Irish Aid

An Roinn Gnóthaí Eachtracha agus Trádála
Department of Foreign Affairs and Trade

Irish Aid Programme Grant II (2017 – 2021)

and HPP (2019-2021)

Programme Cycle Management Guidelines

2019

Contents

Highlights- 2019 Grant Agreement Guidelines

Adherence to Relevant Best Practise Guidelines

It is expected that organisations in receipt of PGII and HPP grants adhere to relevant best practice guidelines as outlined in Paragraph 37.

Public Engagement

Guidance on Public Engagement has been adjusted to reflect discussions at the 2019 January workshop, and to highlight the need to adhere to the original guidelines at application stage (Annex II of PGII Application Guidelines).

Annex III and IV

The 6% for programme quality costs can be raised to 8% for the final *or penultimate* year of the grant to cover the costs of the final evaluation of the programme. The findings from this evaluation will be used to inform the design of the successor PGII/HPP which will be undertaken in 2021. Evaluation costs in the final or penultimate year of the grant cannot be incurred beyond this allocation i.e. country programme budget lines. Budget Annexes updated to include Irish Aid funding of Disaster Risk Reduction under the Sendai Framework.

Annex V Flow of Funds for 2019

A pre-agreed proxy indicator can be used instead of IBAN if necessary.

Annex VI Partner List Template

Partners listed here should have a clear contribution to the delivery of the results as reported in the Results Framework.

Annex XII Guidance for Annual Report

Guidance for Annual Report has been updated to reflect feedback from partners.

Safeguarding Reporting and Annex XIII

Irish Aid will update its reporting requirements around Safeguarding, including providing a template for reporting in Annex XIII (to be issued). This reporting template is to be used on a case by case basis and is not an annual reporting requirement.

Updates in line with policy or regulatory changes may be communicated to partners over the course of the contract duration.

Listing of Annexes

Introduction

1. The purpose of these guidelines is to set out Irish Aid's approach to programme cycle management for **the Programme Grant (PG) II cycle (2017-2021)** and **the Humanitarian Programme Plan (HPP) (2019-2021).** The guidelines build on learning from the management of PGI and the HPP and the current PGII and HPP cycle and address some of the issues identified in the Programme Grant I Review, and Irish Aid's own learning arising from managing and monitoring partnerships. These guidelines should be read in conjunction with the Strategic Framework for PG II, and the HPP Guidance Note. Partners should adhere to the requirements as set out in these Guidelines, the Memorandum of Understanding (MoU) (see paragraph 4) and the contracts for both PG II and HPP (see paragraph 5).

2. The guidelines cover all stages of the programme cycle, including planning for results and developing results frameworks, budgeting, annual reporting to Irish Aid, programme monitoring, risk, evaluation and audit, Public Engagement and Development Education. Also included is the Theory of Change, introduced into this cycle of the Programme Grant to promote a greater understanding of the pathways of change. The guidelines also reflect the requirements outlined under the DPER Grants Circular (13/2014) which emanate from the Public Spending Code (see paragraph 35). Partners are expected to apply the highest standards of accountability, good governance and financial oversight in managing programmes.

3. Irish Aid is firmly committed to achieving development results and adopting a managing for development results approach across the development cooperation programme, including in its support to partners. This cycle of funding aims to further strengthen the focus on performance and results across the programme cycle. These guidelines reflect the priority attached to this approach.

4. Both PG II partners and PGII/HPP partners are governed by an overarching MoU which covers the duration of the grant(s). The MoU is agreed on the basis of the approved programme(s) of work and Irish Aid's contribution to the programme(s) and contains clear benchmarks. The MoU focuses on the high level results to be achieved and the contribution of both Irish Aid and partners to the achievement of these results. The MoU also sets out targets/objectives around Public Engagement and Development Education over the PGII period.

5. Separate annual contracts are signed with each partner for the PG II and the HPP respectively. Each contract covers the period 1st January- 31st December for the relevant year. All programming activity, including budgeted expenditure, will only be eligible from the dates outlined in the annual financing agreement (contract).

6. Programme Grant funding should be considered the principal Irish Aid grant to partners for long term development. Partners are not permitted to access other Irish Aid development funding streams as highlighted in the Programme Grant II Strategic Framework. PGII recipients can however:

a. bid for Irish Aid contracts where tenders are issued seeking specific professional services both in Ireland or in our countries of operation;

b. apply for grants to donor pooled funding arrangements (where Irish Aid is a donor) and where they meet the relevant eligibility and appraisal criteria.

7. For Irish Aid, partnership remains at the core of programme funding. In line with international best practice and the principles of sustainability and ownership, Irish Aid continues to place emphasis on partnership with local civil society and/or government in developing countries, as appropriate. Irish Aid expects its programme partners to continue to develop a dynamic two-way relationship with local partners and focus on building the institutional capacity of their partners to enhance local ownership and advocacy.

Planning for Results: Results Framework and Theory of Change

8. A Theory of Change is essentially 'a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context1'. International best practice and our own learning from PG I demonstrated that the development and application of strong Theories of Change lead to more effective planning, a stronger focus on outcome level, as well as providing a strong basis for evaluations. In PG II, partners are required to review, test and refine their Theories of Change on an annual basis. Where HPP partners do not use a Theory of Change, a clear articulation of the identified pathways to change, together with a review of same, is required.

9. Irish Aid considers the results framework as a key tool within a managing for development results approach. A Results Framework is described by the OECD-DAC as 'the programme logic that explains how a development objective is to be achieved, including causal relationships and underlying assumptions'. It can be applied at a number of levels - for a corporate strategic plan, a country strategy and/or a thematic programme. During this programme cycle, Irish Aid requires results frameworks at the level which is most appropriate for each partner. Irish Aid expects that this will be at country and/or thematic level.

10. Partners are required to submit a results framework (or set of frameworks) for their approved PGII and HPP programme(s) of work. While a template has been provided (see Annex I), partners may use their own formats, provided they cover the same components namely objectives, outcomes, baseline (partial/final), indicators, annual targets. The results framework(s) should reflect the programme(s) of work narrative(s) and the budget(s). Before funds are released annually, partners are required to submit updated results framework(s) as part of the Annual Report. Any proposed changes to indicators and/or targets should be clearly set out and approved by Irish Aid.

[1] www.theoryofchange.org

11. Irish Aid recognises that terminology can vary; the important thing is not the term used but the clarity about the results chain and the end of programme status (expected results). While the terminology that partners use internally can vary, e.g. objective/purpose/specific objective or outcome, in order to facilitate dialogue, Irish Aid requests that partners clarify how their terminology equates to the definitions set out in these guidelines (see Glossary section) and the template provided for the results frameworks.

Public Engagement

12. For the purposes of PG II, Irish Aid has provided partners with a definition of Public Engagement (PE) in Annex 2 of the original application guidelines, outlining the objectives and parameters for any proposed programme. In line with this, the PE programme should a) increase the Irish public's knowledge and understanding of global development issues; b) strengthen public ownership of Ireland's aid programme; and c) promote action at individual and collective level. This definition will apply for the duration of PG II unless otherwise communicated by Irish Aid.

13. Irish Aid acknowledges the unique role that each partner has with regard to existing and future engagement with the Irish public for the purpose of increasing awareness and understanding of international development and global issues; and building public ownership of Ireland's development cooperation role and the Irish Aid programme. Organisational publicity may be a secondary outcome of public engagement activities, but this should not be the primary purpose. Therefore, content should not be exclusively focused on the individual partners' programmes. Programme monitoring, evaluation, financial reporting, accountability and results framework guidelines, as outlined in previous sections, are also applicable to public engagement programmes.

14. For the purposes of PG II, the following activities are not considered in line with the Public Engagement guidelines and consequently will not be funded; (i) overseas visits for non-staff members; (ii) advertisement campaigns, public relations or marketing activities; (iii) internships; (iv) paid endorsements or ambassadors; (v) advocacy against Irish government policy; and (vi) activities that are *predominantly* focused on domestic issues, rather than international development.

15. Irish Aid funding should be acknowledged with the use of the Irish Aid logo on all documentation and signage produced in part or whole with Irish Aid funding, this should feature on both hard and soft copy. All partners should have a dedicated Irish Aid page on their website, and recognition of the partnership displayed prominently on the organisation's homepage. It should also be made clear that Irish Aid is the Government's overseas development programme, as funded by the Irish taxpayer.

16. Under PG II, all partners are ultimately responsible for any volunteers, members, local or youth groups engaged with during the public engagement programme, either directly by the partner, staff, volunteers or local partners.

17. All partners are also required to be signatories to, and ensure compliance with the Dóchas Code of Conduct on Images and Messages.

Development Education

18. The Irish Aid Development Education Strategy 2017-2023 aims to increase the accessibility, quality and effectiveness of development education in Ireland. The Programme Grant will support development education interventions that can demonstrate complementarity to the Development Education Strategy and provide a clear added value to the sector in Ireland.

19. Programme Grant partners working on development education programmes funded by Irish Aid will also be required to share outputs and results of these interventions directly with Irish Aid through the Performance Measurement Framework (please see Performance Measurement Framework). All PG partners are required to complete the PMF reporting templates for the activity areas which are relevant to their specific projects.

20. The outputs and results of Programme Grant II development education activities taking place in post-primary schools must be reported directly to Irish Aid through the Performance Measurement Framework. These interventions may exist separate to, or in collaboration with, the Worldwide Global Schools (WWGS) programme (Irish Aid's strategic programme for development education in post-primary schools). This will ensure comprehensive reporting on schools engagement with development education.

Narrative and Financial Reporting

21. Irish Aid requires partners to submit an annual narrative report. The annual report is one of the most important instruments that partners have to demonstrate progress towards attaining the objectives and outcomes of their programmes and is a key component of Irish Aid's monitoring of partners' performance. For the PG II and the HPP cycles, annual reports should indicate the progress towards results during the year in question, as well as progress since the inception of the programme(s). The annual report should therefore include analysis of the annual results as well as a higher-level analysis of trends and emerging long-term results. Partners in receipt of both PG II and HPP funding will submit a joint annual report in line with the template provided in Annex XI.

22. As part of the annual reporting requirements, partners will provide Irish Aid with the following by the 31st of March each year:

    a. A narrative report. This should include an analysis of the Theory of Change and any proposed refinements and/or an articulation/review of the pathways of change for HPP partners.
    b. A results framework(s) (see optional template in **Annex I**). The framework(s) must flag whether results are on-track/off track and include a traffic light system, with an explanation provided where appropriate.

c. The updated budget for the forthcoming year as per the format set out in the budget template in **Annex II** (as appropriate, depending on whether there are any changes to be captured, based on the carry over amount from the preceding year).
d. Updated organisational financial and organisational policy information as per template at **Annex III.**
e. A final annual expenditure report showing actual expenditure against **approved** budget and results framework (see template in **Annex IV**). These templates follow a similar format to the budget templates. This should be accompanied by a commentary on expenditure in the narrative report.
f. An updated flow of funds analysis as per template at **Annex V**.
g. Listing and details of partners as per the template in **Annex VI**.
h. A disposal of asset register **Annex VII** (see paragraph 60 for further detail).
i. Audit assurance **Annex VIII** (see paragraph 48 for further detail).
j. An updated risk register **Annex IX.**
k. Case Studies and images in the format prescribed in **Annex X** demonstrating how the Irish Aid supported programme is contributing to positive development results.
l. Safeguarding compliance update **Annex XI** (see paragraphs 39-44).

23. Irish Aid requires financial information to be presented in standard formats to meet its own reporting requirements and in the broader interest of transparency and accountability on the use of public funds. These are contained in a number of templates attached. The templates are designed to capture:

a. Details of Irish Aid funding by country.
b. Details of Irish Aid funding by sector.
c. Budget for expenditure against particular outcomes and objectives at country level and Irish Aid's contribution as a proportion. - N.B. please ensure the text describing outcomes and objectives is copied into the space provided into the budget/expenditure template (rather than referring to "Outcome 1", "Objective 2", etc.).
d. Budget for/expenditure against direct and indirect programme costs to be allocated to each objective (or output as appropriate).
e. Details of any underspend (within the limits set out in these guidelines) carried over from the previous year and how it is proposed to be used in the current year/details of how the underspend was used in the expenditure report.
f. Budget for/expenditure against HQ administration, and allocation to programme quality costs.
g. Irish Aid funding by Development Assistance Committee (DAC) codes for reporting to the OECD.[2]

[2] The OECD-DAC monitors external development finance targeting environmental objectives using four policy markers, namely climate change adaptation, climate change mitigation, biodiversity and desertification. Donors are requested to indicate for each development co-operation activity they report to the OECD, whether or not it is relevant to each of these. For the Programme Grant, partners are requested to indicate in the budget and expenditure report whether each of the four markers is not relevant, significant

h. Irish Aid funding by Rio Marker for reporting to the OECD.
i. Irish Aid funding of Disaster Risk Reduction under the Sendai Framework

24. Partners are requested to include all on-granting partners by country within the flow of funds template. Irish Aid may also seek additional detail depending on the partner's organisational structure and flow of funds between its Irish Office, International Office and country offices.

25. The transfer of funds between one branch of the partner organisation to another or to a subsidiary part of the organisation, is not for the purposes of this definition, considered on-granting.

26. Partners should present the budget against the outcomes and objectives that they have used in their results frameworks and which prove most meaningful for the partner and Irish Aid. There should be clarity on the Irish Aid contribution vis-à-vis the total resource investment in the objective areas.

27. As stated in paragraph 11 above, Irish Aid recognises that partners may use different terminology internally. In order to facilitate dialogue and for the purpose of budgeting and reporting, the financial investment should be set at the level which equates to 'objective' in the partners' results chain. Partners may opt to change objectives to outcomes, as long as there is clarity on the results chain. Irish Aid uses the DAC definition of objective (see Glossary).

28. At the beginning of the programme cycle, partners were required to set out a budget – detailed for year one and an indicative for the remaining years. In addition, partners should set out the basis and formulae applied for the allocation of indirect costs. Irish Aid will assess how resources provided are consistently linked to the attainment of objectives. The ***resource investment*** - human and financial - should be focused on delivering the expected results.

29. In relation to paragraph 23 (g. and h. above), Irish Aid as a member of the Development Assistance Committee of the OECD, must report bilateral Official Development Assistance (ODA) across various reporting measures including the standard DAC purpose codes, DAC recipient codes and Rio Markers. This information is also used to compile the detailed analysis of Irish ODA published in the Irish Aid annual report.

30. The budget and expenditure templates maintain the reference to reporting on the high level outcomes of the Framework for Action, linked to O*ne World, One Future* Policy and its Framework for Action.

31. There are a number of budget parameters that partners must comply with for both PG II and PGII/HPP. An overall limit of 6% of the annual Irish Aid (PGII or HPP) grant will be applied to HQ administration costs. An overall annual limit of 6% will also apply for programme quality costs under each grant. This limit will be raised to 8% for the final or penultimate year of the PG II grant

or fundamental to each of their programmes' objectives, using the numbers 0, 1 or 2. For more details see Table 4 in Annexes II and IV.

to cover the costs of the final evaluation of the programme. The findings from this evaluation will be used to inform the design of the successor PGII/HPP which will be undertaken in 2021. Evaluation costs in the final or penultimate year of the grant cannot be incurred beyond this allocation i.e. country programme budget lines.

32. Within the 6% programme quality limit, no restrictions will be set for the constituent elements of programme quality under the course of the Programme Grant year 1-4 and the duration of HPP, such as monitoring and evaluation, organisational development and research and learning. Irish Aid will, however, continue to monitor investment in these areas and will examine the logic and test the results of this investment by appraising the narrative which will accompany the budget and results frameworks. Continued programme quality investment needs to be clearly linked to achieving development results to avoid the risk of it being delinked from the delivery of development outcomes.

33. To actively work and manage for results in both PG II and HPP, Irish Aid recognises that it is necessary to build flexibility across budget lines to enable reallocations, especially in circumstances where strategy changes are necessary in response to a changed context. Any individual reallocation of over 20% (or a reallocation which causes the cumulative reallocations within a calendar year to exceed 20%) of the Irish Aid contribution at country level, must be agreed with Irish Aid in advance. The rationale for any reallocations should be evidence informed and reflected in the revised results frameworks submitted. Any proposed reallocation of funding can only be done with the prior approval of Irish Aid.

34. PG II partners will be allowed to carry over up to a maximum of 15% of their overall annual allocation into the following year. This should be the exception rather than the norm. The amount should be re-budgeted for in the subsequent year's budget (to be agreed with Irish Aid) so that it can be tracked and accounted for. Budgets should not be carried over from one multi-annual grant round to another, such funds should be dealt with in accordance with the terms of the annual contract.

35. The financial report should show actual expenditure against the approved budget for the reporting period. The variance between actual expenditure and planned budget is considered an important indicator of the strength of planning and the degree of oversight that the partner exercises over programme planning and delivery. Irish Aid acknowledges that unforeseen events may arise during the year that necessitate a budgetary change within the parameters outlined above.

Governance and Financial Oversight

36. Partners are reminded of the Department of Public Expenditure and Reform (DPER) Circular (13/2014) relating to the Management of and Accountability for Grants from Exchequer Funds. The full text of the Circular, illustrative checklists and Statement of Principles for partners can be accessed using the following link: http://circulars.gov.ie/pdf/circular/per/2014/13.pdf. **All**

partners are required to adhere to the requirements of this Circular as reflected elsewhere in this document and in the associated Annual Contract.

37. Partners in receipt of PG HPP grants are also expected to adhere to relevant best practice guidelines including Irish Development NGOs Code of Corporate Governance, the Charities Regulatory Authority Guidance on Managing Conflicts of Interest, the Promotion of Political Causes, Internal Financial Control, Fundraising from the Public, Guidance for Charity Trustees, Dóchas Code of Conduct on Images and Messages, ICTR Statement of Guiding Principles for Fundraising. Where relevant, organisations are also expected to adhere to Comhlámh's Code of Good Practice for Volunteer Sending Agencies.

38. Irish Aid will track certain organisational financial data against the baseline data provided by the partners at the application stage. The purpose of this is to review the sustainability, solvency and autonomy of partners. Consequently, Irish Aid requires updated information to be provided with the annual submission in the format of Annex III on the following:

    a. the amount of its **unrestricted reserves** and confirmation if the level of unrestricted reserves is in accordance with its reserves policy.
    b. the amount of **unrestricted income received by the partner.**
    c. the income received from Irish Aid, either directly or indirectly, as a proportion of the organisation's total income. Income received from Irish Aid must not exceed **60% of the partner's overall organisational income.**
    d. the amount of **voluntary funds raised in Ireland** as a proportion of its total annual funding. Irish Aid will monitor each partner's diversity of funding, its dependency on Irish Aid and its level of voluntary funding raised.The funding it receives from Government should be balanced by funding from other sources including funding from the Irish public.
    e. the amount of money raised from **fundraising** for every €1 spent on fundraising.
    f. the amount and proportion of both Irish Aid and total funds which were **on-granted**[3] **to partners**, in particular to local civil society organisations (please see paragraph 25 for on-granting clarification).

39. Irish Aid requires recipients of public funds to demonstrate transparency, accountability and effective and efficient use of those funds. The primary responsibility for ensuring transparency, accountability and value for money rests with the governance and management bodies of the partners funded by Irish Aid. The partner's Directors' or Trustees' Report is critical in this regard and should be submitted to Irish Aid within nine months of the end of the financial year.

40. An important element of financial oversight is **risk management**. Partners should have Risk Management Policies in place which are board approved. Partners should also have appropriate risk management systems that monitor and mitigate against risk at both HQ and field level and in the grant management of partners. Appropriate Risk Registers (HQ and field) should exist which

should be monitored at least six-monthly, but ideally quarterly by Board and sub-committees. Consideration should be given to a range of risks including strategic, reputational, operational, security and financial. Risks should be ranked according to both likelihood and impact. Mitigation strategies/actions should be in place to mitigate both the likelihood and impact.

41. As outlined in the annual contract, partners must ensure that all applicable laws, statutes and regulations are complied with. Irish Aid would draw particular attention of partners to the provisions of the Charities Act 2009 and any regulations made thereunder; the Regulation of Lobbying Act 2015; the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 as amended by the Criminal Justice Act 2013; and the Children's First Act 2015 and the associated National Guidance (2017)[4].

42. The Department of Foreign Affairs and Trade expects all partners to maintain the highest standards and systems in relation to the management of its programmes and resources. This also applies in relation to standards and systems to protect children and vulnerable adults and to prevent any form of exploitation and abuse.

43. Partners must maintain policies and procedures **to keep safe, and prevent harm to, any children or vulnerable people** with whom the organisation's staff or associates are, or will be, in contact in the course of implementing the Programme. Partners must ensure that such policies and procedures are implemented effectively, that regular training is provided, and that implementation is monitored and reviewed.

44. Partners are required to demonstrate how safeguarding systems, which reflect their organisational codes of conduct and international good practice and norms function across their global operations. The wellbeing of the communities with whom Irish Aid and our partners work is paramount. Irish Aid expects all organisations in receipt of funding to promote best practise principles in the delivery of aid and to maintain effective safeguarding procedures in order to prevent, and respond to any form of exploitation or abuse, including sexual exploitation and abuse. This includes identifying and overcoming any disincentives to report issues relating to sexual exploitation and abuse.

45. Organisations in receipt of funding from Irish Aid are expected to have robust human resource management policies which outline organisational standards of behaviour and related safeguarding practices; a clear framework for reporting issues appropriately as they arise, keeping in mind the protection and wellbeing of those making a complaint; and to have documented procedures for investigation and disciplinary action, and/or referral to statutory authorities when necessary.

46. Reporting obligations for partner organisations in relation to the Department are detailed within the annual contract and outlined further under paragraph 22 of these guidelines. The reporting requirements for safeguarding systems are based on the minimum operating standards suggested in

[4] http://www.tusla.ie/uploads/content/Children_First_National_Guidance_2017.pdf

the Prevention of Sexual Exploitation and Abuse Implementation Handbook[5]. The Department expects to be informed of issues that indicate a breakdown of any organisational systems necessary for effective management of resources and/or programme delivery.

47. Partners should make every reasonable effort to ensure safety of its staff and to conform to *Irish Aid's Guidelines for Partner Professional Safety and Security Risk Management*. These are available on the Irish Aid website at this link: http://www.irishaid.ie/news-publications/publications/publicationsarchive/2013/august/guidelines-for-partner-professional-safety-security/. Acceptance of these voluntary Guidelines should be seen as assisting the partner in its efforts to exercise its duty of care obligations towards its staff.

Audit

48. Audit is a fundamental component of good governance and the primary responsibility for complying with audit obligations rests with the governing bodies of partners. Irish Aid expects all partners to prepare its accounts in line with the UK Statement of Recommended Practice (SORP 2015) and the Financial Report Standard (FRS102). All partners are also expected to be cognisant of and (where required) compliant with the requirements of the DPER Circular 13/2014.

49. In line with the DPER circular 13/2014 a Certificate of Assurance confirming grant usage in accordance with the grant agreement should be submitted with the annual report. The letter should include the total amount received by the partner over the course of the grant and amount spent. The letter should also confirm that all grant conditions were met, whether or not any Irish-Aid funded assets worth over €100,000 were disposed of, and, where funding is being provided as part of a co-funding arrangement, that there was no duplication of funding for the same activity or programme. The letter should be of an unequivocal nature and signed by a member of the Board and a member of senior management.

50. A key element of managing risk is internal audit. Where a partner has an internal audit function, it should report as follows in its annual report to Irish Aid: provide a summary of the audits, or similar reviews, undertaken within the organisation during the period; report on the capacity of the internal audit function; provide information on future audit plans; and describe briefly the steps being taken to ensure risk is being audited throughout the organisation. If a partner does not have an internal audit function then it needs to elaborate a clear financial risk management strategy on an annual basis in its report to Irish Aid. Details of other donors' audits should also be included as part of the annual reporting, see suggested template for reporting at Annex VIII Audit Assurance.

51. In addition, Irish Aid reserves the right to commission or carry out an audit of the expenditure of Irish Aid funds. Irish Aid may consider commissioning an audit on a sample of partners during the cycle of this programme, using a risk based approach.

[5] https://www.chsalliance.org/files/files/PSEA%20Handbook.pdf

52. Partners are required to supply Irish Aid a copy of the approved and signed annual independently audited financial statements covering the previous financial year within nine months from the end of the financial year. This reporting should be in line with SORP FRS 102 (subject to paragraph 51 below). These audited financial statements must clearly indicate the grant, the purpose and the amount from Irish Aid in the notes to the accounts. The audited financial statements should cover the partner's entire operations rather than just Irish Aid funded programmes. The audited accounts must be posted on the organisation's website and the link and hard copies should be sent to Irish Aid when finalised.

53. The DPER Circular 13/2014 modifies the requirements relating to the reporting of staff emoluments. While SORP/FRS102 requires accounts to disclose the number of employees whose emoluments for the year fell within each band of €10,000 from €70,000 upwards (excluding employer pension costs), the DPER Circular requires those bands from €60,000 upward. In addition, the overall figure should be stated for total employer pension contributions.

54. The auditor's management letter may also be requested. Irish Aid may follow up with the partner to ensure that the recommendations of the management letter are implemented in accordance with an agreed action plan in order to reduce any risks to the expenditure of funds granted by Irish Aid.

55. Where Irish Aid funding is provided to a partner and subsequently on-granted to other implementing partners, the onus is on Irish Aid's partner to satisfy themselves as to the suitability of the implementing partner to carry out this role. This will involve an organisational assessment of the appropriateness of the systems of the recipient partner to establish its suitability to deliver the relevant programme objectives and that it has the capacity to manage the funds. The partner in receipt of Irish Aid funding must have a satisfactory management information system in place which ensures that the expenditure of funds can be fully accounted for and that development results can be tracked. In line with the DPER circular, the partner must provide details of the terms and conditions applying to on-granting within Annex VI of the annual report.

Fraud

56. The Counter Fraud Policy of the Department of Foreign Affairs and Trade guides the prevention and management of fraud cases. The policy defines fraud as an intentional act of deceit to obtain an unjust/illegal advantage. The policy states that Fraud shall include but is not limited to:

    a. Misappropriation, deception, bribery, forgery, extortion, blackmail, corruption, theft, conspiracy, embezzlement, false representation, alteration of negotiable instruments (such as cheques), falsification of accounting records or financial reports, or concealment of material facts and collusion;
    b. Theft or misappropriation of assets (including documents and information) owned or managed by the Department;
    c. Submitting false claims for payments or reimbursements;

d. Accepting or offering a bribe or accepting gifts or other favours under circumstances that might lead to the inference that the gift or favour was intended to influence an employee's decision making while serving the Department;
e. Conflicts of interest;
f. Abuse of Power;
g. "Off the books" accounting, or making false or fictitious entries;
h. Knowingly creating and/or distributing false or misleading financial reports;
i. Paying of excessive prices or fees where justification thereof is not documented;
j. Violation of the Department's procedures with the aim of personal gain or to the detriment of the Department;
k. Wilful negligence intended to cause damage to the material interests of the Department;
l. A dishonourable or reckless or deliberate act against the interests of the Department;
m. Dishonestly obtaining a benefit or causing a loss, by deception or other means;
n. Any acts where improper benefit is gained or loss to the Department arises, both tangible (e.g. misappropriated funds, theft of assets, etc.) and intangible (e.g. falsification of documents, improper use of the Department's assets, concealment of material facts, false pretence, etc.);
o. Any acts or omissions designed to obtain or to seek to obtain any official documents fraudulently or not in accordance with the policy, procedures and rules of the Department or Irish legislation, including but not limited to, passports, visas, other travel documents, consular documents, etc.
p. Specific instances of offences as defined in the Passports Act 2008

57. The partner is responsible for minimising the incidence of fraud, having adequate systems that identify possible occurrences of fraud, deciding on whether funds should be suspended pending investigation, investigating and identifying the possible loss and managing the follow up action. ***Delayed or non-reporting of a fraud allegation or investigation will be considered a compliance issue.***

58. Where the partner becomes aware of or suspects there has been or may have been misappropriation or inappropriate use (including fraud) of funding, from whatever funding source, by its employees, agents, or on granting partners, the partner must:

    Immediately inform, in writing, the Director of CSDEU or the Director of the Humanitarian Unit (as appropriate) and the relevant partner lead as to the following;

    i. An outline of the circumstances of the (alleged) fraud, including time period, the suspected principals involved, an estimate of both the total funds and, where applicable, the Irish Aid funds concerned and the proposed follow-up actions, including plans for a forensic audit if this is deemed appropriate;
    ii. Share a final report on the incident. The partner will be informed when Irish Aid deems the case closed.

Where requested, partners will provide Irish Aid with the terms of reference for such investigations in advance.

59. Further to paragraph 56, partners shall report to Irish Aid, as soon as possible and in writing, any issue which has come to the attention of the organisation that relate to the strategic, financial, reputational or operational risk of the organisation or its partners. Such issues may include incidences of financial or other illegality, impropriety or exposure and are not limited to issues that arise from the actions funded under these programmes.

60. The partners shall, if required by Irish Aid, provide a further written report or reports, which will contain all relevant information, including the full investigation report and actions undertaken or intended, in relation to the issue.

61. Partners are required to ensure that a procurement policy is in place and that any procurement undertaken in connection with the Programme is conducted in accordance with international best practice, in particular in respect of openness, transparency and fairness. Annual reports as referenced in paragraph 22 should include an overview of any procurement procedures (including tendering) implemented under the Programme and any update to the procurement policy. If there is any deviation from standard policies and practice (including the introduction of a waiver for the purpose of emergency procurement), partners are required to provide details in relation to the rationale, duration and alternative procurement procedures adopted. Irish Aid may request additional information in relation to procurement.

62. With regard to the disposal of assets[6] purchased with Irish Aid funding, partners are referred to the relevant clauses in the contract with Irish Aid, noting in particular that partners are required to notify Irish Aid in advance of any disposals of over €100,000 so that DPER approval can be sought. Partners are required to notify Irish Aid in advance of any disposals with an original cost of €15,000 for Irish Aid approval. It is the responsibility of partners to maintain all records pertaining to asset transfer or disposal and to keep such records for monitoring and audit purposes. Partners must be able to demonstrate that the tendering process associated with the sale of assets was open and transparent and be able to produce evidence that such a tendering process had been applied. In addition, partners must ensure that funds acquired as a result of the sale of assets are subsequently credited to the current year in any updated expenditure report to Irish Aid. Annex VII is a draft Disposal of Assets Register template. Partners may amend the template as required but headings contained in the template must be included. A nil return is required for partners where they have not disposed of assets that cost over €1,000. Partners will be requested to advise on what the use of funds raised from asset disposal will be used for, with a view to an assurance that is in accordance with the initial purpose of the grant.

[6] See SORP and DPER circular for guidance on accounting for and reporting on assets.

63. Any information provided to Irish Aid with respect to the programmes may be subject to examination for possible release in accordance with the Department of Foreign Affairs and Trade's obligations under the **Freedom of Information** Acts.

Monitoring

64. Monitoring is an integral part of the results management system of partners and influences the on-going planning and review of a particular programme. It tracks and alerts management as to whether actual results are being achieved as planned. Therefore, a clear Theory of Change and articulation of intended results is essential to decide what should be monitored and how.

65. Irish Aid's monitoring strategy will encompass four key elements:

   g. **Review** of on-track/off-track results annually using the detailed results framework(s) and budgets submitted prior to grant disbursement.
   h. **Review** of the annual narrative and financial reports, with scoring against a set of agreed criteria.
   i. **Bilateral annual meeting** with partners to assess annual plans, revised results frameworks, budgets and expenditure.
   j. **Organisational, financial and governance oversight** will be carried out via a desk review using data from the application stage as the baseline and the annual submitted audited accounts.
   k. **Field-level monitoring**, led by Irish Aid, based on a Terms of Reference (ToR) and using the Programme Grant and HPP submissions and approved results framework(s) as the reference point.

66. The primary responsibility for monitoring each programme rests with the implementing partner. Each partner should set out how progress towards results ***will be monitored/tracked*** (sources of data and methods for data collection). Each partner should identify where and with whom the responsibility for monitoring/tracking results lies in the organisation. In line with aid effectiveness principles, Irish Aid re-iterates the importance of partners using existing organisational systems and structures for monitoring and tracking results and avoiding duplication or the use of parallel systems. The Irish Aid grant should contribute to the strengthening of systems, particularly at the country level, in line with limits set for organisational development.

Evaluation

67. PG II / HPP partners will be required to conduct the final evaluation in line with the timeframe of the scheme (i.e. by early 2021). This is in order to enable such evaluations to feed into applications for any potential future round of funding. The evidence of change will be a critical element in assessing partners' performance in preparation for potential future funding rounds. The findings and analysis drawn from the independent evaluation of PG II / HPP partners' programmes will be critical in this regard. The ToR for the Final Evaluation together with the proposed budget must be

shared and approved by the relevant Irish Aid desk prior to commencement of work and the evaluation should be submitted to Irish Aid as soon as it is completed.

68. In keeping with good practice in relation to results-based management, all Programme Grant and HPP partners are expected to develop a results-focused Evaluation Plan. The results-focused Evaluation Plan will set out how, precisely, the programme will be evaluated in order to determine whether or not, and to what degree, the programme is having a positive impact on the lives of poor and vulnerable people. It is appreciated that an initial results-focused Evaluation Plan may need to be refined/adjusted at intervals.

Glossary

Voluntary income: includes all income from public sources, including income from shops, funds received under the Charity Tax Incentive Scheme, net income generated by volunteers travelling abroad, bank interest, grants from all Third World Funds as well as from Trusts, Foundations and other funding bodies. The definition excludes income from the EU, governments, members own parent bodies, non-domestic partners and other Dóchas members. Voluntary income will comprise “income from donations, gifts and legacies” and “income from other activities” (see FRS 102 Module 4, including sections 4.31 and 4.35)

Voluntary income from the Irish Public: refers to voluntary income (as above) from the general public on the island of Ireland.

Costs of generating voluntary income (expenditure on raising funds): the costs of generating voluntary income comprise the costs actually incurred by a charity, or by an agent, in inducing others to make gifts to it that are voluntary income. Such costs will include the costs of producing fundraising advertising, marketing and direct mail materials, as well as any remuneration payable to an agent. It will normally include publicity costs but not those used in an educational manner in furtherance of the charity’s objects (see FRS 102 incl. 4.44 / 4.45 “Expenditure on Raising Funds”).

Direct charitable expenditure (expenditure on charitable activities): Resources expended on charitable activities comprise all the resources applied by the charity in undertaking its work to meet its charitable objectives (including governance costs) as opposed to the cost of raising the funds to finance these activities. Such costs include the direct costs of the charitable activities together with the support costs incurred that enable these activities to be undertaken (see FRS 102 incl. para. 4.52 “Expenditure on Charitable Activities”).

Direct programme costs: those costs that are directly attributable to the implementation of the programme at field level and will normally be labour costs, materials and expenses such as transport and other logistics costs.

Field international staff (number & costs): this is the total number and cost of full-time and part-time paid staff based in an office in a programme country as their primary working office who were recruited on international terms and conditions and who are engaged in Irish Aid funded programmes. It excludes staff employed by partners.

Field national staff (number & costs): this is the total number and cost, as charged to the programme budget, of all staff working in programme countries as part of the programme who were recruited on national terms and conditions. It includes staff costs fully charged to the programme budget and allocations of personnel partly charged to the programme budget. It excludes staff employed by partners.

Goal: is a broad statement of intent, focused on contributions to outcomes in the external environment.

Incoming resources: all resources which become available to a charity including contributions to endowment (capital) funds but excluding gains and losses on investment assets. Gross incoming resources includes all trading and investment income, legacies, donations, grants and gains from disposals of fixed assets for use by the charity. Incoming resources should be recognised in the Statement of Financial Activities when the effect of a transaction or other event results in an increase in the charity's assets or decrease in liabilities (see Module 4 Part A of FRS 102).

Indirect programme costs: costs that cannot be easily attributed to the implementation of one programme at country level but need to be apportioned across a number of programmes. Both Programme Grant Partners and their on-granted partners may incur indirect costs which are necessary for the delivery of the programme. Indirect costs should be apportioned to programmes on a reasonable, justifiable and consistent basis.

Outcome: the overall benefits and/or changes arising in the external environment. Outcomes refer to the longer term results achieved.

Objective: specific statements of intent that indicate how the goal is to be achieved, in other words the expected result at the end of the planned intervention. These are defined in such a way as to allow subsequent assessment as to whether or not they are achieved and will be associated with specific quantifiable targets.

Outputs: outputs provide a more specific and tangible indication of achievement for a given amount of resources. They can be both quantitative and qualitative in nature and serve to identify and possibly measure progress in a specific area of activity. Outputs are also the shorter term results or product of actions and activities and may be Irish Aid or externally related.

Performance Indicators: allow verification of changes or show results relative to what was planned. Clear and specific objectives and strategies should facilitate the development of performance indicators. Indicators should be capable of illustrating whether or not objectives and strategies are being achieved and facilitate effective reporting on progress.

Programme quality: refers to those enhancements to the programme that strengthen it and allow it to develop from a policy and proposal into a reputable programme capable of the delivery and achievement of quality results. The costs incurred in order to achieve this such as the implementation of systems needed for the provision of management information for decision making, and the training and capacity building of staff and partners are known as programme quality costs.

Public Engagement: is a process directed at the wider Irish public or specific subsections of the Irish public which increases people's understanding of global development issues and their awareness of the role of development assistance in making a difference in the lives of people and communities living in poverty. Public engagement is a channel for ensuring accountability, contributes to transparency and promotes strengthened ownership of Ireland's development cooperation programme. Effective public engagement can facilitate action and change at an individual and collective level.

Sector: a sector is a coherent set of services and/or activities relating to a specific function which can be relevantly distinguished in terms of policies, institutions and finances, and which need to be looked at together in order to make a meaningful assessment.

Total resources expended: are all costs incurred in the course of expending or utilising the charity's funds. This includes all claims against the charity upon being recognised as liabilities by the trustees, as well as all accruals and payments made by the trustees of a charity, and all losses on the disposal of fixed assets (other than investments), together with all provisions for impairment of tangible fixed assets or programme related investments (see Module 4 Part B of FRS 102).

Unrestricted income: income received which is not committed or designated and can be spent at the trustees' discretion (see Module 5, including section 5.6 FRS 102).

Unrestricted reserves: these are funds available to the trustees to apply for the general purposes of the charity as set out in its governing document; the trustees are free to use it for any of the charity's purposes (see FRS Module 1, including Section 1.48).