

EDITORIAL

Whether related to loans or grants – public financial assistance has an essential role in development cooperation. Fiscal accountability and transparent procurement are vital pillars of an ever-growing stream of development funds channeled through public and/or private institutions to final beneficiaries. Donors providing funds are accountable to their constituencies, be it government bodies, taxpayers or other third parties. They rely on the implementation of effective fiscal and procurement management standards as well as reporting according to international norms.

The role of GFA in financial fund management as well as in the procurement process is twofold. On the one hand, we ensure fiduciary oversight, effective procurement processes, as well as transparent reporting systems. On the other hand, we provide effective advice and develop capacities in accounting, budgeting, standard internal controls, standard procurement procedures and reporting requirements according to international standards.

More than a decade ago, GFA won its first fiscal and procurement agent contract in Ghana financed by the Millennium Challenge Corporation. Ever since then, GFA has expanded its services in depth and has diversified its client base working in over 30 countries worldwide. The Global Fund has become one of our most important clients. Building on the experiences gained, we find it crucial to exchange ideas, discuss new concepts, and develop best practices. To this end, GFA invites GFA consultants working on behalf of The Global Fund, staff from GFA headquarters and representatives of our client to a bi-annual conference in Hamburg.



Christoph Schaefer-Kehnert
Managing Director
GFA Consulting Group

THE GFA CONFERENCE ON FISCAL AGENT SERVICES FOR THE GLOBAL FUND

The Public Finance Management (PFM) Department of GFA organized a Conference on Fiscal Agent Services for The Global Fund at the Baseler Hof in Hamburg in June, 2018. The event was to exchange good practices of fiscal agent services for The Global Fund to Fight AIDS, Tuberculosis and Malaria. Within the PFM Department, the portfolios Finance, Accounting, Audit and Procurement implement fund management projects worldwide, including the ones of The Global Fund.

The Global Fund is the major multi-donor financier of programs to fight AIDS, tuberculosis and malaria, and generally strengthens health service systems. Since its creation in 2002, approved funding of 33 billion US dollars was disbursed for around 1,000 programs in more than 150 countries. In September 2012 and again in August 2016, The Global Fund entrusted GFA Consulting Group with an indefinite quantity contract regarding financial advisory services. The assistance covers fiduciary, fiscal and procurement tasks, financial verification and oversight, internal audit services and the set-up of internal control systems, risk assessments and capacity building.

GFA CONCEPT AND SERVICES IN FISCAL AND PROCUREMENT MANAGEMENT

GFA has 25 years of experience with fiscal and procurement management services for major funding agencies such as the Millennium Challenge Corporation, World Bank, KfW Development Bank or The Global Fund. This is complemented by innovative and client-oriented solutions based on cross-sectoral expertise incorporated in the company's technical and regional departments. Moreover, GFA experts excel in the double role of aid management, providing advice and capacity building as well as overseeing and controlling third party funds.

GFA's financial management services for The Global Fund projects in ten countries are tailored specifically to the respective diseases, implementing countries, institutional capacity, and sector and project objectives. The services comprise financial oversight, capacity building in accounting, reporting, budgeting and standard internal control functions adapted to the needs of the funds' principal and sub-recipients in a particular country. Fiscal agent services are required to assist the principal or sub-recipients in capacity building related to financial and procurement management functions. GFA teams mitigate the risk of fraud or misuse of grant funds, minimize complaints,



Working group on new concepts and tools developed by GFA



GFA participants in the conference

and increase the efficiency of fund management in compliance with The Global Fund standards. Fiscal agent services take care of all financial transactions on behalf of the implementing entity, e.g. payment compliance with agreed procedures or safeguarding and implementing control mechanisms together with the recipient. Given the specific risk context in which The Global Fund grants are implemented, further scrutiny of financial and accounting processes may be required. In addition, existing procedures and systems may need updating. Capacity building assistance and training on accounting and financial management is a key responsibility.

Experts of GFA Consulting Group and GFA B.I.S. have developed, customized and implemented a comprehensive financial management system for these specific needs. GFA B.I.S. is a daughter company of GFA specialized in customizing professional standard software to clients' needs. In

addition, GFA B.I.S. has extensive experience in IT consulting focused on the optimization of existing software systems. The systems offered to The Global Fund are based either on Infor FMS SunSystems for those projects that have to provide audited reports, or on Excel where a pure declaration of data integrity of partners' accounting system is required and has been field-tested in several fiscal agent projects. In some of its projects, GFA is expanding the financial services to procurement management and supply change management reflecting the growing trend to combine financial, procurement, and supply chain management.

THE CONFERENCE

The GFA Conference on Fiscal Agent Services for The Global Fund aimed at bringing together all implementing actors of GFA fiscal agent activities for The Global Fund, particularly GFA country team leaders and headquarter experts as

well as the Fund's country team representatives. The first two days of the conference focused on the presentation of new concepts and tools developed by GFA addressing typical daily duty aspects of a fiscal agent. The Standard Procedures Manual as well as the Oversight Protocol attached to it were the backbone of the related technical sessions.

The objective of the manual is to provide a comprehensive description of standardized procedures, structures, and roles of fiscal agent activities. The manual serves as a guideline for setting up and running a fiscal agent project in order to ensure that the project meets the minimum standards of excellence and internal control. Attached to the manual, the oversight protocol has recently been presented to all project implementers as a standard procedure for internal control and quality assurance. Some topics with a wider spectrum of coverage were presented as conference sessions on how to detect fraud and on how to manage conflict among clients, project teams and headquarters. In addition, GFA presented its concept for capacity building by means of C³ training modules specifically designed to the needs of fiscal agent services.

Another aspect GFA wanted to draw attention to was understanding problems from another person's perspective putting oneself in the shoes of one of the implementing bodies. A role-play was organized in which participants had to play specific roles in a dedicated scenario. In order to add real-life flavor, this session was organized in the Bridge Bar located at the level of the Elbphilharmonie Plaza.



Working sessions on standard procedures



The third day focused on the exchange of good practices among implementing bodies. GFA also presented GFA headquarter and the PFM department offices. Part of the sessions were held in GFA offices followed by a get-together in offices of the PFM department from where projects are managed. Team leaders from each project brought typical drinks and food from their country, and on the German side assistants organized food and drink specialties from Hamburg, pleasing each other in the sense of "You never get a second chance to make a first impression". More than 40 participants from a variety of countries participated in the conference, including particular sector representatives like fraud, public health and IT experts. As this conference is considered a success, a follow-up event is considered in two years time.

C³ TRAININGS: SUPPORT MATERIAL FOR FISCAL AGENT ACTIVITIES

GFA's fiscal agent services for The Global Fund do not only comprise financial verification and supervision, but also capacity building measures for national entities. Given the specific risk context within which The Global Fund grants are implemented, capacity building measures for financial management are a key responsibility of the involved stakeholders in order to mitigate the risk of fraud, corruption or misuse of grant funds. The GFA capacity building concept is based on continuous supplement and improvement of the national entities' capabilities. The PFM department and C³ Unit for Better Learning of GFA developed eight standardized training modules to complement the daily on-the-job coaching:

- Strengthening grant management
- Detection and prevention of wrongdoings
- Quarterly financial report
- Progress update/disbursement request
- Sub-recipient accounting and reporting
- Budgeting and budget adjustments
- Audit and compliance
- Grant closure

The following trainings are under preparation:

- Fraud prevention and detection
- Risk assessment and management
- Finance for non-financial experts
- Supply chain management

The training plan on page 4 provides more information.

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The GFA Fiscal Agent team in Nigeria

NIGERIA: GFA'S LARGEST FISCAL AGENT PROJECT FOR THE GLOBAL FUND AT A GLANCE

The Global Fund in Nigeria

- **980,000 HIV/AIDS:** People currently on antiretroviral therapy
- **437,000 Tuberculosis:** Laboratory-confirmed pulmonary TB detected and treated (cumulative)
- **128,000,000 Malaria:** Insecticide-treated nets distributed
- Investments in health to date:
US\$ 2,019,763,198

GFA project

GFA has held an actual 18-month contract since January 2018, and a previous one from May 2015 to December 2017. The company employs 25 experts in financial, procurement, fraud management. The type of services provided cover ten fields:

- **Financial management oversight** by reviewing processes, procedures and policies for financial management and making recommendations for improvement and alignment with donor policies.
- **Strengthening the internal control system** by advising on the elaboration of key documents.
- **Ensuring compliance** as a co-signatory authority over payments vouchers and compliance of payment procedures and for procurement transactions.
- **Increasing disbursement volumes** by strengthening the beneficiaries' budgeting and forecasting process, necessary reprogramming and consolidated disbursement forecasts.
- **Ensuring data integrity of the automated accounting and reporting system.**
- **Auditing support** to beneficiaries in audit planning, responses to audit findings and the development of actions plans.
- **Reporting support** to beneficiaries ensuring the accurate and timely preparation and submission of all financial information and reports to donors.
- **Capacity building** by assessing and diagnosing the financial management capacity of beneficiaries and developing appropriate capacity development plans, supporting change plans, and the design and documentation of processes through formal training, mentoring, and coaching.
- **Fraud management** by supporting and training beneficiaries in the design of adequate fraud detection, prevention, response procedures and tools.
- **Procurement services** by assessing procurement controls and identifying weaknesses, overseeing ongoing transactions, and acting as observer in tender evaluation committees.



C³ MODULES DEVELOPED FOR FISCAL AGENT CAPACITY BUILDING SERVICES

MODULE A1 STRENGTHENING TGF GRANT MANAGEMENT	MODULE A2 DETECTION AND PREVENTION OF WRONGDOINGS	MODULE A3 QUARTERLY FINANCIAL REPORT	MODULE A4 PROGRESS UPDATE/ DISBURSEMENT REQUEST
<ul style="list-style-type: none"> ■ A1.1 – Introduction to the course ■ A1.2 – The Global Fund grant overview – History, principles and achievements ■ A1.3 – The Global Fund grant overview – Stakeholders ■ A1.4 – The Global Fund donor policies ■ A1.5 – Overview on policy manuals at PR level ■ A1.6 – Application of policies and guidelines ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A2.1 – Introduction to the course ■ A2.2 – Introduction to definitions and negative consequences of wrongdoings ■ A2.3 – Detection of wrongdoings ■ A2.4 – Who reports what to whom in case of wrongdoings ■ A2.5 – Measures for prevention ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A3.1 – Introduction to the course ■ A3.2 – PR's reporting to The Global Fund ■ A3.3 – Introduction to the structure of QFR and The Global Fund's guidelines for QFR ■ A3.4 – Getting familiar with the QFR ■ A3.5 – Quality review of a QFR ■ A3.6 – Timeline of QFR report preparation ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A4.1 – Introduction to the course ■ A4.2 – Introduction to the structure of PU/DR and The Global Fund's guidelines for PU/DR ■ A4.3 – Presenting the different sections of the PU/DR ■ A4.4 – Quality review of a PU/DR ■ A4.5 – Understanding the timeline for PU/DR preparation ■ A_Eval – Evaluation and closing
MODULE A5 SR ACCOUNTING AND REPORTING (FOR PR AND SR)	MODULE A6 BUDGETING AND BUDGET ADJUSTMENTS	MODULE A7 AUDIT AND COMPLIANCE	MODULE A8 GRANT CLOSURE
<ul style="list-style-type: none"> ■ A5.1 – Introduction to the course ■ A5.2 – Introduction to SR agreements – Key elements ■ A5.3 – Financial, administrative and accounting guidelines – Supporting documents ■ A5.4 – Financial, administrative and accounting guidelines – Unallowable expenditures ■ A5.5 – Financial, administrative and accounting guidelines – Accounting records and internal controls ■ A5.6 – Types of reports and requirements ■ A5.7 – Reporting template ■ A5.8 – Reporting sequence ■ A5.9 – Funding, reporting and verification – Roles and responsibilities ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A6.1 – Introduction to the course ■ A6.2 – Understanding the budget cycle ■ A6.3 – Budget – Connecting link between finance and programs ■ A6.4 – Quality review of a budget ■ A6.5 – Reprogramming and budget adjustments ■ A6.6 – Timeline of the budgeting process ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A7.1 – Introduction to the course ■ A7.2 – Introduction to audits – Audit guidelines ■ A7.3 – Drafting of an audit plan and preparing for an external audit ■ A7.4 – Setting-up an audit action plan for follow-up ■ A7.5 – Internal control framework – Defining basic internal control system based on risk assessment ■ A7.6 – Internal audit – Roles and responsibilities ■ A_Eval – Evaluation and closing 	<ul style="list-style-type: none"> ■ A8.1 – Introduction to the course ■ A8.2 – The Global Fund grant closure – Introduction ■ A8.3 – The Global Fund Grant Closure – Types, stages and timeline ■ A8.4 – The Global Fund grant closure – Activities and guidelines ■ A8.5 – Detailed activities in the grant closure process ■ A8.6 – Grant closure activity timeline ■ A_Eval – Evaluation and closing

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GFA Consulting Group is a growing consulting organization active in international economic development. The main sectors of the company comprise agriculture & rural development, natural resources management, climate change, energy, governance, public finance management, private sector development, education, skills & employment, financial systems development, health, monitoring & evaluation, water & sanitation. GFA Consulting Group presently works in more than 90 countries and is implementing about 330 projects and studies.

GFA vision – to be the partner of choice for clients in our core service areas.

GFA mission – to improve the livelihood of beneficiaries through our professional services.

GFA core values – to offer high performance in service delivery, technical excellence in our main sectors, innovative approaches and products, and credibility with our clients when putting projects into practice.