

Instructions on Financial Reporting 2020

Introduction

The purpose of these instructions are to provide guidance on financial reporting for organizations with project/program agreements with *Union to Union*.

Reporting requirements

In order to fulfil the requirements for reporting, the following must be submitted to *Union to Union*:

Midterm report

- Every year, by **August 15** at the latest, a half-yearly report (using the "Midterm Report" templates) must be submitted to *Union to Union*.
- The midterm report shall comment on the financial aspects of the project/program with focus on deviations from the project plan.
- A forecast on the outcome of the remaining funds must be made.

Annual and Financial report

Reports, as listed below, for the preceding calendar year (January 1 – December 31), shall be submitted to *Union to Union* no later than **March 1**.

1. An Annual Report for the project/program
2. Partner Organisation contact information if revised from application
3. A Financial Report, that has been audited by an independent and qualified auditor
4. An Audit Report according to ISA 805 as well as additional assignment according to ISRS 4400
5. A Management Letter

A Management Response on the Management Letter shall be submitted by **March 15**.

Required contents (Financial report)

Reports should be drawn up using the forms provided by *Union to Union* for this purpose; Be sure to use the updated template for the narrative report, i.e. the template on *Union to Union's* website (<http://www.uniontounion.org>)

Budget vs reporting

- a) Use the same excel template with budget items as in the approved budget in the agreement. The financial report must compare outcomes with the approved budget. It must include comments in the year-end report on major budget deviations (those in excess of 10 percent per budget line, provided the deviation exceeds an amount corresponding to SEK 10,000).

- b) To ensure a clear tracking of budget deviations any new budget items shall be added in a row under the approved budget items. The budget amount for the new item shall be noted as 0 (zero), only the outcome amount shall be filled in. A comment must be made in the financial narrative report stating when the approval for this was received, which previous budget item the budget was reallocated from and the approved budget amount for the new budget item.

	A	B	C	D	E	F	G	H	I
7			Currency:	SEK		EUR		EUR	
8			Exchange rate:	1,0000		10,3800		10,3800	
9			COST TYPE	Budgeted costs	Actual costs	Budgeted costs	Actual costs	Budgeted costs	Actual costs
10	1		Administrative costs					1 000	998
11	2		Audit			1 000		500	500
12	3		PME			1 000		3 800	3 500
13	4		Staff/Personel costs					9 500	9 545
14	5		Gender workshop					2 000	-
15	6		Campaign on...A					216	-
16	7		Workshop on Corruption					1 100	100
17	8								
18	9		Youth workshop					-	1 598
19	10		Campaign on...BB					-	100
20	11								
21	12								
22	13								
23	14								
24	15								
25	16								
26	17								
27	18								
28	19								
29	20								
30			TOTAL (IN CURREN					34 898	-
31			Budget execution in curren						0,00%
32			TOTAL (IN SEK)					52 240	-

Financial reporting

(See also "Instructions for Financial Reporting" on our webpage: <http://www.uniontounion.org>)

1. Budget and outcome analysis

a) List any changes in the budget and refer to the correspondence with *Union to Union*.

The Gender workshop (budget item 5) was cancelled due to... And an approval was received on 2020-xx-xx to do an Youth workshop instead (budget item 9). The full budget from the gender workshop was reallocated.

The campaign on A (budget item 6) was changed to be about B (budget item 10). This was communicated with *Union to Union* on 2020-xx-xx and approved. EUR 100 from the A campaign was reallocated from this

b) Comment on the outcome in relation to the actual budget (in relation to Covid-19,

- c) Financial accounts must be presented using the same currency as in the approved budget.
- d) The exchange rates used in the report for each level can be calculated as;
- On each level an average yearly exchange rate is calculated from transfers received/made during the year.
 - If that is not possible the average exchange rate against SEK for 2020 can be used to calculate the rate. Verify the history of the local currency concerned for the above period <https://www1.oanda.com/currency/converter/>

The predefined budget lines (keywords)

- Administrative costs

The administrative costs can include for example part of the office rent, stationary and costs for necessary IT equipment. It can also be costs for finance staff who work with the accounting and financial reports.

2. Audit

Audit costs can be estimated and included in the financial report of the program or project even if they are not prepaid. If the final costs deviate from the estimation, the difference may be charged to the project the following year, if the project is multi-year. If the project ends and the estimated cost exceeds the final cost, the surplus, including interest, has to be repaid at the time were any outgoing balances or interest revenues are repaid.

3. 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.

4. Staff/ personnel costs

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

Staff costs shall be accounted for and allow reviewing and auditing. The costs should be charged on a regular basis and authorized by the appropriate person. Estimates are not sufficient. National accounting and tax rules must be complied with. Voluntary work does not qualify as a project/program cost.

All project/program costs must be possible to trace in the accounting and there has to be supporting documents.

Multilateral projects – costs on level 2

- a) If the Swedish unions have costs related to the projects, an invoice has to be sent to the GUF with supporting documents and they shall be reimbursed by the GUF.

Own contribution 2020

From 2020 and onwards the reporting of own-contribution will follow the new regulations. The own contribution is part of the total project funding and will be reported as income.

- a) The own-contribution for the multilateral projects will be reported by *Union to Union*.
- b) In the bilateral projects, the Swedish union have to report the own-contribution as an income in the project accounts, just as the funds received from *Union to Union*.

Interest revenues

- a) Interest revenues related to projects or programmes shall be included in the financial reports.

Signing of report

- a) The financial report must be signed by the auditor at the relevant sheets in the template.

Special conditions

- a) The conditions stipulated in the agreement shall be commented in the narrative report.
- b) Approved exceptions from transfers of funds shall be commented in the financial and narrative report.
- c) Approved exceptions from audit at local level shall follow the instructions given by *Union to Union* and be commented in the financial and narrative report.

If an exception for audit at level 4 or 5 has been granted the outcome should be entered into the Budget/Outcome sheet in the following manner:

- a) For projects, please note the amount on a separate budget line on the level where the outcome is audited. This will clearly show the amount that is subject to the exception. Refer to that budget line in the comment.
- b) For programmes, please add a sheet in your excel file (or an appendix) where you specify the amounts for each approved exception and partner. Refer to that sheet in the comment.

Additional requirements for organizations forwarding funding

- a) Organizations forwarding funding must ensure that agreements are signed with partners at subordinate levels, and that these agreements contain the applicable sections of the agreement with *Union to Union*.
- b) The Organization must ensure that when funding has been transferred to subordinate levels, it is audited according to the Agreement and Audit instruction from *Union to Union*.
- c) Organizations are responsible for carrying out the following at subordinate levels:
 1. Assess and act on information received in reports relating to transferred funding.
 2. Keep written records of decisions made about reports received from partner organizations.
 3. Report any shortcomings and/or significant issues that come to light to *Union to Union* immediately.

Repayment of funds

The final outgoing balance in SEK will be notified in the Balance sheet from *Union to Union*. Any balances from 2020 must be returned to *Union to Union* as soon as possible, but no later than **30th of June**.

Always note the project/program number on payment. Payment in SEK should be made to:

Bank: Swedbank AB

SWIFT/BIC: SWEDSESS

IBAN: SE41 8000 0832 7999 4266 1878

Account no: 8327-9 – 994 266 187-8