
Good Financial Grant Practice, Part 1: Terms and Definitions



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This African Standard was prepared by the ARSO Technical Committee on, Financial services (ARSO/TC 73)

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Introduction

The objective of this standard on DARS 1651 — 1, Terms and Definitions is to define the terms used in the Good Financial Grant Practice family of standards. The standard ensures clarity, consistency, and professionalism in the use and application of the standard.

Grantors can use the GFGP standard as a minimum requirement for their grantees. For grantees, they can claim compliance with GFGP standard to support applications for grants from grantors. This standard establishes a consistent approach to the management of grants throughout the grant life cycle, for the benefit of grantors and grantees.

- a) Potential benefits of this standard include, but are not limited to the following:
- b) reduce the cost and administration time for both grantors and grantees;
- c) reduce the multiple of audits and financial assessments that grantees have from different grantors;
- d) increase the confidence of grantors to fund directly to grantees;
- e) reduce the risk of corruption, bribery and fraud; and
- f) enable targeted financial capacity building by grantors

This standard is designed to codify and provide requirements on established good practice. It is a quality standard and not an accounting standard. This standard provides a common framework for how grantees shall financially manage grants. It provides details of the requirements, specifications and criteria to be applied, to implement good financial grant practice.

Compliance with the requirements of this standard does not qualify an organization to undertake sub-awarding of grants. To undertake sub-awarding, an organization is required to be compliant to the requirements of DARS 1651-2.

- a) Grantors and grantees are very diverse in nature, and range from:
- b) being very small to very large;
- c) operating in safe to risky environments;
- d) being quite simple to very complex;
- e) having different levels of risk, they are willing to accept;
- f) being shorter to longer term in nature;
- g) governmental to private foundations and individual entities;
- h) being national, regional or international in nature; and
- i) mature to emerging.

Grantors may, after an assessment, decide to award the grant, even if the grantee does not meet all the requirements of this standard, and may mitigate their risk by putting in place additional financial controls, or provide capacity strengthening funding to bring the grantee up to the required level.

This standard addresses the seven principles of good financial grant practice, which are:

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- (i) accountability;
- (ii) stewardship;
- (iii) compliance to standards;
- (iv) transparency;
- (v) viability;
- (vi) integrity; and
- (vii) consistency.

In turn, these principles are supported by four key pillars of good financial grant management, which, if correctly applied, will provide the evidence to support compliance with good financial grant practice.

These are:

- (i) internal controls
- (ii) record keeping
- (iii) planning
- (iv) monitoring

Further detail on both the principles of good financial grant practice and four key pillars of good financial grant management can be found in Annex A. A paragraph.

Good Financial Grant Practice, Part 1: Terms and Definitions

1 Scope

1.1. This African standard on Good Financial Grant Practice describes the fundamental concepts and principles universally applicable to the following:

- a) Organizations seeking sustained success through the implementation of effective financial grant practices, which standardize, simplify, and strengthen the financial governance of grant funding;
- b) Grantors using the standard as a minimum requirement for their grantees;
- c) Grantees claiming compliance with this standard to demonstrate robust governance of grants.
- d) Organizations and interested parties seeking to improve communication through a common understanding of the vocabulary used in financial grant practices;
- e) Organizations performing conformity assessments against the requirements of Good Financial Grant Practice standards;
- f) Providers of training, assessment, or advice in financial grant practices; and
- g) Developers of related standards.

1.2. This African Standard specifies the terms and definitions that apply to all Good Financial Grant Practice standards developed by ARSO/TC 73, on financial services.

2 Normative references

The following referenced documents referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

There are no normative references in this document.

3 Principles and pillars of good financial practice

3.1 Seven fundamental principles

3.1.1 Accountability

All stakeholders, including grantees, have the right to know how financial and other support has been used to meet objectives. Grantees have an operational, moral and legal duty to explain their decisions and actions, and make their financial reports open to scrutiny.

3.1.2. Stewardship

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Financial stewardship involves organization and/ or grant leadership that safeguards assets and investments. The top management and governing board ensure there are adequate governance structures, procedures and controls in place to demonstrate that the grant funding is being put to the use as per the grantor conditions.

3. 1.3. Compliance to standards

The recording and reporting of financial transactions and documentation should observe accepted accounting principles. A qualified accountant from anywhere around the world should be able to understand an organization's financial accounting records.

3.1.4. Transparency

The organization and grantees should be open about their work, providing information about activities and plans to their stakeholders. This includes preparing accurate, complete and timely financial reports.

3.1.5. Viability

To be financially viable, a grantee's spending can be kept in balance with money coming in, both at the operational and the strategic levels. Viability is a measure of the grantee's financial continuity and security. The governing board and management can prepare a financing strategy to show how the organization should meet all its financial obligations and deliver its strategic plan.

3.1.6. Integrity

On a personal level, individuals should operate with honesty and propriety. For example, managers, top management and the governing board should lead by example in following organizational policy, or declare personal interests that might conflict with their official duties. The integrity of financial records and reports is dependent on accuracy and completeness of financial records.

3.1.7. Consistency

Consistent use of financial policies and procedures are important for efficient and effective operations. For example, a clear procurement procedure should help staff to follow the correct process and ensure compliance with grantor rules. Consistent use of accounting codes in financial records and budgets produces financial reports that are consistent and transparent to key stakeholder.

3.2. Four key pillars

3.2.1. Internal controls

Internal control is a system of common controls, checks and balances designed to manage internal risk and safeguard the organization's money, equipment and other financial assets. The purpose of internal controls is to minimize losses, such as through theft, fraud, corruption, bribery or incompetence. An effective internal control system also protects staff, an organization's most important asset.

Examples of internal controls can be safe and secure storage of cash and financial records. Documented information should be maintained where required. It should be possible for an independent person to verify all transactions to the underlying records and original supporting documents.

Documented information for all key processes including a segregation of duties with another person other than the preparer to make payments or review financial reports. Bank reconciliations are undertaken to agree the bank account and the accounting records

3.2.2. Record keeping

Every organization should keep an accurate and complete record of all financial transactions that take place during the financial year so they can show how grants have been used. Accounting records include both the physical paperwork (such as receipts and invoices) and the 'books' of account where the transactions are recorded and summarized.

Requirements can be at least a cash-book, either manual or electronic, supported by the associated documents and receipts, including using unique references for transactions and organizing the supporting

paperwork and organization records within a filing system. The financial management system may be a spreadsheet but with controls to prevent double payments of an invoice.

3.2.3. Planning

Linked to the organization's strategic and operational plans, budgets are the cornerstone of financial management and play an important role in monitoring the use of grants. The financial planning process includes building longer-term plans, such as a financing strategy, and shorter-term budgets for projects, grants and programmes, and cash flow forecasts.

There are different budgets that list the expenditures expected to be funded from the grant. Preparation of budgets includes documenting the impact of foreign exchange variations, direct and indirect costs, other budget assumptions such as inflation and estimates for more complex expenditure.

3.2.4. Monitoring

Provided the organization has kept accurate and timely accounting records, and has set its budgets, it is possible to produce financial reports for use by different stakeholders. For example, budget monitoring reports help managers to monitor the progress of their projects or grants, and annual financial reports provide accountability to external stakeholders.

Examples can include transaction level reports which list cash received and cash expenditure for each grant. Reporting requirements include narrative to explain variances to budgets but reporting is in line only with grantor requirements

4 Terms and definitions

4.1

access:

ability, right, or permission to approach, enter, or use.

4.2

accruals

recognition basis whereby income is recognized when it is earned, and expenses recognized when they are incurred in a given period/year.

Note: See related definitions for cash basis, expenses, expenditure, and costs.

4.3

asset

item owned or **controlled** by the organization which has value and is available over a period of time to help deliver projects, activities, grants, or contracts.

4.4

assessment

periodic review of performance against set objectives.

4.5

award letter

formal document from the grantor to the grantee detailing the terms and conditions for which the grant has been awarded.

Note: This can be referred to as a grant letter.

4.6

activity

specific task, action, or operation carried out within the organization to achieve a particular objective or outcome.

Note 1: Activities can range from routine tasks such as answering emails or processing paperwork to more strategic initiatives such as launching a marketing campaign or developing a new product.

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Note 2: Activities can be considered the building blocks that contribute to the overall functioning and success of the organization.

4.7

audit

independent examination or review of financial records, systems, processes, or activities to ensure accuracy, compliance, and reliability. It involves assessing whether internal controls are effective in safeguarding assets and preventing fraud or errors.

Note 1: During an audit, trained professionals called auditors or certifiers evaluate documented information and policies and whether these are consistently implemented to provide an objective opinion on the fairness and reliability of the information being presented. The audit process can include testing transactions, verifying balances, and identifying areas for improvement in financial management and reporting practices.

Note 2: Audits can help stakeholders, to have confidence in the integrity and transparency of an organization's financial operations and reporting.

4.8

auditor

qualified professional responsible for conducting audits, which are independent reviews or examinations of financial records, systems, processes, or activities. Auditors are trained in and have expertise in accounting, finance, or related fields and are competent to assess the accuracy, completeness, and reliability of financial information

4.9

bank account

arrangement made with a financial institution whereby one may deposit and withdraw money and, in some cases, be paid interest. Mobile money accounts are considered a bank account for the purposes of this standard.

4.10

bids

set of documents issued by the procuring entity inviting offers (proposals or quotations) for the selection of suppliers, contractors, or service providers to fulfil specific requirements.

4.11

bribery

offering, promising, giving, accepting, or soliciting of an undue advantage of any value (financial or non-financial) directly or indirectly and irrespective of location(s) in violation of applicable law as an inducement or reward for people acting or refraining from acting in relation to the performance of their duties.

4.12

budget

estimate of the cost of a project, grant, activity, or contract including the assumptions used in calculating the estimate, the basis of the expenditure, and the specified period.

4.13

capacity

ability of an organization, system, or process to meet specified requirements, handle workload, or perform effectively under given conditions. It encompasses factors such as resources, capabilities, skills, infrastructure, and resilience.

4.14

capital grant income

amount of money an organization receives to cover the costs of acquiring an asset.

4.15

cash

money in the form of physical coins, banknotes, or any 'cash equivalents' such as a pre-paid card.

4.16

cash advance:

sum of money provided to an employee or individual for an expected expenses for particular project or activity or incidentals. The recipient is expected to account for the advance by providing receipts and/or documentation and returning any unspent money. This can be in physical form of notes and coins, and/or electronic form such as mobile money or a transfer into an individual's own bank account. NOTE: Cash advances can be used for business-related activities.

4.17

code of conduct

set of rules outlining specific behaviours required or prohibited as a condition of ongoing employment.

Note: A code of conduct applies the code of ethics to a host of relevant situations. A particular rule in the code of ethics can state that all staff will comply with the law; a code of conduct might list several specific laws relevant to different areas of organizational operations, or industry, that staff need to comply with. The code of ethics can state that the organization is an equal opportunity organization and the code of conduct can forbid sexual harassment, racial intimidation or viewing inappropriate or unauthorized content on company computers.

4.18

code of ethics

set of principles to guide staff behaviour and decision-making.

Note 1: When faced with ethical dilemmas or debatable situations, the code of ethics can help guide decision-making. The code of ethics is sometimes referred to as a value statement.

4.19

competent people or person

individual with the ability to apply their skills, knowledge, and experience to achieve the intended results, including the associated risks.

Note: This requirement can be demonstrated by a role having documented criteria or a role description which lists the competencies and experiences required.

4.20

contributions in kind

non-monetary resources received or provided by the organization.

4.21

corruption

abuse of entrusted power or privileges for private gain.

Note 1 Corruption is an insidious plague that has a wide range of corrosive effects on societies. It undermines democracy and the rule of law, leads to violations of human rights, distorts markets, erodes the quality of life and allows organized crime, terrorism and other threats to human security to flourish. This evil phenomenon is found in all countries—big and small, rich and poor—but it is in the developing world that its effects are most destructive. Corruption hurts the poor disproportionately by diverting funds intended for development, undermining a government's ability to provide basic services, feeding inequality and injustice and discouraging foreign aid and investment. Corruption is a key element in economic underperformance and a major obstacle to poverty alleviation and development.

Note 2: Corruption can be classified as grand, petty or political, depending on the amounts of money involved.

4.22

costs

expenditure or expenses incurred to carry out the grant, contract, or activity, or to run the organization.

4.23

cost allocation

methodology used to allocate expenditure or expenses to specific activities such as a project, grant, contract, or activity.

Note 1: Cost allocation is often used where there is no direct one-to-one match of the cost incurred to the job or task.

4.24

data

raw facts, figures, or observations that are collected or recorded.

Note 1: It can be considered the building blocks of information, often in the form of numbers, words, or symbols. For example, the transactions entered into a finance management system, or staff information entered into an HR system.

Note 2: Data entry can have controls such as segregation of duty between the person who enters the data and the person who approves the data has been entered correctly

4.25

disposal

act of removing an asset from use within an organization by selling, discarding, or donating an asset, whether or not it has been depreciated over its useful life.

4.26

documented information

refers to information that is required to be controlled and maintained by an organization. This documented information requires approval by a competent person or Board. Documented information encompasses both the content itself and the means by which it is stored, accessed, and preserved throughout its lifecycle within an organization

Note 1: It can be used to communicate a message, provide evidence of what was planned and has actually been done, or knowledge sharing.

Note 2: It can include Policy, Procedure, Checklist or Standard Operating Procedure.

Note 3: It can include use of electronic systems such as notes on a procedure or enforced controls by the system.

4.27

due diligence

careful and thorough investigation, assessment, or verification of information, facts, or risks related to a particular situation or decision-making process. It involves taking reasonable steps to ensure that all relevant factors are considered, potential risks are identified and managed, and informed decisions are made.

Note 1: Due diligence can include legal, ethical, and regulatory requirements as well as primary grantor's grant conditions.

4.28

expenditure

payment or disbursement of cash.

Note 1: Where the payment and the use of the item being purchased is within the same period such as employment, then expenses will equal expenditure for that item.

Note 2: For cash accounting, there is no difference between expenses and expenditure.

4.29

expenses

cost that was necessary in order to carry out the grant, contract, project or activity during the time period indicated in the financial report

Note: All expenses are also expenditure. An example of the difference between an expense and expenditure is when accrual accounting is being used. A company makes an expenditure of \$255,500 to purchase equipment. The expenditure occurs on a single day and the equipment is placed in service. Assuming the equipment will be used for seven years, under the straight-line method of depreciation the cost of the equipment will be reported as depreciation expense of \$100 per day for the next 2,555 days (7 years of service with 365 days each year).

4.30

evaluation

systematic and objective assessment of the relevance, effectiveness, efficiency, impact, and sustainability of an organisation or grant or programme or project. It involves analyzing data and evidence to determine the extent to which the desired outcomes or objectives have been achieved and to identify lessons learned and areas for improvement.

Note: Evaluation provides insights into the overall success or failure of an initiative and helps inform decision-making for future actions.

4.31

evidence

factual information and concrete proof or substantiation that validates the accuracy, reliability, or legitimacy of financial transactions, analyses, or projections.

Note 1: Examples can be bank statements, invoices, receipts, and other financial documents that provide a record of transactions and expenses.

Note 2: Examples can be independent audit reports or compliance documentation, such as tax returns, regulatory filings, and legal agreements, that ensure adherence to financial regulations and obligations.

Note 3: Examples can be risk assessments and due diligence reports with supporting document such as compliance to Good Financial Grant Practice standard

Note 4: Examples can be signatures on documents such as invoices. These can be electronic, 'wet' or validated by a financial management system control.

4.32

feedback

information or comments provided in response to a review, evaluation or due diligence.

Note 1: It can be a decision with or without rationale for that decision

Note 2: It can be positive, constructive, or critical and is intended to help individuals or organizations understand how their behaviour or work is perceived and how it can be improved.

Note 3: It can from various sources, such as line managers, top management, stakeholders, grantors, expert advisory committees or the community.

4.33**financial management**

efficient and effective management of money in such a manner as to accomplish the objectives of the organization

Note: Financial management includes the planning, directing, monitoring, organizing, and controlling of the monetary resources of an organization and is a key responsibility for the top management and governing board.

4.34**financial report**

record of the financial activities and financial position for either the whole organization, individual activities or grants or groups of grants as required by key stakeholders

Note 1: Key stakeholders include grantors and governing boards.

Note 2: Financial reports are usually produced for internal management decision making, or for monitoring financial performance, and might differ in format and principles from financial statements.

4.35**financial statements**

periodic records of the financial activities and financial position of the organization produced in the format and to the principle of applicable financial reporting standards.

Note: These are usually audited to both financial reporting standards and/or government regulations.

4.36**financial management system**

system that records transactions on an individual basis and manages costs, expenditure, payment processing, budgeting and reporting

Note: The system can be:

- a) a computerized system either off the shelf or be spoke that links all accounting data related to historical financial transactions as well as all cash transactions of payment and receiving, linked with budgets
- b) an electronic cash book or simple cloud-based software such as quick books, zero among others

4.37**forecast**

financial projection of how the organization, project, contract or activity will perform within a given period

Note 1: The organization can perform the projection against the budget.

Note 2: The forecast can be for a grant or activity or for the whole organization for a specified period.

4.38**fraud**

any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss

4.39**funding**

money or financial contributions to support grant activities.

Note 1: Funding can involve giving payments upfront to grantees or sub- grantees, to help them start or continue their work.

Note 2: Funding can be made in accordance to the primary funders grant conditions or to the organisations own policies.

4.40**governing board**

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group of individuals appointed to jointly oversee and safeguard the interests of the organization and stakeholders

4.41

grant

amount of money provided by the grantor to a grantee for a particular purpose. It is a unilateral act and can include grant conditions that must be met to claim the funding however it is not legally binding.

Note: An organization might opt for a procurement agreement instead of a non-legally binding grant agreement when there is a need for enforceable terms and conditions, particularly when dealing with substantial financial commitments, complex partnerships, or sensitive intellectual property rights. This ensures clarity, accountability, and legal protection for all parties involved.

4.42

grantee

organization or individual that has been awarded a grant from a grantor

4.43

grant conditions

restrictions and limits to the use of grant income

4.44

grant cycle

end to end process of acquiring, receiving, managing and closing down a grant

4.45

grant income

money an organisation receives specifically designated for its operations, projects or activities and the costs of acquiring an asset.

4.46

grants system:

digital tool that helps organizations to manage the process of giving out and tracking grants.

Note 1: It helps keep everything organized, from receiving grant applications to reviewing them, making the grant, funding the activity and closing out the grant.

Note 2: It can be a streamlined system for managing the whole grant process.

4.47

grantor

individual or organization that awards a grant to a grantee

4.48

human resource system

digital tool that helps manage people-related tasks and data in an organization.

Note 1: It can help keep track of things like employee information, payroll, benefits, and performance reviews.

Note 2: It can be thought of an organized hub for all things related to the people who work at the company.

4.49

Imprest Account:

type of cash account where a fixed amount of money is set aside for a specific type of purchases, and expenditures are made from this fund. The account is periodically replenished to its original amount based on the actual expenses incurred with verifying receipts and/or documentation for the expenditures. This can be in physical form of notes and coins, and/or electronic form such as mobile money or bank account.

4.50

income

financial resources acquired through various channels to support the organization's operations, programs, and initiatives. This can include funds received from grants, donations, sponsorships, membership dues, and

revenue generated from services or products offered by the organization. For the purposes of the standard income excludes 'contributions in kind'.

4.51

indirect costs

cost that cannot be directly matched to an individual activity, grant, project or contract

Note 1: Indirect costs usually include overheads and can be fixed or recurring

Note 2: These expenses typically support the overall operation or administration of the business, such as rent, utilities, office supplies, and salaries for employees who are not directly involved in the grant activity.

4.52

indirect cost recoveries

method for calculating and allocating indirect costs that are incurred by the grantee in delivering a grant, activity, project or contract.

Note: Generally, cost recoveries are recovering the costs of expenditure that cannot be directly matched to an individual activity, grant, project or contract.

4.53

information:

data that has been processed, organized, or structured in a way that makes it meaningful or useful and can be acted upon.

Note: Financial reports can be considered information whereas the individual transactions can be considered data.

4.54

internal auditor

competent professional who provides an objective examination of evidence for providing an independent assessment on governance, risk management and control processes for the organization.

4.55

inventory

raw materials, work in progress or finished goods that will be used in a future period to undertake the activity for which the grant or income is provided

Note: This use could be in the:

- a) ordinary course of business of delivering the activity for which the grant or income is being received;
- b) process of production for activity for which the grant or income is being received;
- c) form of materials or supplies to be consumed in the production process; or
- d) rendering of services.

4.56

inventory management system

digital tool for keeping track of all inventory that an organisation holds

Note 1: It can help monitor, how much of each inventory item is available, when to reorder, and where everything is located.

Note 2: It can be an electronic system that helps prevent running out of things or overstocking and has controls on who can enter data and make changes.

4.57

intellectual property

creation of minds such as inventions, artistic works, designs, symbols, names, and images, used in commerce.

Note 1: It can include copyrights, trademarks, patents, trade secrets, and other forms of intangible assets that are legally protected against unauthorized use or exploitation.

Note 2: It can represent ownership rights and protections granted to individuals or organizations for their original creations or innovations, allowing them to control and benefit from their intellectual assets

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4.58

invitation to bid

process of seeking out prospective contractors to carry out a specific activity or project

4.59

invitation to tender

- a) for open tendering: making the information on the procurement publicly available, including related assessment criteria; and
- b) for restricted/selective and negotiated/limited methods: publishing information on how to qualify in a readily available medium within a time frame and in a manner that would reasonably allow eligible suppliers to apply.

4.60

monitoring

systematic collection and analysis of data or information to track the progress, performance, or implementation of a project, program, or process. Surveillance of various aspects to ensure that activities are being carried out as planned and that objectives are being met. Monitoring provides ongoing feedback and allows for timely adjustments to improve effectiveness and efficiency

4.61

organization

group of people structured and managed to meet a need or to pursue collective goals

Note 1: Organizations are likely to have a management structure that determines relationships between the different activities and the members, and subdivides and assigns roles, responsibilities, and authority to carry out different tasks.

Note 2: Organizations are likely to be legally registered entities with not-for-profit status.

4.62

overrun

continue beyond or above an expected or allowed time or cost

4.63

per-diem

daily allowance which is distributed to the traveller from which they will fund their expenses

Note: Travel allowances are sometimes known as per diems

4.64

performance

extent or level of achievement or effectiveness in carrying out tasks, activities, or functions relative to predefined goals, objectives, or standards. It encompasses the quality, quantity, timeliness, and efficiency of actions taken or outcomes produced within a given timeframe.

Note 1: Performance can be assessed at various levels, including individual, team, organizational, or system-wide, and is often measured against established benchmarks or key performance indicators (KPIs).

Note 2: Evaluating performance helps identify strengths, weaknesses, and areas for improvement to enhance overall effectiveness and productivity

4.65

period

number of weeks, months, years that relate to the content of the report or activity

Note 1 to entry: The period can be for part of the whole lifecycle of a grant, project contract or activity. Typically, a period is monthly, quarterly and annually

4.66

petty cash

small amount of cash kept on hand to cover minor, everyday expenses that do not justify a more formal procurement exercise. Examples of such expenses include office supplies, postage, and minor repairs. Petty cash can be in physical form of notes and coins and/or electronic form such as mobile money or advance to staff personal bank accounts

4.67**procedure**

a form of documented information that is a step-by-step instruction or a series of activities which states what needs to be done and, where relevant, what order to achieve the objective or output. This will guide those doing the work to consistently apply the same approach each time the action is repeated

Note: Where more than one role is required to carry out a procedure it is segmented into roles and responsibilities.

4.68**process**

form of documented information that is a step-by-step instruction or a series of activities which states what needs to be done and, where relevant, what order to achieve the objective or output. This will guide those doing the work to consistently apply the same approach each time the action is repeated

Note 1: Where more than one role is required to carry out a process it is segmented into roles and responsibilities.

Note 2: Processes can be documented as a series of procedures

4.69**procurement**

overall process of acquiring goods, civil works and services which includes all functions from the identification of needs, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration through the end of a services' contract or the useful life of an asset

4.70**programme**

set of related grants, projects or activities with a shared purpose or long-term aim

Note: These might be funded from a range of grants and funding sources.

4.71**project**

unique set of processes consisting of coordinated and controlled activities with start and finish dates, undertaken to achieve project objectives.

4.72**policy**

form of documented information which is an approved document that states top management's commitment, intention and direction of an organization.

Note 1: A policy can be a single document or in some cases may also include any processes and procedures relevant to the activities it covers.

Note 2 to entry: It is intended that the procedures, processes and policies required by this standard are cumulative.

Note 3 to entry: An organization can have one document that covers several requirements of this standard.

Note 4 to entry: It is good practice for a policy to have the following:

- a) who the policy applies to;
- b) who is responsible for it; and
- c) frequency with which it is to be reviewed.

4.73**purchase order**

request to a supplier or company to supply goods or services, and that gives details such as the amount, price to be paid and the method and date of payment

Note: A purchase order can be electronic as part of the functionality of the financial management system, or it may be a paper-based system

4.74**quotes**

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request for quotation (RFQ) whose purpose is to invite suppliers into a bidding process to bid on specific products or services. RFQ generally means the same thing as IFB (Invitation For Bids). An RFQ typically involves more than the price per item.

4.75 record

formal document or entry that provides a detailed account or representation of a financial transaction, event, or activity. It is evidence of the occurrence and details of the transaction

Note 1: Financial record can include information such as the date, amount, organisations or staff involved, and purpose of the transaction, who entered and who approved the transaction and the date the transaction was entered and the date the transaction related to.

Note 2: Records can take various forms, including minutes of Board and Top Management meetings which can include attendance, conflicts of interest, decisions taken.

Note 3: Records can be receipts and invoices that provide evidence of a financial transactions, including details such as the items purchased, prices, and payment terms as well as bank statements: Statements provided by financial institutions that summarize the transactions, balances, and activities within a bank account over a specific period.

Note 4: Records can be ledgers and journals: Accounting books or electronic records that systematically record and classify financial transactions, providing a chronological or systematic account of financial activities.

Note 5: Records can be contracts and agreements or other legal documents that outline the terms, conditions, and obligations related to a financial transaction or arrangement between parties.

4.76 reporting schedule

recording, processing and communicating financial or other information relating to a certain period of time.

4.77 reserves

funds that an organization has set aside from surpluses produced in previous years

4.78 requirement

essential element that needs to be fulfilled to ensure compliance with specified criteria or objective. It is essentially a condition or capability that can be met or possessed by a product, service, process, or management system to satisfy a contract, standard, specification, or other formally imposed documents.

4.79 revenue grant income

money that an organization receives as financial support specifically designated for its operations, projects, or activities.

Note: This excludes capital grant income

4.80 review

evaluation or examination of something to assess its quality, performance, or suitability. It involves analysing and considering the strengths, weaknesses, and areas for improvement of a product, service, process, or performance. Reviews can take various forms, such as written assessments, discussions, or inspections.

Note: These can be conducted to provide insights, recommendations, or judgments that inform decision-making or improvements.

4.81 reporting cycle schedule

recording, processing, and communicating financial or other information relating to a certain period of time.

4.82 risk

chance or possibility that something might go wrong or not turn out as expected. It's about potential problems or uncertainties that could affect the organizations plans, goals, or outcomes.

4.83**risk appetite**

organizations willingness to take on risk or how much risk they are comfortable with in pursuit of the organization's goals or objective, for example an organisation shall have zero tolerance for fraud and bribery. For example, an organisation shall have a high-risk tolerance to leading edge research

4.84**risk management**

process of identifying and forecasting possible risks, together with the identification of procedures to avoid or minimize their impact

4.85**risk register**

tool for documenting risks to the organization, project, grant or activity and the actions to manage each risk.

4.86**segregation of duties**

where a task is divided into stages and different people are required to be responsible for the different stages involved in completing the task

Note: The separation of sharing by more than one individual in one single task is an internal control intended to prevent fraud and error.

4.87**staff**

employees, who are being paid wages or salary by their employer, including contractors and volunteers and other people who work for an organization but who are not paid a wage or salary

4.88**staff complaint(s)**

concerns, grievances, or issues raised by employees regarding their employment or workplace conditions.

Note 1: These can involve matters such as discrimination, harassment, bullying, unfair treatment, wage disputes, or health and safety concerns.

Note 2: Addressing workplace complaints can involve investigating the matter, resolving conflicts, and implementing measures to prevent similar issues from occurring in the future.

Note 3: Addressing staff complaints is essential for maintaining employee morale, productivity, and retention, creating a safe and respectful work environment as well as ensuring legal compliance and fostering a positive work culture.

4.89**stakeholder(s)**

anyone or organisation who has an interest or is affected by a particular grant, project, organization, or decision.

Note 1: Can include individuals, groups, organizations, or even communities who may be directly or indirectly impacted by the actions or outcomes of the grant and or activity.

Note 2: Stakeholders can have varying degrees of influence, involvement, and importance, and their interests may need to be considered and managed in the planning, implementation, and evaluation of initiatives.

4.90**sub grant**

amount of money provided by a grantee to a subgrantee for a particular purpose. It is a unilateral act and can include grant conditions that must be met to claim the funding however it is not legally binding. There are three classifications of sub-grants

- a) an 'open' call - an open call for applications is a public invitation extended to anyone who meets the eligibility criteria to submit proposals or applications for a specific opportunity, such as grants, job positions, competitions, or projects. This type of call is typically advertised widely to reach a broad audience and encourage diverse participation
- b) a 'closed or direct' call - a closed or direct call is an invitation extended to a select group of individuals or organizations to either be a partner or collaborator or to submit proposals or

applications for a specific opportunity. This type of call is usually limited to pre-identified candidates who meet specific criteria or have been invited based on their qualifications or previous engagements

c) a 'collaboration – refer to definition for Collaboration.

4.91

collaboration

partnership or an association between the organisation and another organisation with the aim to collaboratively deliver the aims of a project or grant. It does not include selection of collaborators via open or closed calls with a formal evaluation process. Refer to 8.1 above

Note 1: Collaborations can be called consortium, partnerships, networks

Note 2: Collaboration can be the result of a joint application

Note 3: Partnerships can be legal arrangements particularly for longer term arrangements

Note 4: The organisation can be responsible to the ultimate grantor for the administration and management of the collaborator / partner

Note 5: The Collaborator can be selected due to being an organisation with expertise and/or the capacity of delivering the activity and/or an existing MOU between the organisations and/or statutory or regulatory rationale.

Note 6: The Collaborator can require capacity building of the organisation or in their expertise to deliver the aims of the grant.

Note 7: The ultimate grantor can suggest collaborators.

4.92

sub-grantee

organization that is awarded a sub-grant

4.93

supplier complaints

concerns, grievances, or issues raised by external individuals or entities that provide goods, or services, to the organization.

Note 1: These can include suppliers, contractors, consultants, or service providers. Note 2 to entry: Suppliers may raise complaints related to issues such as payment disputes, contract breaches, delivery delays, quality concerns, or communication problems.

Note 2: Addressing supplier complaints is crucial for maintaining positive relationships, ensuring the smooth operation of supply chains, and upholding contractual obligations

4.94

threshold

financial limit or a specific amount of money that acts as a cutoff point. It's the point where spending or income reaches a certain level that requires attention or action.

Note 1: Threshold can be in relation to minimum and maximum amount of cash advance a subgrantee can hold

Note 2: Threshold can be in relation to the value of an asset that will be capitalized.

4.95

top management

people or group of people who directs and controls an organization at the highest level

Note 1: Top management are the individuals at the highest level of the organization who have the responsibility for day-to-day tasks of managing that organization.

Note 2: Top management has the power to delegate authority and provide resources within the organization.

4.96

travel allowance

payment made to staff to cover accommodation, food, drink or incidental expenses they will incur during business related travel

Note 1: In some organizations, travel allowance is sometimes referred to as travel advance. A travel advance is cash given to an individual prior to travel to cover the expenses they will incur. Typically travel allowances are paid to employees before or after they have incurred this expenditure

Note 2: Travel allowances are sometimes known as per diems

4.97

whistle-blowing

act of drawing attention to perceived illegality, wrong doing or misconduct within the organization

Note: Corruption, fraud, bullying, health and safety violation, cover-ups and discrimination are common activities highlighted by whistle-blowers.

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