

dialogues, and for the first time, GL was able to facilitate virtual participation and presentations at both the WVL-SA Learning and Sharing Summit and the Regional Summit.

VI) FINANCIAL REPORT

Gender Links signed a grant agreement with Global Affairs Canada on 12 February 2019 for the implementation of the Women's Voice and Leadership – Republic of South Africa, Project Number PO02781 with a value of Four Million Canadian dollars (CAD\$4,000,000) for the period of 4 years from 2019 to 2023. In year one (preparatory work from April 2019 to March 2020 GL spent CAD\$ 326,158. By year two, with disbursements and implementation well under way, this shot up to CAD \$ 2, 393, 705 or 40% of the budget.

		Forecast and Expenditure 01/10/2020 - 31/03/2021			Total Budget and Expenditure To-date - 31/03/2021				
Line Item Breakdown		Total Forecast for the period	Total Actual for the period	Variance	Original Full DFATD budgeted contribution	Total Actual Costs to date	Budget Remaining as of Last Period	Execution	Notes
1	Remuneration - Organization's Employees								
1.2	Remuneration - Local Employees	133 241	136 447	(3 206)	1 045 997	500 871	545 126	48%	At 48% spent, human resources is slightly below the expected half way through the project period.
	Grants Management System	0	5 918	(5 918)	54 400	69 674	(15 74)	- 28%	The Grants Management System is overspent by 28%; budget reallocation requested in Annex E
	Local Subcontractors	0	929	(929)	9 000	9 980	(980)	- 11%	Local consultants line is overspent by 11% due to website maintenance costs.
1.6	Reimbursable Expenses Eligible for the Fixed Overhead Compensation Rate								
1.6.1	Travel Costs	35 960	47 539	(11 579)	209 725	72 925	136 800	35%	At 35% travel is underspent due to COVID-19 lockdowns; reallocations requested to GMS and local sub-contractors.
1.6.4	Other Training Costs	4 841	8 679	(3 838)	17 800	14 476	3 324	81%	Other training costs at 81% reflects efforts put into capacity building during this period as well as balances for remaining training planned.
1.6.6	Goods, Assets and Supplies - Motor Vehicle	707	943	(236)	34 447	27 183	7 264	79%	Assets at 79% reflects careful spending on this line; negative balance on forecast for this period reflects additional expenses to cater for virtual conferencing due to COVID – 19 protocol adherence.
1.6.9	Other Direct Costs – grants								
a	Multi-Year	245 945	170 622	75 323	1 272 975	454 834	818 141	36%	At 32% and 36% MY Core and

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b	Fast, responsive funds	76 110	3 591	72 519	238 500	67 886	170 614	28%	Networking grants are at the right level of disbursement considering that these funds were only disbursed in July 2020. 3 of the 23 grantees with pending disbursements had outstanding finance support documents submission or requested to make changes in project work plan due to COVID-19. The RR figures showing only 5% spending in the current period are deceptive since these funds were disbursed in May.
d	Network and alliance building	146 358	98 213	48 145	701 600	222 794	478 806	32%	
c	Conferencing summit	3 000	0	3 000	3 000	-	3 000	0%	Costs covered through UKAID complementary funding. Proposed this be redeployed to GMS/ local contractors.
1.9	Overhead Compensation								
						-			
1.9.1	Fixed or Negotiated rate on 1.1 through 1.6	74 308	55 065	19 243	412 556	165 672	246 884	40%	Overall the project is 40% spent which is in line with expectations
Total		1 248 415	720 469	527 946	192 523	1 606 295	2 393 705	40%	

Although the project is half way, RR funds were first disbursed in March 2020; My Core and Networking in July 2020. It is therefore expected that while human Resources and operations spending are at 46% (slightly less than half) grant spending is about one-third. Asset spending at 79% is also to be expected as most of this is front loaded in the first year.

Budget reallocations

Of concern in this reporting period is the current overrun on Grant Management Systems (CAD 15 274); on local sub-contractors An explanatory memo on why the Grants Management System is overrun, and other costs anticipated to the end of the grant period, is attached at **Annex E**. With regard to local sub-contractors, this is the line from which WVL website support is paid. This is a vital service.

On the other hand there have been savings on travel, and on the motor vehicle. The table below proposes budget reallocations to cover the shortfalls. These are dealt with in greater detail in a memo.

Budget line	Budget	Expenditure	Negative Balance	Positive balance	Requested shift	% budget
Grants Management System	54 400	69 674	(15 274)			28%
Additional required		24 726	(24 726)			45%
Local sub- contractors	9 000	9 980	(980)			8%
Additional required		2000	(2000)			22%
Total shortfall			(42 980)			
Travel	209 725	72 925		136 800	32 980	15%
Summit conferencing					3 000	100% - not utilised)
Motor vehicles; assets	34 447	27 183		7 264	7 000	20%
Total requested shifts	(total budget CAD 4 million)				42 980	1.07%

Grant Management Systems – Longer Term Considerations

Our only concern is on the financial reporting side. They are using an outdated and laborious system that is time consuming and unnecessarily cumbersome for the amounts involved. The reporting templates are constraining, rigid, often not relevant, and the financial and narrative reports are repetitive. The reporting they require does not align to our own financial reporting systems, so now we effectively run two financial processes. We do not need financial reporting capacity building or assistance, and our accounting is first class, so why can't we submit ours? I shudder to think how the smaller rural organisations are doing all this . . . SAGE evolution is so outdated, and then we have to transfer the same information onto SharePoint. This unnecessary duplication is cumbersome. SAGE 1 is much easier to use. It streamlines processes and records your banking. It is in the cloud, so everyone can log in remotely and then they won't have to install it on PCs. Evolution works for bigger companies, but for smaller organisations, just use SAGE 1 or QuickBooks, or zero, or waves (which is actually free). There are a couple of online systems that are easier to use, and which help you through the process. This would also take the load off GL. The financial report is very onerous and the template that GL insists organisations use is not optimal. The template can be simplified a lot. It makes sense to me because of my qualifications, but others in the organisation are extremely frustrated. I do not understand how smaller under-capacitated organisations manage to use this template". – Quote from a grantee, WVL **Baseline Evaluation Report**

GL read this comment from one of the grantees with sound financial base with interest. We appreciate and share the frustration and would like to find a better way forward. By way of background:

- During the preparatory phase GL approached GAC for advice both on the Grants Management System and a suitable Finance Management System. GAC said it had none to recommend and left it up to GL to find a suitable system.
- After failing to find an off the shelf GMS that could be customized, GL worked with its M and E consultant to customize the existing Survey Gizmo tool used for M and E for grants management. This has sufficed but is not ideal.
- On the finance side, we reached the conclusion that as GL uses SAGE Pastel, it would be ideal for finance reporting for the larger grants to sync directly to our account. We were clear however that if organisations already had a good system in place, they should not adopt this system just for the WVJ grant. At the inception training in July 2021, all WVJ and Networking grantees agreed to use SAGE Pastel.
- The grantee is right that it is not efficient to file both to share point and SAGE Evolution, and that it should be possible to have a cloud based solution.
- In May, GL began a discussion with our Business Partner on migrating to Sage Intacct: a non-profit oriented ERP system which is cloud based.
- As a result of this feedback, GL has put an enquiry to Sage on possibilities of switching to Sage One for grantees. In addition to being cloud based, this includes bank feeds, automatically importing bank transactions into accounting software on a daily basis. This helps the organisation to avoid the mistakes that can often be made when manually inputting transaction data.
- While we are yet to establish the cost of migrating to a more suitable system, it is noted that the WVJ budget for systems development had been exhausted (see finance report).
- The bigger picture is that finding appropriate systems with limited guidance from the funder is costly and requires some room to maneuver. In year one, GL requested use of moneys earned through interest to explore systems options. We were advised that this is pre mature. At this mid-year point, we believe the time is opportune to revisit the matter of interest.

Utilisation of interest

Gender Links has kept funds in interest-bearing account. To date the fund has accumulated CAD 45 407 in interest. It is anticipated that total interest at the end of the grant period will be CAD 75 449.

Total Funds Received To-date	2 407 268
Total Interest Earned To-date	45 407
Total Cooperation Agreement Budget	4 000 000
Balance of Funds Yet To be received	1 592 732
Estimated Expected interest	30 042
Total Interest Estimated	75 449

Paragraph 2.2.6 of the Cooperation Agreement states that “The organisation shall use the accumulated interest exclusively for the purpose of the Project, subject to Prior written approval from the Department.” The recommendations below are made against this background.

Recommendations

- GAC approve the shift of “green savings” to immediate budget shortfalls on systems and website.
- GAC consider allowing GL, upon receipt of a detailed memo outlining rationale and cost, to apply some of the interest earned to implementing more efficient grant management systems, including financial systems. This is especially relevant if there is any consideration being given to extending the life of this fund.
- GAC allow GL to apply the remainder of the interest in year three of the project to the Rapid Response Fund, which we propose now become a rolling fund. This cannot be left to the end of the project period.

Misappropriation of funds

WVL-SA was alerted to possible mismanagement of funds by a) whistleblowers from two organisations b) through 100% document verification. One case involved an RR grantee R50 000 (CAD\$ 4,274). Following a thorough investigation, the WRO refunded GL the R34,630 (CAD 3019) in question. The other case involves a Multi – Year core grantee awarded a grant totalling R821, 918 (CAD\$70, 249). To date GL has only disbursed one tranche amounting to R162, 599 ((CAD\$13, 897). GL queried catering expenditure amounting to R47 000 (CAD\$4, 017) not in the approved budget in the January 2021 report. The grantee sent invoices for 236 learners, well beyond COVID-19 regulations. Some of the catering payments went to the Director’s bank account. GL documented the case and met with the WRO during the March 2021 WVL – SA Summit. In June, the Special Advisor deployed the Grants Assistant to conduct a thorough field investigation. This will inform further action. A third case concerns on delivery on contract obligations. GL is on the verge of terminating the contract on these grounds. GAC has been kept fully informed.

Next steps

- **Safeguarding against grantees mismanagement of funds:** Due to the incidences of whistleblowing, sometimes after project close-out, the team has now added a “Survival Clause” to all grantee Contracts. This allows for more time after project close-out for verification of finance documents and other monitoring and evaluation documentation submitted by grantees; as well placing grantees under obligation to support the team in the event of investigations.
- **Review of grantees’ supporting documents:** In efforts to curb fraudulent expenses receipts and other supporting documentation by grantees, the team has put in place mechanisms for monthly routine checks on all supporting documents.

VII) Risk and Analysis

No	Description	Risk severity	Mitigation
EXTERNAL RISK FACTORS			
1	Fraud or unethical practices by grantees.	High risk	<ul style="list-style-type: none"> • Sent out a circular reminding grantees about and Anti-Corruption Policy and Whistleblowing Policy that a contained in grantee Contracts. • WVL – SA finance team conducted Fraud Investigations that resulted in Grantees having to refund on all expenses deemed ineligible and all fraudulent receipts in