



# HQAI Facilitation Fund Procedure

PRO200 - Facilitation Fund procedure - 2024-12-10

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| D-PRO200 - HQAI Facilitation Fund Procedure - 2024-12-10 |  |      |
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# HQAI Facilitation Fund Procedure

## Introduction

### I. The Humanitarian Quality Assurance Initiative

HQAI's objective is to improve the Quality and Accountability of organisations working with vulnerable and at-risk populations through the provision and promotion of meaningful and adapted independent quality assurance. Its services are intended to build capacity in the sector and provide consistent, measurable data in the delivery of quality action, thus improving principled, accountable, efficient provision of aid to vulnerable and at-risk populations.

To all its stakeholders, HQAI is an accountable, open and trustworthy partner which applies the internationally recognised ground rules of auditing, which are impartiality, competence, responsibility, openness, confidentiality and responsiveness to complaints. Our policies, procedures and tools for independent quality assurance follow relevant ISO standards requirements. HQAI's CHS certification scheme is accredited against ISO/IEC 17065:2012.

HQAI has developed robust tools to measure efficiently where an organisation stands in relation to the [Core Humanitarian Standard \(CHS\) on Quality and Accountability](#). Tools related to other standards may be developed in the future.

HQAI is committed to the nine fundamental principles of the CHS and implements them as far as they are applicable to its own activities.

These are:

- delivery of services that respond to the needs of users
- timely delivery of these services
- avoidance of negative effects
- transparency and participation in decision-making
- provision of safe complaint mechanisms
- avoidance of duplication
- responsible management of staff, including non-discrimination
- responsible use of resources

### II. Scope

This procedure defines the conditions, criteria, rules and process to be followed by HQAI Facilitation Fund (hereinafter the FFund) to assess and decide on subsidies allocation. HQAI Secretariat bears oversight on all other expenses of the FFund.

### III. References

The following referenced documents can usefully complement this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

POL049 - Appeal policy

POL110 - Conflict of interest Policy

POL114 - Third-party Quality Assurance policy

POL200 - HQAI Facilitation Fund Policy

PRO048 - Complaint procedure

PRO049 - Appeal procedure

PRO105 - Training and registration of auditors

TOR200 - Terms of reference for the Facilitation Fund Management Committee

### IV. Definitions

The terms and definitions provided in POL200 - HQAI Facilitation Fund policy, POL114 - Quality Assurance procedure and ISO/IEC 17000:2004, Conformity assessment, vocabulary and general principles apply, unless otherwise specified in the text.

#### 1. Subsidy eligibility

1.1 Subsidy eligibility criteria are defined in POL200.

1.2 The FFund provides subsidies for the training of internal and external auditors and local audit facilitators.

1.3 The FFund provides subsidies covering up to 90% of the total costs of:

1.3.1 Initial audits

1.3.2 Renewal audit ; applicable only to the first renewal following the initial audit

Note: priority is given to organisations applying for a subsidy at the initial audit and that demonstrate the highest level of co-funding covering the audit costs ; see §6 below.

1.4 Maintenance audits, as well as any subsequent renewal audits beyond the first renewal, are **not** eligible for subsidies.

1.5 The granting of a subsidy for an initial audit does **not** guarantee that a subsidy will also be granted for the renewal audit, nor that it will be granted at the same percentage.

1.5.1 Organisations must reapply for a subsidy at least six months prior to the renewal audit.

1.5.2 The eligibility criteria, rules, and procedures defined in POL200 and PRO200 in force at the time of the renewal audit application will be applied.

#### 2. Subsidy application for HQAI third-party quality assurance service

2.1 For initial audits, as a first step in the application process, organisations shall:

2.1.1 Fill in HQAI's independent quality assurance application form, indicating in the form whether they will request a subsidy.

Note: This form has two purposes:

- i. inform about the application fee;
- ii. collect basic information on the organisation to allow HQAI's Secretariat to develop a detailed budget.

2.1.2 Pay the application fee. This provides resources for HQAI to evaluate the application, go back to the organisation as necessary and elaborate a quote for the initial audit and an estimation of costs for the whole process.

Note: If the organisation decides not to pursue the process, including if this is because the subsidy has not been granted, the fee is nonetheless due.

2.2 If costs appear to be a barrier the organisation can apply for a subsidy. They shall:

2.2.1 meet the eligibility criteria defined in POL200 - HQAI Facilitation Fund Policy;

2.2.2 have paid the application fee;

2.2.3 fill in the FFMC's subsidy application form identifying the level of support required;

Note: By signing this form, the organisation confirms having understood and accepting the subsidy allocation criteria and rules in POL200 - HQAI Facilitation Fund Policy and PRO200 - HQAI Facilitation Fund Procedure.

2.2.4 provide two reference letters from donors or partner organisations;

2.2.5 demonstrate they are a legal entity in the country where they are based and have been registered for at least 5 years;

2.2.6 demonstrate they have robust finance control mechanisms that, at a minimum, respond to the applicable national legal requirements (this demonstration may include providing the last audited financial statement);

2.2.7 submit evidence of its annual budget for the past 3 years;

2.2.8 provide a letter clearly explaining:

- how the organisation became aware of the CHS (or other reference standard) and HQAI
- the reasons the organisation seeks independent verification or certification
- the reasons for requesting a subsidy, along with a plan for transitioning to financial independence to cover the audit service costs in the future
- the rationale for the percentage of subsidy being requested

Note: PRO200 §6 identifies the priorities by which subsidies are attributed. 6.3.3 states that priority is given to candidates that demonstrate the highest level of co-funding covering the audit costs. Organisations are thus urged to make a careful estimation of the requested support.

2.3 For renewal audit, the organisation shall:

2.3.1 fill in the FFMC's subsidy application form identifying the level of support required;

Note: By signing this form, the organisations confirms having understood and accepting the subsidy allocation criteria and rules in POL200 - HQAI Facilitation Fund Policy and PRO200 - HQAI Facilitation Fund Procedure.

2.3.2 demonstrate the financial stability of the organisation and its annual budget for the past 3 years and if there was growth, explain why they still need to be supported by the Fund.

2.3.3 provide a letter clearly explaining:

- the benefits gained, the learnings and improvements made by undergoing the first audit cycle

- the reasons for requesting a second subsidy and the steps that have been taken to reach financial independence from the FFund
- the rationale for the percentage of subsidy being requested

Note: PRO200 §6 identifies the priorities by which subsidies are attributed. 6.3.3 states that priority is given to candidates that demonstrate the highest level of co-funding covering the audit costs. Organisations are thus urged to make a careful estimation of the requested support.

### 3. Subsidy application for HQAI training of auditors

3.1 If the cost of the trainings for internal, external auditors, and local audit facilitators is a barrier, candidates can apply for a subsidy.

3.2 For internal auditors, the organisation shall:

3.2.1 meet the eligibility criteria defined in POL200 - HQAI Facilitation Fund Policy;

3.2.2 fill in the FFMC's subsidy application form identifying the level of support required;

Note: By signing this form, the candidate confirms having understood and accepting the subsidy allocation criteria and rules in POL200 - HQAI Facilitation Fund Policy and PRO200 - HQAI Facilitation Fund Procedure.

3.2.3 propose formally a staff member who is managing / will manage the internal audit;

3.2.4 demonstrate the need for a subsidy at the requested percentage;

3.2.5 unless the audited partner is already benefitting of a subsidy, provide the information requested from subsidised organisations in 2.2.3, 2.2.4, 2.2.5, and 2.2.6 above;

3.3 For external auditors and local audit facilitators, the candidate shall:

3.3.1 fill in the FFMC's subsidy application form identifying the level of support required;

Note: By signing this form, the candidate confirms having understood and accepting the subsidy allocation criteria and rules in POL200 - HQAI Facilitation Fund Policy and PRO200 - HQAI Facilitation Fund Procedure.

3.3.2 be vetted by HQAI Quality Assurance Team for their particular skills and/or the strategic need to develop local auditing capacity in a specific country or region, and in line with PRO105 - Training and registration of auditors procedure;

Note: Candidates will be requested to provide information related to §2 of PRO105.

3.3.3 demonstrate the need for a subsidy at the requested percentage;

3.3.4 commit in principle, if the training is successful, to keep being part of HQAI's pool of auditors for at least four years after registration;

Note: The Fund may request a reimbursement of the subsidy if the auditor leaves the pool before these four years.

### 4. Role of Secretariat in subsidies allowance

4.1 For each of the meetings of the FFMC, the FFund's Secretariat shall prepare a summary that indicates:

4.1.1 The current financial status of the FFund, including the distribution of allocations between subsidies for third-party quality assurance services and internal, external auditors and local audit facilitations trainings.

Note: the current status includes projections based on commitments made, even if not implemented and commitments by donors to the FFund, even if not cashed at the time of the meeting.

4.1.2 The projections based on application proposals, including the projected total amount of FFund allocations and distribution between subsidies for third-party quality assurance services and internal, external auditors and local audit facilitations trainings.

4.2 Before transmitting the applications to the Committee, the Secretariat shall:

4.2.1 Check that the applicant has provided all the required information;

4.2.2 As relevant, justify any deviation.

4.3 For subsidies, in principle, the Secretariat shall send batch of three requests to the FFMC, for decision by email.

Note: this is to maximise the FFMC time and efficiency without representing too large a bulk of work for its members. However, for justified reasons, the Secretariat may ask the FFMC to address smaller or larger batches.

4.4 As part of a subsidy request batch, the FFund Secretariat shall include:

4.4.1 The financial status of the FFund.

4.4.2 A summary of all applications submitted.

4.4.3 A folder per applicant containing all the required information.

4.4.4 A form to standardise the way members report a decision, with the intention to ease their task.

4.4.5 The projected financial status of the FFund if all application that are presented are accepted.

4.4.6 An update on a one-year estimation of the FFund's situation.

4.5 At the end of the process, the FFund Secretariat shall inform candidates of the decision, whether positive or negative.

## 5. Role of Facilitation Fund Management Committee in subsidies allocations

5.1 At the beginning of each year, the Facilitation Fund Management Committee (FFMC) shall determine the total amount of funds to be allocated for subsidies for third-party quality assurance services and for subsidies for internal, external auditors and local audit facilitation trainings.

5.2 Two weeks after receiving the subsidy applications batch from the secretariat, the FFMC shall decide whether to grant a subsidy:

5.2.1 After reviewing the information provided by HQAI's Secretariat and ensuring that the documentation required in complete.

5.2.2 Assessing whether the eligibility criteria identified in POL200 are met.

5.2.3 Assessing the order of priority of subsidy allocation as defined in PRO200, §6;

5.2.4 Ensuring that the allocated subsidies fall within the budget ;

Note: Members of the FFMC can revert to the Secretariat with additional questions if they deem that the information provided by the Secretariat is not sufficient to make an informed decision.



## 6. Subsidy decision criteria and priorities

- 6.1 The FFMC shall allocate subsidies based on a set of criteria to determine the priority of candidates and the amount of subsidy to be granted.
- 6.2 The criteria, priorities and rules governing the allocation of subsidies will be reviewed regularly by the FFMC.
  - 6.2.1 At a minimum, one review must take place at the first FFMC meeting each year.
  - 6.2.2 HQAI must inform all subsidised organisations of the changes to the subsidy criteria, priorities and rules.

### HQAI third-party quality assurance services

- 6.3 The criteria below define the priority order of subsidy requests and the subsidy percentage to be allocated:
  - 6.3.1 **Yearly income:** as per POL200, as a rule, only organisations with an annual income between 1 million CHF and 6 million CHF are eligible to apply for subsidies. Within this range, priority is given to organisations with a lower annual income.
  - 6.3.2 **Audit for which the subsidy is requested :** subsidy requests may be made for both initial audits and renewal audits (see PRO200, §1). However, priority will be given to organisations requesting a subsidy for an initial audit.
  - 6.3.3 **Country where the organisations operates :** Priority will be given to organisations working in countries listed in the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) annual Global Humanitarian Overview (GHO) and with the highest number of people in need.
  - 6.3.4 **Co-funding:** priority is given to candidates that demonstrate the highest level of co-funding covering the audit costs.
- 6.4 A priority matrix (ADM067) is to be used to score subsidy candidates based on the value range of each criteria presented under §6.3. This scoring system will determine the subsidy priority order per subsidy candidate. This scoring method ensures a transparent and standardized process for allocating subsidies.
- 6.5 In situations where the available funds are insufficient to cover all subsidy requests, priority will be given to:
  - 6.5.1 Subsidy candidates with the highest priority score according to the priority matrix.
  - 6.5.2 If candidates have the same priority score, priority is given to candidates applying for a subsidy covering the initial audit.
  - 6.5.2 If candidates have the same priority score, and are applying for a subsidy covering the same audit type, priority is given to candidates whose subsidy request can be fully covered.
- 6.6 If a subsidy is granted but the audit reveals that the information provided during the application process was intentionally false or misleading, the audit will be immediately terminated and the organisation will be required to reimburse all expenses incurred up to the point of termination.



## 7. Conflicts of interest management

- 7.1 Conflict of Interest (Col) situations, whether actual or perceived, can be very detrimental to the reputation of the FFund and need to be treated with utmost care.
- 7.2 Members of the FFMC are required to sign HQAI POL110 - conflict of interest policy.
- 7.3 Situation of Col between the members of the FFMC and their role in the FFMC include, but are not limited to:
- 7.3.1 Being an employee or part of the governance of the organisation(s) requesting a subsidy.
  - 7.3.2 Having an interest in the organisation in question.
  - 7.3.3 Having currently or in the past two years provided paid services to the organisation in question.
  - 7.3.4 Managing a membership network/association of which the organisation in question is a member.
  - 7.3.4 Having first-degree relatives who are in the situation described under 7.3.1 to 7.3.4
  - 7.3.6 Personally knowing the candidate applying for a subsidy to cover training costs.
  - 7.3.7 Being a relative of the candidate in question.
  - 7.3.8 Working or having worked in the past two years with the candidate in question or within the same organisation.
- 7.4 As it is expected that situations of real or perceived Col will occur, the FFMC shall at the beginning of each of its meetings review such situations in relation to the agenda of the meeting and decide whether a member has to abstain from the discussion and decision on specific items of the agenda.
- Note. This is in derogation of POL110 that stipulates that these decisions regarding governance bodies are taken by the President of the Board of Directors.
- 7.5 Members who have a Col with a topic to be discussed may however have information that could be beneficial to the decision-making of the FFMC and can attend the beginning of the discussion on the topic in question to answer questions asked by their colleagues.
- 7.6 They shall however remove themselves from the meeting for any substantive discussion and decision-making.
- 7.7 For written decision-making regarding subsidies or grants, each FFMC member shall confirm s/he has no conflict of interest with the case in question.
- 7.8 In case they do have a Col, the members shall abstain from any decision or discussion on the case in question and can reply only indicating the Col.
- 7.9 In case of doubt, members shall seek advice from the FFMC Chair.
- 7.10 The FFMC Secretary shall duly record any Col raised in the minutes of the meeting, including written decision making.

## 8. Management fee and underspending

- 8.1 A management fee corresponding to 7% of the subsidy is charged to the Fund.
- Note: this does not apply to projects proposed by HQAI
- 8.2 This fee is charged by the FFund's Secretariat to the Fund and does not diminish the amount of the subsidies attributed.

- 8.3 The management fee covers the costs of managing the Fund, including organising face-to-face meetings of the FFMC, whenever they happen.
- 8.4 The part of subsidies that are not spent at the end of the process for which they were attributed shall be returned to the FFund.

## 9. FFund oversight

- 9.1 At the first meeting of the year, the FFMC shall review the adequacy of human and technical resources.
- 9.2 Should the FFMC identify an inadequacy, it shall refer to HQAI's Board of Directors (BoD) with recommendations.
- 9.3 If these recommendations imply a budgetary change, this can be addressed at HQAI's June General Assembly, when the annual budget is revised.

