

## Budget Guidelines 2020-2022

### Introduction

The budget is an important tool to make financial information accessible for everyone in the organisation when they need it. Every trade union member and trade union staff should at times be able to access the budget and know how much money the organisation spends on its activities.

The budget is a way to make planning for activities realistic and adequate to available resources. If you relate costs to budgeted activities it makes the work more transparent and assures that resources are not used for non-budgeted activities. It is also a tool that helps the evaluation of a project application.

### Application 2020-2022

There are several changes in the way you should present your budget in the application for 2020-2022, so please read these guidelines carefully. Formats and guidelines can be downloaded at [www.uniontounion.org](http://www.uniontounion.org)

Be aware that Sida have several questions around costs on level 2 and 3, and therefore we would ask you to especially reflect on the necessity of every cost on these levels, and also explain them in the narrative budget analysis.

### Front page

#### Income/Own contribution

The total project budget consists of funds from Sida and funds/own contribution from the Swedish union. Own contribution will from now on only be shown as income and be included in the budget as income in the total project budget.

The own contribution shall consist of cash raised in Sweden, for example, gifts from the public, companies and organizations. It can also include membership fees, testamentary donations, lottery revenues and revenues from the sale of goods.

In multilateral projects, model 1, the own contribution will be 10 percent of the total project budget. The own contribution must consist of money collected in Sweden. This sum has to be paid by the Swedish unions to *Union to Union* at the outset. The total budget of the project including own contribution will be transferred to the GUF according to the agreement. A memorandum of understanding/agreement has to be established between *Union to Union* and the Swedish Union for the own contribution.

In bilateral projects and multilateral model 2, the own contribution will be 5 % of the total project budget and part of the Swedish union's transfer of project funds to underlying

levels. The Swedish union have to show in the accounts of the project that the own contribution is an income to the project.

### **Budget execution**

On the front page and on the page "Summary in SEK", you will find the budget execution. This is the figure of the total outcome in percent of total budget in SEK. This can only be seen when the format is used to report the outcome of a budget year.

### **Budgets and Outcome**

A budget per project/program for each year 2020-2022 shall be submitted in the application. The budget must be filled in on the New Budget Application form. The partners own detailed budgets (in the partners own format) must also be submitted with the application to enable a detailed budget analysis.

There is only one page for "Budget and Outcome" where all levels are shown, with columns for budgeted costs and actual costs, the later to be used when you do the report.

Please note the currencies on each level must be filled in in order for the summaries to work.

### **Project/Programme Applications**

Costs shall be budgeted and reported where they are audited.

A project budget should, as far as possible, be made in local currency for each budget level. The budget lines may be summarised items, but must be supported by the organisations own detailed budgets.

A programme budget should convert each budget level into a single currency. The programme budget must show the costs for achieving the different objectives in the partners programme. This can be supported by the partners own underlying budgets.

### **Exchange rates**

To obtain an equal situation for all applicants, the following exchange rates for 2020-2022 have been established (\*jan-feb 2019)

**1 EUR = 10,38 SEK**

**1 USD = 9,12 SEK**

**1 CHF = 9,16 SEK**

For other currencies use the average rate against SEK between January 1 and April 30, 2019 to calculate the preliminary rate.

Please verify the history of the local currency concerned for the above period. This can be made at: [www.oanda.com](http://www.oanda.com) . Should any exchange rate deviate considerably during the period, revised budgets could be considered.

### **Key words in the budget form**

There are four predefined key words in the budget form:

1. Administrative costs
2. Audit
3. PME
4. Staff/ personnel costs

Any staff or personnel costs that during previous years were included in Administrative costs and PME must now be specified under Staff/personal costs. Resource person can be specified in the underlying lines.

The rest of the lines can be used in the way you prefer, but have to correspond with your own underlying budgets and enable a budget analysis.

### **Administrative costs**

The administrative costs can be part of the office rent, stationary, costs for necessary IT equipment and costs for finance staff.

### **Audit**

Audit is one of the key elements when it comes to internal control but also a way of capacity building for an organisation.

Audit costs for the projects must be included in the budget at all relevant levels. The implementing organisation is committed to ensure that annual reports are audited by an authorised chartered accountant according to International Standards on Auditing (ISA 800/805) as well as the additional assignment according to ISRS 4400 for each level in the project chain.

Guidelines for when audit is needed at level 5 will be sent out at the beginning of April 2019.

” Sida emphasise audit as a key element for internal control. Therefore cost efficiency is not a valid argument in order to avoid local audits”

### **PME**

Planning, Monitoring and Evaluation involves costs that do not benefit the target group directly but are necessary for the implementation and reporting of the project/program, for example costs for planning the project, travel costs for field visits, internal or external evaluations etc.

### **Project staff costs**

Project coordinator, resource persons, organisers and other staff employed in the project are examples of project staff costs.

If wage-costs are allocated to the project/program, the costs must be accounted for on a regular basis and authorized by the appropriate person. The principles applied shall be documented and allow reviewing and auditing. Rough estimates are not sufficient. National accounting and tax rules must be followed. Voluntary work do not qualify as a project/program cost or as a part of an organization's co-financing or own contribution.

### **Transfer of funds / Balances**

Transfer of funds must be made via the international banking system and there must be a corresponding agreement on each level.

If funds cannot be transferred using the banking system, the contracting party may request, in writing, to *Union to Union* for the funds to be transferred in an alternative, secure, way. Please contact your program officer for detailed information and *Union to Unions* "Guidelines for exception from transfer of funds". If *Union to Union* considers that a safe transfer of funds can be secured, the parties shall enter into a special agreement, in which the routines and conditions for the transfer of funds are clearly stipulated. *Union to Union* have to receive an approval from Sida and make agreements about these issues.

The organisation must strive to minimise the handling of cash and, in cases where cash is required, take precautions to control and document the handling.

Balances are the unused project funds at the end of the year and will be shown in the excel sheet when actual project costs are reported. The final balance in a project will be calculated at the Union to Union office and communicated to the partners after the approval of the yearly report.

### **Summary in SEK**

The final sheet in the format is a summary of the budget/report that will be automatically filled in.