

SUPPLY DETAILS: PROVISION OF GRANTEE PARTNER DUE DILIGENCE PRE GRANT AWARD

We are looking to contract an external party to provide us with Due Diligence Services.

This can be approached in two ways and we are open to either:

- An external party to implement the exact DD framework as currently built in our Grant Management System Fluxx and described below,
- An alternative mechanisms of providing AmplifyChange with assurance that fiduciary risks are identified, mitigated and managed

Background: Our approach to managing fiduciary risk

Financial or 'fiduciary risk' is the risk that funds do not get used as intended, are not managed and accounted for in an acceptable way, and/or are not used efficiently and effectively. This can be due to a number of factors ranging from weak financial management capacity of a recipient through to deliberate fraudulent diversion of funds for unintended uses.

The approach set out in this document will facilitate good decision making in the selection and management of AmplifyChange grants, establish a baseline upon which to monitor their performance, identify improvement plans for them and provide a good governance audit trail. It will do this by identifying and managing risk while encouraging the full participation of diverse applicants.

The approach is based on the following objectives:

- To identify and manage risk while recognising the diversity of grantee partners and other stakeholders;
- To get the balance right between programme effectiveness and management of risk, while not discouraging the participation of smaller grantee partners;
- Recognising that risk cannot be fully eliminated but that it can be managed effectively and pragmatically;
- Ensuring an appropriate approach to fiduciary risk management recognising international best practice;
- By implementing an approach that undertakes checks and assessments at the appropriate time but is completed prior to final selection in order to support the final funding decision; and
- Recognising what is deliverable in various types of organisations with such diverse capacity.

Because of the nature of the funds, which involves distributing grants to a large number of entities, it is not judged to be practical or possible to carry out detailed on-site assessments on so many small community-based organisations. Instead, managing fiduciary risk at this level will require the production of clear, simple and concise guidelines, templates, manuals and formats on the standards of grant management required of potential grantee partners. This will be supported by

technical support, guidance notes, webinars and online video aids. Grantee partners will also be subject to annual external audit, including grant specific audits if deemed necessary.

AmplifyChange funds a wide range of organisations, with a variety of different sizes of grant. To support the needs of this portfolio of grantee partners funding is offered through a number of different grant types. The grant types and expected profiles of grantee partners are set out in the summary table below:

Table 1: Grant types as set out in the organisational Strategic Plan

Grant Type	Details	Description
Opportunity	<ul style="list-style-type: none"> • £10,000-£150,000 • Duration 1-3 years • £10,000-£50,000 per year 	To support smaller groups and new entrants to SRHR advocacy. To enable local advocates to address new and emerging priorities. Available to non-registered groups.
Strengthening	<ul style="list-style-type: none"> • £100,000-£750,000 • Duration 2-5 years • £50,000-£150,000 per year 	To support more established medium-sized groups, seeking to advocate for SRHR beyond their local communities and in bringing about specific change.
Network	<ul style="list-style-type: none"> • £300,000-£1,375,000 • Duration 2-5 years • £150,000-£275,000 per year 	To support established groups working within or across countries. Supports networks and coalitions, and scale-up of effective advocacy approaches.
Partnership	<ul style="list-style-type: none"> • £200,000-£2,500,000 • Duration 2-5 years • £100,000-£500,000 per year 	To support established groups working to build and strengthen civil society movements. This will encompass the facility to on-grant to smaller local groups and foster their capacity.

All of the information in table 1 above is subject to change between funding rounds, and our approach to fiduciary risk must remain flexible in accommodating the requirements of the donor in amending the design of future funding rounds.

Principles and definitions

The term ‘due diligence’ is used for a number of concepts, involving either an investigation of a business entity or person prior to signing a contract, or an act with a certain standard of care such as an investigation. In the context of AmplifyChange, due diligence is a multi-staged process undertaken during pre-contracting to assess the fitness of a potential grantee partner organisations, as well as their key staff members.

AmplifyChange’s due diligence will adhere to the following basic principles:

- Proportionate to the size of grant and organisation

- Leads to practical action supporting the grantee partner and leading into grant management
- Reactive to the individual requirements of the project and grantee partner and the context
- Should be of benefit to the grantee partner
- The standards used in assessing risk should be consistent across all grants
- The methodology and reports must accommodate the requirements of AmplifyChange's donors.

The scope of the work

AmplifyChange has a well-established methodology in place for the completion of financial management assessment and due diligence up to the point of contracting with grantee partner, this is currently built into our online Grant Management system.

The methodology follows a staged approach, starting with light touch assessment and basic checks to screen potential grantee partners then moving to more thorough Financial Management Assessments. The stages followed under this approach are:

- Financial Due Diligence (FDD)
- Integrity Due Diligence (IDD)
- Financial Management Assessment (FMA)

While the due diligence must follow a standardised framework the individual assessments must be reactive to the individual grant and take into account the contextual risks of the project. Grantee partner Partners should be able to demonstrate not just their strong systems and processes, but an understanding of how to apply them in their project.

Financial due diligence (FDD)

FDD is the first stage of the due diligence process, it is intended to give a high-level assessment of whether the organisation is financially stable and capable of managing a grant of that size. The assessment is carried out with reference to the most recent 3 years' of audited annual accounts (where available). The analysis is completed at a summary level at this stage and covers both a high-level ratio calculation of the key indicators of financial health, and a more subjective trend analysis to consider the organisation's prospects for the future and any deficits experienced.

Integrity due diligence (IDD)

The focus of IDD is to ensure that AmplifyChange knows who they are working with, and there are no significant risks or reasons for concern when partnering with the proposed grantee partner or the key staff members responsible for the project. It is expected that external databases will be used for this purpose.

Financial management assessments (FMAs)

The FMA is the most intensive section of the due diligence, and will involve significant inputs both from AmplifyChange and from the grantee partner. The intention is to identify any fiduciary or management risks associated with providing funding to CSOs. The approach is based on an analysis of the capacity

and systems in place in an organisation to assess whether they are capable of managing the grant.

The one of the key principles in designing the due diligence methodology is that it must be proportionate, both to the size of the organisation and the grant. The criteria is of particular importance due to the wide range of grant sizes delivered under AmplifyChange.

The current approach to each of the funding rounds is set out below:

Table 2: Due diligence should be proportionate to the grant

Grant Type	FDD	IDD	FMA
Opportunity	✓	✓	<ul style="list-style-type: none"> Remote completion Abbreviated set of questions Summary tabular report
Strengthening	✓	✓	<ul style="list-style-type: none"> Remote completion Abbreviated set of questions Summary tabular report
Network	✓	✓	<ul style="list-style-type: none"> Phone conversation or site visit depending on the circumstances Full set of questions Full narrative report completed
Partnership	✓	✓	<ul style="list-style-type: none"> Site visit Full set of questions Full narrative report completed

The due diligence report is based on an assessment of the following five areas:

1. Governance and Internal Controls
2. Ability to Deliver
3. Financial stability
4. Downstream delivery
5. Safeguarding
6. Data safety

Where an organisation has completed AmplifyChange compliant due diligence in the past three years, only medium or low intensity assessments are likely to be required. The suitability of the existing due diligence will be assessed before determining whether it can replace the need for any part of the fund's standard process.

The criteria for judging risk should be kept consistent across all funding rounds. The recommendations being made will be more variable dependent on an organisation's capacity to absorb changes, and the differing needs of large and small organisations.

Deliverables

This will vary depending on grant size and whether site visits are required. However all organisations assessed will have

- A completed Due Diligence report on Fluxx which has been quality assured,
- The DD report will contain recommendations for organisational strengthening – or special conditions which will form part of the contract with the organisation and will provide a timeline for these to be implemented related to grants disbursements

All assessments should be completed no later than 8 weeks after they have been assigned by AmplifyChange

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