

## **Instructions on Financial Reporting 2021**

### **1. Introduction**

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

### **2. Reporting requirements**

In order to fulfil the requirements for reporting, the following reports 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 for the whole year 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 Narrative Report for the project/program including a list of partners in the project with amounts for the local agreements
2. A Financial Narrative Report commenting on the figures in the Budget/Outcome (the excel template shall also be submitted in the documents for the report)
3. Partner Organisation contact information if revised from application
4. A Financial Report, that has been audited by an independent and qualified auditor
5. An Audit Report according to ISA 805
6. An additional assignment on factual findings according to ISRS 4400
7. A Management Letter

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

### **3. Required contents**

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>).

The narrative financial report shall include comments relating to the figures in the Budget/Outcome excel-file per Cost type. If costs are reported on another level or item than the budget explain why. Always comment on the outcome **in relation to the original budget**.

A list of partners in the project chain is included in the narrative report stating if there are **agreements for transfer of funds** with local or regional partner in the project chain, with the amounts in those agreements. Comment on any exception from audits or transfers of funds, refer to the approval agreed upon.

### Budget vs Outcome

- 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).
- To ensure a clear tracking of budget deviations, any new budget items shall be added in a row under the already 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	B	C	D	E	F	G	H	I	J
7		Currency:	SEK		EUR		EUR		
8		Exchange rate:	1,0000		10,3800		10,3800		
9		<b>COST TYPE</b>	<b>Budgeted costs</b>	<b>Actual costs</b>	<b>Budgeted costs</b>	<b>Actual costs</b>	<b>Budgeted costs</b>	<b>Actual costs</b>	<b>Budgeted costs</b>
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		<b>TOTAL (IN CURREN</b>					<b>34 898</b>	-	
31		Budget execution in curren						0,00%	
32		<b>TOTAL (IN SEK)</b>					<b>52 240</b>	-	

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,

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

-the approved budget amount for the new budget item.

The same principle applies whether it is within a level or between levels.

- c) Financial accounts must be presented using **the same currency** as in the approved budget.
- d) The exchange rate for the outcome must be filled out in the template.

	60600 test project		1436750		SUM COSTS (SEK)		2023
	Currency:		EUR		USD		USD
Exchange rate:		8,5000	9,0000	9,0000	10,0000	9,0000	10,0000
<b>BUDGET ITEM</b>	<b>Time line</b>	<b>Budget</b>	<b>Outcome</b>	<b>Budget</b>	<b>Outcome</b>	<b>Budget</b>	<b>Outcome</b>

The exchange rates used in the report for each level can be calculated as

- On each level an average yearly transfer exchange rate is calculated from transfers amounts received/made during the year.
- If that is not possible, the average exchange rate against SEK for 2021 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/cost types (keywords)

##### 1. Administrative costs

The administrative costs can include for example part of the office rent, stationery 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

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. These costs shall be noted in a separate budget line on the level where the outcome is audited. This will clearly show the amount that is related to the Swedish affiliate.

#### **4. Bilateral projects - own contribution 2021**

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.

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*.

#### **5. Interest revenues**

The Co-operation Partner may keep surpluses resulting from interest. The interest shall be used to finance activities in line with the approved objective. Interest revenues related to projects or programmes shall be included in the financial reports.

#### **6. Signing of report**

The financial report must be signed by the auditor at the relevant sheets in the template. Those sheets applicable have lines for the auditor visible when printed.

#### **7. Special conditions**

The conditions stipulated in the agreement shall be commented in the narrative report.

#### **8. Exchange rates gains or losses (Q2)**

Any surpluses resulting from changes in currency exchange rates and/or interest received on the bank account where the project(s) funds are deposited should be accounted for in connection with the annual reporting.

The Co-operation Partner shall beforehand request an approval from *Union to Union* in writing to use exchange rate gains to finance additional activities in line with the approved

project objective. If not used, such surpluses should be reimbursed to *Union to Union* by the end of the project period. Exchange rate losses are not covered by *Union to Union*.

Compare the end of year rate with the average exchange rate of transferred funds (on each level) and write the amount/s in the narrative annual financial report.

Comment on any impact from the currency exchange rate deviations on the outcome of the project costs.

The end of year rate according to [www.oanda.com](http://www.oanda.com) per 31st December shall be used as comparison.

## 9. Transfers (Q3)

For each level note the amount of money that was requested and received, if needed please add a new row, if funds are transfers from a lower level to a higher (level 5 to 4) this must be noted separately in the annual financial report.

## 10. Outgoing Balances (Q4)

For each level comment on the exchange rate gain or loss in the outgoing balance by using the average transfer rate and the end of year rate.

## 11. Exceptions granted for audit at level 4 or 5 (Q7)

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.

A comment on the outcome of the handling of the exceptions must be made in the narrative report. Did it go as planned (audited at regional office after all receipts sent there)? The conditions in the approval must be followed up and commented on.

## 12. Exceptions granted for transfers of funds (Q7)

If an exception for transfer within the bank system has been granted the procedure for how it was done, and a brief risk assessment must be commented on in the narrative report

### 13. 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.

### 14. Repayment of funds

The final outgoing balance in SEK for the whole project will be notified in the Balance sheet from *Union to Union*.

Any balances from 2021 must be returned to *Union to Union* as soon as possible, but no later than **30<sup>th</sup> 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