



**MINISTRY OF FINANCE AND
ECONOMIC MANAGEMENT**
GOVERNMENT OF THE COOK ISLANDS

**GRANT MANAGEMENT
POLICY AND PROCEDURES**

POLICY STATEMENT

Rationale

The Ministry of Finance and Economic Management (MFEM) administers grants provided by various development partners to government agencies, non-government and civil society organisations for the purposes of providing a service to the community, and building local and national resilience.

This Policy Statement and accompanying guidelines are provided to support the MFEM and the grant recipient to engage in consistent and good grant administration.

Getting grant administration right is an essential part of ensuring the relationship between the MFEM and the grant award recipient works well, for the benefit of the community.

Principles

In building the robust relationship between the MFEM and the grant award recipient, the following broad based principles are essential:

Outcomes – decisions should be informed by a focus on real outcomes for people and communities.

Accountability – the MFEM and grant awardee must be accountable and transparent in the way in which they utilise the grant funds.

Respect – the MFEM and grant awardee must respect each other's roles.

Communications – the MFEM and grant awardee should make open communication and consultation a priority.

In addition, the following principles enhance the quality of processes and outcomes in the funding relationship between the MFEM and the grant awardee:

Value for money – obtaining the best mix of services to meet the community's needs within the available funding and achieve the outcomes desired.

Fairness, integrity and transparency – ensuring that the MFEM grants system is seen to be accessible, appropriate and fair.

Consistency – Grant administration procedures should be carried consistently.

Probity – Grant administration must be conducted in an environment of integrity, honesty and scrutiny.

The MFEM Grant Procedures will ensure the implementation and the attainment of its policy principles.

GRANT FUNDING PROCEDURES

The following procedures outline the responsibilities and actions required of MFEM and the grant recipient, in administering and managing grant funds during the Grant Lifecycle.

REQUIREMENT TO PROVIDE PUBLIC NOTICE OF GRANTS

1. The MFEM must notify the public of any grant programs that is administered by the organisation.
2. The MFEM must generally make all funding opportunities available for application, for at least 30 calendar days. The MFEM may also make a determination to have a less than 30 calendar day availability.
3. The following information must be included in the notice of funding opportunity:
 1. Full programmatic description of the funding opportunity.
 2. Specific eligibility information including any factors or priorities that affect an applicant or its application eligibility for selection.
 3. Application preparation and submission information, including the applicable submission dates and time.
 4. Application review information, including the criteria and process used to evaluate applications.
 5. Focal point or contact person within MFEM for the grant.
4. The MFEM will execute a merit based review process for applications. The process must be described or incorporated into the funding opportunity notice.
5. The MFEM will publish the required information on its website and social media pages.

RECEIVING AND REVIEWING GRANT AWARD APPLICATIONS

6. When the MFEM receives applications for grant programs, the receiving officer must register the application in the Grant Award Application Register.
7. The application will include the project Concept as per the Te Tarai Vaka template, plus any additional information required for the type of grant being applied for. For climate financing, please refer to the Grant Award Evaluation Procedure for climate financing mechanisms. The MFEM will advise the applicant that the application has been received, and the process going forward from that point on.
8. Depending on the grant, either, the Development Coordination or the Budget, or both divisions of the MFEM will conduct the initial screening to ensure that the application is complete, and that it qualifies for the grant.
9. If basic requirements are not met, the application will be rejected.
10. As part of the initial screening, the MFEM must ensure that the activity for which the grant is applied for, has not been requested by another applicant, or that, it has not already received funding in the form of another grant, development partner assistance or from within government agency budgets. If this is the case, then the MFEM must advise both applicants, and try to come to a resolution, on the submission of one application only, for any particular activity.
11. During the initial screening, the MFEM must guarantee that the application for a grant will not be used to cover for costs incurred for activities already started or completed.

12. Following the initial screening, the MFEM will facilitate the programmatic and budget review and assessment, of the application, by the Technical Appraisal Team. The Technical Appraisal Team, will assess the application based on a pre-determined criteria. Should the Technical Appraisal Team require further information, the MFEM will advise the applicant to provide the requested material. For projects supported by the Green Climate Fund and the Adaptation Fund, the Grant Award Evaluation Procedure for climate financing mechanisms must be followed. The Technical Appraisal Team, will use the Due Diligence and the Financial Management Assessment Questionnaire to ensure an informed assessment of a project proposal, in respect to financial viability and long term sustainability; that the implementing agency management systems are sufficiently robust to guarantee funds are used for purposes intended; and that controls will be in place to support monitoring and supervision of a project.

13. Following the assessment, the Technical Appraisal Team will present its recommendations to the National Sustainable Development Commission - NSDC (acting as the Grants Approval Committee).

14. Depending on the grant and the project application, for simple projects that do not require any more planning, NSDC will approve or reject applications, this may be the only assessment step. Note that for GCF and Adaptation Fund project applications, this will be done in accordance with the Grant Award Evaluation Procedure for climate financing mechanisms.

15. For more complex, projects, the NSDC will only approve the Concept to move to the Planning stage, for full project design, environmental and social assessments, gender assessments, procurement plans, and so forth, as outlined in the Te Tarai Vaka – Activity Management System.

16. For projects that advance to the Planning stage, when the Technical Appraisal Team is satisfied that all the requirements are met, they will once again seek the NSDC approval.

17. The decisions of the NSDC, must be documented. Where the NSDC does not follow the Technical Appraisal Team's recommendation, the departing decision should be adequately justified and documented.

18. In approving a grant, the grant award decision will include the overall amount of the grant program; the name of the grant recipient, title of granted activity awarded and the reasons for this choice.

19. If a grant application is unsuccessful, the MFEM will advise the applicant, including the reasons for the rejection of the application, with reference to the pre-determined and announced grant criteria. MFEM will also keep this information in its registry of grant applications.

20. When an application is successful, the MFEM will inform the grant awardee through a letter of advice with a Grant Funding Agreement (GFA). The MFEM will facilitate a meeting between itself and the grant award recipient to go through the GFA and ensure that this is understood and acceptable to both parties, before signing.

21. The Grant Award Procurement Rules and Procedures and the Remedies for Non-Compliance section of this Procedures will be attached to the GFA.

22. When signed, the GFA is a legally binding document and the grant recipient is legally obligated to carry out the full terms and conditions of the grant, including the implementation of the Environmental and Social Commitment Plan (ESCP).

23. MFEM will disburse the funds to the grant award recipient according to the GFA.

PUBLIC ACCESS TO GRANT AWARDS INFORMATION

24. The MFEM must publish the information on grant decisions. The following type of information is required for publication on the MFEM website:

1. The name and address of the grant recipient;
2. The purpose of the grant;
3. Grant amount awarded; and
4. Where applicable, the co-financing input.

25. Furthermore, if the grant is awarded to a government agency and procurement is progressed as per the Cook Islands Government Purchase and Sale of Good and Service Policy (Procurement Policy), publication will also be made on the MFEM procurement portal, on the MFEM website as according to paragraph 4.3.1 of the Procurement Policy.

26. Further to this, the MFEM must inform the public on grant decisions, via media releases, for publication and announcement on the MFEM website, local newspapers, national radio and television.

27. For all grants supported by the MFEM, it is expected that grant recipients comply with the MFEM Environmental and Social Safeguard Standards (ESSS), in particular ESSS 9 on Stakeholder Engagement and Information Disclosure. MFEM through its monitoring and performance management oversight role will ensure this.

28. During the project lifecycle, the MFEM will publish biannual updates on the periodic progress of individual grant award projects, including budget utilisation, to ensure greater transparency in the use of funds.

STANDARD FOR FINANCIAL AND PROGRAM MANAGEMENT

LEGISLATIVE AND NATIONAL POLICY REQUIREMENTS

29. The MFEM must manage and administer the Grant in a manner, so as to, ensure that funding is expended and associated programs are implemented in full accordance with Cook Islands laws and national policy requirements, including, but not limited to those protecting the public welfare, the environment, prohibiting discrimination, and addressing climate change.

PERFORMANCE MANAGEMENT, MONITORING AND EVALUATION

30. The MFEM will require the grant award recipient to relate financial data to performance accomplishment of the grant. The recipient's performance should be measured in a way that will improve program outcomes, share lessons learned, and spread the adoption of good practices.

31. The MFEM should agree with the recipient clear performance goals, indicators, and milestones. Performance reporting frequency will be established, to not only allow the MFEM to provide monitoring oversight on the recipients progress, but also to facilitate identification of promising practices amongst grant recipients and build evidence upon which the MFEM's performance decisions are made.

32. The MFEM oversight will also cover the compliance with the applicable Environmental Social Safeguards Standards (ESSS) and the Gender Policy requirements.

33. The MFEM (or its representative) may carry out site visits to monitor grant recipient progress. These site visits also serve to support implementation of the grant award project, gather and disseminate best practices and maintain a good relationship with the grant award recipient. Following

a site visit, a Site Visit Report must be submitted to the MFEM's Development Coordination and the Budget Divisions Managers.

34. The MFEM will have the right of access to any documents papers, or other records that a grant recipient has, which are pertinent to the Grant, in order to make audits, examinations, excerpts, transcripts. The right also includes timely and reasonable access to the recipient's personnel for purposes of interview and discussion related to such documents.

MAKING FUNDING DISBURSEMENTS

35. All grant award funding disbursement will follow the ODA Payment Procedures, so that all the relevant steps have been undertaken when making a payment for a grant award program.

REMEDIES FOR NON-COMPLIANCE

36. When the MFEM determines that non-compliance cannot be remedied by imposing extra conditions; the MFEM may take one or more of the following actions, as appropriate to the circumstances:

1. Temporarily withhold payments pending correction of deficiency.
2. Disallow (that is, deny) all or part of the cost of the activity or action not in compliance.
3. Suspend or terminate the grant award.
4. Initiate suspension proceedings.
5. Take other remedies that may be legally available.

TERMINATION

37. The MFEM will terminate a grant award if it determines that the recipient has materially failed to comply with the grant awards terms and conditions.

38. Where a grant award is terminated, MFEM and the recipient remain responsible for compliance with the closeout and post-closeout adjustments and continuing responsibilities.

Notification of termination

39. The MFEM must provide the recipient with a notice of termination. If the grant award is terminated for the recipient's material failure to comply with the terms and conditions of the grant, the notification must state this.

40. The MFEM will keep the termination record for 7 years before it will be archived.

41. Should the recipient reapply for another grant with the MFEM, the information record will be used in judging whether the recipient is qualified to receive another grant award.

42. If the grant award is terminated on the grounds of corrupt or fraudulent practices, the MFEM will declare the recipient, ineligible, either indefinitely or for a stated period, for any further grant award.

43. MFEM will notify other relevant agencies on the termination of a grant, and this information will be accessible on the public listing of grants on the MFEM website.

Course for Remedy

44. The terminated grant award recipient may seek recourse by either laying a complaint to the Office of the Ombudsman or filing an application with the High Court of the Cook Islands.

SUSPENSION

45. When MFEM receives any information from any source concerning a cause for suspension or termination of a grant award, the MFEM (or its representative) will investigate.

46. Suspension is a serious action. A suspension is only imposed, if it is determined that:

1. There exists an allegation worthy of suspension and there is evidence to support this; or
2. Immediate action is need to protect the public interest.

Considerations in issuing a suspension

47. In determining the adequacy of the evidence to support the suspension, the MFEM, considers how much information is available, how credible it is, given the circumstances, whether or not important allegations are verified, and what implications can reasonably be drawn as a result. During the assessment, MFEM may examine any documentation relevant to the grant.

48. In deciding whether immediate action is needed to protect the public interest, the MFEM will seek legal opinion from the Crown Law Office to ensure compliance with national laws and protect MFEM from any civil action. The Secretary of Finance will make the final call to suspend the grant.

49. The MFEM will report any non-compliance to the Cook Islands Audit Office, who will seek direction from the Public Expenditure Review Committee on conducting a special investigation on behalf of the MFEM. Any subsequent decisions will be based on the findings of the special investigation.

Suspension Notice

50. After deciding suspension, the MFEM will send a notice of suspension advising:

1. That the grant has been suspended; and
2. The suspension is based on –
 - (a) Adequate evidence of irregularities have been found which seriously reflects on the propriety of further dealings with the grant award recipient
 - (b) Causes for suspension
 - (c) Timing of suspension pending the completion of an investigation or resulting in legal proceedings.

Contesting a Suspension

51. The grant award recipient must be advised on the ability to contest a suspension. If this is the case, the respondent or their representative must provide to the MFEM, the information in opposition to suspension. These must be in writing. If any information is provided orally, it is important that this be followed up, in writing for the official record.

52. In addition to any information and argument in opposition of a suspension, the respondent's response must identify specific facts that contradict the statements made in the Notice of Suspension. A general denial is insufficient to raise a genuine dispute over facts material to the suspension.

53. The grant award recipient or representative must send response within 10 working days of receiving the Notice of Suspension. MFEM must acknowledge receipt of response.

Continuing or Terminating the Suspension

54. The MFEM will consider all the information contained in the grant award official record. The official record includes:

1. All information in support of the MFEM initial decision to suspend the grant award.
2. Any further information or argument presented in support of, or opposition to, the suspension.

55. The MFEM must make a written decision whether to continue, modify or terminate the suspension within 10 working days and notify the grant award recipient.

Note that this section of 'Remedies for Non-compliance', of the Procedures should be attached as an annex to the Grant Funding Agreement.

CLOSEOUT

56. The MFEM will close out the grant award when it determines that all applicable administrative actions, and all required work of the grant award, has been completed by the recipient.

57. As such, the MFEM must ensure the following actions to complete this process:

1. The grant recipient must submit no later than 60 calendar days after the end date of the period of performance, all financial performance, and other reports as required by the terms and conditions of the grant award. The MFEM may approve extensions when requested by the recipient.
2. That the MFEM must make prompt payments to the grant recipient for allowable reimbursable costs under the grant award being closed out.
3. The grant recipient must promptly refund any balances of uncommitted funds that the MFEM paid in advance or paid that are not authorised to be retained by the grant recipient for use in other projects.
4. The grant recipient must account for any property, plant, equipment or other fixed assets acquired with the grant funds.
5. The MFEM should complete all close out actions for the grant award no later than one year after receipt and acceptance of all required reports.

POST CLOSE OUT AND CONTINUING RESPONSIBILITIES

58. The closeout of a grant award does not affect any of the following:

1. The right of the MFEM to disallow costs and recover funds on the basis of a later audit or other review. The MFEM must make any cost disallowance determination and notify the grant recipient within the record retention period.
2. The obligation of the grant recipient to return any funds due as a result of later refunds, corrections, or other transactions.
3. Audit or special review requirements.
4. Records retention.

COLLECTION OF AMOUNTS DUE

59. Any funds paid to the grant recipient in excess of the amount to which the grant recipient is finally determined to be entitled, under the terms of the grant award constitutes a debt to the MFEM.

60. A debt to MFEM, also includes, grant award funds that must be recoverable due to expenditures which are unauthorised or fall outside of the scope of the funding for the project.

61. If not paid within 90 days after demand, the MFEM may reduce the debt by:

1. Making an administrative offset against other requests for reimbursement;

2. Withholding advance payments, otherwise due to the grant recipient;
3. Agreeing with the grant recipient on time payment options; or
4. Taking legal action to recover the debt.

APPROVED	21 March 2018
AMENDED	