



Federation of Young European Greens

fyeg

Report Financial Control Committee

Meeting on 16th-17th of April 2016 in Brussels Attendees: Stevan Petrovic (FCC), Merja Kähkönen (FCC), Markus Drake (Secretary General), Tornike Kusiani (treasurer)

Introduction

The FCC met with the SecGen and the treasurer for one and half working days. The FCC also received all documents related to all bank transactions, documents from treasurer and previous Secretary General. Before the meeting the FCC was able to look through the documents, specially through all bank transactions.

The meeting revealed a complete lack of bookkeeping, which was discussed immediately during the weekend with the two spokespersons, Laura Carlier and Teo Comet. The FCC explained the situation to the whole EC in a skype conference the following week.

The FCC had complete cooperation and support from interim Secretary General and Treasurer.

Bookkeeping

During the meeting, the FCC discovered that there has been no bookkeeping since late 2014, after the change of the Secretary General. Instead, there are detailed manual notes of income and spendings, which the FCC estimates to be fairly accurate. However, not all transactions can be linked to documents and receipts. This makes it difficult to ascertain the complete accuracy of the budget report for 2015, which at the time of the meeting was yet unfinished, and might have resulted in some inaccuracies in the budget report for 2014.

The FCC strongly emphasises that bookkeeping is the base of all financial management and must be done continuously and according to accepted bookkeeping practices. The FCC underlines that this must be immediately corrected. The FCC has recommended to the EC that an accountant be employed as soon as possible to do the bookkeeping in a professional manner. At the time of writing this report, negotiations for engaging an accountant have been finalised and the accountant has been hired according to an arrangement that was agreed between FCC, Treasurer and Interim Secretary General. The agreement with accountant includes full bookkeeping service by the accountant on monthly basis, preparation of financial overview for Executive Committee meetings and delivering annual accountancy reports.

The FCC understood that the basic obligations of the Treasurer were very difficult to fulfill considering the lack of bookkeeping and necessary financial information from the office. That made the work of the Treasurer and the EC frustrating and incomplete related to financial management and decision making.

Financial management

The FCC was sorry to find that other practices of financial management have disappeared as well. Documentation of financial transactions is not organised, copies of original documents have not been made in case the originals have been sent to a donor, and cash box management has been forgotten. There is no practice of more than one person confirming a transaction. The FCC insists that the good practices be reinstated immediately.

Financial situation

The lack of bookkeeping makes the assesment of the financial state of the organisation somewhat precarious. However, the FCC judges the financial reports to be accurate enough to give a fair overview of the overall financial situation. It seems that the previous cash flow problems have disappeared and that considerable surplus has been created. The FCC has not discerned any attempted hostile actions towards FYEG.

However, it would be of benefit for the organisation to be able to assess the financial state of the organisation as accurately as possible at each given time, as this information is necessary for the EC in making financial decisions. The FCC has recommended and recommends again quartal financial reporting.

IRP changes

The FCC has proposed several IRP changes, to put down the good practices of financial management to the rules and procedures. The goal has been to ensure the continuity of the good financial management practices and to ensure efficiency and reliability. The amendments have been proposed to the EC, and it has been up to it to propose them further to the GA.

Capacities of the office

The FCC again finds that the capacities of the office, especially regarding accounting, are inadequate. In the opinion of the FCC, this is one reason behind the fumbling financial management practices and urges FYEG to solve it in a sustainable manner. There should either be a professional accountant or a hired office administrator doing the bookkeeping.

The office capacity during the 2015 related to financial management was nearly adequate to financial reporting on projects and activities towards the partners. The FCC finds that with the new agreement with the accountant this capacity will significantly raise, however there are still reasons to doubt if office and EC will be able to fully answer to obligations and needs in this area. The FCC will monitor these developments during 2016 and 2017.

Employee salaries

The staff remuneration system as it was in place until 2013 has not been replaced. This means that the salary of the employees, especially that of the Secretary General, is lower than it was three years ago. The FCC finds this unacceptable and urges the GA and the EC to take action in order to uphold its own principles of fairness in its staff management practices.

Implementation of the suggestions from the previous FCC reports

Merja has written a compilation report of the previous FCC reports submitted during her two terms in the FCC, as requested by the EC. This report has been submitted to the EC, aiming to help it in implementing the recommendations which have been raised in previous FCC reports but not implemented.

The themes which were repeatedly raised in the previous reports largely correspond to those addressed above. They include:

- capacities of the office
- practice of financial management
- bookkeeping
- financial decision-making
- employee salaries

The FCC again recommends that these issues be addressed as soon and as fully as possible, especially as many of them have escalated during the last year and a half.

General remarks

For 2015 the FCC was not able to perform its duties fully. The bookkeeping was not in a state to be checked by the FCC.

The FCC is extremely sorry to see that the financial management and especially the bookkeeping does not correspond to proper financial management and accepted accounting practice. The FCC underlines that action is absolutely necessary in order to correct this. As a result, the current EC has started a process and engaged the services of a professional accountant. The FCC supports this and strongly recommends that the new EC will continue tackling the issue. The FCC recommends that the GA monitors the process closely. The FCC hopes that the new EC will have the capacity to prioritise financial management of the organisation during the next term.