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Research Application Summary

Securing timely financial accountability from RUFORUM Member Universities

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Abstract

Accountability in an organization's financial process plays an important role in maintaining a strong, effective financial control environment. Effective transaction review and approval steps, will reduce the risk of errors, misappropriations, and fraud in the organization's financial processes. Financial accountability results from holding an individual or institution accountable for effectively performing a financial activity and this applies to Grants awarded by the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM). The successful completion of a key control procedure may, as policy allows, assign the responsibility, but not the accountability, for completing the procedure to another individual or Institution. The Navision system in place at the RUFORUM Secretariat has enabled RUFORUM to track all accountable funds which are advanced to universities, individual students, Principal Investigators (PIs) and RUFORUM staff. Each financial transaction must have an audit trail, enabling the identification of the specific persons handling the transaction at different stages of the process. The Navision system also allows the finance unit to track how the different advances made to an individual or principal investigators as it is the case with the RUFORUM grants that the PIs can have up to several Sub-Grants. The financial transactions must be traceable and accountability well documented. There are many challenges of accountability for NGOs within many developing countries that draw resources from Development Partners such as Bill and Melinda Gates Foundation (BMGF), Mastercard Foundation, Carnegie Cooperation of New York etc. This paper examines the challenges of accountability for RUFORUM as a case study of NGOs in Uganda to illustrate how some of those challenges are currently being addressed.

Key words: Donor funding, financial accountability, Principle Investigators, RUFORUM, universities

Résumé

La responsabilisation dans le processus financier d'une organisation joue un rôle important dans le maintien d'un environnement de contrôle financier solide et efficace. Des étapes efficaces d'examen et d'approbation des transactions réduiront le risque d'erreurs, de détournements et de fraude dans les processus financiers de l'organisation. La responsabilité financière résulte de la responsabilisation d'un individu ou d'une institution pour l'exécution

efficace d'une activité financière, et ceci s'applique aux bourses accordées par le Forum Régional des Universités pour le Renforcement des Capacités en Agriculture (RUFORUM). L'achèvement fructueux d'une procédure de contrôle clé peut, si la politique le permet, attribuer la responsabilité, mais non la responsabilisation, de l'achèvement de la procédure à une autre personne ou institution. Le système Navision en place au Secrétariat du RUFORUM a permis à RUFORUM de suivre tous les fonds responsables qui sont avancés aux universités, aux étudiants individuels, aux investigateurs principaux (PIs) et au personnel de RUFORUM. Chaque transaction financière doit avoir une piste d'audit, permettant d'identifier les personnes spécifiques qui gèrent la transaction à différentes étapes du processus. Le système Navision permet également à l'unité des finances de suivre la façon dont les différentes avances faites à un individu ou un investigateur principal, comme c'est le cas avec les bourses de RUFORUM, que les PIs peuvent avoir jusqu'à plusieurs sous-subsventions. Les transactions financières doivent être traçables et la responsabilisation bien documentée. Il existe de nombreux défis de responsabilisation pour les ONG dans de nombreux pays en développement qui tirent des ressources de partenaires au développement tels que la Fondation Bill et Melinda Gates (BMGF), la Fondation Mastercard, la Coopération Carnegie de New York, etc. Cet article examine les défis de la responsabilisation de RUFORUM comme une étude de cas des ONG en Ouganda pour illustrer comment certains de ces défis sont actuellement relevés.

Mots clés: Financement des donateurs, responsabilité financière, Investigateurs principaux, RUFORUM, universités

Introduction

Accountability refers to the willingness or an obligation of an individual, University or organization to account for its activities, accept responsibility for them, and to disclose the outcome of the process. African universities are under immense pressure to provide proof of relevance to society amidst constricting public funding for universities core functions: teaching, research and outreach (Hayward, 2015). The increased agitation for university relevance is particularly touching on the role and relevance of universities in knowledge transfer and commercialization of research outputs (Narayan *et al.*, 2017). Universities are considerably diverse in their structure, size, funding, governance, and focus. This variation influences how universities finance their operations. Universities raise funds through direct tuition fees, philanthropy, direct government releases and competitive grants projects, among others. These essentially coming from four main categories: negotiated funding, input based funding, output based funding and student based funding (Twene, 2014).

Owing to constricted financing from African governments to research, a number of universities in Africa have relied on competitive grants to raise resources to fund their research ideas and programmes as well as to advance the third role of the universities: community engagement. A university's success in attracting competitive grants is dependent on several factors, including, institutional reputation, vision and mission as well as its governance structure and process and the quality and relevance of the project idea submitted. Accountability and as such, financial management end reporting has become a critical component in project governance as well as for providing feedback on project performance and prudence. It is also an important tool for both retrospective and disciplinary aspects of governance, dealing both with recording and

incentivising compliance and standard, and with detecting and penalising failures (O'Neill, 2015). Reliance of universities to competitive grants is not a recent resource mobilisation approach for universities. Competitive grants have been in operation for several decades in Africa, since early entry of development agencies and foundation bodies such as the USAID, Rockefeller Foundation and others introduced universities to competitive grants schemes.

From a FORUM project to RUFORUM as a regional network institution. In 1992, the Rockefeller Foundation established FORUM, a project that was focused on graduate training in agricultural sciences in 10 universities in Eastern and Southern Africa, called Forum on Agricultural Resource Husbandry. At the winding up of this project in 2003, several successes had been registered including the training of 250 MSc students and increased connectivity of universities to communities. The then 10 participating universities in Kenya, Malawi, Mozambique, Uganda and Zimbabwe created the Regional Universities Forum for Capacity Building in Agriculture (RUFORUM). Today, RUFORUM is a network of 126 universities in 38 African countries that has continued to utilise the Competitive Grants Scheme (CGS) for the last 15 years as a mechanism for increasing university relevance and contribution to development. As the network expands and the number of projects and suit of competitive grants offerings continues to grow, securing accountability as well as demonstrating value for money has become a critical component of the grants management and confidence building with the funding agencies that provide RUFORUM with financial resources to sub-grant. This paper shares the processes, innovations and strategic actions executed by the RUFORUM Secretariat to secure financial accountability from member universities implementing sub-granted projects.

RUFORUM's portfolio of grants. RUFORUM runs a series of grants among which include; Graduate Research Grants (GRGs), Institutional Strengthening Grants (ISG), Doctoral Research Grants, Doctoral Finalisation grants, Post-Doctoral Grants, Community- Based Field Attachment Programme Award (CFAPA), Community Action Research Programmes (CARPs/CARP+) and RUFORUM Entrepreneurship Challenge Programmes (RECAPs).

Granting process. Competitive Grants are founded on the realm of transparency. The granting process at RUFORUM Secretariat is depicted in Figure 1. Accordingly, this fundamental ethic is the commencement of RUFORUM's accountability mechanisms. This is because the grant process has considerable influence as it impacts on the project implementation and therefore creating compliance to guidelines. An applicant's understanding of guidelines provides a key entry point for administration of the grant. RUFORUM runs a three tier granting process; an open call, double-blind review, selection of the competitive projects by the Technical Committee and feedback to applicants. All successful applicants are invited to Principal Investigators Orientation Meeting (PIOM) in which they are taken through the principles of a particular grant requirements and implementation issues, including tools and reporting systems available and required. Depending on the grant type and funding agency, the reporting tools-templates are provided, and Principal Investigators (PIs) are trained to use them to secure compliance. In this regard, the instruments of RUFORUM's granting process are the Competitive Grants

Scheme Manual, Technical Committee (one of RUFORUM's governing bodies), a suit of reporting tools, RUFORUM Information Management System (RIMS) and effective project coordination by the respective coordinating unit at the RUFORUM Secretariat.

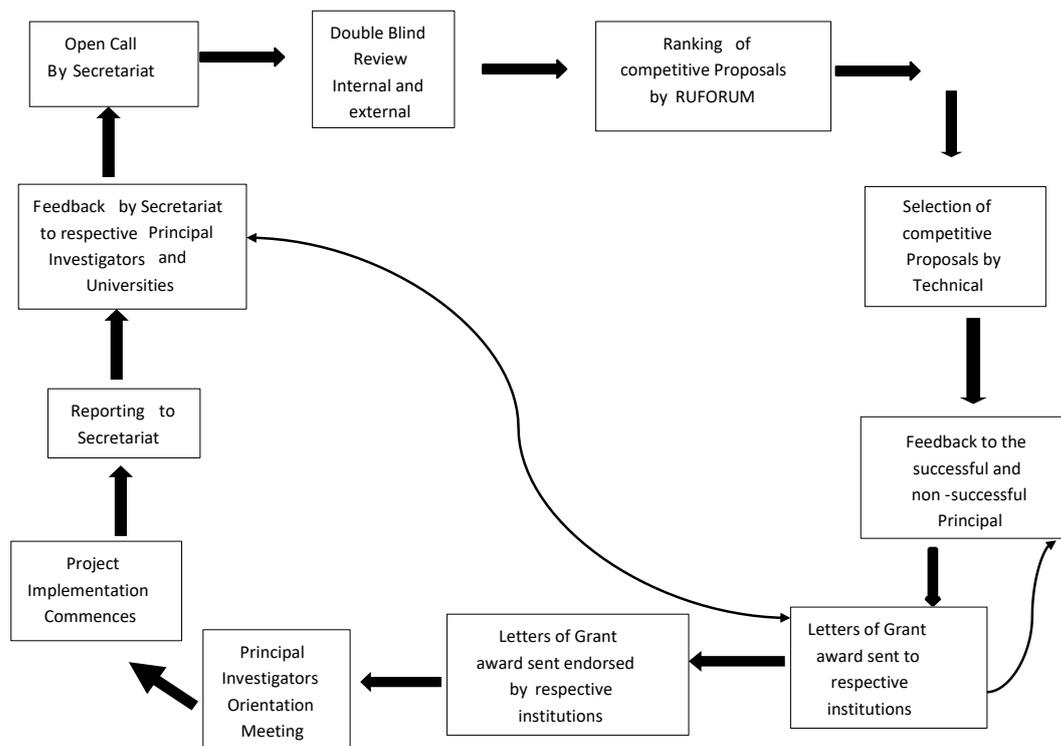


Figure 2. Granting Process Flow Chart

Financial accountability: process, instruments and oversight

RUFORUM has a standard reporting financial template, which is flexible in that it has room to absorb any budget from both small and big grants. The grantee designs it to fit in budgets for each activity in the project. The grantees are expected to report either quarterly or six monthly and after every 12 months they are expected to submit audited reports from the University. Since the grant is to the University, each Principal investigator (PI) is accountable to the Vice Chancellor (VC) of his/her respective university, as the head of the institution. The Financial statements and supporting documents are internally audited at university level and audited statements are sent to RUFORUM Secretariat and verified. To check on the financial process further, the RUFORUM Secretariat undergoes external audit annually. The external auditors identify at least five member universities to undertake audit verification of the grants process and accountability. During this process the auditors obtain reports that have already been audited by the universities and they go with those reports to the universities that they have identified and make comparison and recommendation pertaining the grants. The process helps identify issues that need to be ironed out for example under grant number RU2014NG27 by 2018 the outstanding grant was US\$ 5,000 however, when auditors visited the University to

audit all grants they found out that the PI had actually accounted for more funds which reduced his accountability balance. This means that external auditors bridge the gap in financial reporting. The process of auditing Universities has facilitated transparency and accountability by universities. The Mastercard project is quite unique and different from the rest of the RUFORUM funded projects. The Mastercard Foundation requires the submission of receipts according to activity and the Foundation disburses the annual grant basing on what the Secretariat has accounted for; the other projects require that the University submits audited reports to the Secretariat (universities keep accountability documents) and the funds are disbursed according to the Grant award agreement. All projects have a time frame within which a project must take to wind up, however, due to unforeseen circumstances some projects take longer than usual. When a project takes longer than usual they can write to the Secretariat for an extension which extension does not call for additional funds beyond what was provided in the grand award letter. Beyond the grant end date, the University will be required to refund funds that have not yet been accounted for. By asking Universities to refund funds this has enabled the Secretariat to be able to obtain accountabilities from the Universities.

Given the above background, accountability in RUFORUM's financial process plays an important role in maintaining a strong, effective financial control environment. Accountability is important and we are regularly answerable to at least four different authorities: to the Donors that provide the resources. RUFORUM Board of Trustees, RUFORUM Board Executive Committee, RUFORUM Annual General Meetings, and to governments. Accountability to the Secretariat has encountered many challenges including lack of transparency, untimely submission of reports characterized by exaggerated costs, unclear receipts, illegible costs and delay in submission of reports. In some cases there is limited follow-up of project activities and accountabilities at the university level.

Approach. A few methodologies need to be put in place to improve grant sourcing and management, like training of beneficiaries. There is also need to develop effective financial controls to ensure integrity of the organization to ensure that projects are completed in a timely manner and within the budget provision. Equally important is the need to monitor and evaluate plans, giving focus on results, and measuring attainment of outcomes.

Compliance knowledge of procedures for assessing, evaluating, managing, and monitoring financial assistance programs or projects for compliance with statutes, regulations, policies, and procedures as per the grant award letter are clearly spelt out in the grant agreements with the major funders. RUFORUM Secretariat and sub-grantees must comply with these requirements.

Creative thinking develops innovative ideas and solutions and designs new methods where established policies or procedures are inapplicable, unavailable, or could be improved to promote efficiency and effectiveness in financial reporting. For example instead of waiting for reporting time then submit reports for audit, one can submit reports earlier than the deadline and also have a discussion with the university auditors on the urgency of the

report. Also grantees are encouraged to consult regularly with the granting institutions be it RUFORUM Secretariat or other bodies. Clearly, both the Secretariat and the universities need to build skills in project management and reporting, not only on finance matters, but also on progress towards the planned results and outcomes.

External auditors play a big role in ensuring that accountability is done timely and transparently. They independently hold the RUFORUM Secretariat and universities accountable for any irregularities with their grants and check the grantees level of transparency. The external auditors have recommended that Universities make refunds in case grants are long overdue and in cases of other irregularities to the grant requirements.

Lesson Learnt

- A suit of grants engages the network differently and therefore creates both a training ground and a sustainability flow.
- Universities are at different levels of financial management. This requires nurturing to establish sound financial management processes and building skills and capacities of the relevant staff.
- Principal Investigators Orientation Meetings provide training and offers opportunity for breaking the barriers between the Universities and RUFORUM Secretariat grant management team.
- Adapting financial tools and guidelines is core to securing credible accountability from both the RUFORUM financial and university management system.

As much as there should be great attention to finance management and accountability issues, due attention must be given to following and reporting on the intended results and outcome, especially RUFORUM focus on students training, generating research outputs, and preparing synthesis papers and guidelines to inform beneficiaries, policy and global community, including funding agencies. These aspects need due attention by the RUFORUM Secretariat, Network and grantees, including students. A key issue is that there must be due attention to timely graduation, and reporting back to the communities where research is undertaken. Clearly outcomes of the grant process must be documented and shared through various media channels.

Conclusion

Accountability in RUFORUM Secretariat financial process plays an important role in maintaining a strong, effective financial control environment. Accountability is important and we are regularly answerable to at least five different authorities that provide the resources, Boards of Trustees, stakeholders and to governments. Accountability at the Secretariat has faced with many challenges of lack of transparency, untimely submission of reports characterized by exaggerated costs, unclear receipts, illegible costs and delay in submission of reports. However, a few methodologies need to be put in place like; training of beneficiaries, creating a good accountability culture at the Secretariat and university levels, the beneficiaries, frequent monitoring of the projects implementation for learning and joint responsibility and engaging stakeholders to ascertain outcomes.

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