

## **Grant Management Process**

When the grant agreement is fully executed (signed by both parties), the grant is considered approved and becomes active in the Grants Enterprise Management System (GEM). The grant commitment will then be booked, the grantee may begin work, and payments can be made as outlined in the agreement.

CEPF grants are managed by monitoring the grantee's technical and financial performance, tracking progress and completion for deliverables, reviewing payment requests, discussing grant issues with the grantee and local partners, conducting site visits, and ensuring adequate follow up to any issues that arise. In addition, CEPF and Regional Implementation Team staff members are available to answer questions about reporting and project specifics as well as to discuss biodiversity conservation challenges.

### **Recording the Grant**

Once the grant is approved, accounting staff will be notified via GEM that a commitment (the full amount of the grant) is ready for booking. Accounting will make the entry into Oracle. All grant commitments are booked to GL account 5500.

The extent of financial and technical monitoring conducted by CEPF and the reporting required of a grantee is dependent on the risk ratings associated with the grantee (See Guidelines for Completing Risk Assessments, section 4.4.5). The grant agreement includes a schedule for financial and technical reporting and the terms for payments.

In GEM, CEPF will set up the reporting schedule(s) in order to help track whether a grantee is complying with the reporting requirements set forth in an agreement.

### **Reporting**

Performance Reports All grantees are required to submit technical reports according to the reporting schedule defined in their grant agreement. All reports submitted by the grantee must be reviewed and acknowledged. Any performance issues that are identified should be discussed with appropriate CEPF staff and directly with the grantee. See section 4.5.2 for the CEPF Project Performance Monitoring Report. Key questions that the reviewer should bear in mind include:

- Is the period of the report accurately indicated on the report?
- Does the report contain an adequate level of detail to describe activities accomplished during the period?
- If any planned activities were not accomplished, have they been rescheduled and explained?
- Do activities from this reporting period present sufficient changes or concerns that a discussion or site visit should be conducted?

Financial Reports. The grantee must submit financial reports no less frequently than as set forth in their grant agreement as determined by the Financial Reporting Grid in the Financial Risk Assessment (Section 4.4.5). If the start date of the grant falls in the middle of a reporting period the first financial report should include the remainder of that reporting period and the next full reporting period. For example, if an agreement requiring quarterly reports begins on 15 May, the first financial report would cover the period from 15 May through 30 September, and would be due 30 days later (or 30 October).

The grantee reports against the approved budget included in the grant agreement. Financial reports include prior period expenses, current period expenses, total expenses to date, budget balance, and projected cash needs for the next period. See section 4.5.3 for the CEPF Budget and Reporting Template. Program staff will analyze financial reports for accuracy and reasonableness in light of the project's progress to date.

The procurement procedures to be followed by the grantees, including the Regional Implementation Teams, are outlined in the Standard Provisions of the CEPF Grant Agreement and follow commercial practices. The CEPF Secretariat shall carry out prior review and approval of procurement requests estimated to cost \$5,000 or more. The RITs will carry out this review and approval for the sub-grants they award. All other procurements may be awarded by the grantees without prior review, but are subject to post-review on a sample basis. Procedures for assessing procurement compliance include a thorough budget review during project design. Procurements are specifically reviewed as an integral part of the review of quarterly financial reports. For example, reviews include assessment of the relevant budget line items (furniture and equipment and professional services) for over expenditures. Procurement review is also part of the financial site visits, where relevant.

### **Independent Audits**

When independent annual audits are required according to the Financial Risk Assessment, they are due to CEPF within 120 days following the close of the grantee's fiscal year. When audits are required, this requirement will be written into the grant agreement with the organization in question. All audit reports will be reviewed after receipt. If CEPF is funding the audit, and there are material audit findings wherein expenditures failed to comply with provisions of the sub agreement, the grantee shall be responsible for the audit costs and will reimburse CEPF for any expenditures(s) disallowed by the auditors.

### **Requesting and Making Payments**

GEM will facilitate making payment requests by populating various fields in a Payment Request Form (see Section 4.5.1), using data from GEM as well as data input for each payment request, and enabling a user to e-mail the payment request to the person authorized to approve the payment.

**Initial Payment or Lump Sum Payment.** The amount of the initial payment, or in rare cases, lump sum payment, is taken directly from the grant agreement. The initial payment is usually made as soon as the grant is signed and the commitment booked. To authorize payment, CEPF will submit a payment request along with the signed contract to the Finance Department.

**Subsequent Payments.** After the initial payment, subsequent payments are made following the receipt and approval of scheduled financial reports and are based on the grantee's projected cash flow. To request a payment, CEPF will review the financial report for the following:

- Grantee's financial report totals are correctly calculated
- Grantee is reporting against the correct budget
- Variances from original budget that are greater than 15%
- Expenses appear reasonable given the progress of the corresponding work
- Cash request for following period is reasonable and does not exceed the total amount.

Upon approval of financial reports, CEPF sends a payment request to the CI Finance Department. The Finance Department checks for CEPF approval and verifies the grantee's quarterly financial reports in GEM. All funds to CEPF external grantees are wired directly from the CEPF bank account.

**Final Payment.** The amount or percentage of the final payment is based on the terms of the grant agreement and successful completion of the deliverables. See the *Grant Close-out* section below for further details.

## **Site Visits**

### **Programmatic Site Visits**

Each year CEPF conducts selected programmatic site visits based on the programmatic risk levels and the dollar amounts of the grantees. In addition, CEPF and the RIT staff will often visit many additional grantees and projects beyond the required samples.

Site visits help CEPF to confirm activities and progress reported to date through technical reports. CEPF staff can assess the grantee's capacity to continue implementation as planned and review or identify any potential constraints to success. Formal site visits undertaken as part of the sampling discussed above result in a written summary of the visit containing recommendations, concerns, and follow-up steps, as appropriate.

### **Financial Site Visits**

As part of the overall project review listed above, CEPF and Regional Implementation Team staff will review the financial progress of the grant and the related deliverables.

In addition, as part of CI's efforts to build and maintain strong relationships with partners and promote fiscal accountability, each year CI's Grants Resources develops a site visit schedule identifying the grantees that will receive a formal, CI-mandated financial site visit. Grants Resources considers the risk rating, grant award value, cash received to date, and issues identified through prior site visits or in other ways when developing the list of grantees to receive a site visit. The purpose of this visit is to review the accounting and financial management practices of the grantee, to identify any capacity building needs, and to ensure that proper financial controls are in place. All visits are documented in detailed reports. Site visit results may trigger a re-evaluation of financial risk.

During the site visit issues may be identified that need follow-up and/or trigger a review of the financial risk rating. Issues and recommendations, where relevant, are documented in the site visit report. Grants Resources will schedule a follow-up visit, if appropriate.

### **Grant Close-Out**

At project completion, all grantees will be required to submit a *Final Project Completion Report*<sup>1</sup>. CEPF grants will be closed upon verification that all deliverables have been completed, all progress, financial, and audit reports have been reviewed and approved and that the total grant amount has been reconciled. Reconciliation includes verification that all advances have been accounted for, the final payment has been issued, and any unspent funds have been returned and credited back to the portfolio for future grants.

After the grant is closed, CEPF will officially notify the grantee in a Close-Out Letter that the grant is complete and all deliverables are approved. If applicable, a final payment or refund request will be processed at this time. Any unused funds received by the grantees should be refunded to the CI Fund Account, and subtracted from the reported eligible expenditures. These funds are then available for other grants.

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<sup>1</sup> The Final Project Completion Report is found in Section 4.5.4