

VIABILITYNET 3.0 – 2017-2019

“Grow (with) your community”

Local community leaders’ program

FINANCIAL MANAGEMENT AND FINANCIAL REPORTING GUIDELINES

Content

Part 1: Accountancy – general	1
Part 2: Community project grant.....	2
Financial reporting to VIA – Community project	4
Currency exchange rates – Community project	5
FAQs.....	6
Part 3: Travel grants	7
Currency exchange rates – travel grant.....	8
Reporting procedure for travel expenses	9

Part 1: Accountancy – general

Rule number 1: Your affiliate organization needs to report all ViabilityNet-related expenditures in its accounting regardless of reporting obligations to Via. Here is a summary of what needs to appear in your accounting:

1. **Invoices:** Listing your organization, identification number of your organization, address of your organization, the seller of the service or goods, the date and the service provided + the transfers must appear on your bank account statement.
2. **Bills for cash payments** – Everything paid in cash needs to have a bill that identifies the seller (ideally including the seller’s name, address and tax registration number, the date and service/goods purchased).

3. **Completed per diem** (*travel order**) forms: This concerns only paid staff of the organization whenever the law requires your organization to pay staff per diems during work trips. This applies only to work trips other than ViabilityNet meetings and study visits.
4. **Car travel:** Depending on the laws in your country, you may need to include special documentation in your accounting (for example copies of technical documentation for travel in your personal car) + your affiliate organization may have to pay amortization costs for the car. In any case, it is recommended practice to use a standardized form to list all staff travel (including the destination, date and duration of travel, means of transport, etc.).
5. **Personnel costs:** Ad-hoc, short-term and long-term employment contracts for personnel costs must appear in your accounting with the corresponding transfer (bank account) or evidence of cash payment (expenditure and receipts). Make sure the contracts respect local legal requirements (identification of the employer and the employee, subject and duration of work, price/hourly rate, etc.)
6. **Any other bills.**

Note: *Travel order** is a Czech accounting instrument used whenever a staff member goes on a work trip. It aggregates all travel expenses into a single accounting document (and includes the means of transport, dates of travel, per diems, etc.). Please verify whether a similar procedure is required under your country's regulations.

Part 2: Community project grant

(including flat fee for affiliate organization and personal development budget)

Below you will find the basic rules for financial management of your project based on **the Project Grant Agreement**.

Recipient = your affiliate organization; **participant** = you.

Before you into financial details we would like to mention that ViabilityNet projects are not intended to necessarily generate new activities or to cover the operational costs of the affiliate organizations. The grants are intended as additional resources for the testing and development of new approaches to strengthen the community's capability to achieve positive social change. In addition, the project should facilitate the participant's further professional development through practice.

1. "The Grant may not be used to cover expenses incurred **before the signing of this Grant Agreement or after June 30, 2019.**"

No expenditures that fall outside of these dates may be covered by the ViabilityNet project funding.

2. "The **Recipient** agrees to register all expenditures and income related to the Project in a way that ensures that all such entries remain easily discernible, and to open a special bank account, if needed, to comply with this condition."

In other words, **all ViabilityNet project expenses must be marked "ViabilityNet project"** or a similar notation in your affiliate organization's accounting. We suggest you also differentiate Travel Grant expenses. It is OK if you do not open a special bank account.

3. "The **Recipient** agrees to accompany every invoice related to the execution of the Project with a document/slip signed by the Participant in confirmation of the expenditure."

"The **Participant** accepts responsibility for the compliance of all expenditures with the outlined Project and agrees to sign a confirmation document/slip for every invoice submitted to the financial office of the Recipient."

The first point is included to make sure that your affiliate organization does not spend your project funding without your consent. You, on the other hand, must make sure that all the expenditures are in line with your project budget (second point).

Doing this for each expense would be crazy. Our suggestion is that at the end of each month, you **draw up a list of all expenses from that month in a table and sign the list.** This list should go into the accounting documentation of your affiliate organization. Take this as a recommendation – if it makes no sense because you are, for example, the statutory representative of your organization, don't worry. It is a clause only meant to prevent misunderstandings between you and your organization.

4. "Significant upcoming changes in the number or nature of Project activities as described in Annex 1 must be communicated to Via Foundation without undue delay."

Whenever such changes entail more than a 20% increase in grant spending within one of the budget categories (personnel costs, contracted services) the Participant **must seek written permission from Via Foundation.**

Whenever you need to change the budget, let us know. **We are only concerned about changes in the use of ViabilityNet funding** – in other words, if you planned to spend 200 EUR on a canoe (100 EUR of your money, 100 EUR of ViabilityNet funding), and now you want to spend 300 on a canoe

(200 EUR of your money, 100 EUR of ViabilityNet funding), we don't need to approve anything.

If the **change is greater than 20% in a given category** (see the budget form for categories:

Contracted services; Durable equipment; Material costs; Project overhead; Travel costs (excl. ViabilityNet meetings and personal development); Other; Personal development), **you must let us know. A 20% difference means that if you planned to spend 100 EUR on stuffed penguins and now you plan to spend either less than 80 EUR or more than 120 EUR, we must sign a new budget.**

In this case, we will either include the budget change in the mid-term report or draft an updated budget for signing by both parties, should the change occur after the date of submission of the mid-term report.

Finally, note that the **flat fee for your affiliate organization** cannot change (it is 6,000 CZK) and your **personal development spending** cannot exceed 6,000 CZK.

Financial reporting to VIA – Community project

Four key things:

- 1. We will not require submission of copies** of bills or invoices with your reports (interim and final).
- You will report ViabilityNet project expenses in a simplified Excel table following the budget categories. The **contents of the table must be in line with both the budget and your accounting records.**
- The contract requires each participant and affiliate organization to cooperate with VIA Foundation, which includes cooperation in case of a **financial audit.**
- The **travel grants are a separate issue** – as you know, we ask for copies of bills after every meeting.
- The interim report** has to be submitted by January 31, 2019 and **the final report** has to be submitted by July 14, 2019.

Currency exchange rates – Community project

You will report your project spending in EUR (or in CZK if your accountancy is in CZK).

What exchange rate should you use to convert the spending in local currency to EUR when reporting?

Since you will receive the grant in two installments, you are obliged to use a combination of two exchange rates: one used by your bank on **the day the first installment arrived** and one used by your bank on **the day the second installment arrived**.

(If you happen to exchange the amount received little by little, then use the exchange rate of your bank of the day you received the installment).

The calculation takes into account the different size of the installments. Here's an example:

First installment

9,000 EUR (sent
by Via) → 22,500 UAH
(after conversion by your bank without currency
exchange fees)

EXCHANGE RATE = 1 EUR to 2.5 UAH

Second installment

1,000 EUR (sent
by Via) → 5,000 UAH
(after conversion by your bank without currency
exchange fees)

EXCHANGE RATE = 1 EUR to 5 UAH

CALCULATION: $(22,500+5,000)/(9,000+1,000) = 27,500/10,000 = 2.75$ →
this is the exchange rate to be used when filling in the final report.

For submitting interim and final reports, we will also ask you to send us prove of the exchange rate for both installments (proof from bank account).

For the interim report, you are expected to use the exchange rate of the first installment.

You may use the **flat fee** for your affiliate organization (6,000 CZK = approx. 230 EUR) to cover banking fees and currency exchange fees. Usage of flat fee is up to you and we will not ask you how you used it.

Why use the day on which the funding arrives?

We presume this is also the date on which you purchase the currency in which you will be spending. If you end up with 10,000 UAH, you should be reporting 10,000 UAH one year later. Sticking to the exchange rate between UAH and EUR on the day you received the funding means you are free to spend exactly 10,000 UAH, even if the price of EUR then drops or increases. The purchasing power of your local currency may change (inflation), but we cannot protect you from this, unfortunately.

What does this mean with respect to the approved budget?

Until we send the second payment, we will not know what the exact size of your total budget in EUR will be (since we have to buy the EUR and do not know in advance what the CZK/EUR exchange rate will be at the time).

This is why **the current budget is, to an extent, provisional**. There will be an opportunity to fine-tune the budget within the interim report form. Since you will be receiving the second installment soon after submitting the interim report, we'll have a better idea about likely currency exchange rates around then.

FAQs

1. Can the grant be used to cover equipment costs?

If you need to buy equipment (such as a camera, drone, etc.), it is generally permitted (assuming you provide a valid explanation of why the equipment is needed for the project). We cover up to 50% of the total cost.

2. What about expenses I incur before the contract is signed?

Unfortunately, expenses incurred before the contract is signed cannot be covered by the ViabilityNet program and you will have to search for different funding sources.

3. What type of documentation is needed for payment of lecturers?

The documentation needs to be in line with your national legal requirements. We do not check invoices unless there is a suspicion of misuse of funds. Thus whatever your national legal requirements stipulate (per diem, etc.) works for us.

4. *We have catering expenses for six events. Can we have one invoice with the total price at the end of the project or do we need a separate invoice for each event?*

Similarly to the previous question: if it is permitted under your national legal requirements, it works for us.

5. *Do you want scans of all invoices for all expenses?*

No. We will ask to see the expenses only if we have reason to suspect misuse of funds. Nonetheless you do need to keep the invoices for at least three years from the date of conclusion of the project in case of a local financial audit.

Part 3: Travel grants

Your affiliate organization received an equivalent of 14,000 CZK as the first installment of a 20,000 CZK grant for travel costs. The purpose of the grant is to cover 70% of the travel costs for the 4 meetings and team member joining the last meeting.

It is up to you to arrange with your affiliate organization to reimburse you after every meeting if you pay any of the expenses with your own money. We will **not** be asking for prove of reimbursement.

After the last meeting, we will do a **final calculation**:

1. If you spend less than 14,000 CZK, the rest is to be returned to us. If you spend more than 14,000 CZK, we will pay any difference up to 6,000 CZK;
2. Should the overall costs be higher, we will talk about solutions.

General rules – travel grant

1. We have a common budget for the travel costs of all participants. Any **money you save will help pay for the transport costs of those who live far** from the given meeting site.
2. Book well ahead, look for the cheapest options, but do not go much over 16 hours of travel just for the sake of low costs.
3. When possible, **have your affiliate organization pay directly** for your travel.

4. We **cannot reimburse costs of flights, trains, buses, etc. that you miss** for any reason. Consider buying health-cancellation insurance. This can be included in the travel grant costs.
5. If you travel by car, be aware that we cannot cover the costs of depreciation (amortization). Apart from gas bills, we will also need a scan of the full technical documentation that includes consumption data per 100km. **The system of counting is following: overall number of kilometers multiplied by average car consumption/100 multiplied by average price of petrol in CZK.**
6. You can use taxis in special cases such as an early morning departure to the airport, etc. The program manager has to be informed in advance.
7. If you are not travelling to the meeting from your place of residence then along with other scanned travel documents, you have to send us a print screen showing the price of the ticket from your place of residence to the venue of the meeting at the given date. If it is lower than the price of your ticket to the other destination, we cover the lower price.
8. If you are travelling with another participant of ViabilityNet either by car or using a single ticket for the two of you, claim only the portion of expenses that concerns you.
9. You are expected to come on the dates indicated in the program timeline. If you wish to come or leave earlier/later for personal reasons, then only 1 way will be included in your travel grant.
10. If you wish to stay longer or come earlier to the location of a meeting for purposes related to your learning or project, please cover these costs using the Community Grant (it has to be reflected in interim/final reports). In both cases (8,9) the program manager has to be informed.
11. In special cases, and after approval by Via's program manager, you may include accommodation expenses. An example of a special case is when staying a day longer at the meeting location would mean savings on flights that exceed the costs of extra accommodation (it is necessary to send evidence (a printout of the screen is sufficient) to the program manager).

Currency exchange rates – travel grant

1. We will use CZK as a referential currency, since the grant amount was denoted in CZK;
2. We will use the exchange rate between CZK and your currency valid on the first day of each meeting;
3. We will use referential exchange rates published on an online currency convertor (www.xe.com);
4. To determine the amount to be returned to us if you do not spend all of the grant, we will use the exchange rate valid on the first day of the last meeting.

For travel grants, the system is different from the projects (where we refer to

dates on which the installments arrived). This is to protect you from currency exchange losses in cases of serious devaluation of your currency in relation to the Euro or other currencies (since it is likely you will have to purchase travel services abroad).

Note: There will be a certain margin of error involved for a number of reasons – i.e. you will probably be buying the tickets earlier than on the first day of the meeting; your bank will probably use slightly different exchange rates than the ones published on xe.com; your internal accounting rules might prescribe a different date than the first day of the meeting. **These differences should, however, be small enough to cover from the flat fee your affiliate organization receives.**

Reporting procedure for travel expenses

Within a 14 day period after every meeting you need to:

1. **Fill in an online expense form that will be shared with each participant.** Below is a copy of the table and guidelines for filling it in.

	Amount on the bill	Amount claimed	Original Currency	Exchange rate to CZK	to CZK	Paid by: participant or affiliate organization	Notes
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
				do not fill in	do not fill in		
Total							
>>					0		
80%							
>>					0		

- Do not fill in any **blue cells**.
- In the **orange part** list all the amounts one by one on subsequent lines: fill in the **amount stated on the bill**;
- Fill in the **amount claimed** – this is the amount that concerns you personally (e.g. - for a taxi bill where 3 other people paid their share, you should claim 1/4 of the amount on the ticket);
- Fill in the **original currency** means the currency stated on the bill.



- In the **red part**, indicate whether the given amount was paid by you or the affiliate organization.
2. Send us an electronic (ONLY!) version of the bills (scans) **in a single email. Do not send us the documents before filling in the online table where you need to list bills.** This needs to be done **no later than 21 days after the meeting. Send it to viabilitynet@nadacevia.cz**
 3. Our program assistant will check the bills and insert the corresponding exchange rate for your reference. S/he will let you know if we need any clarification. You can refer to the table at any time to check how much of the Travel grant you have already spent.