CAPACITY BUILDING PROGRAMME IN
FINANCE MANAGEMENT
ACKNOWLEDGEMENTS

We would like to thank all those who contributed to producing this brochure and implementing the capacity building programme in finance management since it was set up.

We would also like to thank all those who gave their testimonials and their time to answer our questions.
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NGOs operating in an increasingly competitive and rapidly changing world must be impeccable when it comes to managing their grants. As well as that, heightened regulatory requirements among donor organisations mean that organisations are becoming more and more professionalised and must prove they are effective and show they are financially responsible. Stringent financial monitoring and management are required if they want to obtain the trust and confidence of donor organisations, governments and other key stakeholders.

In an increasingly complex economic climate it is essential to strengthen NGOs’ credibility regarding all the people and organisations they work with. That is why the elected members of an organisation should get involved in the financial policies of their organisation and ensure they are in line with its strategic priorities. To achieve this, they not only have to be able to understand the instruments of financial management but they should also be able to make decisions based on financial information that is reliable and beyond reproach. It is therefore crucial to invest in quality financial management systems and appropriate monitoring tools. Coalition PLUS is committed to supporting its members so that they will be able to reach these high standards.

To meet these requirements, Coalition PLUS’ capacity building programme in finance management aims to provide support for its member organisations in setting up certified financial statements. Although there is no legal obligation to have NGOs’ accounts certified in the countries represented by our member organisations, this procedure aims to provide guarantees in how funds are used and ensure that their activities are sustainable and that they will continue to fight against HIV/AIDS.

Hakima Himmich
Coalition PLUS Chairwoman

Hélène Legaré
Coalition PLUS Treasurer

*Non-Governmental Organisation
OBJECTIVE

This brochure presents the capacity building programme in finance management: its implementation, its process, steps and results. The idea is to capitalise on Coalition PLUS’ experience via this programme.

WHAT IS CAPITALISATION?

Capitalisation is a process which aims to make shareable know-how skills out of experience. The main objective is to see what lessons can be learned, identify good practices and enhance them. This presupposes being able to identify, structure and organise the acquired skills and then formulate them so they can be used by others.

Capitalisation means enhancing what we know, turning tacit knowledge into explicit knowledge, thereby improving the quality of the actions undertaken by the organisations in terms of effectiveness, efficiency, sustainability and relevance.

WHAT IS THE BROCHURE ABOUT?

“To capitalise is to transform experience into shareable knowledge.”

Coalition PLUS was set up in 2008, through the initiative of four major HIV/AIDS organisations: AIDES (France), ALCS (Morocco), ARCAD-SIDA (Mali), COCQ-SIDA (Quebec). Its objective is to pool know-how from HIV/AIDS organisations in different countries in a collective effort to involve those communities at greatest risk of the epidemic in the governance of their programmes. By working together, these organisations strive to become an international, authoritative entity exerting a strong influence on the major decisions taken in the field of the fight against HIV/AIDS.

Coalition PLUS’ dynamic force has developed over the years with the arrival of new organisations through which it has been able to expand its network of activists and professionals. Today, through this union, the 13 member organisations have been able to make themselves heard by decision makers, donor organisations and health authorities involved in the fight against HIV/AIDS.
**OBJECTIVES AND VALUES**

- Promote the community-based approach.
- Head-up advocacy actions involving national and international decision-makers working in the field of HIV/AIDS.
- Provide technical support to member organisations.
- Create a platform of expertise to pool energy and skills.

**OUR VALUES**

- Community-based approach
- Independence
- Confidentiality
- Free expression
- Financial transparency

**COALITION PLUS AND THE COMMUNITY-BASED APPROACH**

To carry out its mission, Coalition PLUS commits itself to giving affected communities a say on important issues by mobilising them and giving them decision-making powers within the organisation. This approach aims to give a say to the people most at risk of HIV and also those who are excluded from health systems, i.e. migrants, women, sex workers, homosexuals, transgender people and drug users. The idea is to have a bottom-up approach based on the expectations and initiatives of local populations with the main objective being to bring about social change. Finally, it seeks to change the relationship between expert doctors and patients by giving patients the power to decide for themselves on issues which are of direct concern to them.
THE CHARTER REQUIREMENTS

MEMBERSHIP REQUIREMENTS

In order to guarantee transparency, responsibility and good governance, Coalition PLUS has set out a number of requirements and joint objectives for those wishing to join its union. To become a member, the candidate (the organisation wishing to join) must first and foremost be recognised as a historical, and key stakeholder organisation in the fight against HIV/AIDS in its country.

It must also meet a number of criteria which are essential to promote Coalition PLUS’ values throughout the world, namely:

- It must be community-based and include people who are both infected and affected by HIV/AIDS on its governing body.
- Its governing texts must be adhered to and its members must be represented democratically.
- Regarding financial management, they must use an accounting system which adheres to international standards and they must be able to provide accounts certified by an independent auditor for the two years prior to their request to become a member.

Organisations fulfilling all the criteria and wishing to join the union can do so by becoming a member.

Taking action for social change consists in carrying out actions which have an impact on all citizens and on the society in general, through demonstrations and advocacy with the aim of achieving social reform. The idea is to bring about change to improve the living conditions of those most at-risk of contracting HIV, have an influence on dysfunctions within the administration and legal environment of its country and allow people to act on their own health.

WHAT ABOUT ORGANISATIONS WHICH DO NOT FULFIL ALL THE CRITERIA?

Organisations which do not fulfil all the criteria can be offered partner status. Being granted this status means that the organisation is committed to conforming to the membership criteria and that it has the capacity to become a full member in the near future. As a partner, it can benefit from reinforced support from Coalition PLUS’ secretariat to improve its management and administration.

Attention! Any full member not completely adhering to all Coalition PLUS’ criteria may be assigned partner status following a vote by the Board.
**OUR ACTIVITIES**

Coalition PLUS’ secretariat is based in its head office in Pantin (France). Some employees work directly for organisation members. Its work is based on four key programmes.

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**THE COMMUNITY-BASED RESEARCH PROGRAMME**

Community-based research aims to include the participation of affected communities in each step of research projects. The activities of our community-based research programmes are organised around three strategic directions:

- Initiating multi-country research projects involving members of Coalition PLUS, in order to produce essential data immediately usable for action and/or advocacy.
- Supporting the members of Coalition PLUS in their community-based research initiatives.
- Promoting the community-based approach in research.

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**THE ADVOCACY PROGRAMME**

Coalition PLUS seeks to improve policies impacting the fight against HIV/AIDS and viral hepatitis by undertaking actions to influence political decision-makers and national and international public authorities. The advocacy programme aims to optimise access to rights, prevention and quality care for those who are most vulnerable to the epidemic. Coalition PLUS acts on a worldwide level to make sure that all possible resources are being used to fight against HIV/AIDS and viral hepatitis, to speed up price reductions of essential health products and promote innovative funding models such as the financial transaction tax or the so-called Robin Hood Tax.

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**THE COMMUNICATION AND FUNDRAISING PROGRAMME**

This programme consists in ensuring that Coalition PLUS and its members have positive exposure in the media (press, television, radio, social networks and so on) as well as during national and international conferences that the organisation takes part in. This programme also supports fundraising for its member organisations as well as launching large scale projects intended to sustain resources and strengthen the financial independence of the union.

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**THE CAPACITY BUILDING PROGRAMME IN FINANCE MANAGEMENT**

Coalition PLUS supports and follows up the means deployed by its member organisations and partners to fulfil required financial management criteria and improve the management and overall financial vision of their activities. More precisely, the programme aims to strengthen the capacities of organisations to channel and justify the use of their resources (cash flow, monitoring debts, follow-up of operating revenues, management of equipment and inventories and so on) to make sure that certified annual statements are published by an independent external auditor guaranteeing transparency, effectiveness and credibility.
THE CAPACITY BUILDING PROGRAMME IN FINANCE MANAGEMENT

WHAT FOR?

- To improve the overall financial vision of member organisations’ activities through reliable decision-making methods.
- To foster financial management transparency among our members in order to diversify funding.
- To strengthen the capacities of our members to channel and justify the use of their resources.
- To ensure the legitimacy of Coalition PLUS and guarantee financial transparency.

FOR WHOM?

- Coalition PLUS’ member organisations, for whom affiliation to this union strengthens their local base and their national and international exposure.
- Historical HIV/AIDS organisations who promote the community-based approach and have expressed their wish to join this union.

HOW?

- Providing organisations with financial and technical support by setting up a financial management system including accounting software, accrual accounting system, financial departments, etc.
- Making sure that certified financial statements are issued by an independent external auditor with a legal mandate so that all financial data remain secure.
- Setting up management and steering tools to improve decision-making processes.

WHAT IS ACCRUAL ACCOUNTING?

Accrual accounting or « double-entry accounting » is an accounting method that measures cash inflows and outflows. Accounting operations (income and expenditure) are registered when they are sure even if they haven’t been paid. For example, a purchase billed on the 31st March, is registered into financial accounting on this date even if the payment will be made two months later. Then on the 31st May, it will be re-entered to show that the transaction is effective. The aim of this accounting system is to give an accurate financial image of the organisation by giving an overall view of assets, profits and losses.
CAPITALISATION OF THE CAPACITY BUILDING PROGRAMME IN FINANCE MANAGEMENT

FOCUS ON AFRICA

This brochure focuses on Coalition PLUS’ African organisations who benefitted from this technical support. Out of the 36.9 million people living with HIV in 2014, approximately 25.8 million live in sub-Saharan Africa. Thus, with over 70% of the world’s HIV positive population living in African countries with inefficient health systems, African organisations have a major role to play in the worldwide response to the AIDS epidemic.

THE OBJECTIVES OF THE PROGRAMME TO SUPPORT FINANCIAL MANAGEMENT

- **Strengthen accounting and finance teams to:**
  - Set up a financial management system which reflects the effectiveness of the organisation.
  - Have the organisation’s accounts certified by an independent external auditor.
  - Decide on a budget in line with the organisation’s projects.
  - Produce indicators on where the organisation’s funding comes from and how it is used.
- **Heighten the awareness of board members on the importance of financial policies to support the organisation’s activities:**
  - Train board members on the organisation’s financial policies.
  - Support financial staff when they present financial statements.
- **Add to accounting and assets overview with insights into the way organisations’ activities are managed.**
- **Strengthen the organisation’s own identity and legitimacy as a community-based stakeholder.**

INITIAL APPRAISAL AND SUGGESTED SOLUTIONS

**Cash accounting system**

Before becoming members of Coalition PLUS, organisations registered their financial transactions with a cash accounting system. This method is based on the principle of inflows/outflows. Revenues and expenditures are taken into account when they are actually paid: they are registered when there is exchange of money.

It is a simplified accounting system where revenues and expenditures are reordered in the order they occur. However, this method does not give an accurate financial image of the organisation and an overview of its assets, including debts, real estate, receivables, cash assets and so on.

In the beginning I didn’t realise that we were operating with a cash accounting system. We didn’t put enough value on what the organisation owned, its assets. We merely conducted the inventories which our donors asked us for. We didn’t have an overview of our debts and receivables either. We relied on what the donors actually gave us but we had no idea of our accrued income.

After several missions of capacity building, however, I began to understand the need for accrual accounting.

Olga Bance Kansole
Accountant at REVS+, Burkina Faso
Accounting standards for NGOs

In some African countries, there are no specific accounting standards for NGOs, unlike French organisations which have their own accounting rules suited to their specific features. That is why African members of Coalition PLUS introduced these French standards into their accounting systems. However, staff working in the finance departments occasionally encountered difficulties with their auditors who tended to see NGOs as branches of the public service.

A logic of service provision

Above and beyond accounting methods, NGOs tend to adopt a logic of service provision towards their donors which has an impact on their organisation. Only too aware of the importance of funding to guarantee care for HIV positive people, they have a «bottom-up» relationship with donors. However, the latter sometimes have requirements which are inappropriate to the social, economic and financial environment in African countries and therefore NGOs are unable to meet them.

Coalition PLUS’ objective is to strengthen the identity of its member organisations. In order to meet this goal, the capacity building programme in finance management endeavours to raise awareness among elected officials on the importance of financial management in supporting the organisation’s strategic priorities by training them to have better access to financial information. The programme also helps financial staff to present their financial statements, such as the balance sheet components, PowerPoint presentations and so on. As a result, managerial teams have greater visibility when steering the organisation.

Some African organisations have more than 100 bank accounts! For example, ALCS, in Morocco, had to open an account for each grant in order to meet the requirements of its donors. The same is true for procedures: each donor requires the organisations to apply specific procedures and not the organisations’ own ones.

"We had some trouble with French accounting terms [...]. In Mali, and throughout West Africa, there are no specific accounting rules for NGOs, only companies [...]. Our auditor was not aware of specific French standards and we had to explain the process to him before he would validate some operations."

Ibrahima Sissoko
Management Controller, ARCAD Sida (Mali) and technical advisor to Coalition PLUS’ financial management programme

"At the present time, we get the feeling that the financial department in ARCAD-SIDA has a lot more responsibility at the level of the Board. The latter realised that without its accounting department it would be hard for the organisation to maintain its credibility among donor organisations. The board members want to give us the wherewithal to improve our methods."

Soumaïla Diallo
Financial manager, ARCAD-SIDA, Mali

"With the capacity building of this programme, I feel that we have managed to set up a system. Thanks to our certified accounts we were able to get funding, to assert ourselves and to answer calls for proposals. Furthermore, we manage the organisation in a comprehensive way and not only per project as we used to do. This allows us to have an overall vision of our activities and identify strategic priorities."

Aliou Sylla
Chairperson ARCAD-SIDA, Mali

"To my mind, the biggest problem in countries of the Global South is that they do not include political structure costs in their budgets per donor. For example, the original problem in Mali was that the organisation was operating «per donor» without including the organisation’s policies. If we respond to the demands of donors, we get locked into a situation where we lose our political independence and activity programmes cannot thrive without a genuine political structure."

Vincent Pelletier
Director Coalition PLUS, France
First of all, the capacity building programme in finance management carries out an assessment of the organisation. The idea is to get a clear picture of the overall running of the financial department of the organisation wishing to become a member and analyse the relevance of the financial information it produces. The organisation’s needs in terms of technical support are then evaluated in order to develop a capacity-building programme. If the organisation does not meet all the membership criteria, the financial management programme will help it to set up an accrual accounting system and provide support until it has obtained its certified accounts from an independent auditor.

If the organisation meets all membership criteria, it can benefit from financial support as a member of Coalition PLUS and also technical support for creating budget monitoring and decision-making tools.

Coalition PLUS’ capacity building programme in finance management includes

14 MISSION/YEAR or
730H/YEAR

A BROAD RANGE OF TOOLS

- TECHNICAL SUPPORT
- FINANCIAL SUPPORT
- SHARING OF EXPERTISE
- SHARING OF BEST-PRACTICES
- HELP TO SET UP MANAGEMENT TOOLS
MEMBERS OF COALITION PLUS, GUARANTORS OF FINANCIAL TRANSPARENCY

As a historical HIV/AIDS organisation in Mali and founding member of Coalition PLUS, ARCAD-SIDA has had its accounts certified by an independent auditor since 2006. Accrual accounting system means that it is possible to refine analysis by implementing a management accounting system, which is based in double-entry general accounting. It means different costs can be calculated, giving a vision of costs per activity and their funding. With Coalition PLUS’ capacity building programme in finance management, ARCAD-SIDA’s financial staff gradually implemented an annual resource allocation statement in order to analyse expenditure. It is structured in two parts (one part income and one part expenditure) which gives a breakdown of spending per activity and sub-activity as well as relevant resource allocation. It also gives an overall view of the organisation and is a management tool which means that the organisation’s strategic priorities can be followed-up budget wise.

ARCAD-SIDA’S CURRENT FINANCIAL MANAGEMENT SYSTEM

However, in Mali, there is no legal obligation for NGOs to have their accounts certified. In addition to accrual and management accounting, ARCAD-SIDA gradually set up an annual resource allocation statement in order to analyse expenditure. It is structured in two parts (one part income and one part expenditure) which gives a breakdown of spending per activity and sub-activity as well as relevant resource allocation. It also gives an overall view of the organisation and is a management tool which means that the organisation’s strategic priorities can be followed-up budget wise.

PROVISION OF TECHNICAL SUPPORT: THE SETTING UP OF A RESOURCE ALLOCATION STATEMENT AT ARCAD-SIDA

As a historical HIV/AIDS organisation in Mali and founding member of Coalition PLUS, ARCAD-SIDA has had its accounts certified by an independent auditor since 2006. However, in Mali, there is no legal obligation for NGOs to have their accounts certified. In addition to accrual and management accounting, ARCAD-SIDA gradually set up an annual resource allocation statement in order to analyse expenditure. It is structured in two parts (one part income and one part expenditure) which gives a breakdown of spending per activity and sub-activity as well as relevant resource allocation. It also gives an overall view of the organisation and is a management tool which means that the organisation’s strategic priorities can be followed-up budget wise.
Since 2007, ALCS has had its accounts certified by an independent auditor. From 2012 onwards, it established a new analytical accounting plan focused on populations, activities and sub-activities enabling a breakdown of expenditure according to these priorities. Today it boasts effective and sound administrative and accounting procedures and qualified and reliable financial staff.

In 2015, it obtained an environmental and social responsibility certification from Vigeo with very positive feedback on the financial transparency of the organisation.

ALCS’ CURRENT FINANCIAL MANAGEMENT SYSTEM

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PROVISION OF TECHNICAL SUPPORT: TRAINING OF BOARD MEMBERS ON THE FINANCIAL STATEMENTS OF THE ORGANISATION.

The finance department staff of ALCS was given support in raising the awareness of its board members on the importance of a financial management system to implement strategy. Thus board members were able to understand the financial information that was given to them during board meetings, thereby improving their decision-making processes.

“...The technical support within the programme clearly helped us to gradually implement a financial strategy. In the beginning, financial management wasn’t an important issue in the organisation’s strategy, we didn’t use it as a tool. Now we realise that finance issues are central to the reflection conducted by ALCS on its strategy.”

Fouzia Bennani
Director of ALCS, Morocco.

1 Vigeo is a European expert on the assessment of companies and organisations with regard to their practices and performance on environmental, social and governance (ESG) issues.
As well as having its accounts certified by an independent auditor since 2010, the ANSS has also managed to strengthen its financial department. The organisation is now experimenting with the idea of decentralising its accounting to have it done in its branch organisations. It is also endeavouring to raise awareness on budgetary monitoring within its project teams by asking them to have their expenditure validated and to charge the amounts to the budget themselves.

**ACTIVITIES:**
- Comprehensive care for people infected with and affected by HIV/AIDS.
- Medical, psychological and social support for over a million orphans.
- HIV/AIDS and STI prevention actions among homosexuals in Bujumbura + specific medical consultations.

**ANSS’ CURRENT FINANCIAL MANAGEMENT SYSTEM**

The ANSS owns large amounts of equipment and appliances, such as haematology analysers and CD4 counters and so on. Surveying these assets on a regular basis using a monitoring table is essential to obtain an accurate view of fixed assets. Not only does it put a value on the organisation’s assets, it also characterises the care services used by ANSS’ users by monitoring the material used by medical staff.

Fixed assets are physical, intangible or financial goods which have a certain value that the entity owns and plans to use over a period of time, greater than one year. They are assets which have financial value for the organisation. Due to its expertise in biological analysis and follow-up, the ANSS owns large amounts of equipment and appliances, such as haematology analysers and CD4 counters and so on. Surveying these assets on a regular basis using a monitoring table is essential to obtain an accurate view of fixed assets. Not only does it put a value on the organisation’s assets, it also characterises the care services used by ANSS’ users by monitoring the material used by medical staff.
REVS+ is the latest African organisation to join Coalition PLUS and as such it has started to have its accounts certified for the financial year 2011. Through financial support, it benefits from a stable and strong financial department. To date, it has decentralised its accounting to its five branches.

Monitoring grants is a major task as some organisations are awarded grants from several different donor organisations. Such is the case for REVS+, which was awarded about 50 grants in 2014 for an overall amount of 500 000 EUR (i.e. an average of 10 000 EUR per grant) some of which last only a few months. In addition, monitoring grants can be a delicate matter as there is often a time lapse between the date the grant is awarded and its actual payment. Thus, with the implementation of a monitoring table, REVS+ is now able to follow-up all grants received in terms of donor, activity, award date, payment date, grants receivable and so on. This facilitates calculating accrued or deferred incomes at the end of each financial year.

**ACTIVITIES:**
- HIV/AIDS and STI prevention.
- Prevention of co-infection and testing for cervical cancer.
- Psychological and medical care for people living with HIV/AIDS.
- Organisation of income-generating activities.
- Medical, psychological and social follow-up of thousands of orphans.

**PROVISION OF TECHNICAL SUPPORT:**
**TABLE TO MONITOR GRANTS**

<table>
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<tr>
<th>Set Up Date</th>
<th>Burkina-Faso Employees 2014</th>
<th>Budget</th>
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<tr>
<td>1997</td>
<td>Employees: 21, Volunteers: 113</td>
<td>752,000 €</td>
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**REVS+ Today**

REVS+ head office, Bobo Dioulasso
Revision file is evidence that accounting procedures and standards have been adhered to. They include all the details required to draw up the year-end balance sheet as well as all the necessary information in case of an inspection by the tax administration or auditors. This document which is necessary for closing the accounts can also be used for internal control and has enabled ACS/AMO staff to prepare their first accounts certification by an independent auditor.

ACTIVITIES:
- Comprehensive and psycho-social care (prevention, testing, access to care) for people living with HIV.
- HIV Prevention
- Community-based mobilisation,
- Mobilisation for access to voluntary counselling and testing services.

For the last few years, through the efforts made by ACS/AMO Congo’s financial staff, supported by the capacity building programme in finance management, the organisation is now able to have its first accounting period certified by an independent auditor with a legal mandate. It is the first step in the process to become a member of Coalition PLUS.

TODAY, ACS/AMO HAS ITS FIRST CERTIFIED ACCOUNTING PERIOD
Coalition PLUS’ capacity building programme in finance management has become involved in a new project funded by the 5% initiative. The aim of the project is to place PILS (member of Coalition PLUS and principal recipient of a Global Fund grant in Mauritius) and five other African organisations as model stakeholders in the management of their Global Fund grant.

The main challenge is to create a framework for exchange between the organisations’ finance department staffs and that of the Global Fund and to provide a written account of dysfunctions or difficulties encountered in grant implementation. Eventually this project aims to produce a best practices manual for the management of these very specific grants and be a source of new proposals by associating one or several Global Fund representatives on technical, financial and coordinating aspects of the programme.

**NEXT STEPS**

- Implement a tool to facilitate implementation of the programme’s recommendations.
- Improve transmission of information among people participating in the programme.
- Foster exchanges between organisations using workshops, mailing lists and so on.
- Be a source of new proposals towards major funding institutions such as the Global Fund to fight AIDS, Tuberculosis and Malaria.