Project Monitoring and Financial Reporting

Visión general

This page focuses project monitoring and financial reporting in emergencies. Proper project monitoring, controlling and reporting in emergencies ensure that only appropriate charges to the project are made and that the project stays on course and complies with donor requirements. These summary guidelines should be read in conjunction with the applicable regulations and rules which describe in detail the applicable policies and procedures which should be adhered to as well as recommended practices that should be adopted.

Aspectos clave

- Project managers are responsible for managing funds professionally and transparently, according to IOM financial rules.
- It is essential even in emergency situations that a regular and systematic review of financial management practices, procedures and supporting systems takes place. This will help the Chief of Mission (COM) and the Resource Management Officer (RMO) assess the adequacy and performance of financial management and supporting services.
- Timely submission of concise reports (financial and narrative) to donors in line with the schedules specified in agreements is essential to maintain donors confidence.
- Timely set up of projects in PRIMA will allow for proper project financial monitoring and ultimately reporting.
- Regular, clear and succinct reporting is a core management function.
- All project supporting documents should be properly kept on record.

Alcance y aplicación

The COM and/or Project Manager and RMO should ensure that only appropriate charges to the project are made and that the project stays on course and complies with the donor requirement as stipulated on the signed agreement. The best way of monitoring programmes and budgets is for the COM and RMO to consult with all key programme staff so that they know how programmes are performing against the approved budget. The COM and Project Manager must respect agreed donor requirements and if the office is facing any difficulties, early consultation with the RO, DFM Emergency Support and the relevant IOM country office with resource mobilization functions (See Programme Support Functions: Who can help you?) should be sought and if necessary, the donor informed accordingly. In addition, please see the Project Modification entry for more information on how to identify and proceed with project modifications as needed.

Project Monitoring

At the onset of an emergency, it is sometimes difficult to have up to date expenditure figures. It therefore important to keep of reviewing the budget lines and assess whether all assumptions and estimates used for budgeting remain correct so as to determine if the budget is realistic. It is also important to remember that both over and under spending is undesirable to donors.

Donor Reporting

Reports to donors are based on the specific requirements outlined in the contribution agreement relevant to the activity. A well-defined financial reporting arrangements should be in place. This includes identifying who will be assigned to prepare the financial report. While the Project Manager is responsible for overall financial and narrative reporting of the project, the RMO is responsible for drafting both the interim and final financial reports and assisting in obtaining internal endorsements on the financial report according to IOM's rules and procedures. As all instant the requirements of the contribution agreement shall be duly followed and

consistency between the narrative and the financial report must be maintained. For more information about report endorsement procedure please refer to MA/24 Project Handbook. Also refer to the Donor Reporting entry for more information.

Donor Restrictions and Requirements

While IOM makes all efforts to keep its contribution agreements and contractual conditions standard, some donors have their own restrictions which they include in the contribution agreements. Therefore, it is crucially important for the COM and Project Manager and RMO to understand fully the related eligibility criteria of costs and restrictions as prescribed in donor agreements. Please note that all IOM rules and regulations are to be adhered to as a minimum criteria and specific donor requirements are to be satisfied in addition to those rules when specified so within the contribution agreement.

Examples of donor eligibility rules/restrictions:

• Time limit for charging expenditures to the project (i.e. usually the costs must have been incurred during the project life-time or period of action, which means services and goods are to be delivered within the project period).
• Budget item restrictions, for example some donors do not allow their funds to be used for purchasing vehicles.
• Specific and/or more stringent procurement and documentation requirements that will require to be followed
• Co-funding requirements (which need to mandatorily be coordinated with the Co-Funding Group prior to engagement) such as funding only a certain percentage of the total expensed amount.

Requirements can range from flexible guidelines to rigid rules such as:

• Some donors require to be notified of any deviation or deviations in a pre-prescribed range (e.g. above 10%) from budget and programme plans and request for prior approval.
• Transfer of budget lines may be allowed up to certain limits and under the conditions in each of the funding agreement, if the transfer exceeds the donors threshold prior permission will be required and the donor should be notified in writing.
• Project extensions and revision should be made in writing and submitted to the donor in coordination with RO, DFM Emergency Support Unit and relevant office with resource mobilization functions (see Programme Support Functions: Who Can help you? Entry for more details).
• Reporting and audit requirements should be respected.

The above rules are typically specified in the contribution agreement signed by the donor or in the call for proposal if IOM secured the funds via applying for a call. Hence it is imperative that the Project Manager, RMO and all key actors in project implementation read these documents and keep respect the contracted conditions when planning and implementing the activities.

Cost Allocation and Reallocation

All expenses of IOM need to be charged in the IOM accounting system to specific projects ledger. This allows the identification of the full costs of each project.

Projectization is a cost allocation model that ensures allocating expenses to different activities/projects to which they relate. This concept, and its related tools and procedures, is referred to as projectization. IOM applies projectization as a simplified activity-based costing methodology to attribute and allocate staff and office costs in a fair and equitable manner to donors.

Staff cost is attributed to projects on the basis of time spent on a given project. Office expenses are charged based on staff projectization ratios and/or other documented attribution methods (e.g. counselling room used for a project exclusively, the room is charged to the project directly based in the square matters, while common areas are charged using staff projectization ratio). All these expenses are considered to be direct costs associated with the implementation of projects.

Cost related Human Resources (HR) entitlements other than salary (danger pay, etc.) shall be charged in line with applicable salary cost projectization percentage. Cost of Short Term Assignments shall be fully born by the receiving operations as outlined in IN/179. Operational costs, generally, are 100 per cent attributable to the project to which they relate.

The majority of IOM offices are project-funded. Consequently the configuration and attribution of staff and office costs will vary according to the number of active projects at any given time.

As much as possible reallocation of cost between projects should be avoided. There will be a considerable scrutiny from donors/auditors for the reasons of such reallocations and the justification for the movement of expenses.

The COM and RMO should ensure proper justification is provided to fully document for expense allocation and in case of reallocation the circumstances involving these adjustments shall be documented as well, which could include but not limited to error in recording. If expenses are being recoded from one project to another (WBS) the documentation must be reviewed by the RMO and approved by the COM and the Project Manager of both projects before the data is encoded in PRISM.

The cost transfer should contain justifications that clearly show:

• Allowability and allocability to the receiving project.

- Reason for reallocation.
- Systemic causes are corrected so they will not recur.
- Allocation method (i.e. splitting methodology).

Such justifications, which could be in the form of note for file or similar document, should be attached as part of supporting documentation including the source document (initial entry of expenses to PRISM) as a good justification that will allow anyone reviewing the cost recoding to understand how the expense benefits the receiving project.

Cost reallocation from or to project accounts which are closed and reported to donor are not allowed, unless specifically approved by FAD or relate to reconciliation entries duly identified at the time of financial report endorsement.

Consideraciones clave

- Financial reports must be endorsed and cleared by RAS and the responsible IOM office (e.g. Brussels for ECHO-funded projects) before reports are shared with donors.
- Project commitment should be regularly monitored in PRISM through review of open Purchase Orders (PO) and Purchase requisitions (PR) to ensure timely liquidation of project expenditures. If a PO/PR is not valid this should be cancelled to unrelease the project commitment.
- Ensure that all expenditures conform to the approved budget otherwise certain cost might not be accepted by the donor. If necessary COM/Project Manager should request for a budget revision.
- Using PRISM is crucial to ensure proper controlling and tracking of expenses related to the operations, and it must be ensured that all expenses are recorded in PRISM as soon as possible. Training and a user guide is available in the PRISM Bulletin Board on the IOM Intranet.
- The COM, Project Manager and RMO should familiarize with the donor requirements as stipulated in the agreement including obligation, reporting deadlines, reporting forms, eligibility or other specific requirements to avoid misunderstandings and possible cost rejections.
- RMO in close coordination with the COM/Project Manager should closely monitor project expenses and related activities. If the project is running behind schedule, the COM/Project Manager should immediately contact the donor and request for a no cost extension. See Project Modification entry for more details.

Relevancia para las Operaciones de Emergencia de la IOM

When undertaking financial activities on behalf of IOM in emergencies, all staff are required to observe the IOM rules and regulations and have the responsibility of managing funds professionally and transparently. The IOM Financial Regulations and the underlying financial and accounting instructions remain applicable and unchanged in emergency operations as well. For a complete list of such instructions, please refer to the intranet, specifically to the pages of the Finance and Accounting, Treasury and Budget Divisions of the Department of Financial and Administrative Management (DFM). In addition, a comprehensive Financial Management Rules and Procedures (FMRP) was released at the end of 2018. Within the initial response, the COM and RMO will need to assess the financial and administrative capacities, financial systems and sources of funds required for the emergency. Beyond the initial response COM and RMO will be required to timely consult with the regional office (RO) and the DFM Emergency Support team on financial and administrative issues including deployment of finance staff to augment the capacity of country offices as needed.

With the support of the RO and DFM Emergency Support Unit, the COM and RMO need to establish an efficient financial and administrative management structure for effective implementation of IOM programmes within an environment of sound financial accountability. Internal controls must be put in place from the onset so as to reduce the risk of errors, misuse or theft of the resources that have been entrusted by donors.

Enlaces

- PRISM Bulletin Board
- IOM Project Handbook

Otras entradas en este tema

- [Programme Support Functions: Who Can Help You?](#)
- [Project Modification](#)
- [Project Development in Emergencies](#)
- [Donor Reporting](#)
- [Monitoring and Evaluation (M&E) in Emergencies](#)
- [Flexible Donor Contributions](#)

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