



THE LAST FCC REPORT FOR YEARS 2020-2021

Meetings: November 27th, 2020 and April 24th, 2021 online

Attendees: Freia Then (FCC member), Tornike Kusiani (FCC member), Özgecan Kara (Secretary-General), Caroline Mathieu (Office manager) and Stefanie De Bock (Treasurer).

Dear member organizations and delegates of the FYEG General assembly, during our meetings with the FYEG office, first we have examined how the previous Financial Control Committee (FCC) recommendations have been taken into account. After discussing the financial management we had a look at the bookkeeping. For this, the report from last year was checked. Finally, we looked into the future and came up with a long-term vision for the organisation regarding the executive structures in general and the financial management specifically.

Last years recommendations

The financial management in FYEG is professionalising continuously. We have noticed that office members that are working in the office for a couple of years benefit the consistency of the finances. Therefore, we found that most of the FCC recommendations were fulfilled by the office. Moreover, they take initiative when it comes to the improvement of financial management.

Many recommendations regarding the office were implemented. Because the office moved to a new office space the typically underspend budget line for office equipment was put to good use last year as the FCC has recommended in its previous report.

The salary was raised within the capacities of the budget. The benefit scheme for FYEG employees has been simplified due to the opportunity to claim benefits for home office. Therefore, there was no need to use the benefits recommended in the last FCC report. After COVID19 crisis, the office may still need to adjust its benefit system. We recommend that this system is convenient and easy to manage. The goal is to save money using the benefit system. This is not given if the time spent by office members on managing the system surpasses the tax savings by it.

The budget line for staff training is now in place. We are delighted to find that there are already plans to finance the participation of a staff training on mental health. For the coming years, the training should be planned long-term and should be part of the professional development of each office member. This can happen through a formal evaluation system in the office or simply by asking the employee.

We welcome that the payroll safety fund is now fully in place and also supports the idea of raising the volume of the safety funds to 50.000€ which is the amount of the ERASMUS+ admin grant. But there is still a need to come up with a structured approach regarding liquidity and savings.

Practical recommendation

We recommend that the budget report includes an explanation where the actual of a budget line deviates more than 10% from the plan. Whereas, the treasurer in his/her oral report during the GA should concentrate on more political sides of the finances in FYEG.

We also encourage the office to use all available resources to make salary estimates more accurate for example by asking the social secretariat to reduce the risk of miscalculations.

We encourage FYEG to come up with a long-term strategy for funds, savings and carry-overs. This should include looking into safe investments, especially for long-term funds, but also for other savings. Also saving accounts that might only cost money today should be closed.

The clear regulation on MO fees makes it easier for everyone to calculate the membership fees. But collecting MO fees is still a lot of work for the treasurer and the office. We encourage all MOs to transfer the fees as early as possible. Additionally, we recommend cooperating with smaller MOs to improve their financial management. Sometimes they might not be aware that they have to pay the membership fee.





Long-term vision for FYEG

With this last report prepared by the FCC, we want to engage with the most important themes for FYEG from our perspectives.

In the face of global capitalism and environmental degradation, the rise of right-wing ideologies and climate change, FYEG should strive to be a resourceful organisation that brings our visions for the future to life. Such an organisation has many volunteers to evolve and promote those visions but it needs an office that can implement ideas and projects efficiently. Even though the FYEG office does a great job. Over the years, we still noticed that there is a limit to what can be achieved by individual dedicated office members. Hence, the path for FYEG to reinforce its impact is to increase office resources.

If the Federation does not choose the path of growth in office resources, we will not be able to realize the vision of socio-economic and environmental justice we all as individual activists have in common. We believe that if the economy can not grow exponentially FYEG office can. Therefore, this report will try to illustrate how FYEG can grow and how we can ensure that there is a structure in the office based on a caring and growing environment for not only office members but also for the Federation and its MOs. Such an approach towards this report stems from the fact that it is our last chance to deliver a productive direction for the office. Moreover, over the years, we have witnessed how resources are not balanced in the office, the shortage in the positions and office members, we have witnessed how the time of office members have always been abused in the name of voluntarism, and office members are constantly under the stress of mitigating the growing needs of the Federation. We believe that FYEG is a living organism where the burnout in one structure can lead to the burnout of another structure and consequently for the Federation. And as the office is the only source of resources when it comes to administration, we firmly believe that we need to invest more in this direction.

1.1. Financial Manager and administrative management

We have seen many improvements in financial management

since the FCC was put in place about a decade ago. Today the treasurer and the Sec Gen have other people to rely on to take care of the FYEG budget and project budgets like the office assistant who does most of the internal accounting and the project managers. But still, Sec-Gen is forced too often to go back and forth between technical and decision-making issues. This can also be said about other positions too. Project managers are often consumed by the technical task of project management instead of thinking about realizing the potential of the project fully. A stronger administrative structure in which each (financial) operation is handled according to defined processes would free up resources and separate the responsibilities of execution and supervision.

Hence, we think it's time for FYEG to open up new positions that increase the administrative resources of FYEG as well as redistribute the administrative burden overall. Ideally, the administrative tasks should be divided between three positions: a financial manager, an in-house accountant and an administrative manager. This would result in the the following work-flow for a purchase operation that may be initiated by the project manager:

It is captured by the administrative manager who is mapping out service/product providers, preparing bids/purchase documents (indicating the activity and budget line) The administrative manager submits it for approval to appropriate supervisors and the financial manager. Supervisors approve that the operation is in line with the project activities and the financial manager indicates a budget line where from these activities can be or shall be financed. The approved document goes to the accountant who is making the bank transfer and is bookkeeping the transactions in the accounting software and achieving the document in the binder or virtual space.

Such an approach divides responsibilities among many staff members so everyone can focus on their main task. It also allows efficient tracking of budget lines even when the budget grows. It also creates the opportunity to easily add more projects in the office and overcome the constraints that can be caused by lack of human resources. Hence, it creates a pattern of growth in the organisation.





1.2. Accounting Software

This year's budget is huge compared to past years due to the carry-over from last year. But the internal bookkeeping of FYEG is still done using a spreadsheet (Spreadsheets are a great way to do accounting up to 150.000€). It is not an adequate approach for FYEG's revenue. For one, it is a complicated way to do internal accounting. But it is also error-prone and unsafe in the daily work process. It is also not the most efficient tool to prepare budget reports and retrieve financial information that informs decision making.

We recommend to give the office the opportunity to implement an accounting software for internal accounting purposes. This endeavor should be properly planned financially and timewise. It should include careful consideration of the available options to choose a product that has long-time support and is easy to use as well as training for office members. FCC recommends that the software is able to generate different types of reports (profit and loss statements for the organisation for the separate projects, balance sheets, cash-flow statements etc.) that are easily readable for the treasurer. We also believe that this accounting software should include a time tracking feature to promote more realistic planning of time budgets in the office.

Investing in sound accounting software, is a shortcut to minimize the administrative burdens and adding more projects without fear of managing it.

1.3. Salaries, Salary Grid, and trainings

Over the years, we have recommended raising the salaries for office members, but we understand that when such themes are left to be decided only by a single budget line in the FYEG budget, it creates an unstable, unsafe and unfair environment for employees. Moreover, we think that time is the only political instrument that shall be negotiated between employees and FYEG. What we see right now is the responsibilities attached to positions without considering the time and resources that need to be spent to fulfill those responsibilities. Moreover, we see that when projects are budgeted, the office member who is involved either in decision making or do tasks of that

project and consequently, the time they spent on the project is assumed to be part of a person's fixed salary. Therefore:

We think it is crucial to reach the point where FYEG has salary grids, categories for each grid, and the rules of indexing. FYEG and its employees need a plan of wage raises depending on the experience and the responsibility that the staff member has. This is must if FYEG plans to maintain the qualified employees over the years and create a safe and secure environment for them.

The time (pay unit/percentage) of each employee that is part of the executive decision-making of the upcoming project should be planned in the project. This means that some positions like sec gen, office assistant, financial manager, and others should always be part of any project that is written and is operationalised by the involvement of other people in the office.

1.4. EC allowance

The idea of compensating EC members one way or another is not new. Nevertheless, it always caused conflicting positions between MOs as many envisioned it as a conflict of interest between being a volunteer and being financially interested in the Federation. We think that such an approach can oversimplify the discussion and see the need to resolve this issue to ensure that people who put their volunteer time for the Federation are compensated in a way that is oriented on care and does not cause financial conflict of interests. First of all, we want to emphasize that EC members often are bothered by the struggle to ask for compensation for those expenses that they had in relation to their FYEG related trip. Moreover, they sometimes spend their own money to be functional during such trips. These things are often overseen but can be a hindrance for many activists coming from poorer countries too. Additionally, we think that compensating volunteers can only cause a conflict of interest if such compensation is substantial. Therefore we want to suggest a plan that is realistic and has nothing to do with compensation but has something to do with caring for the EC member who often is burned out after their mandate in FYEG.

This discussion comes from the initiative of handing out





allowances for EC members. We are supporting it if the amount is not significant. But we believe that such allowance might not compensate for the additional expenses of an active EC member. Another way to balance the additional cost out could be per diems for EC members when they attend EC meetings; for example, their travel should be classified as a business trip and treated the way business trips are treated. The allowance should be handed out with minimal administrative workload for both the office and the individual EC member. Obviously, the overcompensation should not be doubled (if the hotel provides breakfast, it should be deducted from per-diem).

1.5. Organisational Change Consultancy

We strongly believe that there is a benefit to the organization in hiring an external consultant to evaluate internal processes and come up with guidance that is productive for the office. Therefore, it should be on a regular basis. During those evaluations FCC/FCAB reports should be taken into account too. Such consultancy is excellent but shouldn't be the vast part of the training budget line (which is the case currently) as it is meant to be spent on individual training and development of the staff members and not the organization as a whole. A separate fund or budget line can be set up to budget for consultancy services. This also enhances the transparency of the budget report.

1.6. Fundraising

We notice that it is very hard for FYEG to obtain donations from MePs and FYEG alumni on a regular basis. If this continues to be the case, FCC recommends to shift the focus from regular income from this source to plan fundraising campaigns for major events like the election of the European parliament. Another great source of fundraising can be shared projects with MOs. This way FYEG increases its resources but also helps MOs to implement environmentally and socially responsible projects.

Conclusion

This year FCC conducted two online meetings. This has

reflected on our capacity to check everything, nevertheless, we did our best to conduct FCC a final audit online. We recommend conducting the final audit offline next year.

We want to emphasize we are happy that our recommendations are considered, implemented, or/and constantly reflected by the FYEG office to the best possible knowledge. We see that this is all done tremendously well and in a detail-oriented manner. But we want to emphasize that this was achieved through dedication and through the sacrifice of personal time by the activists working in the office, to increase the know-how of the office the best way possible. Nevertheless, as FYEG financial management becomes very complex, so does the challenge the Federation has to ensure socio-economic and environmental justice and therefore it needs the shift in strategizing the capacities of the Federation. Even though the Office is doing such tremendous and detail-oriented work with this.

Keep up the good work but we are out of our job anyways :)

