

GRANT AGENTS MINIMUM STANDARDS

August 2019

Minimum Standards for all GPE Grant Agents

Note to the reader

The provisions of the minimum standards were originally defined in Annex 10 BOD/2013/11/DOC 6A as guidelines for assessing newly eligible grant agents, and subsequently adopted by the Board in October 2015 as minimum standards for all GPE grant agents as part of the Board's efforts to create a more effective operational platform (BOD/2015/10 - 06). Minimum standards on safeguards were subsequently added by Board decision on December 2018 (BOD/2018/12 -11).

The standards are used to screen newly selected grant agents prior to the Board's approval to systematically assess whether the organization or agency has all capacities, policies and procedures needed to provide due oversight of GPE Trust Fund resources.

MINIMUM STANDARDS	Illustrative means of verification
1. Financial Management	
1.1 Financial management and accounting systems	
<p>Robust financial management and accounting systems ensure accuracy of financial management and reporting. The entity has adequate systems, including systems for cash management and production of budgets, and for the production of reliable financial statements prepared in accordance with internationally-recognized accounting standards.</p>	<ul style="list-style-type: none"> • The entity produces reliable charts of accounts, which are prepared in accordance with recognized accounting standards, and provide the necessary level of detail to monitor expenditure. • Robust and reliable accounting systems are integrated with other Financial Management systems, in order to facilitate reconciliation with budget, and reporting requirements. • Budgeting procedures are robust, and provide donors with assurances related to expenditure. • Banking arrangements provide for effective cash management. • Based on available information, the entity's credit risk is acceptable.
1.2 External financial audit	
<p>The external financial audit function ensures an independent (if possible, as defined by the International Federation of Accountants (IFAC) review of financial statements and internal controls. An independent auditor audits the entity's financial statements according to internationally recognized auditing standards on an annual basis.</p>	<ul style="list-style-type: none"> • The entity has appointed an independent external audit firm or organization. • The work of the external audit firm or organization is consistent with recognized international auditing standards. • There is a transparent and competitive process for the selection of a suitable external auditor.

1.3 Control frameworks	
<p>An internal control framework (if possible, as defined by internationally recognized frameworks such as COSO, Cadbury and CoCo) is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of financial management objectives. The entity's control frameworks are in place, documented, and have clearly defined roles for management, internal auditors, the governing body and other personnel.</p>	<ul style="list-style-type: none"> • The entity's accounting and finance organizational structure is clearly defined, with documented roles and responsibilities and sufficient segregation of duties, including for implementing any Global Partnership for Education grants. • The entity has adequate policies and procedures in place for risk assessment and management. • There are adequate policies and procedures in place to guide activities and ensure staff accountability.
1.4 Internal audit	
<p>Internal auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The entity demonstrates capability for functionally independent internal auditing in accordance with internationally recognized standards (such as International Standards on Auditing (ISA)).</p>	<ul style="list-style-type: none"> • The entity has an internal audit mechanism in place and its activities are subject to review by an internal audit unit. • The internal audit function is independent and objective, has a risk based methodology for preparing its annual plan, and its findings are disseminated to management, who follow up on recommendations.
2. Institutional capacity	
2.1 Legal status	
<p>The entity must have the appropriate legal status and legal authority to enter into contractual arrangements with GPE and other third parties, and must have the legal authority to receive funds.</p>	<ul style="list-style-type: none"> • The entity is a legally registered organization. • The entity has the authority to enter into legal agreements and receive funds.
2.2 Project appraisal	
<p>The entity has the ability to identify, develop and appraise projects. Project appraisal functions include the establishment of standards and appropriate safeguards that are used to determine whether projects and activities will meet their development goals before funds are disbursed.</p>	<ul style="list-style-type: none"> • The entity has a good track record for timely implementation of similar projects, and has a good track record of achieving appropriate programmatic results.
2.3 Management and organization	

<p>The entity's organizational structure and quality of management enables it to competently manage or oversee the execution of funded projects, including through management of sub-recipients.</p>	<ul style="list-style-type: none"> • The entity has a board of directors that meets regularly and has statutes or terms of reference for its functions. • The entity has an independent Audit Committee, which reviews the integrity of the financial statements, has oversight of internal controls and reviews the effectiveness of internal audit. • The entity has a management structure that is suitable for undertaking funded projects. • The entity is well acquainted with the work of the GPE and the grant work involved • The entity's staff—at all levels--have the requisite skills and experience to undertake funded projects. • The entity's physical assets, including IT systems, are adequate to undertake funded projects.
<p>2.4 Oversight of sub-recipients</p>	
<p>The entity's organizational structure and quality of management enables it to competently manage or oversee the execution of funded projects through management of and program delivery and implementation support to sub-recipients.</p>	<ul style="list-style-type: none"> • There are adequate procedures and criteria in place for a transparent selection of sub-recipients. • The entity has adequate plans and resources in place to ensure sub-recipients have the capacity to implement the proposed activities and safeguard grant funds. • The entity has had previous experiences with managing sub-recipients and disbursements of similar magnitude. • The entity has Operational Procedures and plans in place for managing sub-recipients, including for monitoring the program implementation at sub-recipient level, reviewing sub-recipients' financial and program reports for completeness and technical soundness and ensuring the safeguarding of assets held by sub-recipients.
<p>2.5 Procurement procedures</p>	
<p>The entity's procurement procedures, covering both internal/administrative procurement and procurement by recipients of funds, include written standards based on widely recognized processes and an internal control framework to protect against fraud, corruption and waste.</p>	<ul style="list-style-type: none"> • Documented procurement processes include the following: (1) A code of conduct to avoid occurrence or perceptions of conflicts of interest; (2) Methods of procurement and when different methods should be applied; (3) Procedures for requests for tenders; (4) Procedures for bid evaluation; (5) Procedures that are transparent and competitive. • Procurement approval systems are in place, with certifying and approving officers; and there are appropriate segregation of duties and levels of delegation.

	<ul style="list-style-type: none"> • Procedures are in place to ensure that the goods / services delivered are of an acceptable quality.
2.6 Monitoring, evaluation and project-at-risk systems	
<p>The entity can demonstrate existing capacities for monitoring and independent evaluation of projects and evidence that a process or system, such as project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.</p>	<ul style="list-style-type: none"> • The entity has Operational Procedures and plans in place for monitoring the program implementation at both the entity and sub-recipient levels and reviewing entity and sub-recipients' financial and program reports for completeness and technical soundness. • The entity has systems in place for early identification of problems/capacity gaps at the entity and sub-recipient levels and for initiating effective remedial actions.
3. Transparency, self-investigative powers and anti-corruption measures	
3.1 Misuse of Funds Procedures	
<p>In accordance with GPE's Policy on Misuse of Trust Funds, which requires that the Board only choose agencies with robust policies and procedures for addressing Misuse to act as Supervising Entities or Implementers, the entity can demonstrate competence to deal with financial mismanagement and other forms of malpractice.</p>	<ul style="list-style-type: none"> • The entity has clear written policies and procedures regarding issues of misuse of funds. There is a system of adequate safeguards to provide reasonable assurance as to the protection of assets, including the GPE grant, from loss, fraud, waste and abuse at every step of the grant life cycle. • The entity has publicly available avenues to confidentially report suspected fraud or misuse of funds. • The entity has the ability to ensure independent, objective investigation of allegations of misuse • The entity has terms and conditions in its agreements with sub-recipients and contractors in relation to the ability to recover funds in cases of misuse.
3.2 Protection of Whistleblowers	
<p>The entity protects individuals from retaliation due to providing information in relation to misuse.</p>	<ul style="list-style-type: none"> • The entity has policies and procedures in place in relation to whistle-blowing and the protection of employees or contractors.

4. Prevention of sexual exploitation, abuse and harassment safeguards

4.1 Policies and Procedures

The entity can demonstrate existence of policies and procedures for the protection of staff and program beneficiaries from all forms of harassment, abuse, exploitation, and other forms of misconduct.

- The entity has clear written policies and procedures regarding safeguarding of children, staff and other beneficiaries of donor funded programs and it is implementing/monitoring the implementation of these policies.
- The scope of safeguarding policies covers the entity's staff, its representatives, staff of partner organizations and vendors implementing activities on behalf of the entity.
- There are mechanisms for ongoing awareness creation on requirements of safeguarding policies.
- The entity has publicly available avenues to confidentially report incidents of abuse, violence or exploitation.
- The entity has the ability to ensure independent and objective investigation of reported incidents of abuse, violence or exploitation.
- There are mechanisms for regular review of safeguarding policies and practices to inform continuous improvement.

4.2 Protection of Victims and Whistleblowers

The entity protects individuals from retaliation due to providing information in relation to incidents of abuse, violence, and exploitation.

- The entity has policies and procedures in place to protect victims and whistleblowers from retaliation.

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