

Social Accountability Standards (SAS) 11

Linking Programme with Finances

OBJECT

11.01 The main objective of this draft standard is to provide guidance on facilitating measures to link programme with finances and encourage greater cooperation between both.

EXPLANATORY STATEMENT

11.02 *“You and I ought not to die before we have explained ourselves to each other”*, this is what John Adams, the second President of USA, wrote to Thomas Jefferson over their persisting differences. Similar dynamics exist between the programme and the finance department. However efforts should be made to bring them closer because the quality of the programme and the accountability aspects are seriously compromised due to lack of coordination between the two. The areas in which there should be greater coordination between programme and finance are as under :

- Planning
- Budgeting
- Implementing programmes
- Monitoring
- Reporting
- Evaluating / Assessing the performance
- Formulation of Organisational Policies

In this standard we are suggesting certain recommended practices which will enhance the coordination between the two.

RECOMMENDED
PRACTICES

11.03 Providing explanatory value to the finance report : The financial reports should have programmatic explanation and notes to accounts. For instance expenditure under the head '*Training and Capacitation*' can be supported by suitable notes explaining the number of training held and the type of participants. Therefore the finance report should be prepared with help of programme department.

11.04 Short term reports for programme should be in terms of the expenditure heads : All short term programme reports that is for 3 months and 6 months should be in relation with the expenditures incurred during that period. A specimen of financial narrative report is provided in *Annexure-35*.

11.05 Assessment and reporting of non-cash contribution : The involvement of programme staff should be made in assessment of own means and non-cash contributions to facilitate greater coordination between the finance department and the programme department.

11.06 Clearly defined norms for natural heads and programme heads : The expenditures of NGOs are mostly booked and reported as per programme heads. But each programme head can comprise various natural heads. For example, "*Conference and Seminars*" is a programme head, but it can comprise various natural heads such as "*Travel, Cost of Material, Rent of Auditorium etc.*". All NGOs should formulate a transparent policy regarding the admissibility of natural head under each programme head and vice-versa. This exercise has to be done jointly by the finance department and the programme department.

11.07 Capacitation of programme staff on basics of finance : The finance staff should be capacitated and oriented in the basics of finances and legal compliances, so that fundamental errors are not committed during the implementation of the programme.

11.08 The note to accounts should be programme oriented : The annual statements of accounts should provide programme oriented notes to accounts. Such as :

- Primary data of achievement in terms of the expenses.
- Staff welfare security measures undertaken.
- Provisions for contingencies and disaster mitigation.
- Ratio of administrative expenditure and programme expenses and other relevant ratios, etc.

11.09 The donor reporting ideally should be done through a unified report :

It is desirable that the finance report and the programme report are prepared simultaneously with cross references and submitted in a unified form.
