A GLOBAL NGO NETWORK
FOR PRINCIPLED AND EFFECTIVE
HUMANITARIAN ACTION
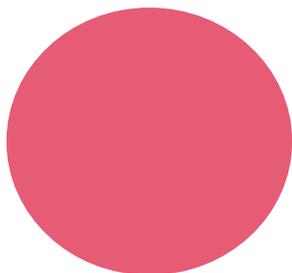
LESS PAPER
MORE AID

Reducing the burden of donor conditions
to improve the efficiency of humanitarian action.

LESS PAPER MORE AID

Reporting,
Partner Capacity Assessment,
and Audit
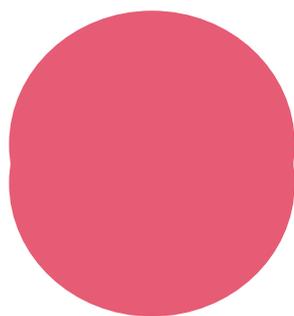
Updated September 2016

Acknowledgements

Many people were involved in the delivery of this study. The names of those who contributed have been kept confidential but we wish to express our thanks to NGOs involved in the Donor Conditions Task Force, or who provided information and data through questionnaires, interviews, round tables in Beirut, Amman and Geneva, and/or case studies. Involvement in the study by these different representatives of NGOs or NGO networks varied, and included reviewing and piloting questionnaires, providing data on and discussing NGO experiences of complying with donor reporting, Partner Capacity Assessments (PCA) and auditing requirements, suggesting ways conditions could be more efficient; and reviewing drafts of the report. Our thanks go to the staff involved in the project at ICVA, both in the regions and at headquarters, who supported data collection and the editing of the report. This study would not have been possible without the financial support of NRC, DRC, CARE, ICMC, INTERSOS, Plan and IRC and contributions of staff time from VOICE, CHS Alliance and Handicap International who believed in the initiative since its inception. Finally we acknowledge and thank the kind support of German Humanitarian Assistance for their co-funding of the pilot phase of the study.

Cecilia Roselli
Paola Fabbri
Clare Collingwood Esland

26 April 2016

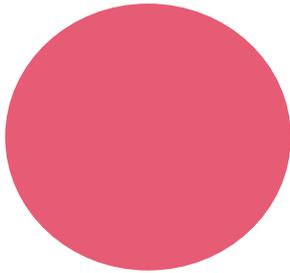This report was updated in September 2016 to acknowledge and reflect the feedback from Danida.

Lesspapermoreaid.org

Contents

Acronyms

CBPF	Country Based Pooled Fund
DFID	Government of United Kingdom, Department for International Development,
ECHO	EU Humanitarian Aid and Civil Protection Department
EU	European Union
GAC	Government of Canada, Global Affairs Canada Department of Foreign Affairs Trade and Development
GHD	Good Humanitarian Donorship
HACT	Harmonized Approach to Cash Transfer
HFTT	Humanitarian Financing Task Team (IASC)
HQ	Headquarters
IASC	Inter-Agency Standing Committee
ICVA	International Council of Voluntary Agencies
INGO	International Non-Governmental Organization
IP	Implementing Partners
KPMG	A global network of professional firms providing Audit, Advisory and Tax services
NGO	Non-Governmental Organization
NNGO	National Non-Governmental Organization
OFDA	Office of United States Foreign Disaster Assistance
PCA	Partner Capacity Assessment
PIOs	Public International Organizations
PPA	Project Partnership Agreement
PPI	Partner Performance Index
SOPs	Standard Operating Procedures
UN	United Nations
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Emergency Fund
UNOCHA	United Nations Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
US FFP	United States Food for Peace
US PRM	United States Bureau of Population, Refugees and Migration
WHS	World Humanitarian Summit
WFP	World Food Programme
ToR	Terms of Reference
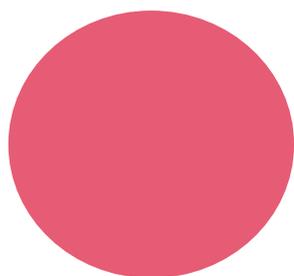
Executive **Summary**

Executive Summary

Humanitarian aid donors have committed to reducing the administrative work attached to managing donor funds[1]. Yet progress on these commitments has been mixed[2]. The forthcoming World Humanitarian Summit (WHS) and efforts to strike a "Grand Bargain" on efficiencies has provided impetus within the donor community to better understand the effects of their conditions on responders, and options for improving the quality of partnerships. Building on this momentum, ICVA, together with a group of non-governmental organizations (NGOs) and other NGO networks, has launched the campaign *Less Paper, More Aid*[3].

This study, an integral part of the campaign, examined donor and UN guidance on, and NGOs'[4] perceptions of reporting, partner capacity assessment (PCA) and audit conditions attached to donor grants. Giving voice to NGO staff involved in delivering humanitarian aid, and comparing existing donor requirements, the study addresses an important knowledge gap. Using desk research and literature review, questionnaires, interviews, case studies and round table discussions with working groups, the study sheds light on the impact of donor requirements on NGO resources. It finds that fulfilling donor conditions absorbs substantial amounts of time and involves a range of staff across NGO departments.

The findings of the study do not question the need for accountability and transparency in the use of donor funding which is well understood and respected. Rather, they call into question whether the use of these conditions results in the most effective and efficient use of already stretched humanitarian resources. For example, is it the best use of resources that front-line responders, such as doctors, nurses, and other health practitioners, compile three or four sets of data to meet the requirements of different donor templates? Or that funding hinges more on the ability of organizations to comply with multiple donor conditions, rather than clearly expressed and well-informed needs analysis? Such questions highlight the ways in which humanitarian principles and action may be undermined in current practice, and systems of accountability may be inadvertently be focused more on the needs of donors than affected populations.

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[1] See: GHD, 2003. *23 Principles and Good Practice of Humanitarian Donorship.*
http://www.ghdinitiative.org/ghd/gns/principles-good-practice-of-ghd/principles-good-practice-ghd.html and ECHO, 2007. *The European Consensus on Humanitarian Aid,* Brussels: European Commission.
http://ec.europa.eu/echo/who/humanitarian-aid-and-civil-protection/european-consensus_en
[2] Scott, R., 2014. *Imagining More Effective Humanitarian Aid: A Donor Perspective,* Paris: OECD.
http://www.oecd.org/dac/Imagining%20More%20Effective%20Humanitarian%20Aid_October%202014.pdf
[3] *Less paper more aid* is an initiative carried out by NGOs to reduce the burden of donor conditions on aid agencies and thereby improve the efficiency of humanitarian action. ICVA together with a group of engaged NGOs and networks (NRC, CARE, DRC, Intersos, ICMC, Oxfam, Handicap International, World Vision, IRC, Plan, Voice and CHS Alliance) launched this project in December 2015 building on activities carried out within the IASC Humanitarian Financing Task Team.
[4] Comprising international NGOs (INGOs) and national NGOs.

The study found that there are inefficiencies and imbalance within current practice in the following five areas:

1. Risk: Donors' risk analysis and their risk management strategies have a strong bearing on the conditions imposed on their implementing partners. The risk rating assigned to a partner also influences the frequency of reporting, PCAs, audit, and the likelihood of additional procedures and checks that may be requested. Donors often transfer risk down the line of implementation without providing adequate support to manage it. **There is a need to jointly find alternatives to share risk.**

2. Volume: A substantial amount of documentation is produced and submitted to donors with limited evidence that it is used. This is particularly true of reports. Overall, **UN agencies require more frequent reports compared to institutional donors**, with a minimum of six reports to a maximum of eight reports per year. However, these figures underestimate the amount of reporting completed. There is a multiplication factor created by unforeseen and additional requests made by each donor, in addition to repetition and overlap of procedures. NGOs consulted had an average of **36 reporting deadlines per country** per year. For some, this was as high as 80. If ad-hoc requests are included, an NGO working in six countries estimated they would be submitting **a report every 24 hours**.[5] The level of detail requested in reporting, PCA and audit procedures can vary significantly. During a PCA an NGO may be asked to answer more than **100 questions** and to supply up to **91 annexes**. As such, fulfilling administrative requirements requires a considerable amount of work for NGOs and the involvement of a range of staff. The study indicates that typically NGOs take **440 hours to complete each audit,** involving seven staff across various functions; while eight members of staff are involved in the preparation of each individual donor report. **The volume of required reports needs to be reduced. Moreover, as earmarked funding contributes to increased reporting, the links between earmarking and volume must be examined further in order to reduce associated reporting.**

3. Complexity and Links to Capacity: The diversity and complexity of procedures required by donors demands a high level of skill and sophisticated administrative and financial systems that often need to be adapted to ensure compliance. This may pose additional challenges for front-line responders, particularly smaller organizations. **There is a need for simplified and harmonized requirements that are proportionate to the size and duration of the project, as well as increased consistency in the quality, ease of access, training and availability of documentation, especially on PCA and audit.**

4. Duplication: A significant proportion of reporting, PCA and audit is regarded as duplicated effort that creates an inefficient use of resources. NGOs perceive that **40-59% of PCAs result in duplicated work** and 100% of NGOs questioned agreed that their PCAs could be shared between donors[6]. Duplication was found in: 1) the repetition of processes, such as reports; PCAs and different audits (or verification checks) on the same project/programme for different donors; and 2) the additional work required from NGOs to tailor information to individualized donor templates. **One**

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[5] This data refer to the analysis of figures for 2014 from an NGO with an average portfolio of 20 million USD.

[6] In line with the commitment suggested by the Grand Bargain Sherpas to « share Partner Assessment information to the fullest extent possible »

INGO calculated that it could save 11,000 hours on financial reporting for its nine largest donors if those donors agreed on cost definition and accepted the same finance template. **Donors and UN agencies, as well as any other entities managing funds, need to come together to harmonize and simplify operational partner agreements and reporting so that procedures and formats are coordinated and duplication is removed.**

5. Inadequate Feedback: The findings summarized above are particularly striking in light of the fact that the study found a lack of follow-up or feedback on documents submitted or procedures completed. Feedback received in reporting mostly related to compliance or administration issues. Feedback received on audit, especially grant specific ones, was not often conducive to institutional learning. Opportunities for increased understanding and engagement through the roll-out of guidelines are often untapped. **To improve quality, avenues should be explored with donors for meaningful engagement on PCAs, reporting and audit findings with a view to increasing learning and capacity building.**

Building on the momentum around the Grand Bargain, the study suggests some concrete steps to move from policy to practice in the form of key practical asks to donors. These asks are laid out at the end of this report in the Framework for Change suggested for each of the three conditions (page 43). The asks align with the principles of simplification, harmonization and proportionality and seek to advance the ambitions of the Less Paper More Aid initiative.

To inspire change in the way NGOs work together with donors and UN agencies, as well as any other actors transferring funds to implement humanitarian action, the report identifies within its conclusion the need for a time bound process to collectively deliver the commitments endorsed by the Grand Bargain. This includes technical working groups comprising donors, UN agencies and NGOs to review partnership agreements as tools to build trust, increase quality and operationalise the practical suggestions put forward in the Framework for Change.

1 Introduction
to the Study

From the available literature and the preparations underway for the May 2016 World Humanitarian Summit (WHS), increased attention is focused on the conditions humanitarian donors attach to their grants. The High Level Panel on Humanitarian Financing report[7], commissioned by the UN Secretary General, suggested harmonization and simplification of reporting requirements as a way forward to save time and resources in an effort to use funds more efficiently and transparently. The outcomes of the report prompted major donors and aid agencies[8] to discuss a Grand Bargain[9] in order to reduce inefficiencies in humanitarian action and embrace best practices. This process is expected to culminate in commitments made at the WHS in May 2016.

ICVA has been involved for the last few years in a variety of financing work-streams, including co-chairing the IASC Humanitarian Financing Task Team. One of its areas of focus has been to identify donor conditions that are the most burdensome for NGOs. Building on this momentum, ICVA, together with a group of NGOs and networks, has launched the campaign *Less Paper, More Aid*[10].

Situated within the framework of this campaign, this study sought to examine NGO perceptions of donor reporting, PCA and audit conditions and donors' official guidance[11]. Within this, attention has been focused upon giving voice to NGO staff in the field, as well as those in headquarters (HQs), to articulate the key challenges encountered in the the everyday workings of an NGO and potential solutions to be considered as part of the Grand Bargain and further.

The Issue: Humanitarian organizations must act quickly to provide different life-saving services, they must be flexible and capable to adapt quickly to often rapidly changing circumstances and needs, and must be accountable to both donors and affected populations. Administrative requirements according to recent studies have increased to a degree in which the level of reporting impacts negatively on NGOs' abilities to provide humanitarian assistance and to some effect may hamper the implementation of principled humanitarian action.

For the purpose of this study, administrative requirements are understood to be the donor's administrative conditions that govern the relationship between institutional donors and NGOs, UN agencies and NGOs, NGOs as well as any other entities transferring funds to NGOs to implement aid activities.

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[7] "Too important to fail – addressing the humanitarian financing gap." High Level Panel on Humanitarian Financing (January 2016)
[8] Including ICRC, IFRC, IOM, the World Bank and the three NGO consortia (ICVA, Interaction and SCHR)
[9] From the HLP Report: **Donors to commit** to: Less earmarking, More multi-year funding, More harmonized & simplified reporting requirements. **Recipients commit to:** Reduce duplication & management costs; Periodic functional expenditure reviews; Harmonized cost structures, especially on overheads; More joint & impartial needs assessments; Incorporate beneficiary feedback.
[10] *Less paper more aid* is an initiative carried out by NGOs to reduce the burden of donor conditions on aid agencies and thereby improve the efficiency of humanitarian action. ICVA together with a group of engaged NGOs and networks (NRC, CARE, DRC, INTERSOS, ICMC, Oxfam, Handicap International, World Vision, IRC, Plan, Voice and CHS Alliance) launched this project in December 2015 building on activities carried out within the IASC Humanitarian Financing Task Team.
[11] Donors here are taken to mean any institution that awards grants to and acts as donors towards NGOs, it therefore includes UN agencies.

2 Methodology
and Reach of Study

The study ran from November 2015 to April 2016 and was broadly conducted in two phases. Within Phase 1 reporting conditions were the primary focus, along with initial understanding of NGO perspectives from the field. Data was collected through desk research and literature review, questionnaires, and a round table discussion with working groups. Feedback received from this phase of the study highlighted the importance of adding NGO HQ perspectives to the research. Consequently, a series of surveys and interviews were conducted primarily with NGO HQ staff based in Europe, to mitigate this gap.

Interest in the topic and the findings of Phase 1 of the study led to its extension into Phase 2. Within Phase 2, the conditions under examination were broadened to include PCAs and audit. Given the increased interest from all actors on reporting, study on this condition was continued within Phase 2. This allowed a more comprehensive examination of the issues surrounding reporting, such as the processes and resources NGOs use to prepare reports.

The analysis was also split into two streams: Stream 1 continued to concentrate upon the impact on NGOs. The methods used were questionnaires, interviews, case studies[12] and round table discussion with working groups. The round table discussions were used as a means to collect primary data, and as a means to verify the results of the research prior to write up.

Stream 2 constituted a desk review that focused on an exploration of the conditions applied by selected UN agencies and institutional donors to NGOs in three areas: reporting, PCAs, and audit. It examined four UN agencies - UNOCHA[13], UNHCR, WFP and UNICEF - and six institutional donors (Canada [14], Denmark, ECHO, Germany, DFID and three US agencies[15]).

The review was conducted in three steps: a) literature review of existing studies; b) examination of information, and guidelines available on UN and donor websites (including policy documents, guidelines, templates, and forms); c) analysis of examples of grant agreements, templates, official communications and guidelines provided by partner NGO either at the HQ or in the field.

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[12] Whilst it is understood that the use of case studies provide a detailed understanding of the individual circumstances of one NGO, their use as a data collection method in the study was to highlight some of the real life experiences of NGOs in complying with reporting, PCA and auditing conditions.

[13] Humanitarian Outcomes, 2016. "Donor Reporting Requirements Research". According to US Office of Management and Budget (OBM) provisions, the standard form SF425 is a mandatory form for reporting, own form can be used only for the submission of the general ledger. The narrative report (program performance report) should be drafted according to the list reporting requirement but using the application in the portal "ART" providing an on line single form with standard fields.)

[14] Global Affairs Canada (GAC) from now on, in this study it will be referred to as Canada

[15] PRM, OFDA, FFP

A number of issues were analysed for each topic. The findings are compiled in three tables summarizing the main conditions applied to NGOs according to identified criteria. These tables are found in Appendix 2 which cover reporting, PCA and audit conditions applied by UN agencies and institutional donors. It is important to note that the information presented in the tables in Appendix 2 is drawn from the written documents available on line, or received from the donors. Conditions applied by UN agencies and donors can vary on a case-by-case basis depending on multiple factors (including organization specific issues, place of implementation etc.). As such, in some instances the requirements indicated in the tables may be overstated or understated. The study illustrates the findings, and where possible, the conditions imposed by UN agencies are compared with those imposed by institutional donors.

In total **39** NGOs or NGO platforms were consulted in the course of the study. This comprised **19 NNGOs and 20 INGOs**. Round-tables were conducted in Beirut, Amman and Geneva and data gathered from the field primarily emanated from the Middle East and West and Central Africa, particularly Lebanon, Jordan and Niger. The reach of the research in terms of NGO participation and literature consulted through the different data collection methods includes **44** questionnaires, **44** round table participants, **10** interviews, **9** case studies and **60**[16] donor guidance documents. Further details on the reach and participation of NGOs in the research can be found in Appendix 3.

It was an explicit aim of the study to gain the perspectives of NGOs on the conditions of reporting, PCA, and audits. While the study was successful in achieving this, it should be noted that it does not claim to represent all the perspectives of the humanitarian NGO sector, which is rich in diversity and geographical spread. The focus of the study also means that the perspectives of donor institutions are not provided other than through their written guidance. This means important areas for analysis on this topic, such as the flow of funding from source funder to the responder on the ground, and the intermediaries in-between, are not included within this report. Interviews with donors and UN agencies are needed to fully capture the rationale behind policies and procedures and the approach of different UN agencies and donors. This may be an area for further investigation. Finally, the study is also limited by degree to which donors or partner NGO make their guidelines and associated documentation freely available online. The quantity and level of detail of information available was found to vary greatly for different UN agencies and donors.

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[16] This number includes the examples of grant agreements and other documents shared by the partners in the field that are not included in list of resources for confidentiality reasons".

3 Findings:
Donor Reporting

The study found that current donor reporting requirements were:

- Excessive
- Duplicative
- Resource and time-consuming

3.1. Reporting Findings: Desk Review

The desk review highlights in particular two of these elements: excessive reporting and duplication.

3.1.1. Excessive Reporting

A review of UN and institutional donors' general guidelines confirm the demanding frequency of reporting requested from NGOs[17]. The analysis shows that overall UN agencies require more frequent reports compared to institutional donors. On average the UN agencies examined required a minimum of six reports to a maximum of eight per year. The institutional donors examined, required on average, a minimum of two reports to a maximum of six per year.

The frequency of reporting requested may vary in different contexts at the country level. General guidelines sometime give a margin of flexibility by indicating a minimum amount of reporting, while the exact requirements could be substantially different in certain contexts. For example, DFID general guidelines state that: "DFID will require at least one Interim Report, most likely at the mid-point, and a Final Report." In the Syria context DFID is requesting quarterly progress reports, though this was specified in the related Grant Agreement.
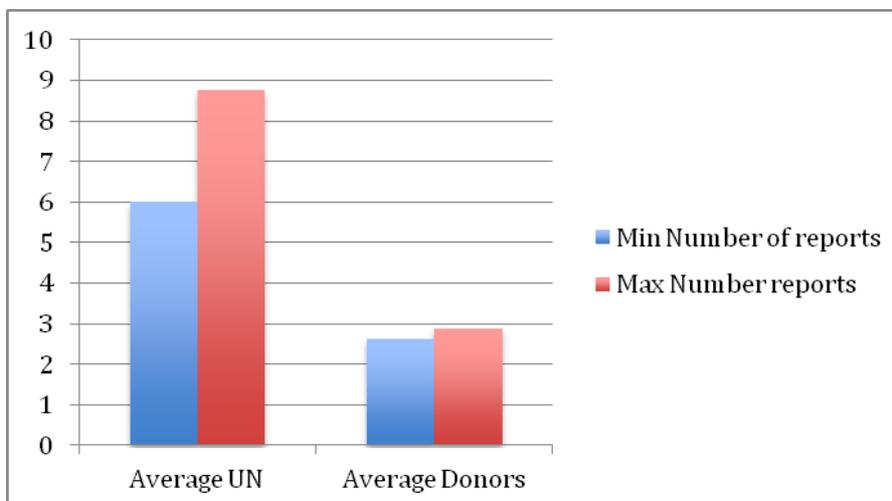

Table 1: Comparison made on the basis of available published guidelines.

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[17] Reports are understood as any narrative and/or or financial report that is scheduled within the contract.

As indicated within the recent study of Humanitarian Outcomes on donor reporting[18], written guidance may under-estimate the amount of reporting required. The review of guidelines shows that, in addition to the standard number of reports indicated in the guidelines, donors can request extra reports or additional information. Guidelines normally leave a margin of flexibility. For example: a) DFID can request brief email updates and Canada can demand status updates in high profile humanitarian contexts; b) Most guidelines state that the exact number of reports will be indicated in the grant agreement. This is the case for OCHA, UNHCR, UNICEF, Canada, Germany, DFID, and US PRM.

Usually the number of reports requested is indicated with terms like: at least, minimum, generally. Donors can often request additional reports as well as informal reports. Grant agreements often foresee exceptions: additional requests etc. This is the case for UNHCR and UNICEF, DFID and Canada.

UNICEF guidelines:
"Additional progress reporting requirements are determined as appropriate to the context taking into account any donor reporting requirements".

UNHCR guidelines:
"The frequency of submission of the standard reports should be adjusted for the needs of the Project and the history of the partnership" and *"Additional reports may be required to supplement the standard reports (i.e. distribution or health reports) or a specific requirement of a donor"*

DFID Guidelines:
"For informal reporting, this is likely to be in the form of brief email updates and should be aligned with organization's own reporting arrangements where appropriate to reduce the burden on field teams. Informal reporting, the contents and timing of which should be agreed with DFID following proposal acceptance, should set out succinct bullets on: a) key activities achieved to date; b) any areas of concern or problems faced to date, including delays; and c) any changes you wish to make to increase effectiveness or efficiency".

CANADA guidelines:
In the event that reports do not fulfil IHA's requirements, IHA may request additional information or revised reports before projects will be closed. And in relation to food assistance: *"At the beginning of the calendar year, NGOs that have received funding the year before for eligible activities and products under the Food Assistance Convention will be contacted on a case-by-case basis and requested to provide the statistical information required for DFATD to complete annual reporting related to the Convention. The specific reporting template and instructions will be provided".*

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[18] "It is therefore possible that the reporting templates Hunderstate the amount of reporting required" Humanitarian Outcomes "Donor reporting requirements research" February 22 2016, p9

3.1.2 Duplicated Reporting Requirements

Reporting formats vary in length and level of detail. UNICEF and OCHA, Canada, and DFID have simple formats. ECHO has a more complex format and is much more explicitly detailed than others. However, ECHO's Single Form is user-friendly and partners can submit proposal and report using the same template, making the process easier. The US has slightly different reporting schemes between the three agencies. These reports have fairly similar narrative sections to other donors, but with additional focus on technical sectoral tracking and standard indicators. OFDA and FFP do not use templates for NGO narrative reporting, but rather list reporting requirements in guidance documents. PRM uses a standard template for NGO reporting[19]. Danida has templates for reporting but partners are free to develop their own format, provided it meets minimum requirements in terms of information provided.[20]

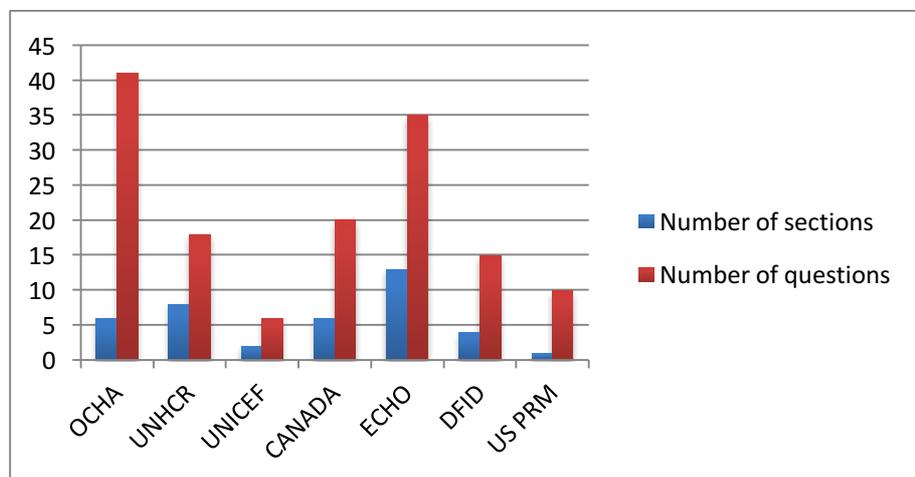The table below indicates the number of sections and questions in the reporting format.

Table 2: Number of Sections and Questions in reporting format

Reporting templates among donors are similar but not quite the same. Most templates have a similar word format, divided in sections with 10-20 questions and request the same type of information[21]: a) Program and context status; b) Changes between expected and realized outputs; c) outcomes and impacts; d) Management issues (risk, security, procurement of goods); e) Coordination with others; f) Financials update or summary; g) Cross-cutting quality issues (e.g. gender, resilience, environment, etc.); h) Lessons learned.

Annexes often include a table for inputting information in to a logical framework by line (proposed vs. achieved) as well as financial statements (proposed vs. actual spend, receipts, etc.).

Some differences can be noted when looking at the content of reports requested by UN agencies and those requested by institutional donors. The core content of the reports for both groups is: Achievements, Financial information, Changes in the implementation and Log-frames and indicators. institutional donors in general[22] put more emphasis on lessons learnt, assumptions and risks,

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[19] Humanitarian Outcomes, 2016 "Donor Reporting Requirements Research". February 22 2016.

[20] Communication from Denmark and Evaluation of the strategy for Danish humanitarian action 2010-2015

[21] Humanitarian Outcomes, 2016 "Donor Reporting Requirements Research". February 22 2016

[22] Some UN agencies, like OCHA have sections on cross-cutting issues

crosscutting issues such gender and coordination and technical issues (particularly in the case of the US).

Even when reporting formats include the same topics, the terminology and the actual content to be included in each report's section may differ substantially.

3.2. Reporting Findings: Field Data

The field data and the desk review both highlighted concern with excessive reporting and duplicative reporting requirements. In addition, the analysis of the impact on NGOs showed that NGOs perceive current reporting requirements to be consuming in terms of time and resources. The key challenges NGOs identified with reporting were as follows:

3.2.1 The Volume of Reporting

Within the Humanitarian Outcomes Report commissioned by the GHD co-chair[23], it was noted that donors did not view reporting requirements as overly burdensome for partners. However, it was also acknowledged that partners naturally would be best placed to comment upon the levels of donor reporting that they fulfil. Across the three different data collection methods employed in this study, the volume of donor reporting were regarded as high by the majority of NGOs. Terms such as '*excessive', 'crazy', 'too much'* or we are '*reporting machines'* were used to by NGOs to describe the amounts of reporting they completed.

Levels of reporting were found to be driven by a number of factors:
- The frequency of reporting deadlines that are scheduled into contracts. NGOs cited donor obligations for reporting that are quarterly, monthly, or even weekly.
- The use of additional/ad-hoc reporting requests by donors that whilst maybe provisioned for in contracts, are not typically scheduled.
- The use of earmarked funding and co-funding by donors requires grant specific reporting for each grant, and repeated reporting for each donor contributions to a project.
- Requests for financial reporting per activities[24] (a practice abandoned by many donors but that is still in use).

In terms of volume of reporting, on average each NNGOs or Country Office of INGOs responded to the questionnaire had 36 reporting deadlines currently scheduled for 2016 in one single country, from across an average of 10 grants issued by 8 donors. Of course these deadlines could increase as the additional grants come on line over the course of the year. At current figures this is equivalent to submitting a formal donor report every 10 days. 9% of respondents currently had over 75 reporting deadlines over 2016, namely a requirement to submit a formal report every five (5) days, whilst the highest number of reports to currently service within 2016 for a single country office of an INGO was 80.

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[23] Humanitarian Outcomes (2016) "Donor Reporting Requirements Research". February 22 2016
[24] Financial reporting by activity requires grantees to report detailed expenditure at activity level instead of result/outcome level. This requires an excessive level of detail and limits flexibility.

Where reporting was handled centrally within an INGO, the number of contracted donor reports submitted in a 12-month period could total 1,250 for a single organization, as the case study in Box 1 below highlights. Here, the questionnaire and the case study data correlate on the average number of reports a country office produced per year (35 and 36 respectively). However, the case study illustrates how given the geographic reach of INGOs, the cumulative effects of country level requirements can stack up. The causes for this number of reports were linked by respondents to their funding portfolios. This is a point also made within the 'Humanitarian Outcomes'[25] report where it states: "NGOs have 'significantly more reporting requirements [than PIOs]. This difference is due to the fact that (1) unlike PIOs, donors do not play a role in the governance of NGOs and hence do not help shape their internal accountability mechanisms; and (2) NGO funding is more frequently connected to specific projects (i.e. earmarked) and therefore is seen to require detailed, project-specific reporting to ensure accountability." This position is confirmed by the field data. NGOs that participated in the study were usually funded by a range of donors (institutional, UN, INGO amongst others) that provide typically earmarked, project specific funding, that is at times also co-funded.

Case Study of an
Example Scheduled Reporting Year for a Large INGO

Scheduled Reporting Requirements for a Large INGO
Statistics for 2015: All Donors

Contracted Reporting Requirements
- 1,250 reports submitted to donors from 452 grants and 53 donors.
- 3.4 donor reports produced by the organization per day.
- On average 35 reports submitted by each country programme.
- These figures do not include ad-hoc/additional reporting requests from donors

In addition to the above figures:

Interestingly interviewees also noted that reporting requirements in emergencies increased. It was stated that the quick turn over of funds and projects of shorter duration associated with emergency contexts may cause reporting obligations to mount up. As one interviewee noted, in emergency scenarios: "*Whether there are more or less reporting requirements? That is a question to consider*". There is a question here therefore over where resources should be directed.

As noted above, in section 3.1.1, written guidance may under-estimate the amount of reporting that NGOs complete. This view was corroborated by the perceptions of NGO that participated in this study and was confirmed by the data in two ways. Firstly, the study found that the average grant-to-report ratio was 1:3 or 1:4 – namely that 1 grant led to 3 or 4 combined narrative and financial reports (which could be counted as 6 to 8 individual reports). However, what these figures do not detail are what comprises 'a report' which, in terms of annexes, can be significant and will be discussed below in section 3.2.3. Additionally, written guidance underestimates the amount of reporting due to the

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[25] Humanitarian Outcomes (2016) "Donor Reporting Requirements Research", February 22 2016 p3.

use of ad-hoc/additional reports by donors. Indeed, when the INGO of the case study above looked at the overall reporting burden of a regional programme of six country programme and included ad-hoc/additional reports it found that **a report was submitted every 24 hours**. Another case study pointed to the fact that across 8 months within 1 regional project, field staff spent **over 1000 man-hours** on reporting activities not agreed to in the contract, involving **12 staff**.

The study found that such ad-hoc/additional report requests were a fairly regular and broad based practice amongst donors. It was more common amongst institutional and UN donors with 42% and 53% of questionnaire respondents having received such requests from their donors respectively, than that of INGO donors (18% of respondents).
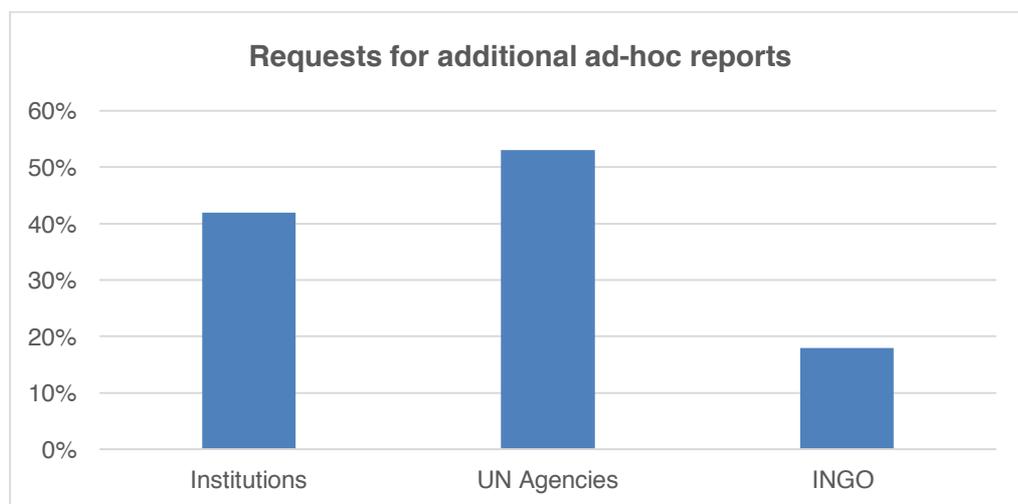
Requests for additional ad-hoc reports

Table 3: % of respondents who had received additional ad-hoc requests from donors

Reasons provided by NGOs for donors requesting these ad-hoc/ additional reports included:
- To provide additional data/information
- To provide updated sit-reps / progress reports
- To support donors' own internal analysis / HQ data needs
- To provide case studies
- To accompany NGO extension requests
- When the donor does not have a physical presence in-country and so sought information from those on the ground

While the experience of the burden that additional/ad-hoc reporting imposed varied between NGOs, for some the need was queried. This was particularly questioned when reporting was already frequent (e.g. quarterly) and donor therefore already had recent data and updates. This links into the questions NGOs had on the use donors made of the reports they submitted; a subject to be returned to in section 3.2.5 below.

3.2.2 The Timing of Reporting

In line with the volume and the cumulative totals of number of reports to submit, the timing attached to reporting was found to pose challenges. This was in the following ways:

- Differing schedules and time periods applied to narrative and financial reports for a given donor
- Short turnaround times between the end of the reporting period and the deadline for the report
- Donor deadlines being changed

The issue of the time periods for reports was a difficulty related to the practices of a small number of donors. For example, different schedules and time periods could be applied by the same donor to narrative and financial reports they required. As such financial reports would run quarterly from the start of the grant, but narrative reports would run quarterly in terms of the calendar year. Whilst NGOs complied with this request, it made the process of report preparation in their words, *'tricky'*. As noted within the desk review above, a review of guidelines indicates that this is the case for OCHA[26] that request financial reports for each disbursement and US PRM that has different schedule for narrative and financial quarterly reports, one running quarterly from the start of the grant and the other in terms of calendar year.

Other challenges related to the timing of reporting were also found. It was highlighted that where reporting was frequent, such as monthly, this could strain resources, given the time and staff involved in report preparation, as will be detailed later, affecting the quality of reports. Deadlines for submission of final reports were also considered a challenge. As indicated in round table discussions meeting deadline for submission of financial reports in particular was considered unrealistic given the internal financial accounting system in place. As was noted; "*You cannot report on expenditures that have not yet been recorded into your accounting system*". Challenges posed by donor deadlines also included donors not meeting their own deadlines when they are responsible for compiling part of the report with knock on effects for NGOs downstream; and reporting deadlines being changed part way through the contract, with at times limited notification. A case study on such an instance was collected concerning the practice of a UN agency in Pakistan, where due to internal deadlines it was beholden to meet, all NGO reporting was to be brought forward a month. Issues associated with the timing of reporting deadlines were particularly stressed during the round table discussion. The issue was particularly felt by smaller organizations. Yet, these smaller NGOs are most typically those with the least negotiating leverage with donors and the least access to donor funds.

3.2.3 Reporting Formats and Duplication

Duplication: In line with the findings from the review of donor guidance above, the research on NGO perceptions shows that there is overlap in the reports that NGOs produce. This occurs in a number of ways:

- Duplication with reporting between in-country coordination reporting mechanism / host government reporting / donor reporting
- Duplication within reporting between donors of a co-funded project

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[26] OCHA Operational Handbook. Disbursements: The implementing partner will receive a first installment at the beginning of the project and will be entitled to request the next disbursement(s), by submitting a financial statement, as soon as the implementing partner has spent 70 per cent of the funds previously received. Financial reporting: Partners will submit financial statements when requesting the next disbursement; All partners will have to submit a report by the dates specified in the Grant Agreement; All implementing partners will submit a financial statement within two months of the end of the project.

- Tailoring each narrative and financial report to each donor format. This includes:
  - Variation in content requirements
  - Differences in terminology and classifications
  - The need to present the same activity according to donor language and understanding
  - Addressing areas of specific donor interest
  - Supplying a range of annexes.

Overall, the similarity of donor reports, yet current lack in standardized, harmonized formats, even amongst grants that are co-funded, leads to a perception amongst NGOs of duplication. Amongst questionnaire respondents, on average NGOs had **2** donors within their portfolio that allowed them to use their own reporting format for narrative and financial reports. However, on average, **none** experienced donors that had developed and agreed shared reporting formats including for co-funded grants. Anecdotal evidence suggested this was possible, with one NGO citing an example whereby two UN agencies unified reporting processes and formats when co-financing, however this was an exception to the data. In sum the study found that in majority of cases NGOs reported to donors in donor specific formats.

Unsurprisingly then, when questioned, NGOs perceived duplication in the production of reports. This was particularly so with the production of narrative reports within a co-funded project, where 40-59%[27] of the report was regarded as duplicated effort, as detailed below:

	% Narrative Report	% Financial Report
Narrative and Financial Report	20-39%	20-39%
Co-funded Narrative and Financial Report	40-60%	20-39%
Time saved if reporting was standardized	20-39%	

Table 4: % of the narrative and financial reports regarded as duplication

Such duplication in effort leads to an inefficient use of NGO resources and inefficiencies in the reporting production process. It raises questions about whether such work is the most effective use of NGO staff time. Case study data collected during the course of the study pointed to the potential savings in time there could be if these forms of duplication were eradicated. Looking at financial data only, one INGO conducted an internal study on the amount of time that could be saved if financial reporting requirements and formats were harmonized. This study found that currently most donors have different templates for budgeting and financial reporting. In addition, most donors have different definitions of administration, support and programme costs[28]. This then has the following effects.

- NGOs spend a lot of time reformatting financial information into different templates. It was calculated that the NGO referenced in the above para could save more than **11 000 hours on financial reports for its nine largest donors** if those donors had the same financial template.

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[27] This range relates to the structure of the questionnaire, whereby if NGOs perceived duplication with reporting they were asked to identify how much in the ranges of 0-19%; 20-39%; 40-59%; 60-79%; and 80-99%.
[28] As currently under discussion in the framework of the Grand Bargain on efficiency in the work-stream on management costs

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- Differences in templates and definitions additionally creates extra work on budgeting, accounting and audit so the total time that could be saved is a lot higher.

Composition and Formats of Reports: It was noted in section 3.2.1 above that solely considering the volume of reports that NGOs submit is insufficient for a total analysis of efficiency. As well, attention needs to be paid to what constitutes 'a report' and therefore the time and resources that are required to produce it. As found within the desk review, NGOs perceived significant variation in the length and detail stipulated by donors in their reports, as detailed below.

	Institutional Donors	UN Donors	INGO Donors
Average Number of pages of shortest final narrative report (excluding annexes)	11	10	10
Average Number of pages of longest final narrative report (excluding annexes)	28	26	21
Average Lowest number of annexes you must submit with your final report	2	2	1
Average Highest number of annexes you must submit with your final report	6	5	4

Table 5: NNGO / Country office INGO perceptions of Donor formats

What is notable from the table above is that there is coherence in the content of reports, even if specific formats do differ, the quantity of data required is consistently variable within all donor groups. In comparing final reports, some reports are perceived to be over **100% - 150% longer** than others in terms of length of narrative and the number of annexes required. This raises the question of why do certain donors, be it institutional, UN or INGO, require so much more information that others? It also points to the possibilities and potential benefits of simplification and a lessening of the data and information required.

Indeed, given the quantity of annexes that can be required by donors, annexes should not be overlooked when considering the workload associated within reporting. As one NGO commented, *"with some donors, when annexes to the narrative and financial reports are considered, including timesheets, vehicle logs etc. there can be up **to 20 annexes** submitted within the year",* in addition to fulfilling that same donors narrative and financial reporting requirements.

Yet, work to comply with donor requirements on reports and their annexes does not solely relate to the production of the report itself, but the work that must be done beforehand by the NGO to adapt its systems to accurately capture that data, as demonstrated in the case study below. This was also highlighted in the interview data with one interviewee drawing attention specifically to the work his organization was currently going through to be able to comply with new annex requirements on timesheets, as the new data that was required was not systematically captured by that organization at present.

Updating Internal Systems with New Templates

The introduction of new reporting or budgeting templates by donors requires implementing agencies amend their own processes and templates to allow them to adhere to the new requirements.

With the introduction of a new budgeting by a major humanitarian donor, one INGO tracked the resource used to adapt their systems to the new format.

The INGO found that resource was then expended in across the following tasks: identifying new needs;
- reviewing current template
- linking new donor template to database
- building new coding
- creating mapping solutions
- adding data loading solutions
- interfacing modifications to template
- testing

In studying the amount of time that completing this work took, it was highlighted that a total of **325 man hours** were spent on the one donor amendment at HQ level within the one organization. For a full overview of costs, time spent on the training and support of field staff needs to be included and it is considerable.

Indeed, rather than just the format itself, within the study respondents drew attention to the time it may take NGOs to respond to the changes donors make to their templates.

3.2.4 Reporting Resources and Time

The resources and time associated with reporting within NGOs is not commonly understood by donors.

Supporting Report Production: The first issue to highlight with regard to the resources attached to reporting was that the study found the production of the report itself alone was not the only work involved in being able to fulfil donor reporting obligations. Staff time within field offices and HQs was additionally spent on:

- Providing support to colleagues on how to comply with the individual requirements of donor reports
- Tracking/monitoring of changes to donor formats and conditions
- Amendment or additions to internal systems to comply with changes to templates or new donor requirements (as detailed above)
- Producing guidance on donor conditions, reporting amongst others.

Anecdotal evidence gathered suggested the size of the task associated with this latter point could be notable, with one NGO commenting that there is currently over **700 pages of guidance** to understand and advice on the conditions of just one large government donor they currently have.

NGO Processes To Prepare Reports: Regarding the production of the report itself, it was found that NGO processes to fulfil narrative and financial donor reporting varied but could be complex involving a range of staff across a number of departments and/or partners[29]. Reflecting their internal structures, some NGOs have set processes that are followed for each report, whilst others handle each donor report in a different way depending on what is required. Consequently, for some NGOs donor reports can be submitted directly from the country office to the donor, others come through HQs. Parts of the reporting chain can therefore include all or some of the following: field office -> country office and/or regional office -> headquarters -> donor. Typically, narrative and financial reports will be initially produced separately by operational and finance teams respectively to be brought together further down the process. A range of staff members will be involved in the preparation of each report, however it was noted that numbers could vary. As one interviewee commented: "*The more comprehensive a grant the reporting will require more input from staff members. For example, a livelihoods project will have input from just livelihood staff but a multi-sectoral project will have input from staff from all the sectors*".

Time and Resources Involved in Report Production: In terms of staffing, NGOs noted that those involved in the preparation of reports constitute dedicated reporting staff and/or staff from other functions for whom reporting is not the main thrust of their role. The study found that on average **eight** members of staff within the NGO would be involved in the preparation of each donor report. When looking at the resources spent on reporting two issues were highlighted. First, the amount of resource reporting can take, as noted in the case study below. Second, the additional pressures and burden that can be placed upon front-line responders who have to satisfy the demand for reporting from colleagues and NGO partners, as detailed in the case study below.

Case study data collected highlighted the degree to which NGO may have staff and expend resource specifically to fulfil reporting requirements. Within one INGO there were:
- Two types of posts with explicit responsibility for reporting across HQ and field programmes.
- Collectively there were 46 staff in these posts across the INGO.
- 40-50% of the time of these posts spent on meeting reporting requirements.
- Posts are responsible for coordination around deadlines, facilitating reporting processes, quality assurance, compilation of annexes, completing requisite administration.
- Full time equivalents of **20-25 full time positions spent per year** on reporting in terms of dedicated reporting staff.

For those staff involved in reporting but whose main role is not directly related to the preparation of reports, reporting could be viewed as an additional job. For those in operational positions it was found completing the paperwork that reporting entails could impact their work on the ground, as the case study below from an NGO currently working in Syria highlights.

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[29] Please note this does not include the preparation of annexes which may include other teams/additional staff.

A Voice from the Field
The Reality of Collecting Data for Donors at the Front-line

'In the context of Syria, the burden of reporting is mostly falling on staff inside Syria. By staff inside Syria, I do not just mean INGO contracted staff, but the doctor working in the hospital, the teacher in the school, the person handing out kits at a distribution centre. These people are incredibly busy providing the life saving services and actually implementing the activities on the ground. The doctors and nurses at hospitals are the ones disaggregating the data and compiling all ad-hoc information requested by NGOs. They are not trained to do this, they do not have an information management system from which to extract information, and most importantly they do not understand the reason behind completing three or four different data collection templates. This means that information is often inaccurate or incomplete, and done hastily just to say that they gave a report. The constant emails and pressures and reminders from NGOS to send in the information, receipts, and bids is seen as a trivial when compared to the work they are doing. Because of this, some facilities have decided to only accept funding from sources with fewer requirements, like Gulf donors, who do not have these reporting requirements. On the other hand, sub-grantees often have to decide if they want to continue working with a certain entity whose reporting is not up to standards because it causes problems with the INGO and donor. This often means that in some cases, funds are not directed just based on needs, but also on whether a certain activity can fulfil donor requirements.

The disruption that reporting can cause at the front-line was also raised during interviews. As one interviewee noted: "*The last week of each month is focussed upon reporting both in the field and HQ. So at the end of the month in the field they won't be doing as many awareness sessions, clinics, project activities etc., as they are getting the data together*". Both sets of comments are telling. They underline not only the prominence and infiltration of administration into the everyday work of NGOs and their partners, but more importantly it illustrates how aid can be affected by the compliance with administrative requirements, rather than fulfilling need: a cornerstone of humanitarian principles. Moreover, and equally as important, this case study, as reported in the box below, went on to suggest that administration could additionally undermine delivery on the ground.

A Voice from the Field (continued)
The Reality of Collecting Data for Donors at the Front-line

On a (similar but) separate note...we had a few instances where beneficiaries were reluctant to come to a distribution site to collect kits because they had to complete at least three forms (requested by donors): beneficiary evaluation form (before distribution), beneficiaries feed back form (collected two weeks after), and data collection forms (at time of distribution). They thought it was almost not worth it just for a small kit.'

3.2.5 Reporting and Engagement

Literature points to the fact that donors believe reporting should be a mutually beneficial process[30]. Yet perceptions by NGOs reflect reporting now as more of an administrative tool than a meaningful channel of communication between donor and NGO.

The study found that the degree to which NGOs received feedback from donors on the progress detailed within reports was inconsistent. Where feedback was received from donors on NGO reports, NGOs perceived it mostly related to issues of compliance or was administrative in nature. This is not to say that feedback on reports never led to more meaningful engagement (such as on identifying best practice), rather such instances were '*limited'*. As one interviewee commented: "*That is not to say that dialogue and engagement does not happen, it is just through other channels. Through visits, meetings, evaluations. Reporting is not where you learn.*" Consequently, questions were raised by NGOs of what was the true purpose of reporting. Whilst NGOs recognized and appreciated the value that reporting could have and that accountability was needed, it was felt to be a bureaucratic, administrative task that did not balance accountability upwards with accountability towards affected population.

It was noted within 'Humanitarian Outcomes' study on reporting, that USAID amended the reporting requirements placed upon the UN after discussion on the frequency of the requested reporting. Consequently, there was a move towards less written reporting and more 'program performance updates' via phone, email etc. replacing formal reports. Similarly within the study, NGOs highlighted the need to review the forms of dialogue between NGO and donor and consider alternative mediums for exchange. This issue of communication came out particularly within the responses of Round Table participants, which highlighted the potential range of communication forms and consequently the alternatives there were to communicating on project progress with donors other than through written reports (e.g. meetings, calls, field visits, etc.). In sum, there was the desire to decrease the frequency of written communications and reduce the over-reliance on written reporting processes. The overall aim was to make the mediums of communication more effective and meaningful.

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[30] Humanitarian Outcomes, 2016 "Donor Reporting Requirements Research". February 22 2016.

Findings:
Donor PCA Requirements

The study found that current donor PCA requirements were/had:
- Duplicative
- Inconsistent quality in communication/information flows
- Disproportionate

4.1 PCA Findings: Desk Review

PCA are designed to assess a broad array of organizational procedures and policies and can contain a substantial number of questions and annexes. The desk review highlighted in particular the prevalence and the duplication of PCAs.

This study uses the definition of PCA adopted by the ICVA 2015 study on PCAs[31]: "*Key assessments in use for a particular fund or donor to assess and decide on funding allocations to NGOs in different humanitarian contexts*". This review examined the different steps of the PCA, including pre-assessments and follow up assessments that are not necessarily part of the PCA, but happen during the validity period of the PCA and may have an impact on the risk rating of the NGO or the validity of the PCA itself. As highlighted in the ICVA study, the availability of information on PCAs on-line is limited. In most cases, general information is available, while detailed information on the process is absent. Generally, there are scarce explanations on how and why the assessment is conducted and how the information will be used. Furthermore, most PCA analysis are focused on due diligence. These two elements suggest that PCA is used by donors as a tool to assess and manage risks rather than to build partners capacity.

4.1.1 Disproportionate
The prevalence of PCAs is due to various factors. A first element is that PCA are conducted by different donors. The exam of guidelines indicates that many donors foresee the possibility to use proxy indicators. As stated in the ICVA study [32], in challenging environments, agencies may make use of proxies in the form of assessments conducted by other donors to support their analysis. Therefore, proxies are not used as a substitute of their own accountability procedures but rather as a resource to verify and triangulate data.

Prevalence of PCA is not solely determined by the occurrence of the PCA itself. Some assurance activities and assessments are undertaken before and after the PCA. Following the PCA, some

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[31] p 9 and 10, ICVA Partner Capacity Assessment of Humanitarian NGO's – Fit for purpose? ICVA, June 2015

[32] p 15 ICVA, Partner Capacity Assessment of Humanitarian NGO's – Fit for purpose? ICVA, June 2015

donors conduct assurance activities for the duration of the partnership. For example, OCHA updates the Partner Performance Index (PPI) every year, UNHCR conducts a desk review[33] before entering the second year of Partner Partnership Agreement (PPA).

Furthermore, the validity of the PCA and pre-assessments is limited and varies from two to five years. Each donor applies different rules to determine the validity of the PCA. For some agencies the validity is linked to the programming cycle. For example, in contrast with the field study, HACT[34] micro assessments are valid for a period not to exceed the duration of the programme cycle and may extend across programme cycles. Some agencies will repeat PCA if the IP has not received funds from the donor for a certain amount of time, this is the case for OCHA and US. Others, like Canada, simply indicate that PCA have to be repeated after three years[35]. In some cases, PCA can be re-assessed even during the period of validity. OCHA's guideline states that PCA can be re-assessed periodically. In some cases, partners are requested to submit audited financial statements on a year basis in order to maintain the eligibility as partner.

4.1.2 Duplicative

As illustrated in the picture below, PCAs from both UN agencies and institutional Donors include a high number of questions. Even in the case of Canada, where the number of questions is limited, the number of sub questions and the level of details requested is substantial.
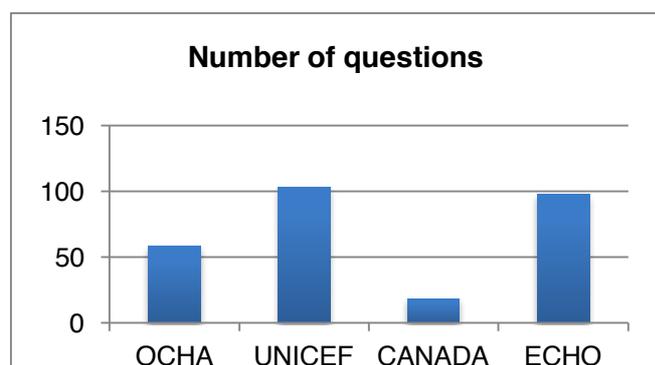

Table 6: Number of Questions per report per donor

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[33] UNHCR Partner portal, Guidance note 1: "While the selection of partner is for a period of two UNHCR programme cycles, the following is required to be done prior to entering into the second year Project Partnership Agreement: a) Desk review by the Programme Unit (or other designated unit) to ensure that the operation requires retention and the partner performance is adequate. b) If the desk review determines that the partner should not be retained (Annex H), the matter shall be referred to the Committee. Upon recommendation of the Committee, the Head of Office may decide not to retain the partner. Such decision will be communicated in writing to the partner

[34] Harmonized Approach to Cash Transfer. A Harmonized Approach to Cash Transfers (HACT) Framework, a common operational (harmonized) structure for transferring cash to both government and non-government Implementing Partners (IPs), was launched in April 2005 by UNDP, UNFPA, WFP and UNICEF. HACT changed the management of cash transfers from a system of rigid controls to a risk management approach aimed at reducing transaction costs, simplifying and harmonizing rules and procedures, while strengthening the capacity of implementing partners to effectively manage resources. The 2005 HACT Framework was revised in 2014 to build on lessons learnt from initial roll-out and results of various assessments and evaluations at inter-agency level. The revised Framework, entitled "UNDG HACT Framework 2014", was endorsed by UNDP, UNICEF, and UNFPA, and approved by UNDG in February 2014 supersedes the 2005 version and applies to all countries and contexts, including emergency, crisis and post-conflict countries, in line with agencies roll-out plan. https://undg.org/home/undg-mechanisms/business-operations-working-group/hact-advisory-committee/

[35] Global Affairs Canada (GAC), Foreign Affairs, Trade and Development Canada (DFATD) –International Humanitarian Aid (IHA), 2014, Funding Application Guidelines for Non-Governmental Organizations pg 18: "*Only those organizations that pose an acceptable level of financial risk, as assessed by DFATD, will be eligible to apply for DFATD funding*"

The number of annexes requested during the PCA is also significant and adds to the prevalence of PCAs for NGOs. OCHA – CBPF requests 91 annexes, the highest number of attachments among the four agencies examined[36].
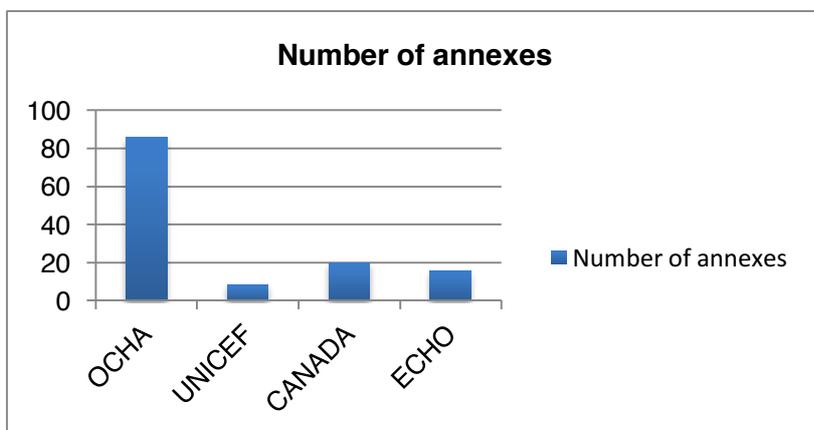

Table 7: Number of annexes requested during PCA

As indicated in the ICVA report[37], PCAs focus on broad categories such as: legal registration and governance, organizational information and structure, financial management capacity, procurement policy and procedures, logistic systems and quality control, accounting and auditing capacity, qualified and reliable human resources, technical capacity in relevant sectors, access to priority locations and community relations, track record from similar work, coordination with other funders and network partners, monitoring and evaluation capacity. The review of the PCAs examined in this study confirms the focus on the above areas. Nonetheless, the information and the level of details required for each category may be different for different organizations. The table below provides a snapshot of number of questions and annexes requested on the subject of financial data the in the PCA of OCHA, ECHO and Canada.

Financial Data	OCHA	ECHO	CANADA
Questions	12	14	1
Number of documents to upload	4	3	several

Table 8: Number of questions and annexes requested on financial data

The questions included in different PCAs do not necessarily overlap. The table below provides an example of the different details requested under the topic "*Organizational capacity*" by Canada and ECHO. If we look at the question on governance in the table below, we see that the information requested is only partially overlapping.

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[36] The study examined the PCA formats available on line.

[37] ICVA Partner Capacity Assessment of Humanitarian NGO's – Fit for purpose? ICVA, June 2015

	Canada Organizational Capacity	ECHO Administrative Capacity
Questions	**4**	**30**
Documents to upload	**8** **(not all compulsory)**	**6** **(not all compulsory)**
Content	**Board of Directors:** mandate, responsibilities and accountabilities of the Board; how Board are members selected; committee structures; by-laws and rules of procedure. Copy of the Boards liability insurance policy membership or equivalent governing body; how it is elected; its mandate; its responsibilities and accountabilities to the Board. 2. **Governance:** Provide NGO's organization chart; strategic plan; business plan; annual report for the past three years; code of ethics; code of conduct; anti-corruption policies. Has your organization been accused of or involved in any alleged or proven cases of corruption? Please provide any relevant details and background information. 3. **Corporate risk management practices:** The organization should demonstrate that it has the necessary structures and controls in place to monitor and manage risks, including fiduciary risk. 4. **Audit and evaluation functions:** Provide information on the organization's audit and evaluation functions; for example, how often audits and evaluations are performed; how auditors/evaluators are selected.	**Supervisory Body;** **segregation of duties** between departments and/or tasks related to Finance Management, Human Resources, Project Management (operational) and Procurement; formal process for reviewing organizational structure, policy for keeping documents, procedures for safeguard of project related documents, procedures to override internal controls, experience with union funded projects, strategic plan, staff conflict of interest, communication, staff policy, code of conducts, safety and security, fraud and corruption

Table 9: Organizational Capacity Definitions

The duplication of the information requested by the various PCAs can be easily understood by looking at the example above. It is also clear that an organization having to fill different PCA formats will necessarily have to re-work the same data and information multiple times.

Another common feature among the PCAs of UN agencies and institutional donors is that often the PCA is supported by a risk rating system. This can be specific to a country context as in the case of OCHA, or a global risk framework as is the case of UNICEF (HACT)[38], or in the case of Canada and

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[38]ICVA, Partner Capacity Assessment of Humanitarian NGO's – Fit for purpose? ICVA, June 2015

ECHO. In most cases a high risk of partner does not lead to disqualification, but would influence requirements and operational modality. This is the case for OCHA, UNICEF, ECHO and USAID[39]. In some cases, the donor will only accept partners whose risk level they find acceptable. This is the case for some institutional donors such as Canada[40] and Germany[41].

4.2 PCA Findings - Field Data

Again there was overlap in findings between the field data and that of the desk review of PCAs requirements in the areas of duplication in obligations and the disproportionate nature of requirements. In addition, the field data drew attention to inconsistent quality in communication/information flows between NGOs and donor/third party assessor that created challenges within PCA processes.

4.2.1 Duplicative Processes

Duplication in PCAs was noted across the data collected (interviews, round tables and over half of questionnaire respondents). The levels of duplication perceived in current PCA practice were between **40-59%.** Moreover, duplication manifested in a number of ways, namely:

- PCAs being repeated by the same donor within the same country programme (e.g. for different budget lines/specific projects)
- PCAs being repeated between country programmes
- PCAs being repeated between HQ and field
- PCAs being repeated between donors

PCAs may be repeated by the same donor for the same NGO country programme. 20% of questionnaire respondents (i.e. NNGOs and INGO country offices) experienced the same donor requiring more than one PCA of their organization at the same time. Where provided, reasons for this practice included PCAs being required for the same donor where projects were funded under a different budget line; where projects were of a different nature (e.g. urban vs. rural); and where projects crossed territories (e.g. cross border vs. national).

NGOs pointed out, especially during round-table discussions, that the same organization has to go through different PCAs processes in different countries in the same region, duplicating efforts and resources. Though NGOs acknowledge that there might be differences across countries within one organization systems, policies, procedures, etc. are the same. Hence PCA conducted at HQ level would avoid this duplication.

NGOs also perceived repetition similar to that of donor reporting, whereby the PCAs used by donors are similar, with overlap in the questions asked, yet the specific templates to complete are individually different. This can lead to the need to manipulate and rework data to meet donor

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[39] USAID ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations: Depending on the result of this pre-award risk assessment, the AO may either: Make the award; Deny the recommendation of the Activity Manager and not execute the award; or Award with "specific conditions" (2 CFR 200.207 and 303.3.9.2).

[40] DFATD-IHA Funding Application Guidelines for NGOs pg 18: "*Only those organizations that pose an acceptable level of financial risk, as assessed by DFATD, will be eligible to apply for DFATD funding*".

[41] If the partner does not fulfill the minimum quality criteria a cooperation is not possible.

requirements. As noted by interviewees: *"There is duplication in kind of questions asked. Formats are also different so NGOs have to manipulate data. This requires time and resources, not always paid for".* Indeed **78%** of questionnaire respondents from INGOs indicated that the PCA format they use with their partners differs from that it completes for a given donor. Reasons cited for this practice included the INGO having its own standard PCA processes used with all partners; the need to fulfil the INGOs own internal compliance processes (e.g. vetting Board Members); to account for the capacity, budget and systems of the partner; and to reduce the complexity of the back donor PCA for the partner.

Specific areas of overlap within PCAs identified are listed below. NGOs perceived that **40-59%** of their time would be saved in the PCA process if these duplications were removed. These points are perhaps therefore indicative of where standardisation/harmonization efforts could be targeted:

- Governance
- Organizational structure and staffing
- Experience
- Financial capacity and accounting procedures
- Risk and internal controls

As well as harmonization, there appears to be a missed opportunity in streamlining PCAs through a lack of sharing between and within donors' country operations**.** Only **3 out of 15** NGOs providing questionnaire data referred to PCAs being shared with another donor or having been applied to another country programme of that particular NGO. While this is not a high number, it does highlight such actions are possible and investigations are needed to ascertain under which circumstances in the donor community could potentially yield savings in time. The sharing of NGOs' PCA results amongst donors was an action to which **100%** of respondents agreed.

Case study data highlighted the benefits this could bring. Based upon analysis of PCA commissioned and/or conducted by DFID and Sida,1 INGO concluded that given the overlap in generic organizational assessment, if just this part of a PCA was shared, **612 man hours**, or 60% of the total amount of time to complete the assessment, would be saved. Consequently, even if only the 'generic section' of a PCA could be reused, both NGO and donors would benefit greatly.

4.2.2 Timing, Guidance and Engagement

For questionnaire respondents as whole, the guidance and scope of the PCA was mostly clear. Yet **50%** of questionnaire respondents stated they faced challenges in completing PCAs. This led to the question of what issues in the preparation of PCAs could cause difficulties. The study found that, rather than the challenges lying with the guidance itself, it was the praxis in the field on how this guidance was being implemented (or not) that was of importance (this finding has similarities to those associated auditing as will be discussed in turn). The comments from one interviewee highlighted the current difference between good initiatives and the difficulties with their effective implementation: *"we also had the Joint Partnership Assessment. This as an idea is a pretty good one, but the process was rather inefficient. Namely, the [donor name] staff was not well prepared for the process and it turned into a performance assessment rather than in the assessment of the partnership itself and the mutual accountability. This said, overall it is our perception that there should be a change in attitude among [donor name] staff and they should take more time to prepare and understand the process and its purpose, otherwise the assessment will not yield the expected results and will just*

be a waste of our staff's time. So, this one should definitely be re-thought and the approach should change in order to serve its purpose". As indicated in discussion at the round table by participants, there can be challenges in the roll out of procedures and guidelines at a country level.

The study found that the main challenges with how PCAs are currently implemented include:
- Issues of timing - deadline setting, short turnaround times and receipt of guidance/information; the length of time that processes can take.
- Issues of engagement related to the sharing of results and at times weak feedback processes
- Providing the large amount of data/information that can be required and the appropriateness /relevance of some questions;
- Technical issues with online systems and language barriers
- The outcome of PCAs may require NGOs to 'write up' policies (such as on HR etc.). However this can become a tick box exercise, done without capacity building and consequently does not necessarily strengthen the systems and workings of the organization.

Timely availability of material and support was appreciated by NGOs and was noted as a good practice when it occurred. This included issues such as providing enough time to gather the documentation, sending reminders and providing active help. Turnaround times to provide data was notable in the range of time NGOs had experienced. It was reported that some donors allowed a more generous **three months**, meanwhile, others received a short **one-day** notice. Such variation was also the case for donor processes to share and take forward the results and recommendations of the PCAs with stakeholders. A lack of follow up or feedback was a critique of the current practice of donors that was consistently found in the data across the study's different data collection methods. It was highlighted particularly amongst round table participants in Amman. When asked on ways to improve current practice, unsurprisingly, the NGOs highlighted, amongst other issues, improved feedback processes whereby recommendations are relevant and appropriate, the sharing of findings, and importantly donors and NGO engage on next steps. There was a perception that the opportunity PCAs presented to be a learning tool were not taken advantage of. As one interviewee noted: *"The assessment wasn't useful for us, it was a requirement from [donor name] to provide the audit firm with all requested documents along with answering their questions. For [NGO name] there was no added value by this assessment".*

4.2.3 Disproportionate Requirements
Related to section 4.2.1 above on the duplication in PCA processes, the study additionally found that PCAs were disproportionate in terms of amount of information required and prevalence. As found within the UN desk review, the perspectives of NGO were that the requirements of UN agencies were considered particularly high with each agency conducting their own PCA. As one interviewee commented: "*Every UN agency conducts a PCA on partners (UNICEF, UNFPA, UNHCR), (it is a) excessive demanding exercise, sometimes for limited money".* Within the questionnaire data **55%** of PCA obligations in 2015 were commissioned by UN donors (in comparison to 20% institutional donors; 18% INGO donors; and 6% unknown).

The limited time validity of the PCAs performed by Government and UN donors were highlighted in particular by Round Table participants as driving further repetition. Questionnaire data highlighted that a number of NGOs experience of PCA validity running from **6 – 24 months**, which sits in contrast

to the guidance whereby PCAs can remain valid for much longer periods. The disproportionate nature of PCAs also related to the significant levels of data and information that can be required. Within the questionnaire data, on average, the shortest PCAs consisted of **14 questions**, the longest **55 questions**. Round table discussions in Amman highlighted the level of detail of the questions asked by the Government/UN donors within its PCAs (as opposed to INGO donors). **Therefore, as with the length of validity of PCAs, and the degree to which they are required by donors, questions are raised as to how some donors require relatively much more than others, if the main purpose of PCAs across donors remains the same.**

5 Findings: Donor Audit Requirements

According to the findings NGOs acknowledge the rationale and principle of audit. The main challenges or findings are related to the following aspects:
- Overlapping practice
- Costs associated with audits
- Pervasiveness
- Audit as part of broader framework of donors' risk management strategy

5.1 Audit Findings: Desk Review

The desk review highlights the pervasiveness of audits. An audit is a consolidated practice for both UN agencies and institutional donors. As such, auditing is present in different forms during various phases of the programming cycle. Audit policies and procedures are included and determined by a broad range of conditions applied by donors.

5.1.2 Pervasiveness

Audits are pervasive in the programing cycle. Audit findings are used in different moments during the partnership period and audit exercises can be performed at different points in time. Various types of audits are used by donors; audited financial reports are often requested as part of the PCA or on annual basis, and audits can be requested or performed by the donor at the HQ level or in the field; an audit can examine a specific project, the overall procedure of the organization, or even the cumulative amount of funds provided by a certain donor. The table below compares the use of project audits, donor-wide audits[42] and spot checks. For the donors examined, the most common practice remains the audit of projects. One exception is USAID who requests an audit once a year for all the US funds.

Type of Audit	OCHA	UNHCR	UNICEF	ECHO	GERMANY	USAID FFP	USAID OFDA
Project audit	x	x	X	x	x		
Donor-wide audit				x		x	x
Spot checks	x	X	X				

Table 10: Use of project audits, donor wide audits and spot checks

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[42] Audit conducted on all the funds provided by the same donor.

The frequency of audits varies according to institutional policies and can be on an annual basis; at the end of the project; or even once per programme cycle. It can be influenced by partners' risk rate, by the amount of funds received, or even by the experience of the partner with a particular donor. OCHA guidelines indicate that all partners that received funds through Country Based Polled Funds will be audited at least once within a three years period. UNHCR has a similar policy but for an operation cycle of at least four years and with the additional condition that all new partners will be audited in the first year of operation. For UNICEF, the schedule of spot checks and scheduled audits are agreed upon in the program agreement. One scheduled audit is always required by UNICEF for those partners receiving more than 500.000 USD during the program cycle. ECHO requires field audits and HQ audits on a cyclical basis. Generally, ECHO implements a three-year cycle for all the partners. ECHO also has a useful Audit guidance note available on line to all partners that explains objectives and processes for field and HQ audits. For Germany, at the end of every project the German Federal Foreign Office forwards the proof of employment of funds to the Federal Office of Administration (FOA), which will conduct an audit to see if the expenses were in line with the German budgetary law. A different approach is used by USAID, requiring that each recipient must have one annual recipient contracted audit performed which covers all USAID funds allocated to the partner. In some cases, donors' assurance activities may include complementary due diligence measures in addition to audit. In the case of UNHCR, these can include verification of reports, spot checks of performance audit and enhancements of the internal control environments. [43]

5.1.2 Audit and Risk Mitigation Strategy

Audit policy and procedures should not be looked at in isolation. Rather, they are part of a wider range of assurance activities implemented by UN agencies and institutional Donors in the framework of their risk mitigation strategy. The risk rate attributed to a partner has great bearing on the implementation and frequency of these activities. In some cases, the partner risk level will influence the frequency of audit. This is the case for OCHA, UNHCR and UNICEF. The risk assessment will also influence the type and the frequency of assessments that will be carried out on partners, such as the spot checks conducted for HACT partners. Spot checks are performed during the programme cycle on the base of the agency assurance plan, IP risk rating and agency guidelines[44]. For instance, an UNICEF implementing partner could potentially be subjected to three (3) or more spot checks per year and an audit conducted according to the country audit plan[45].

5.2 Audit Findings - Field Data

The following issues were highlighted by national and international NGOs with regard to donor auditing requirements:

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[43] "Assurance is an essential component of the Enhanced Framework of Implementing with Partners. Under the new policy, in addition to Project Audit, assurance is provided through complementary due diligence measures including vetting and selection of Partners, monitoring Project Progress, verification of reports, spot checks of performance audit and enhancements of the internal control environments". UNHCR partner portal, UNHCR Guidance note 5, Risk based audit.

[44] Harmonized Approach to Cash Transfer (HACT) FRAMEWORK United Nations Development Group, February 2014

[45] UNICEF Guidance for CSO partnering with UNICEF, May 2015

5.2.1 Overlaps in Practice

Only **26%** of questionnaire respondents perceived duplication in the audit requests of different donors. Further, only **16%** perceived duplication between audit and PCA requests. Therefore unlike with PCAs and reporting, broader duplication was not perceived with audit requirements, but rather there were specific instances of overlapping work between, and within, donor auditing and verification practices. What makes these overlaps more pressing however, is the time associated with auditing. The study found that NNGOs and country offices of INGOs typically completed 4 audits per year. On average, each audit took **440 man hours** to complete with the involvement of **7** staff. Consequently, relatively speaking, these overlaps are not insignificant in terms of loss of staff time.

Overlapping work led to the perception that current auditing requirements were not as efficient as they may be. Clear overlaps in the auditing and verification practices of donors were perceived by NGOs with regard to the following:

- Grant specific audits and UN verification exercises
- Organizational audits and external grant specific audits
- Individual donor audits on co-funded projects

To expand further: NGO perceptions of overlaps in practice in auditing firstly related to verification exercises conducted by UN agencies and grants specific audits. Verification exercises can be conducted up to 4 times per year and may examine every transaction; this is followed by an annual audit in which many of the same costs, questions and issues are covered again. Similarly, overlap was noted with organizational audits (where a sample of grants are audited) and those grants being audited individually, leading to a request for third party audits to be accepted. Finally, overlaps were found within co-funded projects, through co-funding donors of both auditing that grant separately, and the possibility that one donor may include in their audit the contributions of the other. How such overlaps may play out in the field is illustrated in a very recent case study from Niger below:

Overlapping Donor Auditing Practices in the Field

- 9 March 2016 - KPMG sent a selection of 587 lines to check of the total duration of the project
- 17 March 2016 - UN Donor checked 100% of expenses for October to December 2015 = 736 lines
- 18 March 2016 - During the audit itself KPMG asked for two additional selections = 15 lines
- Both verification exercises took place in the same week with a very short notice

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It is accepted that given the current discrepancy between donors in how they categorize costs, there are difficulties in accepting the audits of others. Work by Mango who has long championed the need for international accounting standards for NGOs[46], (and a finding the case study above also points

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[46] Mango (2015) Breakthrough in developing international financial standards for the not for profit sector. See http://www.mango.org.uk/Pool/S-Standards-seminars-press-release-FINAL.pdf

to), shows some progress is being made[47]. Moreover, given that **32%** of NGOs surveyed in the questionnaire had donors that accepted organizational annual audits instead of project specific audits, and some donors audit per organization each year, rather than per grant, additional avenues to improve these inefficiencies already exist.

5.2.2. The Skills, Capacity and Experience of Auditors

NGOs that participated in the study highlighted that a challenge faced regarding auditing relates to the variable quality, skills and experience of auditing firms, highlighting difficulties with the praxis of conditions in the field as found with PCA. It was found that the key drivers to NGO perceptions on difficulties with the auditing firms used by donors related to the following:

- Variation in the quality, training and experience of audit firms
- Use of audit firms that lack relevant knowledge and understanding of working within humanitarian contests and delivering aid, as well as donor procedures
- Lack access to / or presence in the field

During data collection one interviewee commented that "*the fact that audits are externalized creates a disconnect between auditors and UN*". However, at a broader level primary data collected pointed to the potential for 'disconnects' between NGOs and audit firms to develop. This could be due to a number of factors such as: poor communication before, during or after audit; perceptions of lack of training and questions on the quality of work (findings copied and pasted/ changing documentation requested part way through); lack of auditors' knowledge and understanding on donors' own procedures; lack of understanding of humanitarian contexts and environments; and lack of presence in the field; and working remotely rather than on the ground.

The fact that often audits are performed remotely or with limited access to field location entails a huge amount of work to retrieve documentation leading to anecdotal examples in which partners are requested to photocopy more than 50,000 transactions for one single audit.

5.2.3 Timeliness

The study found that issues of timeliness related to:

- Short notification periods to NGOs that they would be audited.
- The timeframe in which audits can occur post implementation (up to 5 years), meaning staff turnover could lead to detachment and disconnects between implementation and auditing.
- Missed opportunities for learning through lack of timely feedback on audit findings.

As with the praxis of PCAs discussed above, the responses of NGOs highlighted that experiences of notification period for audits were highly variable. At times they were generous, three (3) months, on other occasions notification could just be in terms of days. Experiences in sub-standard auditing also included lost opportunities to improve implementation and practice. NGO experience highlighted that quality feedback on audit findings to the NGO was not automatic. Therefore, while organizational audits were perceived to include beneficial learning opportunities, as found with PCAs, opportunities to use grant specific audits as a learning tool were not always maximized. There was therefore, scope to improve the way audits are used to in support of better practice.

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[47] In January 2016 the African Academy of Sciences and Mango announce a strategic partnership to help develop a new pan-African standard in Good Financial Grant Practice

6 Horizontal Issues

As emerged from the round-table held in Geneva with NGOs, the conditions imposed on NGOs should not be examined in isolation. On the contrary, they should be analysed jointly to identify their common traits, cumulative burden and the rationale for their application by UN agencies, institutional donors and INGOs and other entities managing funds alike. A number of cross-cutting, horizontal issues emerged from the three conditions examined. Though many of the points listed below are already extensively elaborated on in the main findings section, it is the aim of this section to analyse them horizontally and in doing so highlight important points of convergence.

6.1 Risk Mitigation

The conditions applied by donors on reporting, PCAs and audit are influenced by their own risk assessments and risk mitigation strategies. The risk rating assigned to a partner generally influences the frequency of reporting, PCAs, audits, and the various additional procedures and checks that may be requested. What can be observed is that donors tend to transfer risk down the line of implementation without providing implementers adequate support in terms of resources to manage it[48]. This creates a multiplication factor whereby funds are administered with increased rigidity in the passage from institutional donors to UN agencies, NGOs and any other intermediary actor managing funds[49]and leads to a multiplication of conditions that become more stringent at each transaction.

6.2 Volume

The findings of both the desk review and field data highlight the substantial amount of obligtaions and documents produced under the three conditions. As noted above, the approach and management of risk by donors influences this volume of requirements. Another influencing factor is the degree to which NGO funding is earmarked and awarded in the form of indivudal project grants, that are at times also co-funded. Currently donors require NGOs to complete a large number of procedures and reports through numerous documents to access funding and/or implement individual grants. At the same time, there is also a *multiplication factor* created by unforeseen and additional requests presented by the donor, repetition and overlap of procedures. Generally, guidelines leave a margin of flexibility to donors for extra requests, allowing for additional reports to be requested;

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[48] For more information on how NGOs manage risks, consult « NGOs And Risk: How International Humanitarian Actors Manage Uncertainty", Interaction and Humanitarian Outcomes, February 2016

[49] ICVA, Partner Capacity Assessment of Humanitarian NGO's – Fit for purpose? ICVA, June 2015

PCAs may be re-assessed periodically; and the audit requirements can be adjusted to a particular partner or situation.

6.3 Duplication

Duplication is related to the same activities being performed more than once: reports on the same activity presented to different donors in different formats; the same organization being assessed through PCA multiple times and on the same issues; different audits (or verification checks) covering the same project/programme, organization/accounts etc. Duplication is also related to the additional work that is required from NGOs in order to provide the same information tailored to different formats, answering to different language. As we have seen, this is the case for reporting formats and PCA, and in specific instances there is also overlap within current audit practices.

6.4 Complexity and links to Capacity

All three conditions introduce complexity to NGOs' systems. For example, the non standardisation of cost categories across donors leading to complexity in the production of financial reports and audits; the complex internal flow charts involving numerous staff across a range of departments required to produce 'a report'; and the internal tools and systems that have to be built or adapted to capture the information donors request within reports and their annexes. Moreover, the quality, ease of access and availability of documentation on PCAs and audit was found to be variable across funding agencies. Where documentation was lacking, it raises two sets of questions. The first one is on the reasons why procedures are not articulated more clearly, made widely available and easy to unpack and understand for partners. This suggests that procedures stem from the need for accountability and compliance rather than the objective of building capacities. The importance of accountability and compliance is widely understood and accepted by the NGO sector. However, the potential to use these procedures for capacity-building remains generally underutilized. Considering the amount of resources invested in reporting, PCA and audit, this untapped potential seems like a missed opportunity. Secondly, the complexity raises issues concerning the level of capacity needed to handle the requirements and the implications for organizations with less capacity and fewer resources.

6.5 Inadequate Feedback

Feedback on reports was generally limited to requests for additional information or clarifications, or to follow up on compliance or administrative issues. For PCAs a lack of follow up or feedback was a common critique of current practice. Whilst feedback may be received on audits it is not designed for institutional learning. This led to the perception amongst NGOs that the learning and capacity-building potential of these procedures remained widely untapped.

7 Research
Conclusions

This report concludes that based on the study findings, current requirements and practices within donor reporting, PCA and audit conditions are neither streamlined nor as efficient as they could be. It is also noted that there are significant differences and **worst practices** in the obligations attached to funding to NGOs compared to that of UN agencies.

As detailed within the study, the levels of HQ and field resources mobilized for complying with reporting, PCA and audit conditions is significant. Requirements are disproportionate in terms of the size of grant, duration of project and capacity of NGO recipient. As noted within the Humanitarian Outcomes report: 'the system seems paradoxical, however, in that the smaller the partner organization, the more reporting is required'[50].

The consequences are also significant. Meeting such requirements requires specific, high-level, skill sets. The study found that NGO funds may be spent on external training and/or consultants to help NGOs navigate and fulfil donor requirements on reporting, PCA and audit. Language can be impenetrable and barriers to entry created. NGOs may forego funds from certain donors, in favour of those with lighter touch conditions. Importantly, as noted by the START Network[51], it "*can lead agencies to focus on capacity-building for contract compliance rather than for empowerment or for improving front-line programme delivery*". Case study data, pointed to the possibility that humanitarian aid can become directed by the ability to comply with administrative requirements, rather than need. In such an instance, a cornerstone of humanitarian principles is undermined with great consequences in terms of ability to respond quickly and appropriately based solely on need[52].

There is a clear demand by donors to be accountable for the public funds they disburse, and this remains unquestioned and supported by NGOs. However, if " *too often, how we do things dominates why we are doing them, to the detriment of communities affected by crisis*"[53], then it is right that questions are asked and improvement is sought. The following sections seek to contribute to this debate by mapping out the steps deemed necessary.

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[50] Humanitarian Outcomes, 2016 "Donor Reporting Requirements Research". 22 February 2016, p7.
[51] START Network, 2015. *How Can Donor Requirements be Reformed to Better Support Efforts to Strenghen Local Humanitarin Capacity,* London: START NETWORK. pg6
http://www.start-network.org/wp- content/uploads/2015/05/Start_Network_Donor_Requirements_Discussion_Paper1.pdf
[52] Reference is made to the recommendation included in : Tools for the job : supporting Principled humanitarian action, NRC and HPG, 2012
[53] START Network, 2015. *How Can Donor Requirements be Reformed to Better Support Efforts to Strenghen Local Humanitarin Capacity,* London: START NETWORK.p2.
http://www.start-network.org/wp-content/uploads/2015/05/Start_Network_Donor_Requirements_Discussion_Paper1.pdf

7.1 Areas of Further Enquiry

This study focused upon donor guidance and NGO perspectives on the three conditions of reporting, PCA and audit. The findings of the study highlight a number of areas that would benefit from further enquiry. These are as follows:

- What are the drivers behind the differing conditions that donors attach to their grants for NGOs?
- What are the reasons behind the additional complexity that may be added to grants as funds transit from back donor to the field?
- Why are some donors more flexible?
- How is risk understood and applied by donors?
- What are the mechanisms by which risk can be more equitably shared between funders and responders?
- What accountability mechanisms towards affected populations are there within current systems?

The rationale behind the conditions, as they currently exist, must be explored and spelled out clearly, and answers to these questions should form part of engagement and discussion to move forward and improve the efficiency of the system.

7.2 The Grand Bargain on Efficiencies: Points for Discourse

As part of the Grand Bargain on Efficiencies and beyond, the following points should be incorporated and integrated into discourse and action on removing the inefficiencies and imbalances attached to the current praxis of humanitarian aid.

Risk is passed on and not shared. This aspect seems to be one of the driving factors for the increasing number of conditions and requirements. **NGOs and donors should address this issue together exploring alternatives to share rather than transfer risks.**

The high volume of requirements is inefficient. The number of procedures to be followed for PCA and audit and the quantity of reports that have to be produced is excessive. Therefore, **links between earmarked funding and the volume of paperwork to complete across the three conditions examined under this study need to be addressed**. This is particularly so in the case of co-funding.

Duplication is inefficient. A significant proportion of reporting, PCA and audit was regarded by respondents as duplication in effort, raising the question of whether the current practice is truly the most effective use of already stretched resources. Some analyses carried out by INGOs indicate that harmonization of procedures and donors' requirements could produce substantial savings of time and resources. There is great potential for harmonization of narrative and financial reporting

formats, indicators[54], and format and content of PCA. As such, while it is accepted that accountability is needed, **donors, UN agencies and NGOs as well as any other actors managing funds should come together to harmonize and simplify so that formats are coordinated and duplication is minimized.**

Complexity is time consuming and a barrier to entry. The complexity of existing procedures requires a high level of skills and sophisticated administrative and financial systems in order to ensure compliance with the various donors' conditions. This level of complexity may pose additional challenges for front-line responders and in particular smaller organizations and NNGOs who ultimately end up suffering the most. **Clear communication of requirement and procedures, availability of guidelines, flowcharts for processes, compilation of updated resources, training and participatory roll-out of new guidelines and approaches would increase equity in accessing and handling information and reducing costs.**

Accountability is unbalanced. The conditions imposed on NGOs are shaped by the need to verify compliance for accountability purpose. Many of the requirements and procedures focus on financial and administrative procedures and compliance with donors' rules and regulations. As such, it is clear that the emphasis is on upward accountability, while much less attention is devoted to downward accountability. This raises a number of issues including that the delivery of aid can be influenced by factors other than need, such as the ability to fulfil administrative requirements. **A clear change must be introduced by donors to switch the focus on needs rather than administrative requirements and increase attention to quality in the delivery of aid to affected population.**

7.4 Moving Research to Policy and Practice

Building on the findings from this study three overarching principles have been identified to preserve principled humanitarian action and better meet the needs of affected populations. These principles are: simplification, harmonization and proportionality.

In line with these principles, NGOs, through the field research have made practical suggestions for reducing administration, freeing up resources and capacity and having more meaningful engagement between donors and NGOs. These key asks in the form of the **Framework for Change for Reporting, PCA and Audit** are included in the appendices. They are meant to be implemented by donors, UN agencies, INGOs and any other actors managing funds, including NGOs, and represent the basis for further engagement to review existing partnership agreements.

While the key asks to donors and the considerations to take account of within wider discourse have been detailed, questions remain over how to practically move from the study's findings to policy and practice. Round table participants highlighted the need to keep the debate alive building on the positive and promising engagement manifested by donors and UN agencies in the framework of the recent discussions around the Grand Bargain for increased efficiency in humanitarian aid.

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[54] An on-going initiative in this direction is the registry of Humanitarian indicators
https://www.humanitarianresponse.info/applications/ir

In the framework of the Less Paper More Aid initiative the following **next steps** are therefore recommended to implement the harmonization, simplification and proportionality principles in the advocacy up to, and beyond, the WHS in May 2016:

1. Agree on a time-bound process with clear benchmarks to collectively deliver on the commitments on donor reporting to be endorsed at the WHS and extend the commitments to PCA and audit conditions.

2. Establish an operational and technical working group to agree on and to implement the harmonization, simplification and proportionality principles, inspiring changes to the operational partnerships agreements between UN and NGOs, NGOs and donors and between NGOs and NGOs. Use this working group as a platform to engage with UN agencies, donors (including Good Humanitarian Donors Group), share best practices, introduce improvements, etc.

3. Advocate for UN agencies to sign up to the Good Humanitarian Donors principles and reflect them in their partnership agreements with NGOs.

4. Building on NGO support at national level, reach out with a view to advocate for increased harmonization, simplification and proportionality in donor conditions, to an increased number of donors;

5. Review NGOs' perceptions of the three donor conditions in three years' time.

The study's findings highlight that current grant conditions and practices on reporting, PCAs and audit are not the most effective and efficient use of already-stretched humanitarian financing. This report suggests some potential alternatives and ways forward. These recommendations seek to improve efficiency and streamlining and alleviate the challenges that NGOs find most pressing with these conditions. In turn, such actions can contribute towards reducing administration for better aid, and improving the efficiency and effectiveness of the humanitarian response.

Framework for Change
Donor reporting requirements[1]

1. Subscribe to the Principles of the Less Paper More Aid initiative: harmonization, simplification and proportionality.

2. Commit to revise reporting requirements and reduce the number and volume of reports whenever possible by:
   - Adapting reporting requirements to the context and length of programs, reducing formal reporting requirements in emergency settings in order to give priority to the action on the ground;
   - Removing interim reporting requirements for short-term projects (less than 10 months) – reference to good practice: one interim report only if the action exceeds 10 months;
   - Asking for reports that recipients are able to read and absorb and that serve to enhance accountability at all levels.

3. Commit to the idea of harmonizing reporting requirements, making efforts to standardize terminology, formats and indicators.

4. Respect contractual reporting requirements and agreed deadlines and not ask for additional ad-hoc reports.

5. Allow for reasonable time between end of project and reporting due date – reference to good practice: up to three months after the end date.

6. Allow the use of NGOs' own reporting formats in co-funded programs and move away from project-based reporting.

7. Simplify reporting requirements by:
   - Avoiding financial reporting per activity
   - Align financial reports deadlines with narrative ones;
   - Use simplified and accessible electronic formats
   - Consider alternatives to formal reporting such as joint reviews, visits, exchanges.

8. Streamline reporting required by various coordination mechanisms with donor reporting avoiding duplication and promoting standardized output/outcome indicators.

9. Commit to provide systematic and constructive, timely and meaningful feedback to reports with a view to improve quality of the implementation and increase learning.

10. Share "best practices" between donors and encourage others to adopt such models of good reporting.

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[1] To be implemented by institutional donors, UN agencies and NGOs. UN agencies when acting as intermediaries must avoid adding complexity to the system with more restrictive requirements and reflect GHD (Good Humanitarian Donors) principles, commitments and good practices in UN Partnership Agreements

Framework for Change
Partner Capacity Assessments[2]

1. Subscribe to the Principles of the Less Paper More Aid initiative: harmonization, simplification and proportionality.

2. Ensure increased availability and access to information related to PCAs to understand the what, why and how of the exercise, limiting language barriers.

3. In carrying out PCAs respect the principle of proportionality, particularly for NNGOs and in smaller scale operations, adapting the volume of questions to the funding, context and type of organisation assessed.

4. Commit to providing constructive, timely and meaningful feedback on PCAs for capacity-strengthening purposes.

5. Improve timeliness of PCA processes so that deadlines are appropriate and funding is in place before assessment processes commence.

6. Commit to harmonizing PCA requirements, using a common terminology and format.

7. Commit to share, to the extent possible, results of PCAs and recognize PCAs conducted by other actors to avoid duplication.

8. Adopt a centralised approach to PCAs and assess NGOs at central/global level first and foremost.

9. Ensure PCAs validity is of a minimum of one year.

10. Share "best practices" between donors and encourage others to adopt such models of good PCAs.

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[2] To be implemented by institutional donors, UN agencies and NGOs. UN agencies when acting as intermediaries must avoid adding complexity to the system with more restrictive requirements and reflect GHD (Good Humanitarian Donors) principles, commitments and good practices in UN Partnership Agreements

Framework for Change
Audits[3]

1. Subscribe to the Principles of the Less Paper More Aid initiative: harmonization, simplification and proportionality.

2. Promote coherence and uniformity with minimum standards and common denominators on audit rules.

3. Share clear ToR with roles and responsibilities and clear process at the start of the grant to facilitate understanding.

4. Commit to accept, to the extent possible, audit reports of other external, third party auditors and global audits that include a sample of grants.

5. Avoid duplications between verification exercises and grant specific audits.

6. Commit to increased collaboration and good communication before, during and after audit.

7. Approach audits as learning exercises for improvement, rather than processes designed only to identify ineligible costs.

8. Improve audit firms' quality and understanding of procedures, processes and context, and whenever possible ensure consistency (or at least information sharing for continuity) in the use of third parties.

9. Improve access of auditors to project sites, including travel to field locations rather than asking NGO field offices to send documentation.

10. Share "best practices" between donors and encourage others to adopt such models of good audits.

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[3] To be implemented by institutional donors, UN agencies and NGOs. UN agencies when acting as intermediaries must avoid adding complexity to the system with more restrictive requirements and reflect GHD (Good Humanitarian Donors) principles, commitments and good practices in UN Partnership Agreements
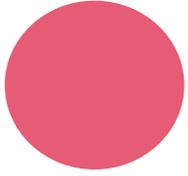
Appendix 2:
Tables Summarizing Donors and UN agencies Requirements on Reporting, PCA and Audit

Note to the tables:

The following tables are compiled on the basis of information available online or provided by the donors. As such, they should be considered a working document that will be updated in collaboration with the donors engaged in this process.

Table Summarizing
Reporting Requirements for UN Agencies and Institutional Donors

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
Number of reports	1-4 The number of reporting is stipulated in the Grant Agreement. The number of narrative reports varies according to duration of project and risk rating of the organization and can vary from 0 to 3 interim reports plus 1 final report. Financial reports are requested for each disbursement, at the end of the year and the final report. Final Narrative Report and Final Financial Statement due within two (2) months of the completion of the Project or the expiration or termination of the Agreement, whichever is first to occur. Interim Financial Statement reflecting expenditure as of 31 December of each calendar year is due every calendar year no later than 31 January of each calendar year[5].	3 – agreed in the contract Minimum mandatory reports are: -Performance, Financial, Goods and Property, Personnel. Due by 15 July of budget year • Financial report due by 10 December • Final Performance, Financial, Goods and Property, Personnel reports due by the 15 February of the calendar year following the Budget Year	4 + Monthly (quantitative) Monthly reports on quantitative data Quarterly progress reports, including both narrative, quantitative information, and financial reports. Final report consolidating information covering all activities.	4 – (level 2,3 monthly) Quarterly reports financial with FACE form and progress reports with PDPR. (unless otherwise agreed) In humanitarian situations (level 2 and 3) monthly reports including high frequency indicators[6]
Additional/ Informal reporting requested	Not indicated in the grant agreement	Additional reports may be requested by UNHCR or agreed with the partner to supplement the standard Reports (i.e. distribution or health reports) or a specific requirement of a donor.		Additional progress reporting requirements are determined as appropriate to the context taking into account any donor reporting requirements. UNICEF aim to reduce the reporting burden on partners. Additional progress reporting is requested only if required for specific purposes (i.e. year-end, humanitarian purposes or donor performance monitoring or donor specific requirements)[7].
Varies according	Yes	Information not available	Information not available	Information not available

1 OCHA, 2015a. Operational Handbook for Country-based Pooled Funds, http://www.unocha.org/what-we-do/humanitarian-financing/cbpf-global-guidelines
2 UNHCR, 2014b. Standard Format Bipartite Project Partnership Agreement, UNHCR partners portal
3 WFP, 2012. Field Level Agreement (FLA) general conditions, http://www.wfp.org/about/partners/ngos/working-wfp, and information received from WFP staff
4 UNICEF, 2015a. Guidance for Civil Society Organizations partnering with UNICEF, http://www.unicef.org/about/partnerships/index_81428.html; UNICEF, 2015b. Programme Cooperation Agreement (PCA), http://www.unicef.org/about/partnerships/index_81428.html
5 until the expiration of the agreement and the submission of the final financial statement. Interim statements submitted before 31 January reflecting expenditures between 1 November and 31 December satisfy the requirement of this Interim Financial Statement. Projects started after 1 November will not have to provide an interim report as of the following 31 January.
6 From UNICEF, 2015b. Programme Cooperation Agreement (PCA), http://www.unicef.org/about/partnerships/index_81428.html
7 UNICEF, 2015a. Guidance for Civil Society Organizations partnering with UNICEF, http://www.unicef.org/about/partnerships/index_81428.html

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
to size of grant/ duration/ Risk				
Sections in the narrative report	Final 6	Final 8	Reporting format not available on line	Progress/Final 6 + Logframe
Questions in the narrative report	Final 22 + Logframe	Final 16 + Logframe	Reporting format not available on line	2
Content of reporting format	Cover page (Funding, project expenditure, project revision, beneficiaries, sub grant implementing partners). Background (project implementation and achievements, changes in implementation, financial issues), logframe, monitoring and reporting, cross cutting issues (accountability, gender markers, environmental markers, protection, coordination), location	Operational context, Problem(s), Objective(s) and Intended Impact, Project's Population of Concern, Demographic Data, Other Supported Entities, Implementation, Risk Management, Coordination, Review and Reporting, Visibility, Partner, Other parties, UNHCR provided support, Conclusions/ lessons learned, action plan for improvement or revision required, Logframe.	Monthly reports: on quantitative data relating to the project, including food stocks, physical inventory count, losses, and distribution figures within the timelines outlined in the Plan of Operations. These should include commodities distributed to beneficiaries broken down by gender, by activity and by location, in accordance with the reporting format[8]. Quarterly progress reports: including both narrative and quantitative information. Narrative information shall include delivery and distribution arrangements, operational difficulties encountered and measures taken to overcome them, steps taken to prevent or reduce losses, acceptability of food, information on complementary inputs from other sources, comments on results achieved for the direct benefit of the targeted people, expected developments and additional programmes proposed. Wherever possible, information on beneficiaries shall include gender-disaggregated data such as percentage share of resources allocated to women/men, composition (by gender) of local food management and distribution committees specifying positions held by women, and share of benefits by category of activities	Program and CSO overview, reporting on results achieved
Best practices/ crosscutting	Gender, environment, coordination	Lessons learned	Gender	Not indicated in the reporting format
Standard indicators	Yes	Standards and indicators guide updated in 2010	Yes	Information not available

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[8] WFP, 2012c: Annex 1A Special Conditions for Food Distribution and Related Activities

Content	CANADA[9]	DENMARK[10]	ECHO[11]	GERMANY[12]	DFID[13]	US PRM[14]	US FFP[15]/OFDA[16]
Number of reports	As outlined in the grant agreement, but typically: 1 final report (including financial and narrative) Due three (3) months following the project end date	Three annual reportings take place prior to the annual consultations, which normally are scheduled at the end of the year: 1) The partnership organisation must each year no later than 15 June prepare and submit to the Ministry of Foreign Affairs a performance report on the previous calendar year as well as the form for OpenAid/DAC reporting. 2) The partnership organisation must each year no later than 15 September prepare and submit to the Ministry of Foreign Affairs the organisation's audited annual accounts as well as	1-2 Interim report 1. Due usually (but not always) 3 months before the end of the Action. Not required for: 1) Urgent actions; 2. Short actions (less than 10 months) Final reports Due 3 months after the end of the implementation period (may be extended)	1 Periods and deadlines are laid down in the grant agreement Interim reports Projects up to 3 months waived; Formal and informal reporting are required. Interim Report (at least one) most likely at the mid-point Final Report Due 3 months after the end of the project period	2 The manner of results reporting should be stated in the proposal and agreed with DFID. Formal and informal reporting are required.[17] The final report is due ninety (90) days following the end of the agreement. Submission dates reports will be written into the agreement. For multi-year awards same reporting schedule and final report at the end of each year Informal reporting (likely in the form of brief email updates) should be aligned with organization's own reporting arrangements contents include: - key activities achieved to date; - any areas of concern or problems faced to date, including delays; - any changes the organization wish to report[19] is due	1 every quarter + final Interim Program reports are due within thirty (30) days following the end of each three month period of performance during the validity period of the agreement. The final report is due ninety (90) days following the end of the agreement. Submission dates reports will be written into the agreement. For multi-year awards same reporting schedule and final report at the end of each year Financial reports[18] are due within thirty (30) days following the end of each calendar year quarter. (January 30th, April 30th, July 30th, October 30th). The final financial	**FFP** Final project and financial reports are due within 90 days of the end of the project. Quarterly performance monitoring reports are due within 30 days after the end of each fiscal year quarter[20]. FFP also requires: Post distribution monitoring (PDM) reporting; (for projects with local and/or regional procurement) quarterly reporting table on commodity procurements for local and regional purchases; (for project with cash transfers and food vouchers) quarterly reporting table on cash transfers and food vouchers; Annual reporting In lieu of a fourth quarterly report, the same reporting tables should be used to enter cumulative annual reporting data. In addition, an annual results report (ARR) shall also be submitted in accordance with the FFP ARR guidance. Final report Reporting requirements will be

9 Global Affairs Canada (GAC), Foreign Affairs, Trade and Development Canada (DFATD) –International Humanitarian Aid (IHA), 2014, Funding Application Guidelines for Non-Governmental Organizations http://www.international.gc.ca/development-developpement/assets/pdfs/funding-financement/funding-application-guidelines-for-non-governmental-organizations-eng.pdf

10 Humanitarian Outcomes, 2016. Donor Reporting Requirements Research; and VOICE, 2015. Exploring EU humanitarian donors' funding and conditions for working with NGOs: Building evidence for simplification

11 DG ECHO, 2016, Single Form Guidelines, http://dgecho-partners-helpdesk.eu/action_proposal/what_is_a/start; and VOICE, 2015. Exploring EU humanitarian donors' funding and conditions for working with NGOs: Building evidence for simplification

12 VOICE, 2015. Exploring EU humanitarian donors' funding and conditions for working with NGOs: Building evidence for simplification

13 DFID, 2015a. Humanitarian Response Funding Guidelines For NGOs, https://www.gov.uk/guidance/humanitarian-response-funding

14 PRM website http://www.state.gov/j/prm/; PRM, 2016. NGO Quarterly Program Report Template

15 USAID FFP, 2015b. U.S. Agency for International Development Bureau of Democracy, Conflict, and Humanitarian Assistance Office of Food for Peace FY 2015 Annual Results Report Guidance; and USAID FFP, 2015a. Annual Program Statement for International Emergency Food, https://www.usaid.gov/what-we-do/agriculture-and-food-security/food-assistance/programs/emergency-programs

16 USAID web site https://www.usaid.gov/work-usaid/resources-for-partners; and USAID office of U.S. foreign disaster assistance (USAID/OFDA), 2012. Guidelines for proposals, https://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources/guidelines-proposals

17 describing and analyzing the results of activities undertaken during the validity period of the Agreement

18 Reports reflecting expenditures for the Recipient's overseas and United States offices should be completed in accordance with the Federal Financial Report (FFR SF-425) and submitted electronically in the Department of Health and Human Services' Payment Management System (HHS/PMS) and in accordance with other award specific requirements.

19 covering the entire period of the agreement

20 unless the reporting period ends before 45 days from the effective date of the award, or less than one month from the estimated completion date of the award and the award will not be extended.

Content	CANADA[9]	DENMARK[10]	ECHO[11]	GERMANY[12]	DFID[13]	US PRM[14]	US FFP[15]/OFDA[16]
	annual ac-counts as well as audited accounts for the partnership agreement for the previous calendar year.	In addition to that, each year no later than 1 November submit to the Ministry of Foreign Affairs the proposal regarding strategic considerations on planned interventions for the coming three calendar years with a specific focus on the coming year's activities and the budget for these. More of an application for the following year.			- any changes the organization wish to make to increase effectiveness or efficiency. Timing should be agreed with DFID	is due within ninety (90) days after the expiration date of the agreement. For agreements containing indirect costs, final financial reports are due within sixty (60) days of the finalization of the applicable negotiated indirect cost rate agreement (NICRA).	be submitted in accordance with the FFP ARR guidance. Final report Reporting requirements will be identified in the award. At a minimum, the final report will include the following Quarterly performance reports, annual results reports (ARR) and final programmatic report should be submitted through FFPMIS unless otherwise specified by USAID.
Additional/ Informal reporting requested	Yes Status update in high profile humanitarian contexts (no format done by email providing an activity report with reference to the project implementation timeline; initial results (outputs); and immediate results, when available. Sit-reps from the field are	Danida is entitled to request from the NGO all information relevant to the implementation and progress of activities, and has the right to carry out inspection at any time during the period covered by the partnership.	Not indicated in the guidelines	Information not available on line	Yes (brief email updates aligned with organization's own reporting arrangements where appropriate)	Not Indicated in the guidelines	Not indicated in the guidelines

[20] unless the reporting period ends before 45 days from the effective date of the award, or less than one month from the estimated completion date of the award and the award will not be extended.

Content	CANADA[9]	DENMARK[10]	ECHO[11]	GERMANY[12]	DFID[13]	US PRM[14]	US FFP[15]/OFDA[16]
Amount of reporting varies according to size of the grant/ duration/ Risk (adequate)	Not Indicated in the guidelines	Partners are free to use their own formats or follow the outline provided by Danida. Performance reports must be brief and concise and at least include the elements outlined the Danida's template (annex4). Annex 4 contains 5 sections	YES Duration	Not Indicated in the guidelines	YES Size	YES Duration (one report every quarter+ final; for multi year one final every year)	YES Risk (more frequent reporting may be required for high risk grantees as indicated in OMB circular A110)[21]
Sections in the narrative report	7	Sections are used to indicate the different parts of the reporting formats.	13	14	4	10	Reporting format not available on line
Questions in narrative the report[22]	Final 21 + Logframe	Partners are free to use their own formats or follow the outline provided by Danida. Annex 4 contains 4 questions + the results framework	Interim 19 Final 34	26 +Logframe	15 Final 12 interim	Interim and Final 15 + Logframe	Information non available on line[23]
Content of narrative report	Interim: Final: Project overview, project description, actual results achieved, performance factors (relevance, Appropriateness, efficiency, gender equality, environment, participation, coordination, safety and security), withdrawal and transfers, financial	Interim: Performance report, Annual description of results from organisations humanitarian interventions (programme, use of funds for preparedness and interventions) Includes report on implementation of the strategic goals as per the Strategy for Danish Humanitarian Action. Report can be based	Interim: Update on implementation, only selected number of section of the SF to be updated opportunity to attach a request for payment Can include all non essential changes in the period covered Final: Summary report including: use of grant/course of project, results, essential changes in the period covered Final: 11 out of 13 sections have to be filled	Interim German summary of the course of the project (1-2 pages) and updated logframe Final Summary report Final: measures, evaluation of results for lessons learnt, crosscutting issues, HIV, gender mainstreaming[24]	Interim: Project deliverables (outcoomes outputs), risks, disaster affected people needs, accountability, other funding, coordination, resilience, lessons learnt. Final: Project deliverables (outcomes outputs), risks, value for money, disposition of assets, disaster affected people	Performance progress Report SF-PPR Cover Page Progress on Objectives and Indicators – Analysis of Progress (If not on track, why and steps being taken to meet the Target). How beneficiary feedback has been used to influence programming decisions. Collaboration/Coordination –New Developments (Issues that the	FFP At a minimum, the final report will include the following: a) All projects: (i) Total n. beneficiaries targeted and reached overall, disaggregated by sex. (ii) Actual average cost per beneficiary and average cost per beneficiary per month. (iii) Description of how project has assessed and addressed gender needs and issues. (iv) Learning on the appropriateness of selected modalities and activities to the context, needed adaptations to

Content	CANADA[9]	DENMARK[10]	ECHO[11]	GERMANY[12]	DFID[13]	US PRM[14]	US FFP[15]/OFDA[16]
	reporting, lessons learned (with template)	on internal monitoring systems, or follow the outline Danida's template for performance report. A maximum of 15 pages per intervention, including annexes (logframes, risk matrix, etc.).			needs, accountability, other funding, coordination, resilience, lessons learnt	organization did not anticipate, impact on the implementation and organization's response. Challenges –(Security, financial, and/or personnel management issues, impact and organization's response) Other – Any additional information (including success stories) Acknowledgement of PRM funding.	changing circumstances, or unintended consequences of program activities. Additional specific information for projects with local and/or regional procurement, and/or cash transfers and food vouchers. **OFDA** Post-award reporting guidelines and requirements including types of reports, frequency, and instructions for submission are included in the award document[25]
Best practices/ crosscutting	Yes	Yes	YES	Yes	Yes	YES (lessons learnt) Crosscutting (Coordination Accountability to affected population)	Yes (Lessons learnt)
Standard indicators	Information not available	Denmark does not prescribe standard indicators.	YES	Information not available	Information not available	Not indicated	YES FFP OFDA Information not available

25 USAID office of U.S. foreign disaster assistance (USAID/OFDA), 2012. Guidelines for proposals, https://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources/guidelines-proposals

Table Summarizing
PCA Requirements for UN Agencies and Donors

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
Type of funding framework	Country Based Pooled Funds (CBPF)	Project Partnership Agreement	All	(HACT member) Programme Cooperation Agreement (PCA) Small Scale funding agreement
Funding range	200.000- 750.000	NO cap	All	Programme Cooperation Agreement > $50.000 Small scale funding < $50.000
Pre-assessment steps	CBPFs that choose to adopt the fully fledged capacity assessment will request partners, at the due diligence and registration stage, to submit additional documents listed in the Application Checklist. Pre-screening: OCHA Country Office will carry out an initial review of all documents and will communicate to the NGO whether their request for assessment will be further considered. If the response is positive, the in-depth capacity assessment process will be launched.	Partner declaration signed Partner registration[5] on Partner Portal	Fully fledged PCA for high risks. 59 questions	Core Value assessment Partner declaration Self-identification profile
Partner Capacity Assessment areas	• Organisational information • Technical Capacity • Funding Information • Coordination and partnership • Financing Management • Human Resources • Logistics • Monitoring and Evaluation	At discretion of CO may include: • Sector Expertise and experience • Project Management • Local Experience, presence and community relations • Own contribution of resources • Security Consideration • Cost Effectiveness • Experience in working with UNHCR • For contract involving procurement of goods and	• Vetted against the UN 1267 List of individuals and entities belonging to or associated with the Taliban and Al-Qaida organizations as established and maintained by the 1267 committee. • Accepted by the Government. The NGO must be recognized by the national authority governing a specific area of operation, permitting it to carry out humanitarian relief and development activities in the country	• Ability to deliver programme results in in country context. Micro assessment if receiving more than $100k per year. 130 questions. Looking at: • Implementing partner information • Funds flow management capacity • Organizational structure and planning • Accounting policies and procedures • Internal Audit procedures • Financial audit procedures • Reporting and monitoring capacity • Information Systems

1 OCHA, 2015a, Operational Handbook, and ICVA Partner Capacity Assessment of Humanitarian NGO – Fit for Purpose? June 2015
2 UNHCR, 2013, Implementing Partnership Management Guidance Note No. 1 Selection and Retention of Partners for Project Partnership Agreements, available at UNHCR Partners Portal and ICVA Partner Capacity Assessment of Humanitarian NGO – Fit for Purpose? June 2015
3 Information received from WFP staff member
4 ICVA, 2015c, Partner Capacity Assessment of Humanitarian NGO – Fit for Purpose?
5 Prospective partners that are not registered with UNHCR Headquarters will be required to declare that their organization meets the basic compatibility eligibility criteria for establishing a partnership with UNHCR before the organization can be considered for selection for a Project Partnership Agreement. UNHCR, 2103, Implementing Partnership Management Guidance Note No. 1 Selection and Retention of Partners for Project Partnership Agreements, UNHCR Partners Portal

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
		services below USD 100,000, the Partner does not need to be pre-qualified for procurement[6]. For contract involving procurement of goods and services of USD 100,000 and above, the Partner needs to be pre-qualified for procurement[7]	or area. It is expected to have a physical office and therefore a contact address. • Organizational information (registered body for a minimum of 3 years, transparent institutional framework, active grass root participation, and documentation, information systems and documentation, technical knowledge and geographical presence, willing and able to work with communities and community-based organizations). • Technical capacity (sound, specific programmes for food distribution and/or on issues related to food assistance, food security, advocacy and development which correspond to WFP's general priorities and target groups, High level of achievement/performance in fulfilling their objectives, participatory approach). • Financial and complementary inputs: be able to cover part or all of non-food items, staffing and equipment. (WFP may reimburse operational costs relating to the food aid distribution, the NGO should be able to cover part or all complementary (accounts audited complementary inputs), Financial management (accounts audited through a Chartered Accountant, reports should be made available as public documents). • Human Resources: Staff with basic skills in project and financial management, analytical skills and capacity in areas of commodity tracking, food distribution and beneficiary participation. An NGO will need to provide detailed plans for distributing food to the intended beneficiaries.	• Procurement policies and procedures Until micro assessment is completed the partner is considered high risk. The need to assess the CSO's financial, procurement and managerial capacity as per the requirements of the UNICEF HACT Procedure is discussed with the CSO. Additionally, if the partner is rated high or significant risk, the need to incorporate capacity development activities is discussed and incorporated into the programme document, if required. The financial management capacity of partners is assessed using a standard approach in all UNICEF offices, based on the United Nations Development Group (UNDG) HACT Framework. The micro assessments are undertaken by third parties (audit firms) and the terms of reference can be found on the UNDG HACT Framework site. When the partnership is below $100,000, UNICEF office may decide to undertake a simplified financial checklist completed by UNICEF staff. When micro assessments are required but urgency prevents their completion prior to agreements being signed, UNICEF offices assume these partners are high risk in terms of their financial management capacity until the assessment is finalized. This results in UNICEF offices having to undertake additional assurance activities. If a partnership with a CSO requires the procurement of services or supplies for a value exceeding US $2,500, an assessment of the CSO's capacity to undertake procurement is conducted either as part of the selection process of CSOs or as part of

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
			• Able comply with WFP's monitoring and reporting requirements and have sound, reliable financial and accounting systems. • Human resources, adequate personnel and in-country organizational structures, including staff, field offices, vehicles and access to communications. The staff must be reliable, qualified and suitably experienced, with reasonable continuity in assignments. • Relationship with other groups: collaborate with Government infrastructure, demonstrated willingness and ability to work with the responsible Government authorities at all levels: coordinate with others: active participant in any established coordination mechanism for an operation (and any separate NGO coordinating body).	the HACT micro assessment. The assessment is proportionate to the procurement risks involved and the type of supplies and services being purchased by the partner.
Project proposal assessment based on technical and programmatic criteria can be substantial.		The selection of partner is valid for 2 UNHCR programme cycle. Before entering the 2nd year of PPA, the programme unit will conduct a desk review. After the 2nd UNHCR program cycle the selection committee will conduct a review of several factors [9]. Subject to periodic review	Micro assessment results are valid for a period of five years, unless there have been major changes in the management and internal control environment of the partner.
Follow up assessment	OCHA updates the assessment of partner's capacity over time. OCHA tracks and scores partner's performance[8]. The scores assigned to partner in each factor is summarized in a Partner Performance Index (PI). The average on the PI for each of the projects implemented during the year will give the annual partner's PI. CBPFs can choose to periodically re-assess the capacity of their eligible partners by carrying out subsequent assessments. Eligible partners that have not implemented projects funded by the CBPF for more than two consecutive years will be required to undergo a new	The Head of Office is required to ensure that for each Project a complete and comprehensive selection process is undertaken no less frequently than every four years.		

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[8] In relation to: i) quality and timeliness of submissions of project documents (proposals, budget and concept notes); ii) quality and timeliness of implementation against approved targets; iii) quality and timeliness of reporting; iv) frequency, timeliness and justification of project revision requests; v) quality of financial management; vi) audit findings.

[9] Performance of the partner and quality of delivery of desired results; Whether a change of partner may negatively impact on resources, continuity and/or effective response to the persons of concern; UNHCR's contribution in the capacity development of the partner may be lost or not yield its desired outcome in case of change of partner; Contribution of partner (in cash or in-kind); Willingness of partner to continue with Project implementation; and availability and interest of alternative partners.

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
	capacity assessment.			
Risk assessment	Risk mitigation framework. Risk rating informs operational modalities	Risk assessment undertaken by Programme/Project Control units	As determined necessary by the relevant Country Office	Part of the micro assessment. Partners are high risk until micro assessment is conducted. Risk rating informs operational modalities
Use of proxy indicators	Yes at discretion	Yes at discretion	May be used when they are available – no formal approach	Yes, at discretion with prior approval of the HQ
Who conduct assessment	Mostly third party, except proxies done by staff.	CO staff	WFP Country Office staff, led by Programme Unit	Core value assessment and ability to deliver by UNICEF staff. Micro assessment by third party
Processing time	15-60 days [10]	The recommended timeframe for the selection/retention process (from issuing the Call for Expression of Interest to communicating the Committee's decision) should not exceed three months [11]. Guidelines: depends on the operational environment but it should not exceed 3 months.	Varies according to operational context/urgency	No standard
Validity	2 years if the partner has not implemented CBPF for 2 years.	2 UNHCR programme cycle, but there are periodic reviews and assessments	Not time-bound, but subject to periodic review	Results of the micro assessment are valid for a period not to exceed the duration of the programme cycle and may extend across programme cycles. For example, a micro assessment conducted at the beginning of the fourth year of a five-year country programme cycle will be valid up to the end of the third year of the following country programme cycle unless there was a change in the IP's management structure or processes and procedures. If significant changes to an IP's organizational management structure or processes and procedures with respect to the programme are observed, a new micro assessment may be deemed necessary by the agency during the programme cycle [12].

Content	CANADA [13]	DENMARK	ECHO [14]	GERMANY [15]	DFID [16]
Type of funding framework	International humanitarian assistance funding	Humanitarian Framework agreement; Extraordinary Emergency funding	Framework Partnership Agreement (FPA)	Humanitarian Emergency fund	Rapid Response Facility [17] RRF partners are organisations that have successfully passed pre-qualification. DFID reviews the membership, opening up future windows when it judges there is a gap in the capabilities of RRF members. Future rounds for RRF applications are advertised on the DFID website
Funding range	Not indicated	Allocations through strategic partnership agreements are specified for every recipient organisation in the finance bill. Figures are publicly known in August the preceding year and typically approved by parliament in November or December. [18]	Not indicated	Not indicated	Not indicated
Pre-assessment steps	Pre-selection Institutional profile form to be submitted to International Humanitarian Assistance (IHA) by the organization prior to being considered for humanitarian assistance funding. The form contains a section on minimum requirements and additional information (20 questions). Supporting documentation is required. NGOs are assessed on: • Institutional requirements • Financial requirements	Not applicable.	Pre-Selection: • Register in APPEL • Choose type of the application (niche or non-niche) • Fill out an identification from • Answer a set of pre-selection questions (minimum eligibility and suitability criteria)		Pre-selection

Content	CANADA [13]	DENMARK	ECHO [14]	GERMANY [15]	DFID [16]
• International humanitarian assistance requirements	IHA will review this information and documentation only for those NGOs who meet the ten minimum requirements (first part of the form). NGOs will be required to update their Institutional Profile every three years.				
Partner Capacity Assessment areas	Only NGOs that meet IHA's minimum requirements are then eligible to submit funding proposals in response to annual funding appeals/complex humanitarian situations and other funding/sudden onset emergencies. IHA reviews funding requests. When reviewing proposals, IHA uses the information and documentation provided in the NGO's Institutional Profile as a factor in making the decision to recommend funding the proposal or not.	All strategic partnership agreements are subject to thorough capacity assessments covering the capacity of partners in respect of programme management, financial management, human resources, etc. Only strategic partners are eligible for additional emergency grants during the calendar year. The partnership organisations must at any given time full-fill the following basic requirements: 1. The partnership organisation must be able to document longstanding engagement and continuity in the planning of its interventions and be able to describe its core competencies and areas of focus. 2. The partnership organisation's humanitarian activities financed under the partnership agreement,	If pre-selection is positive, detailed questionnaire and complete the application. The detailed Questionnaire assess the following: • Eligibility Criteria (and supporting documents) • Administrative capacity (30 questions) • Certified audited financial statements for the last 2 financial years (19 questions) • Technical and logistical capacity (16 questions) • Experience in the field of humanitarian aid & Results of previous operations carried out by the organisation concerned, and in particular those financed by the EU (6 questions) • Coordination and partnership (2 sections, 11 questions)	Every NGO has to go through an assessment process. A "Quality Profile" is established for each potential partner organisation and the minimal criteria for cooperation are checked. The areas that area assessed are the following: Annual budget, reports of former external audits (and if the organisation commissions audits on a regular basis), field of expertise, quality management and capacities. (documents are only available in German)	Documents not available on line

Content	CANADA [13]	DENMARK	ECHO [14]	GERMANY [15]	DFID [16]
		including choice of partner countries, partners, target groups, specific areas of interventions and activities, must be based on the at any given time relevant strategy for Denmark's humanitarian efforts and contribute to the fulfilment of Danish development objectives, ea., as expressed in the current strategy for Denmark's development cooperation. Other specific guidelines and strategies may also apply following possible changes and adjustments in the Danish development policy. 3. The partnership organisation must focus its long term interventions financed from the partnership agreement in countries covered by the list of prioritised protracted crises announced by the Ministry of Foreign Affairs and it must develop a strategic frame for these interventions. To facilitate the planning and preparation of revolving plans by the partnership organisation, the ministry will on the basis of consultations with the partner-ship organisation as early as possible and no later than 1st July make public a list of prioritised protracted crises for the following year. 4. The partnership	• Compliance with humanitarian principles (3 questions) When holding an FPA, the NGO must complete periodic assessment and risk assessments to ensure that is still complies with the FPA requirements [19].		

Content	CANADA [13]	DENMARK	ECHO[14]	GERMANY [15]	DFID[16]
		organisation must to the extent possible cooperate and coordinate with relevant international and national actors, including through participation in UN cluster coordination, consolidated appeals (CAPs) or similar coordination mechanisms. 5. The partnership organisation must ensure that activities, also those implemented by local partner organisations, are implemented in accordance with basic principles and guidelines for Denmark's humanitarian action. 6. The partnership organisation must to the extent possible support the capacity of local partners for efficient implementation of activities. 7. The partnership organisation must maintain and further develop a satisfactory internal level of administrative and technical capacity for the implementation and quality assurance of interventions, including ensuring a professional preparation, implementation, monitoring and evaluation of activities. 8. The partnership organisation must ensure that local partners and others that receive part of the grant funds are not included on the UN or EU list of designated terrorist groups. 9. The partnership			

Content	CANADA [13]	DENMARK	ECHO[14]	GERMANY [15]	DFID[16]
		organisation must ensure sound administration and exercise cost-awareness in the administration of grant funds. 10. Procurement has to be undertaken on the most efficient basis in terms of price, time and quality and the partnership organisation must, if queried, be able to document applied procedures for purchases. 11. The partnership organisation must adhere to good international practise for procurement, as per relevant guidelines and directives from, i.e., DG ECHO and other parts of EU, the World Bank and UNHCR. 12. The partnership organisation must have developed an anti-corruption policy as well as an ethical codex to be applied in its work and in the management of funds. 13. The partnership organisation must document the results of its interventions and ensure a high level of quality in the humanitarian activities. 14. The partnership organisation must be able to document fulfilment of minimum standards for administrative, financial and programmatic procedures and exercise a systematic approach to quality assurance and monitoring.			

Content	CANADA [13]	DENMARK	ECHO[14]	GERMANY [15]	DFID[16]
		15. As such, the partnership organisation must be able to document an administrative and financial capacity meeting the DG ECHO's standards – either through an established partnership agreement with DG ECHO or through separate documentation for the ability to meet similar standards. 16. The partnership organisation must also demonstrate adherence to the quality criteria in the Core Humanitarian Standard through external verification or certification. 17. The partnership organisation must describe the principles for strategic application of flexible funds for preparedness and immediate humanitarian interventions. 18 The partnership organisation must develop policies and procedures for risk-management. All partners are in the process of HAP certification, which is a standard requirement from now on.			
Follow up assessment	Partners have to submit Audited Financial Statements every year[20]	The Ministry of Foreign Affairs will regularly undertake capacity assessments of the partnership organisation and its activities every 3-4 years. PCA are are supplemented	The risk assessment will be performed once per year on the basis of the information provided by the partner and the results of the controls performed by the different European bodies involved in		

Content	CANADA [13]	DENMARK	ECHO[14]	GERMANY [15]	DFID[16]
		by reviews, e.g. of partner activities in a particular region.	checking the eligibility of expenditures. The assessment will be done at the time of the periodic assessment. Together with the conclusions of the periodic assessment, the partner will receive the revised risks assessment. The partner has access to the result of this risks assessment through an APPEL functionality (*My organization logbook*) and it has always the possibility to contact ECHO when it is in possession of new elements which might have an impact on ECHO assessment.		

Content	CANADA [13]	DENMARK	ECHO [14]	GERMANY [15]	DFID [16]
Risk management	DFATD has a process for evaluating the fiduciary risk posed by partner organizations and IHA may ask NGOs for additional information to meet these corporate DFATD due diligence requirements. Only organizations that have an acceptable level of risk are eligible for funds	Risk management capacity is a standard element in the capacity assessment - both in terms of financial control and staff/programme security. Further, information on risk management procedures and strategies covering staff/programme security must be included in all application material. [21]	To comply with requirements of the Financial Regulation, ECHO has put in place risks mitigation measures. These measures may vary depending on the specificity the partnership and the nature of the actions funded. The actions funded by ECHO may be subject to appropriate controls, at the grant award and final payment stages, based on the risk assessment of the partner's financial management capacity. The risks are assessed during the partner's Periodic Assessment. The partner has access through APPEL to the result of this risks assessment.		
Use of proxy indicators	Not indicated in the guidelines	Information not available	Not indicated in the guidelines	In some cases [22]	Not indicated in the guidelines
Who conduct assessment	Not indicated in the guidelines	All capacity assessments are carried out by external consultants, sometimes together with Danida's internal quality assurance experts.	Not indicated in the guidelines	M&E officer at S05 and the Deputy Head of Division	Not indicated in the guidelines
Processing time	Not indicated in the guidelines	Information not available	Not indicated on the partners website	3 to 6 months.	Not indicated in the guidelines
Validity	3 years	Strategic partnership agreements typically covers 3 - 5 years.	Valid until expiration of the framework agreement 2014-2018	Information not available	Not indicated in the guidelines

21 Direct communication from Danida.
22 If an organization is a DG ECHO framework partner and receives more than 1.5 Million Euro a year the process of creating the "quality profile" can be done more easily. However, the applying organization still has to undergo the process and to answer our questionnaire, provide documents etc.

Table Summarizing
PCA Requirements for US Donors

Content	US PRM[1]	US OFDA[2]	US FFP[3]
Type of funding framework	Information not available	Information not available	Information not available
Funding range	Information not available	Information not available	Information not available
INGO/NNGO	US/non US	US/non US	US/non US
Pre-assessment steps	Pre-selection To begin the process of seeking PRM funding, applicants must: • Obtain a Data Universal Numbering System (DUNS) number for their organization. • Register with the U.S. government-wide System for Award Management (www.SAM.gov). • Create a username and password on Grants.gov and complete their AOR (Authorized Organization Representative) profile. • The E-Business Point of Contact (E-Biz POC) at the organization must confirm the applicant as an Authorized Organization Representative.	Pre selection **Additional requirements for organizations who have not previously received funding from the USG or USAID.** To be addressed by the new applicant prior to proposal submission. Organizations who have not previously received funding from the USG, • USAID/OFDA must conduct a pre-award qualification review. (This review may take up to 60 days to schedule). • Audited financial statements for the previous three fiscal years from a Certified Public Accountant or other auditor satisfactory to USAID; an organizational chart; and copies of applicable policies and procedures, such as accounting and financial management, purchasing, property management, travel, and personnel[4]. • Organizations must have a unique nine-digit Data Universal Numbering System (DUNS). • Organizations must have a current registration in the Central Contractor Registration (CCR) database. In order to receive payment from USAID/W, non-U.S.	FFP Pre-selection **Pre-award risk assessment** Before making an award, the AO must evaluate the risk posed by the applicant[5] and may: Make award, deny, award with conditions. History of performance should be a factor in determining the level of risk but does not guarantee that there is no risk. The applicant must provide a list of all cost-reimbursement contracts, grants, cooperative agreements involving similar or related programs during the past 3 years[6]. The selection committee chair must verify: how well the applicant performed, instance of good relevancy of the work performed, instance of poor performances, Instances of good performances, significant achievements, significant problems and any indications of excellent or exceptional performance in the most critical areas. The selection committee chair and the AO may use the Contractor Performance Assessment Reporting System (CPARS) and the Past Performance Information Retrieval System (PPIRS)[7]. The activity manager and the selection committee chair may also contact references other than those

1 PRM, 2015. General NGO Guidelines for Overseas Assistance http://www.state.gov/j/prm/releases/factsheets/2015/250103.htm
2 USAID office of U.S. foreign disaster assistance (USAID/OFDA), 2012. Guidelines for proposals, https://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources/guidelines-proposals; USAID, 2015b. Standard Provisions for Non-U.S. Nongovernmental Organizations A Mandatory Reference for ADS Chapter 303, USAID, 2015a. ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations, https://www.usaid.gov/who-we-are/agency-policy; USAID, 2015a. ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations, https://www.usaid.gov/who-we-are/agency-policy
3 USAID, 2015a. ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations, https://www.usaid.gov/who-we-are/agency-policy; USAID, 2015b. Standard Provisions for Non-U.S. Nongovernmental Organizations A Mandatory Reference for ADS Chapter 303.
4 USAID, 2015a. ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations, https://www.usaid.gov/who-we-are/agency-policy
5 in accordance with the principles established by USAID and the Office of management and Budget (OMB)
6 This can be requested as part of initial application or later on during a multi-tiered review (ADS 303.3.6.1d).
7 If there is information available on the recipient in these systems.

Content	US PRM[1]	US OFDA[2]	US FFP[3]
		- Non-US organizations must also obtain a NATO Commercial and Governmental Entity (NCAGE) number prior to seeking CCR Registration. <u>Organization who have received USG Funding but Never from USAID must include</u> - Financial and program management systems that comply with 22 CFR 226.20-28. - System of internal controls is reasonable in accordance with applicable cost principles {2 CFR 230, formerly OMB Circular A-122, for non-profit organizations.} This includes the segregation of duties, handling of cash, contracting procedures, and personnel and travel policies. - Purchasing system and contracting procedures that comply with 22 CFR 226.40-49. - Property management system that complies with 22 CFR 226.30-37. - Personnel policy that complies with applicable USG cost principles and results in reasonable and allocable salary charges. - Travel policy that complies with the standard provision entitled "Travel and International Air Transportation" and applicable USG cost principles. - System of administering and monitoring sub-awards as required by OMB Circular A-133 for U.S. organizations, or by the USAID Inspector-General's Guidelines for Financial Audits Contracted by Foreign Recipients for non-U.S. organizations. - Reports and records that comply with 22 CFR 226.50-53. - Sufficient absorptive capacity. - Evidence that the organization has or can obtain adequate financial resources for performance of the award. - Proof that the organization has a satisfactory record of performance, including past performance references.	- registrants must input or update their U.S. banking information (bank routing number, account number, etc.) via the tab entitled, Remittance in CCR. provided in the application. Before making an award, (or adding incremental funding or extending performance period) the AO must also verify that neither the successful applicant nor the sub awardees: have active exclusion in the system for Award Management (SAM); appear in the Specially Designated Nationals (SDN) and Blocked Persons list of the US treasury for Office of Foreign Assets Control (OFAC List); are listed in the UN Security designation list. Except for Fixed Amount Award, for the remaining awards the <u>**following have to be used**</u>: 1. <u>**For US and NON US** organizations that **have been** recipients of USAID or USG</u> acquisition or assistance instruments: when the organization has previously received a **positive risk assessment**, the AO can rely on: Single audit[8]; signed copy of statutory and regulatory certification required in 303.3.8; the quality of the applicant's history of performance on similar USAID projects, other information as necessary, including pre-award surveys. 2. <u>Organizations **new to USAID** with **outstanding audit findings**</u>: AO must perform a survey before making risk assessment decision. Additionally, the AO may request: copies of audited financial statements of the last three years, projects budgets cash flows, organizational charts; copies of applicable policies and procedures (accounting, personnel etc.) **Pre-award survey**[9] <u>can be done if:</u> - AO is uncertain of the prospective recipient capacity to perform financially or programmatically. - has never had USAID funding. - has not received an award in the last 5 years. - the AO has knowledge of deficiency in the applicant's annual audit. - AO determines that it is in the best interest of the US government.

Content	US PRM[1]	US OFDA[2]	US FFP[3]
		• Information showing that the organization has a satisfactory record of integrity and business ethics. • Documentation establishing that the organization is otherwise qualified to receive an award under applicable laws and regulations; and • Contact information for the contracting or Agreement Officer at every USG agency from which your organization has received an award. • The organization must have a U.S. bank account to receive payments from USAID. Non-U.S. organization, must provide the name and banking information for a correspondent U.S. bank that will receive funds on their behalf.	
Partner Capacity Assessment areas	To be considered eligible for PRM funding, all submissions of proposals should include the following[10]: • Completed proposal narrative and budget; • Completed SF-424 form[11]. • Copy of the organization's U.S. government Negotiated Indirect Cost Rate Agreement (NICRA), if applicable. • Information in support of any cost-sharing/cost-matching arrangements, if applicable. • Information detailing the source of any in-kind contributions, if applicable. • Details on any sub-agreements associated with the program (should be part of the budget submission as noted above, if applicable. • Copy of the organization's Code of Conduct, which should be consistent with the IASC's six core principles, and an explanation of how the codes of conduct will be reflected in project implementation. • Applicants are encouraged to attach a separate document or include a narrative with the organization's procedures for	All proposals must include the complete, current, and signed Certifications and Assurances package ADS-303.3.8 The U.S. Office of Management and Budget (OMB) requires submission of a signed SF-424 Application for Federal Assistance package with all proposals (22 CFR 226.12, ADS-303.3.5.2, ADS-303.3.8). This includes the SF-424, Application for Federal Assistance, SF-424a, Budget Information—Non-construction Programs, and SF-424b, Assurances—Non-construction Programs. All applicants (with some specific exceptions[12]) must have Dun & Bradstreet (DUNS) numbers and be registered in the System for Award Management (SAM).	Proposals should include the certifications included in ADS303mav. All applicants (with some specific exceptions[13]) must have Dun & Bradstreet (DUNS) numbers and be registered in the System for Award Management (SAM). NGOs and PVOs must submit a copy of the latest NICRA, or an indirect cost/overhead rate proposal must be submitted with the application. NGO and PVO applicants must fill out the SF-424 Core Form, Application for Federal Assistance and SF-424 Attachments (SF-424A, SF-424B, SF-424C, SF-424D). These forms are available on grants.gov. Applicants are strongly encouraged to identify partnership arrangements[14]. Letters of Intent, Letters of Agreement, or Memoranda of Understanding should be included in the application to the extent possible. It is the responsibility of applicants to ensure that local partners do not appear on the Excluded Parties List (this includes the U.S. Department of Treasury's Office of Foreign Assets Control Specially Designated Nationals and Blocked Persons List), which can be found at the System for Awards Management

10 (organizations should refer to the relevant Notice of Funding Opportunity announcement for further information and clarification on the requirements for that announcement)

11 PRM requires that Box 21 of the SF 424 be checked. Please note that pursuant to U.S. Code, Title 218, Section 1001, stated on OMB Standard Form 424 (SF-424), the Department of State is authorized to consolidate the certifications and assurances required by Federal law or regulations for its federal assistance programs. The list of certifications and assurances can be found at https://www.statebuy.state.gov/fa/Documents/ListofCertificationsandAssurances.pdf

12 as per 2 CFR 25.110

13 as per 2 CFR 25.110

14 It is recognized that in some projects the identification of specific partners and sub-recipients cannot occur until after award. Therefore, specific delineation of responsibilities and costs of sub-recipients cannot be provided in the concept paper and/or application. However, in many cases, this information is known at the time the concept paper and/or application is being prepared.

Content	US PRM[1]	US OFDA[2]	US FFP[3]
	responding to allegations of sexual exploitation and abuse of beneficiaries by staff. • The organization's security plan. • NGOs that have never received PRM funding must be prepared to demonstrate that they meet the financial and accounting requirements of the U.S. government by providing copies of the following with their funding application: • The most recent external financial audit; • Proof of non-profit tax status. • Data Universal Numbering System (DUNS) Number. • Employer ID number (EIN)/Federal Tax Identification Number (if a U.S. organization).	(SAM).	Applicants working through local partners must ensure that local organizations have the capacity to carry out the designated components of the proposed project[15] Applicants should demonstrate their capacity to use electronic payments and minimize cash payment systems as the humanitarian context permits.
Follow up assessment	Information not available	Information not available	Information not available
Risk assessment	Risk assessment Information not available	Before making the award, the AO must evaluate the risks posed by applicants in accordance with the principles established by USAID and the Office of Management and Budget (OMB) (see **2 CFR 200.205**). Depending on the result of this pre-award risk assessment, the AO may either: 1) Make the award, 2) Deny the recommendation of the Activity Manager and not execute the award, or 3) Award with "specific conditions" (**2 CFR 200.207** and **303.3.9.2**).	Before making the award, the AO must evaluate the risks posed by applicants in accordance with the principles established by USAID and the Office of Management and Budget (OMB) (see **2 CFR 200.205**). Depending on the result of this pre-award risk assessment, the AO may either: 1. Make the award. 2. Deny the recommendation of the Activity Manager and not execute the award. 3. Award with "specific conditions" (**2 CFR 200.207** and **303.3.9.2**).
Use of proxy	Information not available	Information not available	Information not available
Processing time	Four weeks or more for US organization and much longer for NON US organizations	Pre-award qualification review up to 60 days to schedule	Pre-award survey for organizations new to USAID. Time not indicates
Validity	SAM registration must be updated every year If prospective recipient has not received an award from any federal agency for 5 years a Pre-award survey has to be carried out	SAM registration must be updated every year If prospective recipient has not received an award from any federal agency for 5 years a Pre-award survey has to be carried out	SAM registration must be updated every year If prospective recipient has not received an award from any federal agency for 5 years a Pre-award survey has to be carried out

[15] And should consider a capacity-building component which will leave a lasting impact on local organizations.

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
Type (Pre-award Close-out Risk-based Project Based Spot checks)	<u>Pre-Award</u> PCA evaluates the regularity of audit on financial statements, issues highlighted by audits, policy for internal audit. <u>External</u> NGO partners receiving funds from CBPF are subject to external audit by the Fund at the country level. Risk-based approach to audits will replace the current project-based approach[5]. The risk-based approach will be audited on the basis of partner risk level and financial volumes transferred to NGOs.	<u>Pre award</u> Selection criteria include scrutiny of audit results of the previous UNHCR-funded projects, audit by auditors of WFP or by other authorized and qualified agents of WFP. Partners that have three consecutive qualified audit opinions for UNHCR-funded projects may not be considered. <u>Close-out</u> Audit Certificates and the accompanying management letters are to be submitted within three months of the final date for liquidation of commitments. <u>Verification Exercises</u> Are foreseen in article 10.6 of the Standard Bipartite Project Partnership Agreement. With the new risk-based approach to audit, the methodology for assessment of Project(s) subject to audit is based on the risks associated with a Project. The Projects will be assessed and ranked through a composite of risk criteria, on an annual basis. The criteria include the following risks; a) Operational risks b) Project profile and partner performance risks c) Specific UNHCR management needs and donor requirements (as applicable). These criteria will factor a wide range of considerations related to UNHCR, Partners and	Partners may be subject to an <u>internal or external</u> audit by auditors of WFP or by other authorized and qualified agents of WFP.	<u>Pre Award</u> HACT micro assessment for all partners receiving >$100,000 per year from UNICEF. Undertaken by third parties (audit firms). When partnership <$100,000, UNICEF office may decide to undertake a simplified financial checklist completed by UNICEF staff. <u>Spot checks[6]</u> Conducted at the partner's office by either UNICEF staff or contracted audit firm. <u>Scheduled audit</u> Conducted at the partner's office by an audit firm. <u>Special audit</u> Conducted by a third party with terms of reference developed in response to the issue that triggered the special audit. Performance audit depending on the nature and duration of the partnership and/or programme document and any specific grant conditionality. To assess various aspects of the partnership in relation to achievement of results for children i.e. extent to which jointly defined results were achieved; relevance/ appropriateness; sustainability; effectiveness; lessons for institutional learning

[1] OCHA, 2015a, Operational Handbook for Country-based Pooled Funds

[2] UNHCR, 2014b, Standard Format Bipartite Project Partnership Agreement, UNHCR, 2013, Implementing Partnership Management Guidance Note No. 5 Risk-based Audit of UNHCR-Funded Projects, UNHCR partners portal

[3] WFP Filed Level Agreement (FLA) general conditions, and WFP Annex 1D Special Conditions for Implementation and Monitoring of Cash and Vouchers Activities available at http://www.wfp.org/about/partners/ngos/working-wfp, and information received from WFP staff

[4] UNICEF, 2015a, Guidance for Civil Society Organizations partnering with UNICEF, available http://www.unicef.org/about/partnerships/index_81428.html, and UNDG, 2014a, Harmonized Approach to Cash Transfers (HACT) Framework guidelines

[5] OCHA, 2015a, Operational Handbook for Country-based Pooled Funds

[6] Periodic on-site reviews (spot checks) are performed to assess the accuracy of the financial records for cash transfers to the IP and the status of programme implementation (through a review of financial information), and to determine whether there have been any significant changes to internal controls. The spot check is not an audit. Spot checks involve: Checking the IP's internal controls with respect to financial management; procurement and/or other controls required to implement the activities defined in the work plan; and Reviewing a sample of expenditures to confirm that documentation supports the expenditures and that they are in accordance with the work plan and other United Nations regulations. Spot checks are work plan or project based, meaning that for an IP implementing multiple work plans, a spot check is performed over FACE form(s) for each work plan, unless otherwise documented by the agency. The scope of work plans, and therefore the controls that are being relied on, may vary. For example, some may rely on the IP's procurement controls and others on human resource controls. Spot checks are performed during the programme cycle based on the agency assurance plan, IP risk rating and agency guidelines. UNDG, 2014a, Harmonized Approach to Cash Transfers (HACT) Framework guidelines, article 9.17-9.19

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
		Projects such as performance, internal controls, financial management capacities, Project profile and value, type of operations, length of partnerships, previous audit findings, outstanding recommendations, etc.		
Timing and notice	Operational Handbook for Country-based Pooled Funds does not indicate exact timing and notice.[7]	Guidance note 5 Risk based project audit indicates the following timing: • 30 November: Auditors are assigned to each Project and location, and contacts between UNHCR focal persons, Auditors and Partner(s) are established to prepare the audit schedule. • 10 January: The final list of Projects subject to audit, including those with extended Project Period, is issued by UNHCR Headquarters. • 15 February: The Final Project Financial and Performance Reports are submitted by respective Partners (except for those authorized for extension). • March-April: Audit field work by the assigned Auditors is undertaken and Audit Certificates are issued. • May-June: Audit field work for exceptional extensions and all audits (if outstanding) are completed and final Audit Certificates are issued by the Project Auditors to UNHCR and copied Partners. No indication of period of notice due to partners.		The schedule for spot checks, programmatic visits and scheduled audits is agreed upon with the partner and documented in the programme document. UNICEF and partners review the findings of spot checks and audits and jointly develop action plans.
Frequency	Implementing partners will be audited according to the audit plan established by headquarters in coordination with the OCHA Country Office. OCHA applies a risk-based approach to audit partners by sampling a certain volume of resources for high, medium and low risk NGOs partners. Data on global allocation of resources are analyzed at OCHA headquarters to determine (i) the size and composition of the sample (i.e. percentage of the total amount allocated that should be audited; focus on specific countries) and (ii) propose country audit plans for each CBPF. The composition of the sample must	Audit is a requirement under the UNHCR Financial Rules. Audit Certificates and the accompanying management letters are to be submitted within three months of the final date for liquidation of commitments. The methodology for assessment of Project(s) subject to audit is based on the risks associated with a Project. In addition, a centralized procurement and engagement of audit services by UNHCR Headquarters for performing Project Audits ensures a consistently high quality of Project Audits in a timely manner. Under the new approach, Projects subject to audit are identified by the Division of Financial and Administrative Management (DFAM/IPMS) based on a risk-based methodology. The		The schedule for spot checks, programmatic visits and scheduled audits is agreed upon with the partner and documented in the programme document. One scheduled audit is required for all implementing partners that have received more than $500,000 during the programme cycle. Special audit is required when specific issues/concerns arise during the programme cycle.

[7] Article 5.4 OCHA, 2015a, Operational Handbook for Country-based Pooled Funds, http://www.unocha.org/what-we-do/humanitarian-financing/cbpf-global-guidelines

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
	include high, medium and low-risk partners. This maximizes the objective of the audit as an oversight mechanism (to manage financial risks where they are likelier to materialize); while also signalling partners that they can be randomly audited, to further mitigate residual risks. Partner-risk level and allocation amounts will not be the sole basis to determine the sample. Safeguards will be applied while defining audit plans. Criteria such as the size of a specific partner portfolio, or a specific percentage of allocated versus available resources in a year would be used to sample partners beyond the risk-based approach. Specific thresholds and percentages will be determined between the OCHA Country Office and headquarters. **Within a three-year period, all NGOs partners who have received funding through a CBPF must be audited.** The Humanitarian Financing Unit (HFU) will provide inputs and recommendations to inform the establishment of the country audit plan to ensure adequate consideration of contextual elements. The country audit plans are drafted by OCHA headquarters discussed with the Country Office and approved by the Executive Officer (or delegated officer). Once the audit plan is agreed upon, the HFU will inform the selected NGOs and trigger the audits. **Audit plans will be formulated every year by 15 February.** The procurement of audit services must be done through the OCHA Country Office and local service provider in accordance with the prevailing procurement rules. To streamline the audit firm selection process, the OCHA HoO should engage with the relevant service provider (normally United Nations Development Programme) to identify,	Projects will be assessed and ranked through a composite of risk criteria[8] on an annual basis. **Regardless of their Project risk-ranking in a given year:** • **All Projects implemented by new Partner(s) will be audited in their first year of operation.** • **All Partners will be audited at least once in every four-year operational cycle.** The overall number of Projects to be audited organization-wide in a given year will take due consideration both the threshold of risk exposure/risk tolerance and the materiality aspects[9].		

Content	OCHA[1]	UNHCR[2]	WFP[3]	UNICEF[4]
	select and establish long-term agreements (LTAs) with audit firms. This will ensure the capacity to implement the audit plan on a timely basis. OCHA Country Offices shall maintain the validity of the audit service LTA to ensure it is does not expire before a new LTA has been obtained, or that the existing LTA has been extended. The costs of auditing services will be covered by the CBPF as a direct cost of the fund			
Requirements	Unless otherwise agreed upon between the Parties, upon expiration or termination of the Agreement, the Implementing Partner shall maintain the records and make them **accessible for a period of at least five (5) years** for all the reviews and oversight activities that OCHA may consider to undertake. External audit findings provide essential feedback to the partner and the system, promoting continuous improvement of NGO financial and operational management and performance, and enabling the HC to make better informed funding decisions. Internal oversight bodies (OIOS - Office of Internal Oversight Services and the BOA - Board of Auditors) regularly audit OCHA operations. Audits performed by these entities are subject to the single audit principle.	Provisions and terms for Project Audit are stipulated in the applicable PPA. These Include: 1. **Partner's obligation to maintain relevant Project documents up to seven years** 2. to provide unfettered and timely access to all information, documents, books, records, transactions, sites, persons and other necessary subjects for audit purposes to UNHCR authorized staff or agents, such as auditors. 3. and to undertake timely and appropriate measures to address and resolve audit observations and recommendations Audit may cover matters related to use and management of funds, accounting and internal control systems, achievement of expected results of the Project, Reports and other implementation documents and Partner's Compliance with the Agreement	Audit shall be conducted in accordance with the auditing procedures of WFP as provided in the Financial Regulations, Rules and Directives. The Cooperating Partner shall provide WFP unimpeded access to all documentation relating to Programs implemented under this Agreement for inspection and audit purposes. The Cooperating Partner shall ensure that **all records are retained for a period of five (5) years** following the termination of this Agreement.	**At the request of and at such times as determined solely by UNICEF**, IP will have its activities under this Agreement audited. Audits will be performed subject to such standards, scope, frequency and timing as decided by UNICEF (and may cover financial transactions and internal controls related to the activities implemented by IP). Audits are conducted by individual or corporate auditors to be designated by UNICEF, such as, for example, an audit or accounting firm. IP shall provide its full and timely cooperation with any audits. Such cooperation shall include, but shall not be limited to, IP's obligation to make available its personnel and any relevant documentation and records for such purposes at reasonable times and on reasonable conditions and to grant the auditors access to IP's premises and/or sites of programme implementation at reasonable times and on reasonable conditions in connection with such access to IP's personnel and relevant documentation and records. IP shall require its agents, including, but not limited to, IP's attorneys, accountants or other advisers, and its subcontractors to reasonably cooperate with any audits carried out hereunder. **All records related to partnership agreement must be kept by partner for five years** to any possible audit and inquiry by the donor, government, evaluation team or UNICEF. UNICEF or the auditors will provide a copy of the final audit report to IP without delay.

Content	CANADA[10]	DENMARK[11]	ECHO[12]	GERMANY[13]	DFID[14]	USAID PRM[15]	USAID FFP/OFDA[16]
Type **(Pre-award** **Close-out** **Risk-based** **Project Based** **Spot checks)**	Pre-award Audited financial statements for the past three fiscal years, the two more recent external audits, of the organisation NGO's humanitarian responses done within the last five years.	Grant based and organisation based The accounts for the partnership Pre-award The partnership organisation must be audited by a recognised auditor. The auditor of the partnership organisation also has the overall supervision with locally undertaken audit of expenditures abroad.	HQ Field based Risk based audit The accounts for partners risk influence the frequency of the audit Pre-award before starting the cooperation with the organization. Information regarding HQ audits of the organization or individual projects, carried out in the past three years, by other institutional donors from the EU, EEA or a State Party to Convention. Project based Commission can be subjected to audits throughout their duration. ECHO audit strategy differentiates between the HQ audits (focusing on completed projects or Actions), and interim Field audit (of ongoing projects) in the field. Checks[18] of the eligibility of expenditure outside of	Pre-award External audits are requested during the process of establishing a "Quality profile" Project Based At the end of every project the employment of funds of the NGO is forwarded by the German Foreign Office to the Federal Office of Administration (FOA), which will conduct an audit to see if the expenses were in line with the German Budgetary law.	Project based	Pre-award Recipients of PRM funding are expected to be in compliance with all applicable provisions of 2 CFR 200 The Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which took effect on December 26, 2014. NGOs that have never received PRM funding must provide copies of the most recent external financial audit. Single audit. A non-Federal entity that expends $750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted[20] Program-specific audit election. When an auditee expends Federal awards under only one Federal program[21] and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not	*Pre award (OFDA)* *Organization that has Never Received USG Funding must provide audited financial statements for the previous three fiscal years, which a Certified Public Accountant or other auditor satisfactory to USAID has performed* *Organization Has Received USG Funding but Never from USAID must provide proof of System of administering and monitoring sub-awards as required by OMB Circular A-133 for U.S. organizations, or by the USAID Inspector-General's Guidelines for Financial Audits Contracted by Foreign Recipients for non-U.S. organizations* Annual Audit (ADS 590&591) FFP **US non profit organizations:** organizations that expend $500,000 or more in Federal awards within their fiscal year must have a single (organization-wide) or program-specific financial audit conducted for that year in accordance with OMB Circular A-133[22]. Non profit organizations expending <$500,000 in Federal awards within their fiscal year are exempt from OMB circular A-133 audit requirements for that year[23]. **Foreign Organizations:** Foreign organization and sub recipients that expend $300,000 or more in USAID awards during their fiscal year, must have an annual

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10 Global Affairs Canada (GAC), Foreign Affairs, Trade and Development Canada (DFATD) –International Humanitarian Aid (IHA), 2014, Funding Application Guidelines for Non-Governmental Organizations http://www.international.gc.ca/development-developpement/assets/pdfs/funding-financement/funding-application-guidelines-for-non-governmental-organizations-eng.pdf

11 VOICE, 2015, Exploring EU humanitarian donors' funding and conditions for working with NGOs: Building evidence for simplification

12 DG ECHO, 2014a, Audit Information to the FPA Partners, available at ECHO partners website http://dgecho-partners-helpdesk.eu/reference_documents/start#fpa_and_annexes and ECHO website http://ec.europa.eu/echo/index_en

13 Information received from German Federal Foreign Office's Personnel

14 DFID, 2015a, Humanitarian Response Funding Guidelines https://www.gov.uk/guidance/humanitarian-response-funding

15 PRM, 2015, General NGO Guidelines for Overseas Assistance website http://www.state.gov/j/prm/releases/factsheets/2015/250103.htm

16 USAID office of U.S. foreign disaster assistance (USAID/OFDA), 2012, Guidelines for proposals, https://www.usaid.gov/what-we-do/working-crises-and-conflict/crisis-response/resources/guidelines-proposals; USAID, 2010, ADS Chapter 590 (for US organizations) and US Office of the Inspector General, 2009, Guidelines For Financial Audits Contracted By Foreign Recipients (non US organizations) available at https://www.usaid.gov/who-we-are/organization/bureaus/bureau-democracy-conflict-and-humanitarian-assistance/office-food

17 In accordance with the applicable national legislation, and prepared in compliance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, and Annex XXII of the Agreement on the European Economic Area

18 Article 23.2, DG ECHO, 2014b, General Conditions applicable to Humanitarian Aid Actions financed by the European Union, http://dgecho-partners-helpdesk.eu/reference_documents/start#fpa_and_annexes

Content	CANADA[10]	DENMARK[11]	ECHO[12]	GERMANY[13]	DFID[14]	USAID PRM[15]	USAID FFP/OFDA[16]
	NGO is requested to submit audited financial statements on annual basis as part of DFATD's corporate due diligence requirements	As part of its supervision with the partnership organisations' management, the Ministry of Foreign Affairs places specific requirements on the magnitude and kind of audit that must be undertaken of funds provided by the Danish state. These requirements are presented in the auditing instructions in annex 6. It is the obligation of the partnership organisation to ensure that the organisation's auditor at the time of entering into agreement, in written form confirms to adhere to the auditing	the context of an audit and beyond the documents submitted with the final report can be carried out by ECHO[19]. These checks can be done at headquarters or in the field.		Annual Record evidence of the use of funds through the receipt of Annual Audited Accounts: should be provided to DFID for each year during which the project is live	require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with $200.507 Foreign organization expending <$300,000 in USAID funds during their fiscal year are exempt from audit requirements.[24]	audit conducted of those funds in accordance with the Guidelines For Financial Audits Contracted By Foreign Recipients.
Frequency		Partners are audited at the headquarters on a cyclical basis. DG ECHO is implementing normally a **three year cycle for all Partners**[25]. The strategy differentiates between the HQ audits, which focus on completed projects or actions, and the interim Field audit of ongoing projects in the field. The results of interim field audits are carried forward to and linked to the eventual HQ audits. Also, the information obtained from previous HQ audits is used in the field to test compliance with the established procedures as described in the HQ audit report. These elements of the audit strategy are combined to form the annual audit plan. The audit plan for the next year is		**At the end of every project**	Or Separate audited statements Requirements are set out in the standard accountable grant letter and Partnership programme arrangements[26]	Annual audit for any recipient fiscal year. As per thresholds indicated above The audit report must be submitted to USAID within 30 days after receipt of the auditor's report, but no later than nine months after the end of the period audited.[27] In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this provision, USAID will consider appropriate sanctions which may include suspension of all, or a percentage of, disbursements until the audit is satisfactorily completed. USAID retains the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organizations	

19 For instance in the context of the final payment, the liquidation can go further than just the review of the ledger. ECHO may ask for additional information such as copies of invoice, procurement files, etc.

20 In accordance with §200.514 Scope of audit except when it elects to have a program-specific audit conducted in accordance with paragraph (c) of this section. US Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards" (2 CFR 200)

21 Excluding Research and Development (R&D)

22 When the auditee expends Federal awards under only one Federal program (excluding research and development), and the Federal program's laws, regulations or grant agreements do not require a financial audit.

23 But they must make records available for review or audit upon request by USAID officials, prime recipients and Government Accountability Office (GAO)

24 Mission are still responsible for ensuring accountability for those USAID funds and may use USAID ADS591sab, 2001. Recipient Control Environmental Assessment Checklist to determine the level of monitoring necessary for those organizations. If the Mission determines that financial audit is required submit the resulting audit report to the cognizant RIG office for review and issuance in accordance with requirements for recipient-contracted or agency contracted audits.

25 This is to ensure that records covering a five year period are available especially as the maximum project implementation time is 18 months.

26 From DFID performance and Evidence Unit

Content	CANADA[10]	DENMARK[11]	ECHO[12]	GERMANY[13]	DFID[14]	USAID PRM[15]	USAID FFP/OFDA[16]
		instructions and that the auditor by giving his opinion confirms that the audit has been undertaken in accordance with the same. The partnership organisation's expenses for auditing in Denmark and at country offices are budgeted separately and are not covered by the overhead. The audit carried out locally in the recipient country must be undertaken by a recognized chartered auditing company and in accordance with internationally recognized standards. As part of overall supervision with the audit abroad the Danish auditor must assess the extent and quality of the audit undertaken by the foreign auditors. The Auditor General and the Ministry of Foreign Affairs have, as part of audit and supervision, the right to access all documents,	prepared each year in the autumn by the DG ECHO C/2 EAS and approved by DG ECHO Management. It includes the Partners pre-selected to be audited at HQ and/or Field level and also the foreseen countries for the Field audits. The annual audit plan is based on the Partners' level of risk. Selection of Partners for audit can be more frequent depending on the requests from inter alia geographical and finance units. **The grant agreements to each Partner are audited every three years** at HQ and it is also foreseen to audit all the Partners of DG ECHO in the project locations based on a similar risk analysis.				

27 The USAID Inspector General will review this report to determine whether it complies with the audit requirements of this award. USAID will only pay for the cost of audits conducted in accordance with the terms of this award.

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Content	CANADA[10]	DENMARK[11]	ECHO[12]	GERMANY[13]	DFID[14]	USAID PRM[15]	USAID FFP/OFDA[16]
		reports, evaluations, budget- and accounts related documentation, etc. relevant to the management of the grant funds. In accordance with the Ministry of Foreign Affairs' guidelines, the ministry or an individual authorised by the ministry has the right to have full insight in all aspects related to the use and management of the grant and to undertake evaluations. The partnership organisation and involved international and local partners must in that regard assist with information and documentation, etc.					
Requirements		**Documentation to be kept for five (5) years** including: Accounting records, Proof of procurement processes Proof of good/service delivery Proof of tax/vat recovery status Travel documentation	**Documentation must be kept for five (5) years** starting from date of balance payment. This includes: VAT status Implementing partners' documents Supporting documents on eligibility of expenditures The Commission/OLAF/European Court of Auditors retain the right to	Original receipts and the complete procurement papers **must be kept for a potential audit for a period of five (5) years** after the submission of the proof of use of funds, unless other regulations to be observed by the recipient			Some recipients may receive direct assistance funding from USAID under more than one agreement and also indirect assistance from USAID as a sub-recipient from either foreign or U.S. recipients. Under such circumstances, a recipient must have one annual recipient-contracted audit performed that would cover all USAID funding to the recipient from all sources. The recipient should contract only one audit firm to perform the annual audit. If the foreign recipient also receives

Content	CANADA[10]	DENMARK[11]	ECHO[12]	GERMANY[13]	DFID[14]	USAID PRM[15]	USAID FFP/OFDA[16]
		Vehicle log books Assets donation certificates	conduct its own audit and on the spot visits of the project (the latter will occur within 6-8 weeks of the initial announcement)	provide for a longer retention period. Receipts not in German, French or English needs to be translated. An Audit by the Federal Court of Audits is possible, but rarely occurs.			assistance from other donors, consideration should be given to including the other donors' assistance in the USAID audit, provided an agreement and cost-sharing arrangement can be negotiated with the other donors. A U.S. sub-recipient that expends $500,000 or more in USAID awards in its fiscal year is subject to U.S. Office of Management and Budget Circular A-133 audit requirements and will not require a separate recipient-contracted audit.[28]
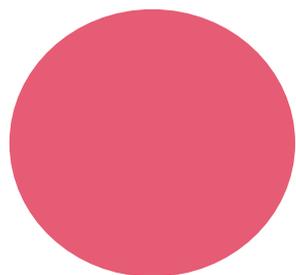
Reach of Research:

NGO Participation and Documentation Consulted

The reach of the research in terms of NGO participation and literature consulted through the different data collection methods is detailed below.

	Documents	Participants
Questionnaires		44
Round Tables		38
Interviews		10
Case Studies		9
Donor Guidance	**60[1]**	

Statistics presented within the report are based upon the following numbers of donor relationships, grants and deadlines of the NNGOs or country offices of INGOs that participated in the questionnaire.

	PCA	Reports	Audit
Total # of donor relationships	131	267	131
Total # of grants	146	314	146
Total # of annual scheduled deadlines	89	1148	123

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[1] See List of References. This number includes the examples of grant agreements and other documents shared by partners in the field that are not included in list of resources for confidentiality reasons.
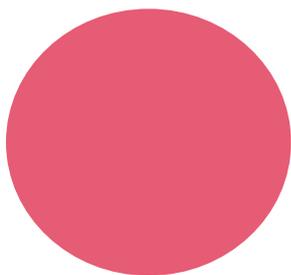
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