

Forum Syd's General Conditions Programme Support

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Contents

| | |
|--|----|
| Definitions | 3 |
| 1. Applications..... | 5 |
| 2. The Grant..... | 5 |
| 2.1 Own contribution | 5 |
| 2.2 Administration grant | 5 |
| 2.3. Purchase of capital equipment, vehicles, etc..... | 5 |
| 2.4 Grant Requisition..... | 6 |
| 3. Budget adjustment | 6 |
| 4. Deviations and deviation management..... | 6 |
| 4.1 Written approval of deviations within intervention | 6 |
| 4.2 Suspected of improper use of funds..... | 6 |
| 5. Annual Planning | 7 |
| 5.1. Annual Plan | 7 |
| 6. Reporting | 7 |
| 6.1 General about reporting | 7 |
| 6.2 Staff Costs..... | 7 |
| 6.3 Sub-granting to Partner Organisations..... | 7 |
| 6.4 Annual reporting | 8 |
| 6.5 Midterm report..... | 8 |
| 6.6 Final Report | 8 |
| 7. Grant Audit..... | 9 |
| 8. Follow-up meetings | 10 |

Definitions

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| <i>Administration grant</i> | Flat rate of 8% of the <i>Grant</i> that may be used to cover direct and indirect costs for administering the <i>Grant</i> . |
| <i>Annual Plan</i> | Financial and narrative plan for a period of one year. Applicable in multi-year interventions. |
| <i>Annual Report</i> | Annual financial and narrative reporting of completed work within a multi-year intervention. |
| <i>Budget</i> | Contracted financial plan for the use of the <i>Grant</i> based on the Decision Memorandum for the intended intervention. |
| <i>Budget item</i> | Line in the <i>Budget</i> summarising several budget items. |
| <i>Compliance Audit</i> | Audit review of the extent of agreement compliance. |
| <i>Cost effectiveness</i> | The cost of an intervention in relation to its impact, results and sustainability. |
| <i>Core support</i> | Non-earmarked financial support to an organisation. |
| <i>Decision Memorandum</i> | Memorandum and its annexes prepared by Forum Syd regarding a specific intervention. |
| <i>Deviation</i> | Deviation from any part of the <i>Agreement</i> , including all annexes. |
| <i>Deviation case</i> | Suspected or actual corruption/irregularities. |
| <i>Evaluation</i> | An external or internal assessment of the operational implementation, results and sustainability. |
| <i>Financial Report</i> | Statement of the financial outcome. |
| <i>Final Report</i> | Reporting of the results and implementation of the intervention, as well as audited final financial statement. |
| <i>Grant</i> | Total financial support based on the Decision Memorandum for the intended intervention. |
| <i>Grantee</i> | Swedish non-profit organisation receiving financial support of Forum Syd (SvEO) |
| <i>Grant Audit</i> | Annual independent review and statement on the use and management of the <i>Grant</i> in accordance with Forum Syd's Audit Instruction. |
| <i>Intervention</i> | Programmes, projects or other operations subject to financial support. |
| <i>Intervention period</i> | Approved programme or project period. |
| <i>Mid-term report</i> | Reporting of the work achieved to date including the audited annual financial |

report.

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| <i>Narrative report</i> | Written account of the use and the results of the <i>Grant</i> . |
| <i>Own contribution</i> | Grantee's own financial resources used to undertake intervention. |
| <i>Programme support</i> | Financial support for a multi-year thematic and / or geographical programme consisting of several actions with common goals. |
| <i>Project support</i> | Financial support for a clearly defined project with a start and end. |
| <i>Partner organisation</i> | Local non-profit organisation (LEO) that collaborates with the Grantee. |
| <i>Risk mitigation measures</i> | Measures to reduce the risk of corruption or irregularities |
| <i>Significant risk</i> | Risk that could potentially affect the feasibility of the operations. |
| <i>Special audit</i> | Audits with a particular mission statement. |
| <i>Substantial deviation</i> | Substantial deviation from any part of the <i>Agreement</i> including its annexes requiring written approval of Forum Syd beforehand. |
| <i>System audit</i> | Review of the organisation's grants management procedures and systems. For example, the accounting system, delegation of authority, procurement rules and procedures to prevent corruption. |

1. Applications

This document establishes the general conditions and regulations regarding the funding modality of Programme Support. The general conditions shall apply to all of the Interventions supported by Forum Syd, for which a Programme Support agreement has been signed.

2. The Grant

2.1 Own contribution

The Grantee must fund at least five percent of the programme budget with a so called own contribution. The own contribution shall be funds raised in Sweden, such as donations, sponsorship, membership fees, lottery revenues and revenues from the sale of goods, in respect of goods not produced and/or purchased with funds from Sida.

The own contribution cannot be:

- Grants from other public bodies (e.g. state or municipal institutions) in Sweden or abroad
- The value of the organisation's own work, goods and services
- Income from the sale of services
- Financing from local partner organisations in developing countries.
- Unutilised administration grant
- Sida funding

In cases when another donor organisation agrees to cover the entire or part of the own contribution component, Forum Syd reserves the right to request written attestation from the organisation in question.

2.2 Administration grant

Eight percent (8%) of the amount granted can be used for administrating the grant and is exempt from own contribution. The Administration grant can be used for actual costs for managing the Grant, as well as indirect costs such as costs for developing applications and reports, continues monitoring and annual auditing of the total Grant from Forum Syd. The costs shall be relevant and reasonable.

The administration grant may not be used for investment, or payment of loans or debts. The approved administration grant may not be exceeded.

2.3. Purchase of capital equipment, vehicles, etc.

The Grant does not permit the purchasing of any forms of real estate, land, buildings etc. either in full or partially.

Purchasing of capital equipment (such as, but not limited to, vehicles) can only be made provided it is not the main purpose of the intervention but instead is clearly linked to the objectives of the intervention and provided that such acquisition is within the Budget. How the equipment will be used shall be documented and whenever possible be sold at the end of the intervention, or transferred to the partner organisation. As far as possible the equipment shall be used for such purposes or in such way that it contributes to the results of the intervention.

If the transfer of equipment is made to a partner organisation, and if the total value is SEK 25 000 or higher, a deed of transfer shall be established. This deed of transfer shall be retained in accordance with Article 12.1 of the Agreement. Upon request, the Grantee shall send copies of such deed of transfer to Forum Syd or appointed auditor of Forum Syd.

Forum Syd's procurement rules shall be applicable to the Grantee and partner organisations in subsequent steps throughout the agreement period. See Appendix 2. The Grantee may have more restrictive procurement rules but never less restrictive than the Forum Syd standard.

Forum Syd's Anti-Corruption Policy shall apply to the Grantee and its partner organisations in subsequent steps throughout the agreement period. See Annex 1. The Grantee may have more restrictive anti-corruption regulations, but never less restrictive than the Forum Syd standard.

2.4 Grant Requisition

The approved *Grant* is paid out following a written requisition from the Grantee. One requisition for the total amount of the budget for the first year the intervention is implemented; thereafter two payments are done during the year. This is based on fulfilment of the contractual terms in Article 6 of the General Conditions regarding reporting. The requisition shall be made using Forum Syd's particular requisition form. A financial statement of the funds used to date shall be attached to each requisition form. This also applies for the accounting of the own contribution.

Minutes of a meeting excerpt, or similar verification, proving the signatures of the requisition have authorisation to sign on behalf of the Grantee, shall be attached to the requisition. If such information was previously submitted by the Grantee, and it remains unchanged, it is not required to be resent to Forum Syd.

3. Budget adjustment

Budget adjustments shall be made in consultation with Forum Syd. The following requires Forum Syd's written approval:

- i. Adjustments between the following budget lines in the Budget "Expense resp. org." and "Expense. Impl.org".
- ii. Adjustments of other budget lines in the Budget exceeding 150 000 SEK.

4. Deviations and deviation management

4.1 Written approval of deviations within intervention

Significant deviations within the intervention(s) require Forum Syd's written approval.

The approved cost of administration in Sweden must never be exceeded.

4.2 Suspected of improper use of funds

In case of suspicion of improper use of funds under this Agreement, the Organization shall immediately inform Forum Syd. The following paragraphs supplement section 5.6 of the contract document.

At Forum Syd's request, in the event of suspicion of unauthorized use of funds, an external investigation shall as soon as possible be carried out by an authorized or approved auditor (eg through a forensic audit). Terms of reference, cost estimate and the possible redistribution of the budget required

for the implementation of such investigation shall be approved in writing by Forum Syd. The results of the investigation shall be sent to Forum Syd as soon as it is available.

Forum Syd has the right to carry out a specific audit of the operation in question, either by itself or through the appointment of an auditor or other external evaluator. Such evaluation shall primarily be paid by unused, already disbursed grants.

5. Annual Planning

5.1. Annual Plan

For multiannual programme periods, the Grantee shall provide Forum Syd with an Annual Plan for the following calendar year, at the latest by **November 1** each year. The Annual Plan shall be in accordance with Forum Syd's instructions. If no Annual Plan has been provided, Forum Syd has the right to withhold payment of funds until one has been provided by the Grantee.

6. Reporting

6.1 General about reporting

The approved Grant shall be reported to Forum Syd as agreed and in accordance with the deadlines below. The reports must be designed and submitted in accordance with Forum Syd's requirements and formats.

In the Financial Report, the actual cost shall always be compared with the latest approved budget for the current reporting period. In addition, the accumulated actual costs shall also be reported i.e. the total financial outcome for the programme period to the current date. All interest accruing on the related bank account shall be reported. In addition, currency gains and losses shall be reported. The Grantee shall comply with generally accepted accounting principles in Sweden and the reported costs shall be traceable in the bookkeeping. All income and all sources of funding shall be included in the financial report.

The Grantee shall specify their accounting principles (cash basis or accrual basis) in the Financial Report. Complete documentation (certification in the form of receipts / invoices) to verify the costs of the programme shall be available. The financial report shall be made so that it is easy to analyse the plausibility of cost in relation to actual results. The Grantee shall, on request from Forum Syd, be able to verify the reported costs by supporting documents, such as receipts. If any deviations from Forum Syd's accounting requirements have been made, this should be stated and justified.

6.2 Staff Costs

In cases where the *Grant* finances staff costs, either wholly or partly, the principles used to distribute such costs shall be stated in the financial report. Staff costs shall be continuously recorded in the accounts during the intervention period and appropriate monitoring and reporting procedures shall record staff time spent on the intervention. The Grantee has the responsibility to ensure that regulations for personnel are applied and followed. This reporting should therefore be supplemented with information on how national accounting, tax regulations, social security contributions and other labor-related standards are followed.

6.3 Sub-granting to Partner Organisations

The Grantee shall ensure that the Partner Organisations have accurate and complete accounts with costs reported against the agreed budget and programme or project plan. The Partner Organisation must comply with national accounting and tax rules in the country of operation. Regarding Core Support, all

income and expenses of the Partner Organisation shall be identifiable and traceable in the organisation's accounts.

Results reporting and accounting from the Partner Organisation shall be the basis for the Grantee's own reporting and accounting. When requested by Forum Syd, the Partner Organisation shall provide reports to Forum Syd.

In the financial report the Grantee shall report how much has been transferred to the Partner organisation and certify that all transferred funds have been audited in accordance with Forum Syd's audit instructions. Should discrepancies arise, the Grantee shall also certify that the Grantee and the partner organisation have acted appropriately based on the information stated in the audit's report.

Deviations in a Partner Organisation's compliance with the contract obligations shall be reported to Forum Syd. The Grantee must verify that Forum Syd's prescribed conditions have been included in the underlying contract with the partner organisation.

6.4 Annual reporting

During the grant agreement period, the Grantee shall submit an annual report (narrative and financial reporting, including auditing reports) no later than **15 April** each year for the preceding calendar year. The annual report shall be in accordance with Forum Syd's instructions and the reporting formats shall have the same structure as the approved intervention and latest written approved Budget. The Annual report shall be based on the intervention and how the funds have been used regarding both the Grantee and the Partner organisation.

The annual report shall be audited by a chartered or certified public auditor in accordance with Forum Syd's audit instruction, including the auditor's management letter and the Grantee's management response. If the annual report refers to core support, either entirely or partly, the general audit of the Grantee can be accepted provided that it has audit verification or meets national, comparable standard, and that the audit process was given a specialwritten approval in advance by Forum Syd.

If the annual report is not submitted and approved by Forum Syd then Forum Syd has the right to withhold future payments of funds until the Grantee has taken corrective measures. Inadequate reporting subjects the Grantee to repayment obligations in accordance with the *Agreement*.

6.5 Midterm report

In cases of a five years Intervention Period, the Grantee shall submit a midterm report to Forum Syd after three years. The narrative mid-term report shall be submitted to Forum Syd no later than **1 April** following the end of the third year and be in accordance with Forum Syd's instructions and reporting formats. The financial section of the mid-term report shall be submitted to Forum Syd no later than **15 April**.

If the midterm report is not submitted and approved by the Forum Syd then Forum Syd has the right to withhold future payments of funds until the Grantee has taken corrective measures. Inadequate reporting subjects the Grantee to repayment obligation in accordance with the *Agreement*.

6.6 Final Report

When the Intervention Period expires, the Grantee shall submit a Final Report (narrative and financial reporting, including auditing reports) for the whole programme period to Forum Syd. The narrative section of the Final Audit shall be submitted to Forum Syd no later than **1 April** following the end of the Intervention Period and shall be in accordance with Forum Syd's instructions and reporting formats.

The financial part of the Final Audit shall be submitted to Forum Syd no later than **15 April**.

The Financial Final Report shall be audited by an external, independent and qualified auditor in accordance with Forum Syd's Audit Instruction, and include the auditor's management letter and the Grantee's management response. If the Final Report refers to core support, either entirely or partly, the general audit of the Grantee can be accepted provided that it has audit verification or meets national, comparable standard, and that the audit process was given a special written approval in advance by Forum Syd.

Inadequate reporting in the Final Audit subjects the Grantee to repayment obligation in accordance with the Agreement.

7. Grant Audit

The Grantee shall be responsible for the use of the Grant and shall be audited annually by an external, independent and certified public auditor. The attending auditor may hold this assignment for a maximum of seven years.

The audit shall be conducted in accordance with Forum Syd's Audit Instructions, Appendix 1. The audit shall declare on the financial report that the Grantee accounting is consistent with Forum Syd's instructions for financial reporting. (Forum Syd's instructions includes for example, report forms and agreements between the parties as well as the General Terms.) It is the Grantee's responsibility to remain informed about said instructions that are applicable at the time of any accounting or reporting.

The audit report shall state that the audit was conducted in accordance with *International Standards on Auditing ISA 800/805 and ISRS 4400*. The auditor's report shall include any observations the auditors have made during the review process. The auditor's report shall also include information if the Grantee has taken appropriate steps to take into account any recommendations and observations from previous audits.

The report shall indicate all detected deviations by the auditor and all those that were not rectified by the Grantee with regard to grant funds earmarked for payments to partner organisations throughout all levels of the intervention. This shall be done regardless of which amount the auditor chooses to work with.

In a *Management Letter*, the auditor shall communicate any issues of significance to Grantee's board of directors or management relating to the audit of the financial report. It shall be clear from the *management letter* that the Grantee has taken action based on what the auditor raised in the previous year's management letter. The auditor's report and the financial report must be submitted annually to Forum Syd in accordance with the *Agreement*.

The Grantee shall cooperate with and assist Forum Syd in any system and contract compliance audits, follow-ups and evaluations that Sida or Forum Syd may request or perform. Sida and Forum Syd have the right to visit, audit and /or evaluate any intervention financed in whole or in part by the *Grant*. Visits, audits and evaluations shall be preceded by consultation with the Grantee. Sida and Forum Syd reserve the right to carry out unannounced spot checks.

In cases where the Grantee transfers funding to a Partner organisation, the Grantee shall be responsible for annual grant audits in accordance with the above. Audit reporting shall follow continuously throughout all levels of the intervention throughout the final partner organization. The current audit instructions shall also be applicable on all levels of the intervention.

The Grantee shall be responsible for monitoring the audit of the Partner Organisation including the following:

- Assessment of the auditor.
- Check that audit reports from the auditors are submitted according to the *Agreement*.
- Assessment of the auditor's report and to act on the information.

In some cases there can be alternative procedures for auditing the intervention. In all these cases, Forum Syd shall approve the alternative procedure for the audit in writing.

8. Follow-up meetings

The Grantee and Forum Syd shall conduct meetings regarding the Grantee's activities and use of funds at least once a year during the agreement period. Both parties have the right to introduce agenda items which they wish to discuss. Follow-up meetings shall be recorded by Forum Syd and adjusted by both parties.