** STAR-GHANA will develop and provide analysis to drive active citizenry. This will primarily be through a supportive, convening role or by catalysing interventions, but where needed also as a pro-active player through social accountability and influencing techniques, to develop the effectiveness of dialogue and improve strategies for reaching and involving women and excluded groups. It will also provide opportunity for learning and knowledge sharing among CSOs and key stakeholders.

***Output 2 - Effective strategic partnerships in place with policy level organisations and Parliament.*** This will focus on supporting and identifying strategic partnerships with small number of national organisations with the desire and ability to influence national reform agendas and the ability to support smaller or local organisations and movements to channel and synthesize local issues to the national level.

## STAR-Ghana Grants Strategy and Manual

**Output 3 – STAR-Ghana funding mechanisms effectively managed, helping partners to link citizens and local issues to policy/decision makers and their representatives.** This output builds on the systems developed during STAR-GHANA Phase 1 to refine grant approaches, with focus on more prioritised, result-oriented and realistic intervention logics. Equally, there will be a strengthened focus on linking local initiatives with national debates and issues.

**Output 4 - Ghanaian owned, strategic and sustainable organisation established.** The focus is to work at transitioning STAR-GHANA to a corporate body within the first half of the program and also to have in place mechanisms to sustain its operation and strategic mandate.

### 2.0 Objective

The objective of the grants strategy and implementation manual is to outline the role of grants and grant making in STAR-Ghana's overall strategic approach.

It also provides a process for grant-making and a framework of approved standards and procedures for managing grants awarded through STAR-Ghana. The manual forms part of the contractual obligation of STAR-Ghana to ensure that guidelines and principles are established and grant recipients implement their projects in accordance with donors' regulations and in a manner that is consistent with the programme's values and principles and contributes to the achievement of its strategic objectives.

Christian Aid is the service provider for this Programme and holds the contract for STAR-Ghana. Christian Aid's policies and procedures form the main base for this manual, with amendment to suit STAR-Ghana Programme's distinctiveness and context.

The terms Christian Aid and STAR-Ghana may be used interchangeably in certain instances.

### 3.0 Scope

This document sets guidelines and principles based on Christian Aid regulations and requirements by which all grants awarded through STAR-Ghana will be managed. It contains detailed information on the design, award, management, monitoring and close out of all new grants to Civil Society Organisations (CSOs), Media Organisations and other similar Organisations. It also provides examples of standard formats and documentation that will form the basis of each grant agreement.

## 4.0 Approach

### 4.1 Overall Approach to Grants and Grant-making in STAR-Ghana

Grant making enables civil society to carry out activities, build coalitions for change, and operate within the available spaces. Evidence from STAR-Ghana Phase 1 and other programmes have shown that giving grants alone does not lead to transformational change. To achieve impact grant making must:

- Fit within a broader strategy;
- Be based on sound evidence, both in situation analysis and in understanding of how change happens;
- Incorporate strong evidence gathering to inform subsequent actions.
- Be looking to a sustainable post grants future phase.

In the current phase of the programme therefore, grants will be one among the diverse 'tools' for driving change. Specifically, they will be used strategically to unlock blockages to change and catalyse citizen action through piloting approaches, developing evidence and building alliances among stakeholders.

The key elements of the programme's grants strategy are:

- Integrating grants into HOW the programme works to achieve its strategic objectives. STAR-Ghana will shift from being primarily a grant-making mechanism to a programme which uses a combination of grants and other tools and approaches to address systemic challenges to achieving inclusive and transformational development;
- Using a combination of competitive and more 'managed' funding to reach and support a variety of stakeholders and to help address diverse issues.
  - Competitive funding encourages applicants to deliver safe, lower-risk projects where results can be better assured, but limits impacts and change, especially at national level.
  - Managed calls bring together alliances and specifically create the opportunity to engage the media, the private sector and "new" activist groups more likely to result in high impact results around key issues. This will also include piloting/taking to scale models of citizen mobilisation and engagement;
  - A Strategic Opportunities Fund enabling rapid reaction to emerging 'hot' issues that can be key to achieving systemic change. The SC, with support from the PMT, will identify these key issues through longitudinal PEAs embedded in programme implementation and interactions with stakeholders;
- Integrating capacity building into grants support to GPs, both state and non-state actors;
- A conscious effort to reach and work with a wider range of CSOs, including those working with and supporting excluded social groups and with less formally organised citizens' groups and movements;
- Use of part of the grants, to be managed by the SC, to convene collective influence. Strengthen and develop spaces for engagements particularly with Ministries,

## STAR-Ghana Grants Strategy and Manual

Departments and Agencies at national and local levels. This will also include the costs of building networks, gathering evidence (especially at local level), undertaking dialogues, communicating results, sharing learning, and monitoring and assessing the impact of the changes achieved – at national and local levels.

- Help ‘grow’ legacy organisations to take forward the work STAR-Ghana ted under STAR-GHANA PHASE 1’s sustainability work stream;
- Continue to build the capacity and effectiveness of Parliament to be the key interlocutor between citizens and the Executive; and

Setting aside part of the grants budget to cover the costs of mentors to help the PMT manage grant delivery, expenditure and performance, particularly among non-traditional partners.

### 5.0 Grants Management Manual

The programme will build on the existing manual, developed under STAR-Ghana Phase 1. It will however undertake a more detailed review, drawing on feedback from grantees, previous reviews and evaluations, and Christian Aid’s experience of managing grants programmes in the first 6 months of the Implementation phase.

A particular focus of the review will be to ensure that the manual is fit for purpose as the grant-making becomes more nuanced, adopting different models in order to provide greater strategic direction to the work funded. This will require amendment to the description of ‘funding windows’ and will also extend the timings of each stage of the process, allowing more time for proposal development prior to the deadline, and space for further collaborative project development following approval.

It will also require, in most cases, that the ‘Expression of Interest’ (assessing eligibility) would be replaced by a more detailed ‘concept note’ (assessing project strength). Preceded by high quality information provision (documentation and information sessions) allowing the applicants to assess their own basic eligibility, this will ensure a rigorous filtering of first stage applications and enable greater STAR-Ghana team involvement in full project development. The revised manual will also include robust fund manager processes with justifications for proportion allocations to different funding streams, and mechanisms to enable flexibility.

### 5.1 Value for Money

Value for money underpins the entire grant making process and this will be integrated into every aspect of the STAR-Ghana Programme including Projects by Grant Partners.

STAR-Ghana’s approach to value for money is taken from Christian Aid’s understanding of **VfM** which is about achieving the best results we can with the money and resources we have. In defining the ‘best’ results, we are concerned with:

- scale (numbers of people benefiting);
- depth (addressing the root causes not just the symptoms of problems);



## STAR-Ghana Grants Strategy and Manual

- lasting (the sustainability of change);
- inclusion (in other words, a change has greater impact if it benefits people who are more excluded and marginalised).

STAR-Ghana's approach to VfM will thus be weighted towards the **4Es** as presented by the Independent Commission on Aid Impact (ICAI) in their VfM Paper. The table below defines the **Es**.

	Definition
Economy	Best value inputs
	Spending less money, keeping costs down
Efficiency	Maximising the outputs for a given level of inputs
	Spending less money per unit
Effectiveness	Ensuring that the outputs deliver the desired outcome
	Getting results that are worth the money
Equity	Ensuring that the benefits are distributed fairly

An assessment of VfM is simply a formal process of asking the questions:

- I. To what extent is this effective intervention?
- II. Does that level of effectiveness justify the resources invested?

In answering the above questions the assessment process should ensure the following:

1. Focus on the results being achieved – how big, deep, lasting and inclusive is the change we're making?
2. Link those results achieved to the resources invested.
3. Make choices and judgements about the most effective use of resources. Compare alternative approaches to achieving the same outcome.
4. Could we achieve the same level of change/results with fewer resources?
5. Could we achieve greater change with the same resources?

### 5.2 Funding Types

STAR-Ghana will offer separate funding windows (*Competitive and Non Competitive or Restricted Funding Window*) to established organisations of civil society (non-state actors) and bodies. All STAR-Ghana supported organisations will seek to build on gains from previous activities and evidence generated thereof. These are expected to form the basis for new/innovative projects. Periodic analysis and consultations on Ghana's political economy (PE) will be organised to inform development and updating of programme strategy, specifically the selection of key thematic areas for the focused allocation of the fund. The political economy analysis (PEA) will enable the Programme Management Team (PMT) to

## **STAR-Ghana Grants Strategy and Manual**

identify issues around which change is more likely to happen and to use these as the basis for developing themed calls for proposals.

### **5.2.1 Competitive Funding Windows**

#### **Open Window**

This will include Project funding with clearly specified objectives which address STAR-Ghana's purpose and outputs but are not confined to a particular sector. Open to any organisation able to demonstrate sound analysis for project proposals within broad thematic areas, including emerging issues coming out of the PEA. Project innovations and local initiatives that offer value for money will be encouraged under this call. This type of call will be widely publicised and information sessions conducted in designated strategic geographical locations for prospective Grant Partners (GPs). A learning stream within this window will support emerging or 'non-traditional CSOs' (business associations, trade unions, private sector and media organisations, traditional leaders, queen mothers' association, etc.) with potential but less of a track record in managing donor funding. This seeks to foster greater collaboration among non-state actors. In effect this stream supports STAR-Ghana's theory of change assumption that there is an informal/actual cycle that influences the government business cycle making it necessary to engage with them to achieve greater impact.

#### **Restricted Window**

This project funding will have limited eligibility of grantees according to organisational features relevant to calls with tightly defined priorities. Initiatives aimed at broader strategic applications and those that target specific marginalised groups or themes will be encouraged. Organisations like Research Organisations, Women-led NGOs, and Disability Organisations will be encouraged to submit applications.

### **5.2.2 Closed or Non-competitive Windows**

This window will be for Strategic partnerships identified by STAR-Ghana, based on specific and unique role of the organisation in advancing the course of the Programme's vision and goals. This window shall include for example:

#### **Support to Parliament**

Grant making to parliament will focus on two main areas of work: Strengthening the parliamentary service and the quality of support it provides to the House and its committees, who depend in large part on the service for information and analysis, and to support parliament to uphold rights and deliver public goods.

STAR-Ghana's work with selected committees will also include support to strengthen their relationships with the public, while increasing opportunities for constructive interaction at different stages in the budget cycle.

# STAR-Ghana Grants Strategy and Manual

## Strategic Opportunities Fund

This strategic support will respond flexibly to short-lived or immediate opportunities, to inform important thematic issues or emerging topics. These opportunities may be identified either by potential grantees, the Steering Committee (SC), PMT, or the Funders Committee.

Eligible organisations may send unsolicited proposals to the PMT for consideration. The PMT would refer these proposals, after assessment, to the Grants Sub-Committee (GSC) for consideration and recommendation to the Steering Committee if appropriate.

The SC, PMT or Funders Committee can solicit proposals from targeted organisation to address a strategic emerging issue. The same process as above would be used to obtain a Steering Committee approval. This opportunity is open throughout the life span of the project and would address projects with duration of no more than one year.

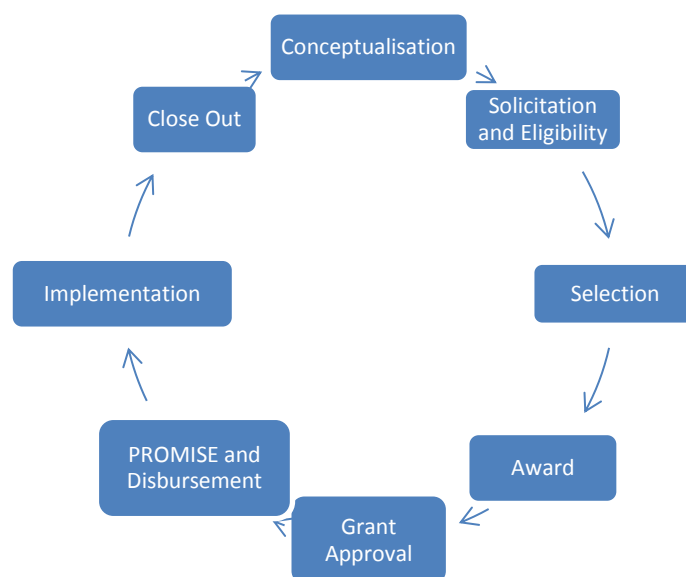
The process leading to the award of the grant will take no longer than 8 weeks.

## 6.0 The Grant Cycle

Grants in the context of STAR-Ghana can be defined as *any voluntary payment (or other transfer of property) to a partner organisation in furtherance of STAR-Ghana objects*. STAR-Ghana's SC is responsible for ensuring STAR-Ghana grants are made in accordance with STAR-Ghana objectives and relevant legislation and give ultimate approvals at the Programme Level.

Authority for day-to-day grant-making is delegated to STAR-Ghana PMT and it is their responsibility to ensure that appropriate grant-making procedures are established and followed. The Grant Cycle involves the following stages:

**Figure 1: Grant Cycle**



# STAR-Ghana Grants Strategy and Manual

## 6.1 Conceptualisation

The initial phase of the process involves conceptualising the programmatic objectives that will be achieved through the grant. The grant making process will require defining the purposes / nature of the programme and developing the Request for Application (RFA).

The purpose of each grant will be to address specific needs based on periodic analysis and consultations on Ghana's Political Economy (PE). The PE analysis will enable the PMT to identify issues around which change is more likely to happen and to use these as the basis for developing themed calls for proposals.

## 6.2 Solicitation and Eligibility

STAR-Ghana will publish an RFA in order to satisfy the requirement for public notice, as well as to provide a mechanism that will ensure transparency and equal opportunity for all prospective External Service Providers (ESP) or prospective Grantees.

The eligibility criteria under the grant making process are grouped into two namely: the Project Eligibility and the Partner or Organisation Eligibility.

### a. Project Eligibility Criteria

Applicants proposed projects should be able to demonstrate how it will:

- bridge the gap between policy formation and implementation, moving beyond policy advocacy to influencing and implementing policy;
- build on gains of previous programmes to leverage impact and add value;
- achieve and measure results being offered;
- collaborate with others, within and without the civil society to expand potential impact;
- carry forward lessons learnt to strategically effect change;
- be in line with the organisation/coalition/network's core mandate;
- be innovative, taking risks and doing things differently;
- be completely delivered within the specified timeframe;
- ensure that outcomes and impact take into consideration responsiveness to gender equality and social inclusion.
- provide Value for Money and with strong emphasis on project sustainability

### b. Organisations/Coalitions/Networks/Partnership Eligibility Criteria

The organisation on its own or the lead in the coalition must satisfy the following:

- Must be legally registered in Ghana and be fully compliant with all relevant legislation
- Demonstrate a track record in delivering results and timely reports;
- Must have appropriate standards for good organisational governance and be able to demonstrate active engagement of the governing body.

## STAR-Ghana Grants Strategy and Manual

- Practically demonstrate real and actual inclusion/diversity and gender sensitivity across the organisation;
- Must satisfy the STAR-Ghana minimum standards of financial management;
- Coalitions and networks must be formalised by way of a memorandum of understanding signed by its constituents;
- Coalitions/networks must demonstrate the quality, effectiveness and breadth of the existing coalition; and
- Show at least two previous annual statements of accounts audited by a suitably certified person(s) or body.

### 6.2.1 Public Notice

For each grant award cycle, a public announcement will be prepared by STAR-Ghana to solicit proposals once the criteria for award and the number and size of awards have been determined by the SC.

The announcement will include:

- A description of the STAR-Ghana Programme.
- The objectives of the current RFA and results to be achieved.
- A general description of the programme indicating the thematic priorities.
- Eligibility and non-eligibility requirements of applicants.
- Value of funds available.
- The project implementation period.
- Information on where to access the application and other relevant information for the Call
- The due date for submission of proposals or applications.

In addition to the public announcements, **information sessions** will be organised for applicants in designated geographical regions in the country to discuss the process and provide additional information on the application process. The session will address any issues and concerns relating to the call and/or process and to share further information on the thematic area of the call.

### 6.2.2 Request for Application (RFA) and or Concept Note

All prospective Grantees will be required to present a Concept Note of their application and this will be assessed and approved before request for a full Application or detailed proposal will be made.

STAR-Ghana will develop an RFA with input from Christian Aid and Consortium Members and present to the Steering Committee (SC) for their sign off.

The RFA will contain all elements of the public announcement and will include:

- A summary of the requirements

## STAR-Ghana Grants Strategy and Manual

- Instruction-guide for preparing the proposal stating the mode of submission, the place of submission and the process for seeking clarification etc.
- The technical and financial criteria which will be used to evaluate applications and to select successful applicants
- The window or application component type
- A Cost sharing element, required or suggested, as applicable
- Budget submission forms
- Any other relevant information

The call for RFA will be advertised not less than **30 days** before applications are due or closed. Submissions received after that time and date will not be considered. The announcement will be published in the local media deemed appropriate and also on the website of STAR-Ghana i.e. [www.star-ghana.org](http://www.star-ghana.org).

Applicants may in some instances be required to present a Concept Note of their application and this will be assessed and approved before a Request for a full Application or proposal will be made.

### 6.2.3 Competition Requirements

All applications must be uploaded on the STAR-Ghana website by the deadline stipulated, must be presented in the proposal format and must clearly address the issues defined in the RFA. Hard copies will not be considered. Competition in the awarding of grants shall be used to the maximum practicable extent for all competitive Calls. Non-competitive Calls will be assessed based on the need and relevance of the issue.

## 6.3 Selection and Screening

### 6.3.1 Initial Screening

Upon the closure for call for Concept Notes and or Applications, the Grants Management Unit will download from the STAR-Ghana website all the applications submitted and review them to ensure that they meet the basic eligibility criteria. Only those applications that meet the criteria, are received by the deadline and are presented in the proposal format will be forwarded to the Assessors. All potential recipients will be subject to a *Past Performance Scrutiny* on previous performance with STAR-Ghana or with any of the Programme Donors. Any negative reports will be referred back to the potential recipients in writing for a response. This information will be included as part of the overall assessment of past performance which will be submitted to the Grants Sub Committee (GSC) for their consideration in making a final selection.

### 6.3.2 Grants Review Panel

A Grants Review Panel or Assessors will be constituted to evaluate the applications. The Grants Management Unit will work with the PMT to select members of the Panel. The final list of members will be submitted to the GSC for approval. The Review Panel will review the

## **STAR-Ghana Grants Strategy and Manual**

applications, based on their technical and financial merits. The Panel will at a minimum comprise individuals with the requisite experience in the thematic area and relevant knowledge and experience in Programme and Financial Management.

### **6.3.3 The Review Process**

#### **Review of Concept Note**

In an instance where Applicants will be required to submit an initial concept note, the review process will be as follows:

The PMT in collaboration with the Assessors will meet to set the scoring criteria as well as the weighting by which the proposals will be assessed and submit to the GSC for approval. The Assessors will then be provided with the applications and all relevant supporting documents for them to assess each applicant. They will after their review present their recommendations to the GSC through the PMT. The GSC will meet to review the recommendations of the Assessors and advice further. GSC will then finalise and present shortlisted organisations to PMT. They will then be informed to submit full Application or Proposal online.

The PMT may sample some few applications and review using same criteria to have a feel of content and appreciate the quality of application from Applicants.

The entire process is estimated to take **6 weeks**.

#### **Review of Full Applications**

Following similar process under the concept note review, the Assessors will review full proposals based on designed assessment and scoring criteria. The Assessors as part of their assignment will also review the budget, result framework, activity plan and any other relevant supporting document attached to the application.

The Assessors after their assessment will fill out master Proposal Assessment Sheets (PAS) summarising applications (where necessary based on re-submitted applications) and provide their detailed feedback to the GSC through the PMT.

A GSC meeting is convened to discuss and also to review the recommendations presented by the Assessors. Some of the Assessors may be invited by the GSC to participate in the GSC meeting to provide information and clarifications on their assessments. GSC will also review and provide scoring on each application and provide their decision as well. The entire process is estimated to take **7 weeks**.

### **6.3.4 Clarification and Follow-Up Issues**

During the review of the applications, GSC may raise certain questions for clarification or issues of concern from Applicants whose applications show potential to revise/sharpen their proposals. These questions and issues will be recorded, and the Grant Unit will follow up

## **STAR-Ghana Grants Strategy and Manual**

with the potential recipients in writing to solicit a written response. The GSC or Panel members will be advised of the response to queries and a decision will be made on the grants to be awarded. This process will take **1 week**.

### **6.3.5 Short-listing of Applicants**

The GSC having satisfied with the assessment on all applications will present their shortlist. All successful and unsuccessful applicants will be notified in writing of the Panel decision explaining the basis for the decision, as appropriate. Feedback to unsuccessful applicants will be provided within 30 days after the selection of successful applicants. Shortlisted applicants will then be notified to undergo a further pre award procedure or due diligence exercise. This process will take at least **1 week**.

### **6.3.6 Conduct Due Diligence on Shortlisted**

The PMT will engage and work with Assessors to conduct assessment on shortlisted organisation to determine whether the applicant has the capacity to adequately comply with STAR-Ghana management requirements and possesses the necessary management competence to plan and carry out the proposed project. It will also enable STAR-Ghana to identify capacity gaps and capacity building needs of prospective partners.

The exercise will adopt a risk management approach depending on size of organisation and size of funding award.

This process will involve a site visit to the organisation and they will be assessed based on the legal compliance, adherence to statutory payments, financial management systems, governance structure, monitoring and evaluation systems and other information provided with their application to determine their performance against minimum financial standards required by STAR-Ghana. The assessment will be conducted using a designed check list or guide.

Following the field visit, the Grant Unit with the PMT will compile the reports from the Assessors and present decision about funding based on the organisation's level of risk. This process will take **3 weeks**.

### **6.3.7 Finalisation of Selection**

The GSC will be presented with the DD Report to review the findings following the exercise and they will meet to conclude their decision on shortlisted applicants. A report to this effect will then be prepared for the Steering Committee at least a week prior to the SC meeting for their review as well. At the SC meeting, the Chair of the GSC will deliver a detailed report on all assessments made on each application. The GSC would provide further information or clarification that will be required by the SC and request approvals of their decisions. The SC will approve or reject grants by consensus. Following this, the PMT will inform applicants whether their application was successful or not. All successful applicants



## **STAR-Ghana Grants Strategy and Manual**

will be required to indicate in writing if they will accept the grant. Unsuccessful applicants will be provided with feedback explaining the reasons for the SC decision within 30 days.

### **6.4 Award**

#### **6.4.1 Negotiation**

Any changes to the Grant Partner's proposed budget and project logical framework as a result of the pre-award technical, management and financial review will be mutually agreed upon by STAR-Ghana and the Grant Partner. PMT will thus negotiate with the Partner to revise their project logical framework and budget plan to align with approved budget figures and project logical framework. The grant project budget should include funding elements, which are reasonable and allowable in accordance with applicable cost principles and the level of cost sharing/matching funds required by the Grant will be determined.

#### **6.4.2 Final Documentation Submission**

Once the revisions are completed on all Grant Partners a detailed report will be presented to GSC and this will include their revised results framework, activity plan and their budget plan. The overall amount of the proposed grant for the Call will also be submitted for final approval prior to award.

### **6.5 Grant Approval and Contracting**

#### **6.5.1 Finalisation of the Grant Agreement**

A grant agreement format will be developed by the PMT and will be submitted to the SC for approval. The Grant Agreement will be between the Grant Partner and STAR-Ghana on behalf of Christian Aid.

The contents of the Grant Agreement will be determined by the type of funding allocated to the Grantee. The Grant Agreement will generally provide information such as:

- Description of the overall purpose, objectives, goals and anticipated grant activity with a discussion on the background to the grant activity. This will include a description of how the grant activity will address a specific issue. The grant letter will also list the overall amount of the grant award, the period for the grant and the terms of the grant;
- Programme Description including the indicators to be used for reporting on project results.
- Schedule – an implementation schedule, clear benchmarks and indicators for monitoring and evaluation, financial and technical reporting requirements and timelines;
- Definitions;
- Accounting procedure, auditing and reporting;
- Institutional and programme development;
- Co-operation with PMT;
- Annual assessment;

## **STAR-Ghana Grants Strategy and Manual**

- Warranty;
- Special provisions;
- Anti-corruption clause;
- Entry into force; and
- Termination.

The Grant Agreement will be supported by annexes and these will include:

- Approved results framework and budget;
- Narrative and Financial Reporting Templates
- External Communications and Branding
- Accounting and Payment Instructions
- Procurement Policy and Procedure

Successful Grantees will be invited in writing to come over and sign the Grant Agreement. A signing in ceremony at the STAR-Ghana will be organised to that effect.

The Grant Agreement will be signed by the Programme Director of STAR-Ghana on behalf of Christian Aid and countersigned by any Senior Executive of the Grant Partner or his representative.

### **6.5.2 Special Award Conditions**

If an applicant or recipient has a history of poor performance; is not financially stable; has a management system that does not meet the standards prescribed by STAR-Ghana; has not conformed to the terms and conditions of a previous award; or is not otherwise responsible; STAR-Ghana may impose additional requirements as needed, provided that such applicant or recipient is notified in writing as to:

- the nature of the additional requirements;
- the reason why the additional requirement is being imposed;
- the nature of the corrective action needed;
- the time allowed for completing the corrective actions; and
- the method for requesting reconsideration of the additional requirements imposed.

Any special conditions will be removed once the conditions that prompted them have been corrected.

### **6.5.3 Amendments to Grant Agreements**

The Grant Partner shall obtain prior written consent of STAR-Ghana for any anticipated amendments that may modify the programme description, and/or impacts or results or that can change the implementation timetable and milestones. Similarly any expenditure on project fund that is outside approved budget cost lines need to be consented by STAR-Ghana.

## STAR-Ghana Grants Strategy and Manual

### 6.6 Authorisation in PROMISE and Disbursement

Once grants are awarded and approved, STAR-Ghana will follow through with Christian Aid's Grant approval process by uploading all grant information unto the Programme Management Information System (PROMISE).

PROMISE is a grant management system used by Christian Aid to manage all grant including disbursement, transfers, reporting, monitoring and audit. Every grant that will be approved in PROMISE will be based on a risk-based assessment. Levels of risk are reviewed annually and management determines the number and seniority of staff that are authorised to approve grants.

The outlined standard and procedures will be followed as part of Christian Aid's Grant Approval actions and this will be complied by STAR-Ghana as part of the grant making process.

#### 6.6.1 Project Proposers and Seconders

All grants will be approved in Promise by two members of staff, these are referred to as the **Project Proposer** (in this case is the Grant Manager) and the Project Seconder (in this case the Head of Programme or Head of Operation).

The **Project Proposer** will propose and create the project in Promise. Grants and transfers to partners must be generated using Promise. All grants and transfers are created within a project in Promise by the Project Proposer who submits these for approval to the Project Seconder.

The Project Proposer will update the project in Promise as this can have an impact on the risk rating of the project, which may in turn, require a different Project Seconder.

The **Project Seconder** approves or rejects the project. The Project Seconder reviews these grants and transfers and then approves or rejects them in accordance with the Grants Approval policy.

For all projects with a risk rating greater than low risk the Project Seconder's comments within Promise will also include a very short summary of the nature of the risks and how these risks will be managed.

When the Project Seconder approves a project in Promise, they are confirming that the Project Proposer is correctly authorised to propose the project.

Also by approving the grant and transfer the approver is confirming that all necessary documentation and criteria within Promise have been met and is happy for the payment to be released to the partner. In addition it will be advisable to confirm a number of key elements, in order to assure smooth transfer of funds such as the following:

## STAR-Ghana Grants Strategy and Manual

- Overview form - All relevant fields within PROMISE must be complete and sufficient. Particular questions are:
- Is it clear how the project is working towards the programme objective? Check for the following:
- Gender, downward accountability, power and stakeholder analyses
- Monitoring Plan – Has it all relevant detail?
- Check relevant documents are uploaded:
  - Project Proposal
  - Budget
  - Key communication
- Grants and transfers for the lifetime of the project - Are all these grants on the project and does this match the STAR-Ghana start and end dates?
- Quality and Risk form – Are there any issues that are highlighted in the overview form or the attached documents that should be highlighted here.
- Reporting Requirements (Reports-Narrative and Financial) etc.
- Monitoring Assessment: Is the latest Monitoring assessment on PROMISE?
- Quality & Risk - Is it up to date? Is there anything that needs adjusting?
- Latest Reporting Documents: Have any relevant documents been uploaded.
  - Monitoring reports
  - Quarterly reports
  - Annual reports
  - Case Study/ Evaluations etc.
- Project Review: Have these been answered and if so are they in line with evidence uploaded?

Both the Project Proposer and the Project Secunder will be responsible for monitoring the risks as the project progresses and agreeing appropriate actions as necessary.

Once the grant and transfer has been approved by the Project Secunder, the Project Proposer must then request payment of the approved transfer in PROMISE by submitting the request to the appropriate finance processing centre. The ultimate transfer to the partner will be made through a bank account held in the UK.

### 6.6.2 Project Risk Rating

Once the Project Proposer enters the project into Promise the risk rating will be automatically calculated. All Project Seconders have a level of authority in PROMISE and this will display a list of appropriate Project Seconders based on the project's risk rating.

## STAR-Ghana Grants Strategy and Manual

The table below provides information on who is eligible to be the Project Seconder;

<b>Risk</b>	<b>Minimum level of Project Seconder / Second Signature</b>
Low	A Peer of the Proposer
Medium	A Peer of the Proposer if they both hold level 1 or 2 authority and share the same line manager otherwise Immediate line manager of the Proposer providing they hold at least level 2 authority
High	Manager with Level 1 authority within the Region or Division
Super High	Head of Division

**Peer** is defined as a member of programme staff with the same level of authority.

### 6.6.3 Grant Disbursement/Transfers

All grant transfers to partners will be generated from PROMISE. Transfers cannot be generated unless all appropriate policies have been complied with. This will include the financial policies relating to partner audits, bank validations, and grant transfer receipts.

The transfers must be authorised by the appropriate members of programme staff based on the level of risk assessed in the Grants Approval policy.

All STAR-Ghana grants will be disbursed in local currency. Disbursement of funds is contingent upon the establishment of a separate local cedi bank account for the grant and of an acceptable accounting system. The account opened shall be dedicated to STAR-Ghana funds only and must be operated with two signatories, details of which will be provided to the PMT.

Grant Partners will be required to present on their official letter head a Validation letter that gives details of their Bank Account. In a situation where the Bank Account name of the Grant Partner is different from its legally registered name, the Grant Partner will be asked to fill out an Exception Form and provide an explanation in that regard.

Responsibility for the handling of funds will be agreed upon during the negotiation phase. Support will be provided to groups with weak financial systems.

Funds will be disbursed based upon an approved quarterly activity schedule, budget and funds request. Under no circumstances will any payment be made in cash to the account of a private person and/or to an offshore account. Requests for funds will be done in advance on a quarterly basis to PMT using standard form provided by STAR-Ghana as part of the reporting requirement. See appendices for financial reporting template.

## **STAR-Ghana Grants Strategy and Manual**

### **6.6.4 Zero tolerance to Bribery and Corruption**

Deliberate mismanagement of funds, negligence or fraud detected by during an audit or any form of monitoring will lead to the withholding of funds until such time as the issue is resolved. If the issue detected cannot be resolved to the satisfaction of either or both parties, no further funding will be provided and any outstanding or unaccounted funds will be returned to STAR-Ghana.

STAR-Ghana also reserves the right to claim the value of funds that have already been disbursed to the Partner, if after investigation; the funds have not been used for the purpose agreed.

All partners must confirm receipt of each grant payment to Christian Aid within 30 days of the payments being made. No further grant payments can be made to the partner while the confirmation is outstanding. The record of this confirmation must be held in the STAR-Ghana office.

### **6.6.5 Confirmation of Receipt of Grant Transfer by Partner**

All partners must confirm receipt of each grant transfer to Christian Aid/STAR-Ghana.

- Within 30 days of the payments being made.
- If no receipt is received within 60 days the partner will be suspended.
- If there is no explanation for receipts not received within 6 months then a misuse of funds has to be raised by STAR-Ghana to Christian Aid.

The preferred method of partner confirmation is a copy of the Payment Notification/ Receipt (PNR) generated by Promise correctly signed and dated by the partner. However if that is not possible the partner can instead send:

- A signed letter of acknowledgement on their official headed notepaper.
- This can be an original, a faxed copy or a scanned copy.
- This letter should state clearly the amount received, the date received, and the purpose of the funds.
- The letter should be signed by an official signatory of the partner.
- Verbal confirmations from a partner are not acceptable proof of receipt.

When a confirmation of receipt is received from a partner, STAR-Ghana will do the following;

- Keep the hard copy of the confirmation in the partner file.
- Upload a scanned copy of the confirmation in PROMISE (within the project) and add a note to this record of where the receipt is being held.
- In PROMISE, the Project Proposer must open the transfer within the project and mark the "Receipt Received" tick box.

## **STAR-Ghana Grants Strategy and Manual**

### **6.6.6 Value of the Grant Transfer**

The value of grant transfers is limited to **£50,000** or its equivalent in local currency where the grant is **£100,000** or less. For all other grants, the grant should be broken down into two or more appropriately sized transfers based on the risks and the needs of the programme. No one transfer should be more than **£150,000** in value. If larger transfer payments need to be made, then at least two weeks notice must be given to the Grants Unit of Christian Aid by email stating the requested payment date, the value of the payment and the currency in which the payment will be made.

### **6.6.7 Payments made on behalf of the Partner**

Payments cannot be made to third parties on behalf of partners under this policy. If STAR-Ghana needs to make a payment directly to a supplier on behalf of a partner, the invoice must be addressed to STAR-Ghana and not the partner. In this case, the payment is charged to a code within the **300 series** and the amount paid on invoice must then be removed from the relevant partner grant.

## **6.7 Implementation**

### **6.7.1 Orientation for Grant Partners**

STAR-Ghana encourages a post-award orientation with the Grantee to clarify the roles and responsibilities of Grant Partners. Typically, this orientation should be for the Programme and Financial Team who will be administering the grant.

Training and technical assistance will be available to relevant staff in the Grantee organisation on any of the mechanisms that have been implemented or agreed upon. Follow-up training and technical assistance may be provided depending on the organisation's capacity gaps identified, risk profile level and programmatic challenges which may be identified as the project is implemented.

### **6.7.2 Monitoring and Evaluation**

Key to the realisation of STAR-Ghana Programme goal is to ensuring that grant component are effectively managed, and also helping grant partners link citizens and local issues to policy/decision makers and their representatives. In light of this, conscious programme monitoring and evaluation strategy will be developed to determine the relevance or lack thereof of programme interventions and the extent to which Grant Partners are complying with STAR-Ghana/ Christian Aid and Donors' requirements. Learning will be well documented, analysed and shared to improve upon programme delivery and (re) design.

Grant Partners will be monitored at least once in every quarter by either onsite visit or off site monitoring. The monitoring will be conducted using a Partner Monitoring Assessment Checklist.

Where needed STAR-Ghana may engage the services of independent consultants for some monitoring/site visits. Donors may undertake their own monitoring as they deem fit.

## **STAR-Ghana Grants Strategy and Manual**

Grantees will submit quarterly and annual narrative and financial report using STAR-Ghana designed reporting templates. They will demonstrate in their report how their project is contributing towards call-specific theories of change with focus on empowerment/enhanced capacities, collective action, use of 'spaces' for dialogue and negotiation among others.

Additionally, assessment of Partner Capacity will be part of the monitoring plan to enable STAR-Ghana design relevant capacity support for Partners in addressing the capacity gaps and strengthening existing capacities.

Mid Term and end of project evaluations will be conducted on projects to systematically and objectively assess relevance, performance and success, or lack thereof. Projects will be evaluated on their effectiveness and their ability to ensure a sustainable change with strong focus on embedding GESI. STAR-Ghana in collaboration with the Grantee and Evaluator will draft evaluation terms of reference. Evaluation findings will be shared among key stakeholders to inform and improve programming.

### **6.8 Grant Close-Out**

All grants will be closed out in accordance with STAR-Ghana guidelines and close out documentation submitted and communicated to Christian Aid and Programme Donors. A meeting will be held with the Grantee to review and determine that all grant activities and audits have been completed in accordance with the agreement. Grant Partners will be required to submit an End of Project report using a template designed by STAR-Ghana/CA within **30 days** of completion of the Project or as stipulated in the Partnership Agreement. The grant budget will be reconciled to ensure that the Grantee refunds the balance of unobligated fund that was advanced.

In the event that the Grant Agreement is terminated for any reason, the grant will automatically close out.

Any property which has been acquired using grant funds will be accounted for and disposition thereof will be made according to STAR-Ghana regulations. Grants will be evaluated on the basis of their contribution to the defined objectives.

## **7.0 Financial Management and Reporting by Grant Partners**

### **General Principles**

- Transparency and accountability. Grant Partners must demonstrate that funds have been used for the purpose they were given.
- Demonstrate Value for Money.
- Demonstrate good financial management and governance including appropriate internal controls and monitoring.



## STAR-Ghana Grants Strategy and Manual

- STAR-Ghana will be committed to building the financial management capacity of Grant Partners to support financial sustainability of Grant Partners where such support is deemed necessary.

### 7.1 Budgeting

Grant Partners are expected to budget in **local currency (GHS)** unless expressly stated otherwise in a particular call for proposals.

Project plans and budgets must be realistic and based on valid measurable results and developed by knowledgeable individuals. Procedures must be in place to plan project activities and prepare related budgets. Budgets must be prepared for all significant activities in the monthly or annual work plan in sufficient detail to provide a meaningful tool with which to monitor subsequent performance. Budget template would normally be provided by STAR-Ghana for budgeting purposes. This will include:

- **Detailed budget;** sufficiently coded and aligned to Activity Plan.
- **Cash flow;** that phases out the detailed budget into periods (quarters) according to activity implementation plan. This together with quarterly forecast provided by Partners will then form the basis of cash request from Grant Partners and subsequent funds transfer to Partners by STAR-Ghana/Christian Aid.
- **Budget Notes;** detailed budget notes for each project budget lines. The notes should explain: a) why a particular item/service/human resource is needed. b) How the estimates have been calculated (e.g. based on quotes, market research), and including a reasonable detail of numbers, units and unit costs. Administrative overhead explanation should explain how costs have been apportioned to STAR-Ghana. Any relevant information that will help the evaluation of budget by STAR-Ghana should be provided.
- **Budget Guidance Notes;** this should give instructions as to how the budget template should be filled and how STAR-Ghana expects the budgeting to be done.
- **Any other details** required in the budgeting process will be provided as and when necessary.

After Budget has been approved by STAR-Ghana, it cannot be varied by Grant Partner without appropriate written approval by STAR-Ghana PMT. A template for such is attached as part of appendices

#### **Variations and changes to the project budget (Virement)**

- No expenditure should be incurred on items that are not in the original budget. Variations seeking to increase the value of the grant for a project will not be allowed. In the case of exceptional circumstances, written approval shall be sought.
- Overall Budget overruns will not be allowed. Should such happen Grant Partners are expected to bear the cost.
- Grant Partner may not incur expenses in excess of 5% budget headings or lines (for the whole grant term) without prior approval.

## STAR-Ghana Grants Strategy and Manual

- Reallocation between budgets lines of less than 5% (by the end of the grant) are permitted without approval provided the overall budget is not exceeded and there are no unapproved changes to activities or outputs.
- Savings or underspend at a budget heading level does not justify overspending by more than 5% on another budget heading unless written approval has been received from STAR-Ghana.
- Where there is under spending as a result of savings or reduced activities, Grant Partners will be given the opportunity to suggest areas for reallocation of the budget which will be considered on a case by case basis. Any reallocation of the budget will need to be agreed and signed off by STAR-Ghana. Funds will not automatically be reallocated to the Grant Partner and may be allocated elsewhere across the STAR-Ghana Program.
- Any planned future variations (above 5% budget line variations) to the approved budget must be discussed and agreed in writing with the STAR-Ghana which will issue an amendment to the Grant Agreement.

### 7.2 Accounting

Grant Partners must:

- Adopt recognised and acceptable national and international accounting standards in the recognition, recording and disclosure of its transactions.
- Have written policies and procedures covering all routine accounting and related administrative activities.
- Have accounting function staffed adequately with experienced and/or qualified persons.
- Have chart of accounts flexible enough to accommodate revisions and upgrades to the accounting system. The chart of accounts must be adequate and adaptable enough to properly account for, and report on, all project activities.
- It is preferable that the accounting and reporting system is computerised. If not, the manual system must be adequate to account for project activities in a timely manner.

### Supporting Documentation

Grant Partner shall maintain books, documents, and other evidence relating to STAR-Ghana funded project activities. Accounting records that are supported by documentation that will at a minimum show all costs incurred under the Grant Agreement; receipt and use of goods and services acquired under the Grant Agreement; and the overall progress of the project. All transactions must be adequately supported. Any unsupported and/or inadequately justified transactions must not be charged to STAR-Ghana.

In the case of unsupported or inadequately justified transactions being identified by STAR-Ghana or through an audit, they will be treated as a disallowable expense. In the event that records are lost or cannot be obtained, STAR-Ghana should be notified immediately to direct on the next steps forward.

## STAR-Ghana Grants Strategy and Manual

The following contains a list of examples of minimum supporting documentation for various expenses. This list is a guide and is not exhaustive:

**Table 1: Examples of minimum supporting documentation for various expenses**

1 <i>Budget Item</i>	2 <i>Suggested Supporting Documents</i>
<i>Fuel</i>	<i>Original receipts</i>
<i>Travel cost</i> <i>Local transport</i> <i>Local air fares</i>	<i>(Travel authorisation required in all cases)</i> <i>Original receipts/signed claim forms</i> <i>Original invoice, ticket and boarding pass as evidence of travel</i>
<i>Staff/consultant related costs</i> <i>Salaries</i> <i>Consultant fees</i>	<i>(Evidence of authorisation required)</i> <i>Timesheet, Signed pay form/slip</i> <i>Timesheets, any evidence of receipt of salary by Staff/payment made and accounting/payroll form</i> <i>Signed Terms of Reference/Contract</i>
<i>Workshops and seminars</i> <i>Cost of meals/catering</i> <i>Training materials and stationary</i> <i>Hire of training equipment</i> <i>Accommodation</i> <i>Conference facilities and premises</i>	<i>(Authorisation must be appended to all claims)</i> <i>Original invoice, receipt and signed list of participants with their contact numbers/details.</i> <i>Original invoice and receipt</i> <i>Original invoice and receipt</i> <i>Original invoice, receipt and signed list of participants with their contact numbers/details.</i> <i>Original invoice, receipt and signed list of participants with their contact numbers/details.</i>
<i>Equipment</i>	<i>Original quotations attached to a bid process and analysis for large purchases</i> <i>Original invoices and receipt</i>
<i>Any other expenditure</i>	<i>Original invoices and receipts with authorisation to incur expenditure</i>

### 7.3 Internal Control

Grant Partners must have controls around:

- Written down processes and procedures.
- Approval and authorisation controls must be in place and properly documented.
- A valid supporting document for every transaction (securely filed and stored for the minimum period required.)
- A cash book for bank account, reconciled every month.

## STAR-Ghana Grants Strategy and Manual

- A Chart of Accounts – used consistently in the accounting records and budgets
- A budget detailing costs and anticipated income for all operations.
- Clear delegation of authority – from governing body through the line management structure.
- Separation of duties – sharing finance duties between at least two people.
- Annual financial statements – audited by an independent person.
- Organisation must be fully compliant with the legal requirements related to their registration status and status as an employer.

### 7.4 Records Retention

DFID requires the originals of all project documentation to be retained for six (6) years from conclusion of the project, including: proposals, reports, audits, expense ledgers, invoices, receipts, payment vouchers, bank statements showing receipt and disbursement of funds, hire contracts, documentation related to tendering and supply, contracts and inventories.

These should be made available on request to STAR-Ghana Programme Donors, Service Provider (Christian Aid), staff or any persons mandated by STAR-Ghana.

Each organisation should have a system to comply with DFID requirements (7.a above) for the retention of records as provided in the Grant Agreement.

### 7.5 Financial Reporting

Grant Partners will submit to STAR-Ghana quarterly financial report using approved template designed and provided by STAR-Ghana. The quarterly report will be due 2 weeks after the end of the period under review. Grant Partners may be called upon to provide specific information as may be needed. STAR-Ghana will not approve of release of funds in the subsequent disbursement period if the stipulated submission dates are not adhered to. Format for such ad-hoc information may be provided at the time of the request. Financial Template has been attached as an **Appendix**.

Financial Reporting Template and its accompanying reports consist of the following:

- **Instructions:** This must provide a guide to the use of the financial reporting template.
- **Checklist:** This is a check to ensure that all financial reporting requirements have been met. Grant Partners are required to complete this form before submitting reports. In an event where the checklist does not comply with requirements, Grant Partner will be notified for rectification.
- **Forecast:** This must reflect expected payment for planned activities for the next quarter. This is a needed input for STAR-Ghana monthly forecast to DFID to enable them plan for re-imburement of cost to Christian Aid.
- **Fund Request:** This form accounts for the use of advanced funds during the preceding period and projects cash requirements for the coming period. The figures in this report should match the “detail of expenses” and the financial reports, and

## STAR-Ghana Grants Strategy and Manual

the amount requested must be in accordance with the approved budget and forecast. The form, includes reconciliation of funds received and must be signed by an authorised signatory.

- **Budget vs Spend:** Here a variance analysis of approved budget and actual is populated. Grant Partners are expected to give explanation for variances of 5% and mitigation actions. Notes for feedback on review of financial report by the PMT should be provided.
- **Monthly Cash Book Report and Bank Reconciliation:** A listing of all cash and bank transactions from the project bank account must be provided for the month. This must be generated from Grant Partner's the accounting system for the month. Copies of the monthly bank reconciliations for the reporting period must be included with the report.
- **Asset Register:** Grant Partners are expected to update this form every month with any asset purchased with STAR-Ghana funds regardless of its value. It ranges from any office/IT equipment, furniture etc. but excludes office running consumables such as stationery
- **Float Register:** This must provide monthly updates of cash advanced to Grant Partner team members for STAR-Ghana project activities. It must provide date, amount of funds given and when it was accounted for indicating whether appropriate receipts cover relevant expenses and whether and any balance is outstanding.
- **Any other reports:** the reporting requirement may be revised with time to suit the present need.

### 7.6 Allowable and Disallowable Costs

All expenditure and other financial transactions must be approved through the established lines of authority and must follow best practice and procedures in financial management.

Grant Partners will only incur expenses within the approved budget and will only charge actual incurred expenditure to STAR-Ghana. All actual expenditure charged must be fully supported by expenditure documentation.

To be allowable, expenditure must:

- Be reasonable, in nature and amount. A cost is considered reasonable if it would be incurred by a prudent person in the conduct of similar types of activities;
- Be necessary for the performance of the project activities;
- Be allocable (of direct benefit to the project), directly or indirectly;
- Be accorded consistent treatment;
- Be determined in accordance with generally accepted accounting principles;
- Not be included as a charge to other projects in the current or prior period (where there are co-financed costs, the allocation should be clearly documented);
- Be adequately documented;

## STAR-Ghana Grants Strategy and Manual

- Be actually incurred expenditure and supported by original documents; and
- Be a reasonable proportion of total costs, if the cost is a shared cost.

Grant Partners will be expected to provide evidence of the above criteria on request.

Examples of costs that would be considered disallowable include:

- Costs for the purchase of assets unless expressly approved in the budget;
- Advertising and public relations costs – these are costs of advertisement and public relations not related to this project e.g. costs incurred solely to promote the Grant Partner;
- Contributions – gifts and donations by Grant Partners;
- Entertainment – costs of amusement, social activities, ceremonies and costs relating to these activities such as meals, lodging, rentals and transportation;
- Alcoholic beverages;
- Fines and penalties – costs of fines and penalties resulting from violations of, or failure by the Grant Partner to comply with, the laws;
- The costs of idle facilities – idle facilities means completely unused facilities that are excess to the Grant Partner's current needs;
- Costs of fundraising;
- Interest on loans;
- Pre-award costs – costs incurred before the agreed project STAR-Ghana to date (unless otherwise agreed);
- Meeting/sitting allowances – allowances to staff and committee members for attending meetings;
- Per diems which include overnight accommodation costs. Overnight accommodation and travel related cost should be charged as actual. Receipts should be provided for all expenses. A self-claimed signed receipt should be provided as an alternative.
- Anything other than economy class travel flight tickets
- No allowances are paid to beneficiaries while attending meetings or training in their own villages except when the training is residential and away from their villages

The list above is not exhaustive and judgement and prudence should be exercised. Value for Money (VfM) principles should also always be considered when making project expenditures.

Any disallowed expenditure will not be reimbursed and must be refunded to STAR-Ghana by the Grant Partner.

If in doubt, please contact the Head of Finance-STAR-Ghana before making the expenditure.

### 7.7 Assets and Inventory Management

An inventory must be kept for all assets purchased with STAR-Ghana funds regardless of the value. Asset Register must be updated monthly as part of financial reports.

## STAR-Ghana Grants Strategy and Manual

Any loss of theft of equipment purchased with STAR-Ghana funds must be reported to the Fund STAR-Ghana PMT immediately.

The ownership in equipment shall vest in DFID unless transfer of ownership to the Grant Partner, is expressly approved in writing by the STAR-Ghana. DFID will retain ownership of any asset procured under the grant through the life of the project. At the end of the project DFID will make the decision on how the asset should be treated based on what it considers is best value for money, either transferring the assets to another programme, selling them, or gifting them for continued use.

The STAR-Ghana shall be entitled to inspect the equipment, the assets register, inventory register and physical stock at any time. The Grant Partner shall safeguard, protect and ensure the proper use of the items, and shall be responsible for any unauthorised use or for any use other than for the Project. The Grant Partner will indemnify and compensate the Fund Manager for any loss, misuse, damage arising out of any unauthorised use.

Grant Partner will ensure that adequate measures are in place to identify and address any conflict of interests arising and will be expected to report and declare all conflicts of interests identified within the project

### 7.8 Taxation

- Grant Partner will be compliant with all local tax regulations in Ghana and region of operations.
- For all employees and contractors under the STAR-Ghana project, the Grant Partner will be responsible for deducting and remitting the necessary statutory deductions on a timely basis.
- Any penalties incurred by the Grant Partner as a result of its failure to remit statutory deductions and taxes will not be charged to STAR-Ghana.
- All relevant tax liabilities related to the STAR-Ghana grant are the responsibility of the Grant Partner

### 7.9 External Audit

Grant Partners shall have both:

- Organisational/Statutory Audit
- Project Audit

**Organisational Audit:** This is an audit that covers the finances of the whole organisation, rather than just the STAR-Ghana funded project. It is usually the statutory audit mandated by Ghana or local laws and done within the Grant Partner Financial Year.

The organisation's financial statements must be audited annually by an independent auditor. The auditor must be appointed by the governing Board or the Executive Council or whichever appropriate body with consent from STAR-Ghana PMT.

## STAR-Ghana Grants Strategy and Manual

All Grant Partners regardless of size must have an up to date Audit reports and are generally encouraged to have an organisational audit.

**Project Audit:** This is for the audit of Grant Partner STAR-Ghana funded project only. This would be commissioned by the STAR-Ghana PMT.

In addition, Donors retain the right to carry out independent audit of the project from time to time.

### 7.10 Definitions

**Partner Financial Year:** this is the 12 month period that the partner organisation prepares its accounts for, it could be from January to December, April to March (like Christian Aid) or any other 12 month period.

**Small Partners:** Partners receiving total grants income from STAR-Ghana of **£50,000** or less in any one partner financial year are for the purposes of this policy considered “small”.

Small Partners are encouraged to engage independent auditors to complete an annual organisational audit for the benefit of increased management information and general assurance to stakeholders. Such an audit is however not a condition of receiving funding from STAR-Ghana Ghana. Small Partners are required to permit STAR-Ghana/Christian Aid’s internal audit function to review the work they undertake on behalf of STAR-Ghana at mutually agreed times.

**Large Partners:** Partners receiving total grants income from STAR-Ghana of **£50,000** or more in any one partner financial year are for the purposes of this policy considered “large”.

Large partners are required to engage independent auditors to complete an annual organisational audit to international auditing standards as a condition of receiving STAR-Ghana funding. Partners are encouraged to separately disclose funding received from STAR-Ghana and related expenditure in the financial statements.

The organisational audit should be submitted to STAR-Ghana within 9 months of the year end date of the partner financial year.

Partners who fail to provide a set of audited organisational accounts within the deadline and covering the relevant period will not be able to receive any further funding from STAR-Ghana until this information has been received.

**Complex Partners:** Large partners for which it is not possible to obtain an organisational audit due to their structure are for the purposes of this policy considered “complex”. Their structure could be such that they are an umbrella network of organisations or the development wing of a Church.

If STAR-Ghana deems a partner as complex for the purposes of the audit policy, they must confirm with Senior Commercial Accountant of Christian Aid in London.



## STAR-Ghana Grants Strategy and Manual

Once a partner has been agreed to be complex then a discussion should be had with Finance before the STAR-Ghana start of the project to determine and agree the type of audit and the terms of reference for the partner's audit.

Possible examples of the type of audit that could be needed are as follows:

- Partial organisational audit – only the development wing of the church is audited.
- Project audit- only the STAR-Ghana project income and expenditure is audited.
- Bespoke audit: STAR-Ghana determines the terms of reference for the audit to respond to specific issues or areas of work within the partners with an independent consultant.

### 7.11 Suspension of Grant Partner

All partners are expected to adhere to the conditions agreed with STAR-Ghana when the partnership agreement is signed. From time to time, when a partner fails to comply with all the appropriate STAR-Ghana policies and procedures or where other information becomes available which leads STAR-Ghana to have concerns about the operational or financial viability of the partner organisation, it may be necessary to suspend funding to a partner. The suspension of funding may be temporary or permanent depending on the nature of the issues identified upon investigation.

#### ***Procedure:***

#### **Automatic Suspension of Funding**

All partner suspensions will automatically occur in PROMISE when certain rules or conditions are broken. Listed below are all the situations that will result in the partner being automatically suspended in PROMISE.

- The partnership agreement has not been signed, returned to STAR-Ghana and uploaded to PROMISE.
- Any partner report is overdue and has not been uploaded to PROMISE.
- The partner has not returned receipts for previous Fund Transfers within 60 days of the transfer being sent (the partners are asked to return receipt within 30 days).
- Audited accounts are due for the partner and haven't been received and approved after one year of funding.
- Audited accounts received were qualified and haven't been approved by Programme Director, and Finance.

It should also be noted that if the partner has not receipted a transfer within 6 months then a misuse of funds must be raised by the Partnership Manager.

#### **Suspension of Funding for a Critical Issue**

## **STAR-Ghana Grants Strategy and Manual**

Occasionally the Grant manager may recommend the suspension of funding to a partner for a reason different to the above. If this is deemed necessary the Grant manager needs to raise a critical issue on the partner in Promise. Once this is done the Grant manager has the option to suspend funding to the partner.

If a misuse of funds incident has been raised that involves the partner then the Grant manager will be expected to immediately raise a critical issue and suspend funding to the partner. The existence of a misuse of funds incident will be communicated to the Grant manager by the Head of Finance.

### **Removing the Suspension from a Partner**

Once a partner has been suspended for breaking one of the conditions that result in automatic suspension, the only way to remove the suspension is to satisfy the condition broken. As soon as this is done the suspension will automatically be removed.

When a partner has been suspended for a critical issue, then the Grant manager should draw up an action plan to rectifying the issues which led to the suspension. This should be agreed with partner and the details shared with any other relevant STAR-Ghana staff. Once the issue which led to the suspension, and any others identified since that date, have been rectified the Grant manager can remove the suspension of funding in PROMISE.

If a partner has been suspended for a misuse of funds incident, the misuse of funds procedure will ensure all relevant STAR-Ghana staff are contacted and also draw up an action plan to rectify the issues noted. The critical issue cannot be removed by the Partnership Manager until they have received notification from the Head of Finance that the misuse of funds incident has been resolved.

Any member of staff who knowingly removes a critical issue from a partner before the issue has been resolved and then generates and authorises a grant transfer payment to that partner will be acting outside of their delegated authority and will be subject to formal disciplinary proceedings.

### **Reporting on Suspended Partners**

The full list of suspended partners is maintained in PROMISE. This is therefore available to all STAR-Ghana staff, but to ensure that the relevant staffs are aware of partner suspensions and the progress on them, a report listing all suspended partners will be produced from PROMISE by the International Finance Team and emailed to all relevant STAR-Ghana and Christian Aid Staff on a monthly basis.

## **8.0 Validity**

This Grants Management Manual has been developed in compliance with Christian Aid requirement and standards and is applicable for the duration of the STAR-Ghana Programme. It is subject to amendment based on:

## **STAR-Ghana Grants Strategy and Manual**

- Changes in Christian Aid policies and procedures in relation to Grants Managements
- Practical implementation which may demand amendment of an element or elements of this Procedures Manual.

Amendments will be drafted by STAR-Ghana and will be approved by Christian Aid

### **9.0 Appendices**

1. Sample Request for Proposals
2. Sample Application Guidelines
3. Application Form Template
4. Proposal Assessment Sheet Template
5. Results Framework Template
6. Due Diligence Checklist
7. Financial Reporting Template including Request For Funds
8. Narrative report Template – Quarterly report
9. End of Project Report Template
10. VfM Guidance for grant assessment process