



# Federation of Young European Greens

# fyeg

## **Report Financial Control Committee**

Meeting on 9<sup>th</sup>-10<sup>th</sup> of May 2015 in Brussels Attendees: Tornike Kusiani (FCC), Merja Kähkönen (FCC), Shenna Sanches (Secretary General), Miléna Cazin (treasurer)

### **Introduction**

The FCC had the opportunity to meet with the SecGen and the treasurer for one and half working days. Hence, we were able to discuss the finances of the previous and upcoming year, the bookkeeping as well as the improvements proposed by the FCC last year and the changes implemented.

### **Capacities of the office**

The FCC finds that the capacities of the office, especially regarding accounting, remain inadequate. FYEG has re-engaged the accountant of EGP. However, the office continues to manage the day-to-day books manually, without a programme. This is time consuming and cumbersome. Therefore the FCC recommends once again to explore possibilities to employing a part-time accountant, which could be achieved together with other Green organisations. At the least, the FCC urges the office to write a contract with the current accountant and to explore possibilities of getting an updated overview of the finances regularly from her.

### **Employee salaries**

A year ago it was found out that the staff remuneration system as it was in place until 2013 could be challenged legally, and thus it was abandoned. The system was planned to be replaced with other means of compensation, but this has not happened. The FCC finds the current minimum salaries inadequate and the *de facto* cutting of employee wages unacceptable. The FCC strongly recommends that either a correct way to remunerate staff is found as soon as possible or the employees are granted a salary raise to cover the loss. In a longer-term, the salaries should be attempted to be gradually raised to be in par with the qualifications needed to do the job.

### **Loan from CDN**

Some years ago a loan was taken from CDN. This loan is still partially unpaid. The FCC strongly recommends that the transactions be properly documented to the extend it is possible and the remaining sum is paid as soon as possible and feasible.

### **Budget plan for the upcoming years**

Erasmus+ requires a strategic project and financial plan for three years in order to access higher grants. The FCC recommends that these plans are made and presented to the GA at least for general approval. At the very least, the GA should decide upon a budget for the present and the upcoming year. The FCC reminds that a non-profit organization can make positive balance for organizational purposes and recommends that the budget plans should always foresee at least a small profit.

### **Treasurers' network**

The current treasurer has set up a treasurers' network. The FCC welcomes this initiative warmly and suggests that the network be used to clarify the FYEG budget and balance sheet to MOs and that MO employees responsible for finances could also participate in the network. The survival of the network over changing treasurers should be supported.

### **Process documents**

The FCC proposes the compilation of a process documents, which would describe the processes

undertaken by FYEG, especially the office. For example, a process document of projects would include all phases of project management, including financial practices. The documents would facilitate handover situations and help to consolidate practices of financial management. The FCC recognises these documents would take extensive time and effort but proposes them as a long-term goal.

### **Check of the books**

FCC has checked the storage structure of primary documentation, starting from cash transaction documents to bank statements and invoices. FCC wants to emphasize that generally it is structured well for accounting purposes, documents are classified in different files according to their content and dates. FCC has given some further tips to the office for upcoming year to make the process of arranging documents even better. FCC also recommends doing this process of arranging documents on monthly basis and provide it to the accountant as often as it is possible.

### **Other recommendations**

The FCC recommends further that

- the invoices are numbered using dates of issue,
- the cash reserve is checked against the cash bookkeeping at least once a month,
- a list of assets with their purchase value be kept,
- the annual report and balance sheet of the previous year should be prepared before the FCC meeting or before the end of April the latest, and
- sufficient time is reserved for the FCC meetings.

### **Implementation of the suggestions from the previous FCC reports**

#### *Cash flow*

The FCC was happy to observe that persisting cash flow problems seem to have finally been resolved. There have been no liquidity problems during the last year. The FCC recommends as a long term goal that the amount of 6 months salaries should always be kept on the bank account to ensure financial security.

#### *Financial updates*

The FCC is happy that the finances are followed up in the EC meetings regularly, as is required by the IRP's.

#### *Cooperation with member organisations for project funding*

The FCC is satisfied with the consolidation of the practice of making a written contract with MO's of all joint projects. It seems that the office has found a functioning way of keeping books of the project money flows.

#### *Financial decisions*

In the last two reports, the FCC proposed that the conventions of making decisions regarding the finances be written down for clarification and transparency. The FCC is happy to see that the work is under way and encourages the office to continue it. The guidelines could include for example what kind of decisions are made and how large expenses approved by the Secretary General, treasurer, the two together, and the EC, and what kind of reimbursement policies are used and who decides upon them. The guidelines should include established practices, for example that an office representative should be involved in all projects. The guidelines could be adopted by the EC.

### **General remarks**

The FCC finds it important that the financial practices and procedures of FYEG are consolidated and implemented constantly without exceptions. All in all, the FCC thinks that the management and presentation of finances is improving still and that the problems raised in earlier FCC reports are addressed. The FCC is happy to see this improvement and the willingness to continue to further improve the financial management of the federation.