

PROGRAMME UPDATE



International Federation of Red Cross and Red Crescent Societies
Fédération internationale des Sociétés de la Croix-Rouge et du Croissant-Rouge
Federación Internacional de Sociedades de la Cruz Roja y de la Media Luna Roja
الاتحاد الدولي لجمعيات الصليب الأحمر والهلال الأحمر

FINANCE AND REPORTING SYSTEMS 10 September, 2001

This Programme Update is intended for reporting on Annual Appeals.

Appeal No. 01.80/2001

Appeal Target: 1,089,795

Programme Update No. 01; Period covered: January - June, 30, 2001

“At a Glance”

Appeal coverage: 65%

Related Appeals: N/A

Outstanding needs: CHF 381,902

Operational Developments:

This update focusses on the internal development of the Federations financial control and reporting systems, involving both a technical development of financial tools and skill enhancement of Federation finance staff. The development of the Regional Finance Unit (RFU) structure has been a basis for this, and has entailed, inter alia, identifying and developing RFU staff from within the region and developing their skills and the capacity of country delegation-based finance staff. The continued development of the “Business Objects” product, a Federation financial reporting tool, has required input during the period to develop the financial report formats, to install the necessary software, and to develop user skills to access the reports. On the reporting side, there has also been a focus on the Pledge Management Note (PMN) system, involving reviews to refine and enhance the capacity to respond better to Federation and donor needs.

Objectives, Achievements and Constraints

Objective 1: Upgrade the communication software and support hardware and assess the communication needs of the Federation and delegations.

Software has been purchased to enable the Secretariat to assist with computer support services across the internet. However the replication technology continues to hamper progress in receiving financial data from country delegations in Geneva. Significant efforts have been applied to the current systems to debug and enhance their functionality and this work will continue. Also, a review is to be done by the vendors of the CODA system, to make recommendations about the system and whether a more rigorous approach can be pursued to support the Federation’s operating environment

Objective 2: To organize and carry out training in financial management and reporting in order to achieve an advanced level of professionalism in the delivery of financial control in all finance activities and to promote standard good practices while increasing the effectiveness and efficiency of delegations.

A number of missions have been undertaken in the regions where RFUs have been set up. At the beginning of 2001 there were three operational units: Kuala Lumpur, Yaounde, and Abidjan. In the first six months of 2001, units in Guatemala, Nairobi, Budapest and Amman have been established, heads of unit have been appointed and local staff employed. These units will work within a comprehensive operational Terms of Reference (ToR), which will be refined as more delegations are brought under each RFU and the capacity of the units is developed. The RFUs' first role has been to focus on financial quality control and the timeliness of financial reporting. This role has necessitated a number of missions to each of the country delegation covered to ensure that procedures and capacity are in place. As a result there has been a significant reduction in the delay in receiving financial reports from delegations at the end of the month. Consequently the timing for reporting global operational figures from the centralized Geneva financial database has improved. A higher standard of accounting and financial control is also being observed, which is also, in part, a result of the development of financial procedures in 2000. Work continues to develop more precise operational procedures for finance staff.

It has proved difficult to monitor the content and progress of training missions undertaken by RFU staff or to get feedback on where weaknesses may lie. We have therefore initiated two projects: a review of all current, locally recruited finance staff, as a means of identifying current skills and training needs; and an exercise to map the various roles within the Federation and identify the modules and tools each position should be skilled in. This will form the basis for assessing the resources required to train both finance and non-finance staff.

Objective 3: *Continue to maintain the existing systems that support the Federation's Minimum Reporting Standards (MRS) and Pledge Management System (PMS) and develop these systems based on donor and delegation feedback.*

Related to its function as an income accruals module within the wider financial system, a review of the PMN system was conducted. This review identified the steps needed in order for the system to become auditable financial information and to allow the Federation to compile external financial statements based on this accrued income record. At present, the current pledge system is robust and well maintained and has led to, in part, enabling country delegations to record income received directly in the field and link it to data held in Geneva. However, the PMN financial information is used primarily for internal project management and this move will allow the system to be used more widely. An internal review was also conducted on the system of calculating and recording Programme Support Recovery (PSR) against individual pledges. This has led to refinements in the pledge system, which will better incorporate the information required to make the PSR calculation.

There have been a number of problems meeting the MRS targets and the success rate has dropped from 46% in 1999 to 32% in 2001 (see problems encountered). However, in terms of reporting against Appeal objectives/indicators the following can be observed:

- generally there are fewer reporting complaints at Appeal level;
- although response time for providing Appeal reports has fallen, as indicated below, overall funding has improved consistently since 1998 for both relief and Annual Appeal programmes;
- PMN requests for specific reporting have not been measured for the January - June period of 2001, however, using a sample of pledges for the same period in 1999/2001, acceptance of standard Federation reporting has increased from 65% to 82%.

Objective 4: *To ensure that the reporting software is fully functional and enhanced for Federation and Donor requirements.*

The first six months of 2001 has seen a significant development in the reports set up under in the Business Objects (BO) product, with most of the existing automated reports used by finance personnel revised and replaced. The BO reports will be used by cost centre and program managers, although there remains a number of refinements required to complete the current set of reports to ensure consistency across the board. The web based product has also been released to country delegations, allowing them, where they have connectivity via the web, to directly access the information in the Geneva data base. We have also provided delegations with the basic BO product that will allow them to run reports on the financial data held in each delegation. The ease of developing reports in BO has led to the construction of specific control and exception reports, which allows the

Federation to address the specific weaknesses in the many balance sheets that make up the Federation's operating assets.

The underlying structure of the BO report writer software is of a high technical specification, even for reports with relatively unsophisticated user input. The level of knowledge required to develop the base structure is higher than was expected and it has required a dedicated in-house resource to work on building and testing financial reports to avoid a reliance on external consultants.

For further details please contact: Ric Martin, Phone: 41 22 4914; Fax: 41 22 733 03 95; email: martin@ifrc.org

All International Federation Operations seek to adhere to the Code of Conduct and are committed to the Humanitarian Charter and Minimum Standards in Disaster Response (SPHERE Project) in delivering assistance to the most vulnerable.

For further information concerning Federation operations in this or other countries, please access the Federation website at <http://www.ifrc.org>.

Peter Rees-Gildea
Head a.i.
Relationship Management Department

Stephen Ingles
Head
Finance Department

Finance and reporting systems						ANNEX 1
APPEAL No. 01.80/2001		PLEDGES RECEIVED				10.09.2001
DONOR	CATEGORY	QUANTITY	UNIT	VALUE CHF	DATE	COMMENT
CASH						
REQUESTED IN APPEAL CHF ----->				1'089'795		TOTAL COVERAGE 65.0%
CASH CARRIED FORWARD				46'434		
BRITISH - GOVT (DFID GRANT)				450'000	03.02.01	PARTNERSHIP IMPLEMENTATION PLAN 2001
DANISH - RC				185'000	DKK	37'759 30.08.2001
SWEDISH - RC				1'000'000	SEK	173'700 28.02.01
SUB/TOTAL RECEIVED IN CASH				707'893	CHF	65.0%
KIND AND SERVICES (INCLUDING PERSONNEL)						
DONOR	CATEGORY	QUANTITY	UNIT	VALUE CHF	DATE	COMMENT
SUB/TOTAL RECEIVED IN KIND/SERVICES				0	CHF	0.0%

