Micah Network
Standard Reporting Guidelines

Micah Network member agencies
worked together to prepare this draft.
Version date: August 2006

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www.micahnetwork.org

Contents

1. Introduction

1.1 **Background**—These Standard Reporting Guidelines have been jointly developed by a group of Implementing Partners and Supporting Partners within the Micah Network, over an 18 month period. The process started following a “strategic consultation” on partnership at which Supporting Partners heard the concerns from Implementing Partners about the administrative burden caused by differing proposal and reporting requirements. Two regional working groups of Implementing Partners (in Asia and Africa) and a working group of Supporting Partners were established to participate in the process and to develop the draft documents.

1.2 **Types of reports**—Supporting Partners who have adopted these Guidelines require two kinds of reports on all projects/programmes that they fund: Narrative Reports and Financial Reports. Both Narrative and Financial Reports are required every six months in either interim or annual form. The annual reports, at the end of each twelve month cycle, must cover all sections of the guidelines and the full year’s activities. The interim, or six monthly, Narrative Report is intended to be brief, as not all sections can be reasonably reported on at the interim stage. The guidelines indicate which sections are optional in the interim Narrative Report.

1.3 **Timing of reports**—The timing of reports will be agreed between the Implementing Partner and the Supporting Partner when the project/programme has been approved. Supporting Partners recognise the importance of synchronising reporting dates wherever possible to avoid duplication and to minimise the administrative burden faced by Implementing Partners. Where there is more than one Supporting Partner for the project/programme, the Implementing Partner should check prior to project/programme commencement whether all of the Supporting Partners can work on the same reporting cycle, and encourage them to do so if they are not already. However, in all cases reports must be sent to the Supporting Partner no later than two months after the end of the period covered in the reports.

1.4 **Additional requirements**—If institutional funding applies and this requires additional information or different timing for reporting, the Supporting Partner will provide full details to the Implementing Partner to facilitate compliance. These and any other additional requirements of the Supporting Partner will be as set out in Annexure 1.

1.5 **Audit**—Supporting Partners generally require Implementing Partners to have their accounts audited annually, i.e., checked through and approved as accurate by a qualified auditor of accounts in accordance with the “Guidelines on Audited Financial Statements” (set out in Annexure 2). A copy of the audited accounts should be sent to the Supporting Partner no later than six months after the end of the Implementing Partner’s financial year.

1.6 **Glossary**—A Glossary section explaining the meaning of key terms can be found on page 10. References to “Supporting Partner” should be interpreted as the organisation from whom assistance is being provided for the project/programme, and references to “Implementing Partner” should be interpreted as the organisation reporting on the project/programme.

1.7 **Comments or suggestions**—If you would like to make comments on these Guidelines, please send them to your Supporting Partner or to the following address:

Micah Network International Secretariat
E-mail: ic@micahnetwork.org
Fax: + 613 9877 7944
Post: PO Box 164, Blackburn Victoria, Australia

2. Why are Narrative and Financial Reports Required?

2.1 **Basic purpose**—The basic purpose of reporting is to ensure learning by all, i.e., the community, the Implementing Partner, the Supporting Partner(s) and the wider development community.

2.2 **For the benefit of the project/programme and the target community**

- Preparing reports will give both the Supporting Partner and Implementing Partner a chance to look back over a period and reflect on the progress the project/programme has made in carrying out its activities, producing outputs, achieving its purpose and contributing to the wider goal. This should help everyone to see more clearly the strengths and weaknesses of the project/programme.

- Reports should identify lessons learnt during the project/programme implementation which may lead to adjustments to project/programme design.

2.3 **For accountability and transparency**—to maintain the accountability and transparency in the use of resources, results and further openness in communication to all stakeholders.

2.4 **To provide information to stakeholders**— Information and interesting stories encourage mobilisation of prayers and continued support.

2.5 **To maintain the 'institutional memory' of the organisations and a continuity of partnership** —Staff changes may occur in the Supporting Partner and the Implementing Partner and this may cause some disruption to the partnership as new staff learn about what has happened in the past. Good written reports help to minimise any disruption as they provide easily accessible information and ensure that valuable lessons are not forgotten.

3. The Format for Narrative Reports

The Report must be no longer than 10 sides of A4 including logframe and budget (but excluding other appendices). The font size should be no less than Arial Narrow 12 point. To facilitate the report writing in line with these guidelines Implementing Partners may use the "Micah Network Standard Reporting Template", which can be downloaded from the Micah Network website **www.micahnetwork.org.**

Section A — **Basic Information** (maximum half a page)

- The title of the project/programme.
- The Supporting Partner project/programme reference number (if applicable).
- The name of the Implementing Partner receiving funding.
- The name, role, office address, telephone, fax and e-mail of the Implementing Partner contact person and website of the Implementing Partner (if any).
- The name and role of the person approving the report for the Implementing Partner. This person must be duly authorised by the Implementing Partner.[1]
- The start date of the project/programme and the period covered by the report.
- The date of submission of the report.

Section B — **Situation Report** (maximum half a page)

Please outline any significant events and changes that have occurred in the context of the project/programme, or more widely, in the reporting period that have had, or are likely to have, an effect on:

- the specific problem(s) addressed by the project/programme
- the project/programme
- the local community, including those excluded from it, the poor and the vulnerable
- the policies and practices of people in positions of power whose decisions and actions affect the immediate area in which the project/programme is located
- the local church and other significant stakeholders
- the Implementing Partner.

What complaints if any were raised by stakeholders and how have these been dealt with?

Section C — **Project/Programme Achievement** (maximum two and a half pages)

1. Please report on the achievements against the Annual Work Plan (Option A) or using the logical framework matrix (Option B). Please use only one method to report. Where possible indicate the actual number of beneficiaries (or in case of an estimate, indicating so), specifying men, women, boys and girls.

1. In the case of any doubt, the Supporting Partner may ask for evidence of the authority.

Where activities have not been achieved please explain in additional notes.

Based on the activities and outputs achieved, assess progress towards the achievement of the purpose(s) and goal of the project/programme.

Option A—*Reporting against Annual Work Plan*

Purpose (from the log frame)	Planned activities (from the Annual Work Plan)	Achieved activities (for the reporting period)	Outputs (for the reporting period)
Purpose 1	Activity 1		
	Activity 2, etc.		
Purpose 2	Activity 1		
	Activity 2, etc.		

Option B—*Reporting with Logical framework matrix*

Activities

What was Scheduled	Indicators	Progress Made	Explanatory Narrative
Activity 1			
Activity 2			
Etc			

Outputs

What was Scheduled	Indicators	Progress Made	Explanatory Narrative
Output 1			
Output 2			
Etc			

Purpose

What was Scheduled	Indicator	Progress Made	Explanatory Narrative
Purpose			

Goal

What was Scheduled	Indicator	Progress Made	Explanatory Narrative
Goal			

Section D **Impact and Sustainability Analysis** (maximum two and a half pages, excluding case studies, stories etc which can go into appendices) —note not required in interim reports

Please comment on changes observed in the following areas:

- What indications are there that the project/programme benefits are sustainable after external financial support for the project/programme has ended?
- What indications are there that the community institutions have the capacity to manage their own development?
- What indications are there that the welfare and development work in the community of the local/national church has been strengthened?
- What indications are there that people's access to government, NGO, business and other services has been improved?
- What indications are there that the policies and practices of those in positions of power have been influenced?

Where relevant, describe changes in the following cross cutting areas:

- gender issues and the differences in status of women and men
- the special needs of children
- people with impairment/disabilities
- conflict
- people affected and infected by HIV
- environmental sustainability
- vulnerability to disasters

Report on the qualitative changes resulting from the project/programme in the form of stories, testimonies, quotes and photographs of people who benefited directly from the project/programme, or otherwise explain the impact of the project/programme. Please indicate if privacy issues, confidentiality or permissions to publish apply to these stories.

Section E **Lessons Learnt** (maximum one page)

In this section please draw out lessons that have been learnt.

- What lessons have been learnt so far through the Implementing Partner's involvement in this project?
- Have there been any "good practices" developed and/or identified as a result of the project which could be replicated?
- What unanticipated changes (both positive and negative) has the project/programme produced?
- What lessons have been learnt about partnership between the Implementing Partner and the Supporting Partner?

Section F **Proposed Changes to the Project/Programme** (maximum one half page)

Are any changes/revisions required to the project/programme to ensure that it will meet its targets (please refer to the Logical Framework Matrix)? If so, what are they? If it is necessary to make significant changes to the project/programme, please submit a revised plan of annual outputs with a revised budget and update the Logical Framework Matrix.

Section G **Application of Conditions/ Recommendations** (maximum one half page)

Where applicable please explain how the Implementing Partner and the Supporting Partner have responded to or applied any conditions or recommendations agreed at the time of project/programme approval or subsequently.

Section H **Any other relevant comments or observations** (maximum one half page)

As applicable.

4. The Format of the Financial Report

General Guidance

4.1 This section outlines the information required in a Financial Report and how it should be presented. A Financial Report is the income and expenditure account for the project/ programme; it shows the income received and the expenditure incurred during the reporting period.

4.2 The budget headings for reporting the Operational/Programme Costs, Capital Costs and Income must be the same as in the Budget Summaries in the Full Proposal approved by the Supporting Partner.

4.3 The Implementing Partner should report all the income and expenditure of the project/ programme as budgeted, not just the element funded by the Supporting Partner.

4.4 The currency used for reporting must be the same as in the budget approved by the Supporting Partner. Where accounting records have been maintained in local currency but the reporting is done in another currency (Sterling, US Dollars, or Euros), an explanation about the calculation of the currency conversion rate must be included. The conversion rate should be based on the average rate that was obtained when the grant from the Supporting Partner was converted into local currency.

4.5 Format for Operational/Programme and Capital Costs (maximum one half page)

Operational/Programme Costs	Budget for the period	Actual expense	Variance	Variance as % of budget
Direct costs				
Indirect Costs				
Total Operational/ Programme Costs				

Capital costs	Budget for the period	Actual expense	Variance	Variance as % of budget
Total Capital Costs				
Grand Total Costs (Operational/ Programme + Capital)				

4.6 Guidance Notes on Operational/Programme Costs and Capital Costs

Budget for the period: For each budget heading, write the amount that the Implementing Partner planned to spend during the financial year covered by the report (or during the six month period if it is for an interim report). This must be the budget approved by the Supporting Partner at the proposal approval stage, or as later adjusted and approved by the Supporting Partner where changes to the project/programme were found to be necessary.

Variance: For each budget heading, calculate the difference between the actual amount spent and the budget. Show overspending as minus (or negative) amounts and underspending as plus (or positive) amounts.

Variance as % of budget: For each budget heading, write the percentage of the variance compared to the budget. It is calculated as (Variance / Budget for FY) x 100%

For any variance that exceeds 10% of the budget, the reasons for the over- or under-spend must be explained in footnotes. It is not necessary to explain variances of less than US $ 500 equivalent.

4.7 Format for Income (maximum one half page)

Income	Budget for the period	Actual received	Variance	Variance as % of budget
Brought forward from previous project/ programme				
Supporting Partners (please specify)				
Other supporting partner A (please specify)				
Other supporting partner B (please specify)				
Other supporting partner C (please specify)				
Government (please specify)				
In-kind donations				
Income generated by the project/ programme				
Local community				
Reserves				
Other (please specify)				
Total Income				

4.8 Guidance Notes on Income

Budget for FY: For each budget heading, write the amount of income that is anticipated to be received during the financial year (or six month period if it is an interim report). If the project/programme budget has been revised since it was approved by the Supporting Partner, write the revised amount of income that is anticipated for receipt.

Variance: For each budget heading, calculate the difference between the actual amount received and the budget. Show a shortfall in income as minus (or negative) amounts and additional income as plus (or positive) amounts.

Variance as % of budget: For each budget heading, write the percentage of the variance compared to the budget.

For any variance that exceeds 10% of the budget and US $ 500, the reasons for the surplus or shortfall in income must be explained in a footnotes, one per budget line.

Brought forward: Show any money brought forward (remaining) from the previous financial year.

Supporting Partners: Show all money received from Supporting Partners in the financial year.

Other agencies / government: Show money received from other agencies and government departments in the financial year.

Income generated by the project/programme: Show money received from project/programme users in the financial year, for example through the sale of goods or services.

Reserves: Show money received by the project/programme in the financial year from the free reserves of the Implementing Partner.

Other: Show any other money received in the financial year.

4.9 End of Year or End of Project/Programme Summary Format (maximum one quarter page)

For either an End-of-Year or an End of Project/Programme Report, bring together the totals of the costs and income sections into a Summary. This will show a Surplus or a Deficit at the end of the financial year.

Starting Balance			Variance in %
Total Income	Budget for Year	Actual	
Total Costs	Budget for Year	Actual	
Surplus / Deficit			
End Balance			

4.10 Guidance Notes on Summary

Surplus / Deficit: Calculate the Surplus / Deficit as Actual Total Income—Actual Total Costs.

If there is a surplus (underspend), propose how the balance of funds should be used —e.g., rolled over into the next year or applied to an alternative project/programme.

If there is a deficit (overspend), explain how the excess expenditure was funded.

5. Glossary

activities are the actual tasks to be done to achieve the desired outputs.

direct costs are those that are wholly attributable to the project/programme in question and which are only incurred because of the project's/programme's existence. These are usually related to the carrying out of the main activities (eg: project/programme workers' salaries, supplies for beneficiaries, transportation costs) but will also include monitoring and evaluation costs. The basis of calculating these costs should be clearly shown.

evaluation means an assessment carried out during, or after, the end of a project/programme to show its impact.

goal means the wider development objective—the ultimate result toward which the project/programme is contributing.

impact means long term sustainable changes—positive or negative, expected or unexpected which occur in the context in which the project/programme operates.

Implementing Partner means the organisation applying for support under these Guidelines and who will be responsible for the direct implementation of project/programme activities.

indicators (referred to as objectively verifiable indicators) are ways of measuring progress toward the goal. They are targets or standards to be met at every stage.

indirect costs are those that are shared across different project/programmes or departments of the Implementing Partner and are incurred independently from the project/programme. They normally relate to the management support of the project/programme (eg: central office facilities, central management salaries, accountancy and audit) and are often covered by an administration fee charged to the project/programme. The basis on which these costs are allocated to projects/programmes should be shown.

monitoring means a structured and continuous process of measuring progress towards objectives.

objectives is a general word used for desired changes or results; within the lifetime of a project/programme eg outputs; on completion of a project/programme eg purpose or outcome; or a time after the project/programme eg goal.

outputs means the products or work targets needed to be done to achieve the project/programme purposes or outcomes.

purposes (used interchangeably with 'outcomes' in these Guidelines) means the specific change(s) that a project/programme will contribute to the goal.

stakeholder means a person, group or institution with an interest or concern in something, eg in a project/programme, policy or initiative.

Supporting Partner means the organisation for which the proposal is being prepared, with a view to that organisation providing financial and other support for the project/programme.

Annexure 1: Additional Requirements

[Each Supporting Partner to insert any requirements in addition to or varying the content of the Micah Network Standard Reporting Guidelines]

Annexure 2: Guidelines on Audited Financial Statements

The Supporting Partner requires that partners submit audited financial statements at least once per year. As a standard to aim for it is requested that financial statements will be prepared in accordance with International Accounting Standards and that Auditors will apply generally accepted International Auditing Standards and express an opinion as to whether the financial statements present a True and Fair View.

However it is recognised that for a great many smaller organisations a full audit and compliance with International Accounting Standards could be very expensive, technically demanding and may be of limited value to the organisation and its stakeholders. In these cases a more limited examination of the financial statements and systems will be acceptable provided that the auditor is independent, clearly describes the scope of the audit work and explains any limitations on his work in the report. A ‘review’ will not result in a ‘true and fair’ audit report but a more limited report according to the work done.

Where Implementing Partners are subject to local laws or accounting practices that conflict with International Accounting Standards it is accepted that local requirements must be followed.

Nevertheless with regard to the Financial Statements, the Supporting Partner needs disclosure of information to follow International Accounting Standards as far as is relevant and reasonable for a smaller NGO.

The Supporting Partner particularly wishes to see:

a) Supporting Partner grants specifically itemised in the analysis of total income

b) Summary of the movement on individual Restricted Funds (especially donor grants)—note that any unspent balance of a Supporting Partner grant should be treated as a liability at the year end or shown clearly as part of any Restricted Reserves

c) Reconciliation of total Income and total Expenditure with the movement on Restricted Funds

d) Summary of activity on Implementing Partner’s General Funds.

All the above information can be shown by way of additional notes to the financial statements if local accounting conventions do not allow or require its disclosure in the main document. These disclosures provide us with the means to check that the Supporting Partner grant has been received, properly segregated and applied, that any balance of funds is protected and represented by cash, and that the organisation is solvent and viable.

In summary, Supporting Partners want to know the following:

Issues	How do we know
Money received, segregated and protected	1. Grants disclosed separately as part of income. 2. Correct accounting for restricted funds. 3. Balance Sheet solvency.
Money used for the agreed purpose	1. Expenditure correctly authorised, analysed and reported—audit work will verify this and the report will either state that the records are reliable or that the financial statements are ‘true and fair’. 2. Reporting in financial statements should tie up with project/programme financial reports.
No double funding	Full disclosure of income and expenditure on each restricted fund/project/programme, reconciled to total Income and Expenditure.
Reasonable indirect/administration costs are covered	Indirect/administration costs identified separately from project/programme costs in the Income and Expenditure account, and compared with unrestricted income (including project/programme administration fees).