Sida Partner information

Updated: September 2023

# Budget and financial reporting: Project/Programme support

**The purpose of this document is to support Sida's partners´ work with budget and financial reporting. To promote aid effectiveness, Sida aligns itself to the partner organisation's own budget and follow-up systems. This document highlights which information Sida usually needs. The information is the basis for Sida´s analysis of budgets and financial reports when providing project and programme support.**

## Checklist for budget

### General guidelines

☐ The period of the budget shall correspond to the reporting period.

☐ The budget shall be presented in the currency that the costs will occur in and with applicable foreign exchange rates.

☐ Information about all sources of funding related to the project/programme shall be included.

☐ For projects/programmes with multiple periods, the budget shall include information on the financial need with an opening balance for the period that matches the closing balance for the previous period in the financial report.

☐ The basis for calculations of the budget items should be clearly stated and traceable. Therefore, it is recommended that the budget is provided in a Microsoft Excel format to make it possible to see the calculations basis..

☐ The content and underlying data of the budget lines (e.g. critical assumptions, type of units, quantity of units, unit costs, salary levels) shall be disclosed and can be presented in a budget narrative. The budget should also be at a sufficiently detailed level to be assessed in relation to planned activities and results.

**Table**: See example of information needed for a 2-day conference for 10 people.

| Currency: SEK | Unit | Amount of units | Cost (SEK) | Total |
|---|---|---|---|---|
| **Consultant 1** | Hour | 3 | 800 | 2 400 |
| **Consultant 2** | Hour | 2 | 1 000 | 2 000 |
| **Travel** | Return ticket | 10 | 5 000 | 50 000 |
| **Accommodation** | Per night at hotel | 20 | 800 | 16 000 |
| **Per diem** | Per day | 30 | 300 | 9 000 |
| **Food & drinks** | Meals covered | 20 | 50 | 1 000 |
| **Lectures** | Sessions held | 4 | 1 000 | 4 000 |
| **Total (SEK)** | | | | **84 400** |

☐ Costs should be in line with the organisation's internal guidelines, such as for travels and per diem. Policy documents shall be communicated to Sida. Please note Sida's rules for travelling (only economy class is accepted for flights) and for accommodation (the accepted standard is a good middle-class hotel).

## Complementary documents

☐ Policy documents relevant for the budget shall be shared and communicated with Sida (e.g. travel- and accommodation policy, payroll and remuneration policy, salary scales, per diem policy, principle for handling exchange gains and losses, relevant policy on handling forwarding of funds to third party implementing partners, including due-diligence process, and selection of partners and quality assurance procedures).

## Forwarding of funds (if applicable)

☐ The total amount to be forwarded to third parties shall be clearly stated with the planned break down of funds to be distributed per party.

## Staff costs

☐ Remuneration levels shall be in line with the organisation´s approved payroll and remuneration policy, and assessed reasonable in relation to the local context. Sida has a restrictive policy regarding bonuses and other benefits. If applicable, they should be clearly stated, e.g. a thirteenth month´s salary.

☐ The salary cost for each type of staff category per month and the number of months planned for each category to work in the project should be clearly stated in the budget. .

 The date of the last pay review shall be specified and the new levels compared to the old ones displayed. Information should also be provided on the principle used for annual salary increases.

## Overhead costs

 Overhead or administration costs are indirect costs that are not directly linked to the project activities, but are still needed to run the project (e.g. rent).

 Information about the underlying costs and relevant allocation keys to the project must be provided, explained and motivated. It is not sufficient to just provide a percentage to be applied.

 As only actual costs are eligible, Sida will need information about the total amount for overhead costs for the entire organisation to be able to assess if the amount or cost allocation is reasonable.

## Financial reporting

 The financial report shall have a structure that allows for direct comparison with the latest approved budget. Variations to the budget shall be stated and major discrepancies explained.

 The same currency shall be used in the financial report as in the budget.

 The financial report shall include columns for cumulated information for all budget lines (both incomes and costs) regarding earlier periods.

 The financial report shall be signed by the financial manager, or equivalent, as well as an authorised representative of the cooperation partner.

 Please see further requirements under § Financial report in the agreement.

The financial report shall, as a minimum, include:

- The accounting principles: accrual based, cash based or modified, that have been applied;
- Income from all sources, including bank interest and exchange rate gains. Sida's contribution shall be specified both in the currency of transfer and the amount in the local currency;
- A disclosure of exchange rate gains and/or losses. The disclosure shall include the entire chain of currency exchange effects from Sida's disbursement to the implementation of the project/programme to the local currency/ies within the organisation. The applied principle for handling exchange gains and/or losses shall be disclosed in a note to the financial report;
- Expenses charged/capitalised in the relevant reporting period;
- Unused funds as per the reporting date, the balance shall include a specification of any surplus or deficit from exchange gains/losses during the reporting period;

- Balance sheet, when required in accordance with the accounting principles applied;
- Explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the Project;
- The amount of funds that has been forwarded to Implementing Partners, if applicable. The amount of funds should be specified in a note with the following information:
    - The amount of funds that has been accounted for and reported by the Implementing Partner;
    - The amount of funds that are not yet due for reporting;
    - The amount of funds that are due for reporting but have not yet been reported.
- The annual reports shall include an appendix with information on the Implementing Partners that have received funds during the year.

The financial needs shall be documented through an updated cash balance statement for the contribution, together with a reference to the latest approved work plan and budget. A cash balance statement shall show the opening balance, the total amount spent for the period and any unspent balance.

## Have any questions?

If you need further help or guidance, please reach out to your Sida Programme Officer.

**Department:** Department for Operational support

**Unit:** Controlling and Investigation Unit