

Reporting Instructions for INGOs

Annual reporting

The obligation to report means reporting on the content of the project, the progress of the project, results achieved and costs incurred. The Organisation must provide an annual report on the use of the grant.

Annual reporting includes financial and progress reporting. Reports shall be set up in a way that allows direct comparison with the latest approved Application, work plan and budget, including results framework and indicators, and shall be signed by an authorised representative of the Organisation.

The progress report for government grants for projects shall, as a minimum, include:

- a) an account of outputs and results achieved, using the format, indicators and targets of the approved results framework and disaggregated by sex, disability and age where possible.
- b) narrative report on project's progress towards achieving the outcome. Report should include:
 - summary of key results and direct and indirect beneficiaries
 - description of the role and actions taken by beneficiaries/rights-holders/duty-bearers and/ or other parties involved
 - update on the monitoring of the project: procedures and findings
 - assessment of the likelihood of the planned impact being achieved
 - account and assessment of deviations from the latest approved application and/or work plan as well as external factors affecting implementation
- c) a brief update on the risk management of the grant-financed project, including updated risk matrix, any new risk factors, how materialized risks have been handled in the reporting period, the effectiveness of mitigating measures, how risks will be handled going forward. The update shall include both risks affecting achievements and the risks for negative consequences from the project on its surroundings.
- d) a brief account of work undertaken to prevent instances of financial irregularities and sexual exploitation, sexual abuse and sexual harassment (SEAH) as well as implementation of the Human Rights Based Approach
- e) a project plan for the current year

Financial reporting

The financial reporting of the Organisation must give a true and fair view of Organization's financial status: expenditure of funds, sources of received contributions, as well as assets and liabilities of the Organisation. The financial reporting must be based on generally accepted accounting principles.

In case the grant awarded by the Ministry has been earmarked for a project, the project shall be handled in a separate account to ensure traceability of the government grant.

Any financial report submitted shall comprise of financial statements with a comparison to the latest approved budget for the reporting period, as well as an identification of any deviations from the budget. Financial report shall be certified by an external, independent, and qualified auditor as well as an authorised representative of the Organisation. The financial statements

shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line items.

Financial report shall, as a minimum, include:

- a) a balance sheet, income statement, notes to the financial statements, and cash flow statement, as applicable, for the latest financial year
- b) an auditor's report and management letter for the latest financial year. The annual audit shall be conducted in accordance with International Standards on Auditing.
- c) management response, including an action plan regarding any findings in the audit management letter
- d) a budget of the Organisation for next financial year
- e) personnel costs (detailed lists of salaries and fringe benefits received by the staff during the latest financial year)
- f) information regarding other contributions to the Organisation: source, amount and duration of contract
- g) any other information necessary to give true and fair view of the Organisation's financial status (e.g. if the government grant or part of it has been transferred to another organisation the report should specify the amounts transferred and the dates of the transfer)

Financial report for government grants for projects shall include as above and in addition the following:

- a) information regarding other contributions/income to the project: source, amount and duration of contract. The government grant awarded by the Ministry shall be specified;
- b) expenses charged/capitalised in the relevant reporting period;
- c) expenses charged/capitalised from start-up of the grant-financed project to the end of the reporting period;
- d) unused funds as per the reporting date. The Ministry's share shall be specified;
- e) balance sheet, when required in accordance with the accounting principles applied;
- f) activity costs;
- g) material, procurements and investments;
- h) operation and maintenance;
- i) monitoring and evaluation;
- j) overhead costs to be covered by the government grant in accordance with the government grant decision and Agreement;
- k) project auditor's report;
- l) auditor's audit management letter;
- m) a management response, including an action plan regarding any findings in the audit management letter.

Deviations from the approved budget shall be highlighted with information about both nominal amounts and percentage of each deviation. Clause 2.6 states when a revision of the Government grant decision and Agreement must be applied for.

Final report

When reporting on the last year of the awarded financing, the Organisation describes in its annual report not only the past year but also the results of the entire financing period. This annual report will serve as the final report on the entire period. The final report shall describe

the results achieved by the grant-financed project during the period of use of the government grant. The report shall be set up in a way that allows for a direct comparison with the Application and shall be signed by an authorised representative of the Organisation.

The final report for government grants for projects shall, as a minimum, include:

- a) the items listed for the progress reports, covering the entire period of use of the government grant;
- b) an assessment of the project's effect on society (impact);
- c) a description of the main lessons learned from the project;
- d) an assessment of how efficiently resources from the project have been turned into outputs;
- e) an assessment of the sustainability of the achieved results by the project.

Other matters to report regarding the project content and costs incurred include, e.g.:

- redistribution
- revenue
- own contribution to the eligible costs
- financing (other public and private financial support)
- resources made available without payment

The Ministry may also request other evidence it deems necessary from the Organisation.

Audit

The Organisation shall submit an audit report annually and at the end of the period of use of the government grant as part of the final report. The audit shall be carried out by an independent chartered/certified or state authorised public accountant (auditor) in accordance with the legislation of the Organisation's home country.

The auditors selected by the Organisation are to audit both the accounts and the financial reports. The Organisation is responsible for procuring audit, unless otherwise agreed in the decision and/or Agreement. The audit includes auditor's report and audit management letter. The Organisation then writes a management response in order to describe how the issues are solved and sends the aforementioned documents to the Ministry. Ministry may request additional information if needed.

The audit shall be conducted in accordance with International Standards on Auditing 800 related to audits of financial statements prepared in accordance with special purpose frameworks or in accordance with relevant local legislation. The cost of the audit shall be included in the budget and be paid for by the Organisation. If the audit is performed using other audit standards, which have been assessed to be equivalent, the Ministry shall approve the terms of reference in advance. The auditor's report shall express an opinion whether the submitted project financial report is in accordance with the Organisation's accounting records, the conditions of the Ministry's agreement, and the details of the audit terms of reference.

The auditor shall submit an audit management letter, which shall contain the audit findings made during the audit process. It shall also state which measures have been taken as a result of possible previous audits and whether measures taken have been adequate to deal with reported issues. A documented management response, including an action plan regarding any

findings of the audit, shall be produced by the Organisation and submitted to the Ministry together with the audited financial report and the audit management letter.

The Organisation should provide all these audit documents to the Ministry by the due reporting date in accordance with paragraph 4.1 of the Agreement. The Organisation shall, on request, give the Ministry an opportunity to audit how the government grant has been used by the Organisation and thereby supply information necessary for the audit.

Reporting delays or failure to report may lead to the suspension and recovery of payments and the denial of any additional grants.