

## Instructions for financial reports

### Introduction

The purpose of these instructions is to assist organisations which according to project and programme agreements with the LO-TCO Secretariat must submit financial reports for 2010.

In the autumn of 2010, Sida issued new instructions for applications and reports for all organisations with framework agreements with Sida. In addition, Sida and LO-TCO Secretariat have drawn up an agreement concerning own contributions whereby Sida has issued stricter conditions on financial reporting.

*Please note that there are special requirements for information and communication projects.*

### Financial reports

For financial reports to fulfil requirements, the following must be submitted to the LO-TCO Secretariat:

- ✓ A financial report.
- ✓ An audit report and management letter.
- ✓ Comments on any deviations from the agreed budget.

Financial reports must be received by LO-TCO Secretariat by February 28 each year and should refer to project activities during the previous calendar year (January 1 – December 31).

- ✓ “Accounting sheets” 7A and 7B should be used and completed as usual. At a later date, these will be adapted by the LO-TCO Secretariat to conform to Sida’s new format for reporting.
- ✓ Own contributions must now be confirmed by the auditor according to the new template, whereas in the past the auditor simply confirmed costs. According to Sida’s new instructions and the separate agreement with Sida, the project or programme auditor must confirm both incomes (including the LO-TCO allocation and own contribution) and project or programme costs. In practice, this will mean that in future, costs previously termed “costs covered by own contribution” must be reported together with costs covered by the LO-TCO Secretariat under the heading of “project or programme costs” (See also the LO-TCO Secretariat’s auditing instructions).

### Other requirements

- ✓ Financial reports should compare results with the budget approved for the period in question; expenditure should be stated in the same currency and budget items as shown in the approved budget. The information should be as detailed as the approved budget.
- ✓ Where a budget includes salary costs, the criteria used in distributing these costs should be indicated.
- ✓ Accounts should be kept so as to make it easy to identify reported costs.

- ✓ Financial reports should include income from interest accumulated within the project or programme.
- ✓ Financial reports must be signed by the leadership of the organisation, programme or project.
- ✓ National standards for accounting and taxes must be adhered to.
- ✓ All costs within the programme or project should be unquestionably verifiable (receipts, invoices, etc.).
- ✓ Where working hours are charged to the programme or project, reliable routines which allow for follow-up and auditing should be the norm. Rough estimates of working hours are not sufficient; programme or project leaders must approve and authorize these costs as they are paid out. To allow for effective follow-up, salary costs must be entered in accounts as they occur during implementation of the programme or project. Voluntary work cannot be included in project or programme costs or as part of own contribution.

### **Own contribution**

- ✓ Own contribution is fixed at 10.3% of the total project budget.
- ✓ Own contribution should be provided individually or in collaboration by the Swedish union/s and global union/s involved and should consist of cash payments made in Sweden (membership fees), including global union or unions' membership fees. That is, part of costs of the project or programme is covered by participating organisations' own funds.
- ✓ Costs financed by global unions on the basis of membership fees must be identifiable at project or programme level. Please note that the total amount of project or programme costs financed by a global union from its own funds must not exceed the amount contributed by Swedish unions as membership fees for the same year.
- ✓ Own contribution must be included in annual reports to the LO-TCO Biståndsnämnd and must be audited by the auditor, who must certify this in writing (see also LO-TCO Biståndsnämnd's Instruction for Auditing.)
- ✓ Own contribution may not include estimates of voluntary work hours.

### **Additional requirements for organizations forwarding contributions**

- ✓ Organizations forwarding contributions must ensure that annual auditing according to the demands of the LO-TCO Biståndsnämnd takes place.
- ✓ Organizations are also responsible for the following at subsequent levels:
  - Assessment of and acting on information received in reports.
  - Documentation of considerations made in view of reports received.
  - Reporting to the LO-TCO Biståndsnämnd any shortcomings or problems.

## Midterm reports

- ✓ By September 30 at the latest each year, a midterm report (“Midterm Report Template”) should be submitted to the LO-TCO Biståndsnämnd.
- ✓ The midterm report should comment on financial aspects of the project, concentrating on deviations from the project plan and major deviations from the approved budget.
- ✓ A format for reporting deviations must accompany the midterm report. The report on deviations should indicate amounts which may not be required due to deviations.

## Final reports

- ✓ When a project or programme ends, a final report (“Final Project Report Template”) must be submitted to the LO-TCO Biståndsnämnd by September 30 of the year following the completion of the project.
- ✓ Final reports cover the whole project period. Financial aspects of the project should be commented on, with special attention to:
  - Deviations from the project plan and major deviations from the original budget.
  - Comments on own contribution in the field and on the sustainability of the project after the project’s completion.

## Repayment of funds

Where the project still has funds after the project’s completion, these should be returned to the LO-TCO Biståndsnämnd as soon as possible, no later than September 30 of the year following the project’s completion. Payment should be made to our accounts:

Bank: Swedbank AB

SWIFT/BIC: SWEDSESS

Account for projects within “Reform Cooperation East”:

Account number 8327-9-994 266 187-8 (IBAN: SE41 8000 0832 7999 4266 1878)

Account for projects in the South:

Account number: 8327-9 – 14 623 836-5 (IBAN: SE94 8000 0832 7901 4623 8365).

Payment can also be made into the LO-TCO Biståndsnämnd’s Plusgiro account: 446 83 02-7 (for all projects). **Please note project number on payment.**