

10. Reporting to Sida

In this section, we have broadly covered the financial reports usually required by Sida. There are two specific reports: ‘Budget & Balance Report’ and ‘Utilisation Certificate’. Sida also requires copies of two other reports which you prepare in the normal course: consolidated audited accounts and FC-3.

In some cases, additional reports may be needed. These would be included in your agreement.

a) Budget & Balance Report

The Budget & Balance Report compares the actual expenses incurred with the sanctioned budget. It also helps Sida in disbursing the next instalment. This report can be prepared by your accounts person. No audit is required for the Budget & Balance Report.

(1) Format

The Budget & Balance Report is required for all Sida grants. It has three main sections: 1. a budget comparison of expenses; 2. Status of the Revolving fund¹; 3. Unutilised Balance. Additionally, there is a memorandum section on fixed assets. The actual format is given on page 83. The structure of the report is explained here.

Give the organization's name and location here. For example: Lok Jagran Manch, Machera.

Budget & Balance Report

Budget & Balance Report by _____ for Sida Funds

For period from _____ to _____ Agreement Reference & Date _____

Project Name: _____ Project Area: _____

Reporting period

Give date and reference number of Sida agreement.

¹ If you are operating a Revolving Fund

2. *Status of Revolving Fund Utilization (in case of loans)*

Date (beginning of this reporting period) _____

These include loans given from recovered money. _____

If you are not charging anything for the loans, then say 'not applicable'. 'Debited' means what is chargeable. _____

This figure is the same as closing loan balance of last report. _____

Opening balance of loans recoverable from beneficiaries / groups as on _____

Add: Loans given out during this period _____

Add: Interest / service charges (if applicable) debited to beneficiaries / groups during this period _____

Sub Total _____

Less: Recoveries made during this period from beneficiaries / groups _____

- Towards principal of the loan _____
- Towards interest / service charges _____

Total Recoveries from beneficiaries / groups during this period _____

Less: Adjustments (bad debts etc. – please specify) during this period _____

This shows how much percent of the money is with the beneficiaries. In off-season, this percentage may be lower than normal.

Closing Balance of Beneficiary / group loans (CBL)
Percentage of Revolving Fund deployed [(CBL / RF)x100]

If you are reporting on 31st March, this figure will appear on your FCRA Balance Sheet as asset.

You will also need to make this list for FCRA as on 31st March.

Note: List of loans outstanding from beneficiaries / groups should be given as an Annexure **once annually**. Please include the following columns in your listing:

Beneficiary's name	Name of spouse / parent	Village	Details of the original loan			Balance outstanding
			Purpose	Month, year when given	Original amount	

Brief purpose of the loan: such as goatery unit, shop etc.

Total amount given to a person initially.

Balance amount after reducing recovery of principal.

This section shows how much unspent balance remains. The unspent balance does not include Revolving Fund balance.

Show how much has been disbursed against this agreement right from day 1. This will include amounts disbursed against this agreement in earlier years.

This shows how much funds have been sanctioned. If agreement is revised, show the revised amount.

C: Unutilised Balance of Sida Funds (amounts in Rupees)

1. Agreement and Disbursal

Total amount sanctioned so far _____

Total amount disbursed so far _____

This was the balance remaining with you on first day of current reporting period. If this is the first report, say '0'.

2. Unutilised balance

Opening balance of unutilised Sida funds _____

Add: Total grant received during this period _____

Show only the amount received from Sida during the current reporting period.

Total funds available

Some of the grant you **received in this period** may be for a Revolving Loan Fund. If yes, show that amount here.

Less: Amount transferred to Revolving Fund (B.1), if any during this period _____

Less: Amount spent during this period (Grand Total of A) _____

Show the total spent in current period here. Do not include any amount disbursed as loans from Revolving Loan Fund.

Closing balance of Sida grant Funds

This is just a listing of all assets you have acquired with Sida funds so far. Please include assets acquired from earlier Sida grants also.

d. Fixed Assets acquired with Sida funds

Asset	When acquired	Location	Being used for (purpose)	Amount (Rs.)

Description. For example: Sumo 'Jeep Number DL-3C-1975' or 'Training Centre'

Month and year only

Where the asset is being used

This should be brief but specific. Please don't simply say 'Project purpose'. For example, a tractor may be used for farming.

Amount paid originally for the asset.

Date

(Accountant)

(Project Incharge)

(NGO Chief)

Note: Please sign and stamp other pages of this report as well.

Stamp and signatures are needed for authentication.

(2) How to prepare

Each report is for a particular period. This is called the ‘current reporting period’. This may be a year or less. Most of the information required is for the current reporting period. At some places, information for the entire grant period is requested.

Opening balances mean the balance on the first day of the current reporting period. For example, if the current reporting period is from 1st July 1997 to 30th June 1998, then opening balances would mean balances on 1st July 1997. Closing balances would mean balances on 30th June 1998.

For preparing the report, you need the earlier period’s report as well. Pick up the opening balances from that report. Figures for the current reporting period will be available from the trial balance or the ledger. Some figures may be in your loan registers. Details of fixed assets will be in the Fixed Assets Register.

Other sections of the report have been explained in the charts earlier.

(3) Variances

Sida recognises that a budget is a forecast. It can not be accurate. Variances in particular budget heads are, therefore, natural. These variances can help us understand whether there were budgeting errors or ground realities (prices, operations) changed.

Variances up to 10% under any head are quite normal. No special reason is needed for these. However, you need to analyse the reasons for variances more than 10% of budgeted amount. **Give these reasons as an Annexure to the Budget & Balance Report.**

(4) How often

The Budget & Balance Report should be prepared according to the terms of your agreement. If the agreement does not specify this, then prepare the report at least once a year.

In case of new projects, the period of one year is calculated from the date of release of first instalment. In some cases, it may be calculated from an earlier date (for example: from the date of agreement). Please consult your Sida representative for more information on this.

(5) Due dates

The Budget & Balance Report should reach Sida within one month of the last date of reporting period. This may sound confusing, so let us see an example:

Suppose, Sida has released the first instalment of a grant to you on 10th November 2004. This means that the starting date of the grant would be 1st December 2004. Also suppose that Sida agreement does not specify reporting dates.

In this case, the first Budget & Balance Report will be for the period 1st December 2004 till 30th November 2005. This report will be due within one month of 30th November. This means the report should reach Sida office by 31st December 2005.

Remember that the above is a general guide. Your reporting period would most likely be specified in the agreement. If not, please speak to your Sida program representative.

(6) Delays

As this is not an audited report, it would be possible in most cases, to send the report within one month. In some cases, there may be unavoidable delays in preparing the report. In such a case, you should write to Sida before the due date and give reason for the delay. Also mention the likely date when the report will reach Sida.

b) Consolidated Accounts

Each year you get your accounts audited by a Chartered Accountant. They may audit several types of Balance Sheets for you. These normally include:

Type	Period	Purpose
1. Project-wise Accounts	Depends on the Agency	Some Agencies use this instead of the Utilisation Certificate
2. FCRA Accounts	1 st April – 31 st March	FCRA requirement
3. Indian Accounts	1 st April – 31 st March	Internal requirement
4. Consolidated Accounts	1 st April – 31 st March	Income Tax / Societies Act requirement

The fourth item (consolidated accounts) shows all income and expenditure, grants, assets, liabilities of the NGO (both Indian and FCRA). This is an essential requirement under the law. This includes three items: a Balance Sheet, an Income & Expenditure Account, and the Receipts & Payments Account. A fourth item is the audit report on these accounts.

These accounts often include schedules. All these four things, along with schedules are called 'Consolidated Accounts'. These accounts are an important link in the chain of accountability.

A copy of the consolidated accounts (as discussed above) should be sent to Sida by 15th October of each year or earlier. If this audit is not completed for any reason, please inform Sida and also mention the likely date by which the accounts can reach Sida.

c) Copy of FC-3

Each year you are also required to file form FC-3 with the Ministry of Home Affairs. This form should reach FCRA Department by 31st July. Along with this you also have to file your FCRA Balance Sheet and FCRA Receipts & Payments Account. Sometimes, some of the information in FC-3 is given as Annexures. This is an important report for collecting information regarding foreign contribution by the Government of India.

A copy of the FC-3 (along with all Annexures, Balance sheet and Receipts & Payments Account) should be sent to Sida office for information. We expect that this form will reach Sida by 16th August or earlier. If you expect a delay, please inform Sida mentioning the likely date when it will reach Sida.

d) Audit Certificate

There are various formats for audit reports and certificates. Some of these also use wordings which are not clear. With these factors in mind, a standard format for Utilisation Certificate is being introduced. This is similar to the Budget and Balance Report in structure. The main difference that this is certified by a CA.

Format of the audit certificate is given on page 86. Clarifications given for the Budget & Balance Report apply to this certificate also, so far as filling up the same is concerned.

The Audit Certificate should be given on the letterhead of the Chartered Accountant (CA) or firm, who do your Society's normal audit. Phone number of the CA should be given, if it is not mentioned on the letterhead. All the pages of the certificate should be stamped and signed by the CA.

The audit certificate should be prepared once annually unless otherwise requested by Sida. It is expected that the certificate will be ready within two months from the end of each reporting period. That means that if the reporting period ends on 30th June, the Audit Certificate will be ready by 31st August.

Sida requires that the above audit certificate will be sent to Sida for each reporting period, within two months from end of reporting period. If a delay is expected for some reason, Sida will be informed in writing, along with likely date of despatch.

e) Change of Auditors

It is customary to provide auditors a secure tenure. This helps them do a better job. However, there may be situations when you have to change your auditors for some reason or other. In some cases, you may simply appoint a different auditor than the retiring one. This is an internal decision for which you will naturally follow the procedure laid down in your by-laws.

Auditors occupy an important place in the financial monitoring system. Sida requires its partners to inform Sida of any change in auditors, within fifteen days of the change. If reasons for the change are indicated in the letter, it will help Sida understand the situation more clearly.

