# Guidelines for Financial Management

Siemenpuu – Foundation for Social Movements' Cooperation sr
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## Introduction

Financial management is a process, which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement and project activities with the aim of managing resources properly and achieving the set objectives.

Financial management is the responsibility of the entire organisation: directors, board members and project and finance personnel. The accounting and other activities of the management should be so clear and transparent that everyone involved can recognise their tasks and responsibilities. Relevant measures to prevent corruption and to manage risks should be in use. Sufficient and regular written and numerical information need to be provided to the Board, project staff, beneficiaries and other stakeholders.

Checklist for financial management (developed by Humentum, a global nonprofit working with humanitarian and development organisations)

Minimum Requirements (→ why needed):

- A valid supporting document for every transaction, securely filed and stored for the minimum period required. (→ Protection for staff, evidence and details of transaction.)
- A cash book for every bank account, reconciled every month. (→To organise and summarise transaction information; check for errors and omissions.)
- A Chart of Accounts – used consistently in the accounting records and budgets. (→ Principle of consistency; to facilitate production of financial reports.)
- A budget detailing costs and anticipated income for all operations. (→ Planning, fundraising, control and reporting.)

- Clear delegation of authority – from governing body through the line management structure. (→ To know who is responsible for what and within what limits.)
- Separation of duties – sharing finance duties between at least two people. (→ To prevent temptation to steal and reduce opportunity to commit fraud; to share the load.)
- Annual financial statements – preferably audited by an independent person. (→ Accountability to stakeholders; transparency.)

Good Practice (→ why needed):

- Additional accounting records when staff are employed (wages book) or assets owned (assets register). (→ To meet statutory and audit requirements; for control purposes.)
- Budgets based on real activity plans, which include the full cost of running a project. (→ Realistic, more likely to meet targets.)
- Budgets with clear calculations and notes. (→ Easy to read and adjust. Easy to justify calculations.)
- Separate core costs budget. (→ Encourages active management and financing strategy for core costs.)
- Monthly cash flow forecast. (→ Helps to identify and take action to avoid short-term cash flow problems.)
- Use of Cost Centres when working with multiple donors and/or projects. (→ To separate restricted funds and related transactions; to facilitate reporting to managers and donors.)
- Funding grids, if more than one donor is funding an organisation or project. (→ To avoid double-funding situations and identify areas of shortfall.)
- Budget monitoring reports at least monthly to managers and regularly to beneficiaries. (→ To monitor progress; control purposes.)
- Written policies and procedures, including a code of conduct for staff & board members. (→ To prevent confusion about organisation rules and expected practice.)
- Diversified funding base – mix of restricted and unrestricted funds. (→ Less vulnerable to financial shocks; helps to build up reserves.)
- A reasonable level of reserves. (→ Less vulnerable to financial shocks; helps overcome cashflow problems.)

## 1. Budgeting

A budget is a financial plan where it is estimated how much the project's planned activities will cost and how they will be financed. The finance and the project staff should work together to prepare the project budget.

The budget must be structured in such a way that its implementation can be easily monitored in accounting. A good basis for a budget structure is the chart of accounts used in accounting.

The project's budget includes all project related costs, those planned to be covered by Siemenpuu grant as well as those planned to be covered by self-financing or other financing.

Budgeting (and reporting) is carried out in local currency, even though the Siemenpuu grant is in euro.

However, in the Siemenpuu application form some key sums are also asked in euros. The exchange rate to be used in calculating these should be the actual rate of the application date. However, this is an indicative rate, as the application process could be lengthy. When making the grant decision, Siemenpuu will use the exchange rate of the date the grant is approved.

As the grant will be paid in instalments set in the funding agreement, exchange rate variations during the project implementation timeline may have a significant impact on funds received in local currency. For potential differences in exchange rates, a buffer in form of contingencies (e.g. 1 %) should be considered in the budgeting to cover possible deficit caused by these differences.

The project must have a minimum of 7.5 % self-financing, calculated from the Siemenpuu grant. Self-financing can consist of cash contributions, donated materials and services, or voluntary work.

Cash contributions must come from the recipient organisation's own income sources, such as membership fees, donations or private sponsorships. Public funding from domestic sources or monetary support from other donor organisations cannot be included in self-financing. Those should be considered as other financing.

The use of the organisation's existing assets such as office space, GPS, computer or printer for the project activities qualifies as in-kind self-financing. The value of equipment (i.e. computers, printers, farming equipment) should be determined by using a maximum 20 per cent of the purchase price. Services can e.g. include use of meeting rooms for project purposes. The value of the use of materials and services needs to be estimated, and the calculation should be shown in cash value.

Voluntary work should be calculated in accordance with what a local worker/professional would be paid for the same work. The value of voluntary work is calculated in terms of gross salary, excluding other salary-related costs. In reporting, it is required to provide a list of volunteers and the type and duration of their work, and to explain how the value of their work has been calculated. Voluntary work should be verifiable with appropriate work time monitoring systems, such as time sheets.

## 2. Accounting

Project specific bookkeeping accounts should be kept for recording all expenditures and income under the project. All financial transactions should be clearly documented. It is highly recommended to use proper bookkeeping software.

A receipt is required for every financial transaction. If goods or services are bought from somebody who cannot give a receipt (for example local bus or a street vendor), the transaction information can be written on paper, or standard receipt form, and have the seller of the goods to sign it.

For each payment, a voucher should be made mentioning the project name or code, the name of the payee, the amount paid, purpose and date of disbursement. Original bills, invoices, receipts and any other documentation related to the transaction will be attached to the voucher in support thereof. Each voucher should be dated and numbered.

Project accounts should be clearly grouped (personnel, administration, transport, material, etc.). The use of the possible contingencies reserved in the budgeting is accounted under the relevant activity accounts/budget lines in the book-keeping and reporting.

Possible sub-granting to other organisations needs to follow the same principles. The use of the sub-grant needs to be accounted with the equivalent level of detail.

The project's accounts are to be kept in such a way that the entries and the explanations concerning all various types of funds can easily be examined and checked from the bookkeeping.

Bookkeeping should provide a detailed table of expenses, preferably a ledger. The ledger is a permanent summary of all vouchers entered in bookkeeping and is arranged according to accounts. The ledger includes the amounts and dates of all the transactions and is derived from supporting journals. Proper bookkeeping software should make it possible to generate journals and ledger automatically.

Vouchers and other book-keeping documents must be stored safely for a minimum time of ten years after the approval of the final report of the project.

## 3. Procurement and property/assets management

When buying supplies, equipment and services, ensure that the procedures for placing orders or awarding contracts etc. follow the principles of frugality, efficiency, accountability and maximum consideration of cost-effectiveness and minimum environmental impacts. An invitation of tenders must be carried out on all procurements above 3,000 euros with consultation of at least 3 service providers/suppliers. Please refer to Siemenpuu's Procurement Policy in Annex 1.

List all the property (worth more than 100 euros each) bought with the project funding (grant or self-financing). The list must include name of the item, price, date of purchase, and where the item is used and stored. An alternative to this is the fixed assets register. This up-to-date list or register should be attached to the financial reports. The auditor needs to check the property list or fixed assets register.

All these items in the list should be labelled as bought with the project funds. Transfer of ownership agreements must be prepared if these items are handed over to the beneficiaries.

## 4. Budget follow-up

During the implementation a need may arise to revise the activities and/or budget. Changes of more than 15 % need to be approved by Siemenpuu. This means also that larger gains and savings should be allocated in consultation with Siemenpuu. Readjustments can only be made within the limits of the agreed total Siemenpuu grant, as no additional funding can be granted once the project has started.

Possible exchange gains (due to a better exchange rate of some of the grant instalments compared to the exchange rate used in the grant decision) must be treated as part of the project funding and must be used for project activities.

Also, any bank interest gains generated from the Siemenpuu grant are treated as part of project funding,  used for project activities and properly reported in financial management and reports. The generated interest gains are easier to record if a separate bank account is used for the Siemenpuu funded project. If a joint bank account is in use, interest earnings should be allocated to the project funded by Siemenpuu according to its share.

If the grant and the gains generated are not fully used for the project, all remaining funds shall be returned to Siemenpuu. It is also possible to ask Siemenpuu for a permission to reallocate surplus funds to other activities. Siemenpuu considers these demands on a case-by-case basis.

The final instalment of the Siemenpuu grant is paid only after final is approved by the auditor and Siemenpuu**.** This instalment is a refund of the real expenses occurred. Therefore, the recipient organisation needs to finance the last part (commonly 10 per cent of the grant depending on the funding schedule) of the project costs first by itself.

Siemenpuu determines the final instalment due (based on verified expenses) in euro by using the average exchange rate between local currency and euro or the exchange rate on the date the final report was approved. The average rate is calculated by dividing the total amount received in local currency (before the possible bank charges) by the total amount transferred in euro by Siemenpuu.

Working hours monitoring of the project staff must be recorded reliably and systematically organised in order to ensure good governance and efficient use of resources. Persons only working part-time in the grant-financed activity must break down the working time allocated to the project. On request, the working time must be reported to Siemenpuu.

## 5. Siemenpuu's right to monitor

Representatives of Siemenpuu have the right to follow, monitor and inspect the progress of the project. All the necessary information must be provided to support the monitoring and evaluation, including access to the project accounts and other project related documents. Siemenpuu has the right to temporarily take possession of the project documents if the verification so requires. Siemenpuu also has the right to inspect materials and other procurements purchased with the project funding. This right of inspection and information will also be valid after the completion of the project.

The same rights are also given to the representatives of Siemenpuu's main funder, the Ministry for Foreign Affairs of Finland.

## 6. Audit

The required financial audit should be a separate audit on Siemenpuu grant or a Siemenpuu specific audit extracted from the consolidated audit. The auditor will audit all expenses of the project either funded by the Siemenpuu grant, self-financing or other financing. This includes the use of possible sub-grants by other organisations or groups. The auditor should include a statement of all income, including the self-financing in cash and/or in kind in the auditor's report.

The auditor will follow the grant recipient country's national principles related to auditing, and the instructions provided by the Finnish Ministry for Foreign Affairs in Annex 2**.** It is highly recommended that the auditor uses the annexed Template for the Auditor's Report or provides a report with similar details. The auditor needs to send the financial audit report directly to Siemenpuu.

In case the organisation undergoes an external, annual audit of the entire organisation, a copy of this audit report is requested by Siemenpuu.

## 7. Reporting

A tentative schedule of the project reporting and instalments is agreed upon when signing the Funding Agreement. At least one progress report is required, in some cases several reports. Each progress report should give detailed information on the status of the project up to the date of reporting. The final report needs to cover the whole project cycle from the beginning to the end of the project. All reporting includes both narrative and financial reports.

In the reporting, the Siemenpuu reporting forms are used.

The progress reporting includes:

- Narrative Progress Report Form with its annexes
- Financial Progress Report Form
- Detailed table of expenses (preferably a print of ledger)
- Categorised list of receipts
- Copy of the list of property bought within project
- Auditor's Report (sent directly by the auditor) or Siemenpuu will ask for a sample of copies of receipts from the list of receipts.

The final reporting includes:

- Narrative Final Report Form with its annexes
- Copies of all the materials you have produced in the project (posters, leaflets, books, videos, etc.)
- Financial Final Report Form
- Detailed table of expenses (preferably a print of ledger),
- Categorised list of receipts
- Copy of the list of property bought within the project
- Possible property transfer agreements
- A list of project staff (containing name, job title, working period)
- Auditor’s Report (sent directly by the auditor)

Annex I

# Procurement Policy

Siemenpuu – Foundation for Social Movements' Cooperation sr
Updated in June 2026

## Introduction

The overall purpose of procurement regulations is to ensure that Siemenpuu Foundation (Siemenpuu) / Project funded by Siemenpuu gets the highest quality and lowest negative environmental impacts of desired goods and services at the best price possible on time. Further, the regulations are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff involved in the procurement process and to all types of procurement.

## Purpose and Scope of the Policy

The purpose of this policy is to provide procurement processes for Siemenpuu and by the projects funded by Siemenpuu that should adopt this policy or have their own policy in compliance with this policy. The processes ensure that:

1) Laws and government policies sets the minimum standards.
2) Official decisions regarding procurements are made by fair and equitable manner.
3) Acts and decisions are made without consideration of private interest
4) Decisions are transparent in order to be prepared to justify those and actions to a relevant authority or publicly when it's needed.
5) Assets are used efficiently to avoid waste and extravagance in the use of resources.

'Staff' refers to but is not limited to all permanent and temporary employees, people dependent on employees, interns, consultants, volunteers, and all individuals working for or representing Siemenpuu or the project funded by Siemenpuu.
'Governance Rules' refers to written administrative guidelines of the organization defining the approval authorities in the decision making of the organization.

## Call for Bids

1) Quotes must be requested from at least three suppliers if the value of an individual purchase or service exceeds EUR 3,000 or if a reoccurring purchase or service exceeds the said amount during the financial year.
2) Supplies with value more than EUR 60,000 are subject to bid process according to the Finnish Act on Public Procurement and Concession Contracts.
3) Before signing agreements with the selected supplier (see clauses 1 and 2), the background of the contract party must be investigated (see the chapter Sanctions and regulations). When doing purchase in Finland the contract party's preliminary tax withholding register excerpt must be checked.

4) Any decisions on agreements and purchases are done within the approval authorities stated in the Governance Rules.
5) Continuous cooperation and service agreements are tendered approximately every fifth year.

## Vendor Selection

Careful selection of vendors should be done to ensure that best possible price, quality (including the environmental impacts) and delivery time available within the markets is obtained. The following set of criteria is essential for deciding on choice of vendors:

a. Price
b. Quality of goods/services. Such a justification must be verifiable
c. Availability of goods/services within the required delivery time
d. After sale services, including availability of parts/supplies
e. Ability of bidder to render satisfactory service in this instance
f. Financial stability of the vendor
g. Payment terms
h. Warranty offered
i. Ability to provide samples

## Sanctions and regulations

In all procurement, it must be ensured that the tenderer is not subject to sanctions imposed by the European Union, the United Nations (UN) or local authorities, asset-freezing decisions, or other restrictions, such as the EU Procurement Directive. In invitations to tender, this can be achieved by adding the supplier's assurance that it or its circle of beneficiaries is not subject to sanctions or other restrictions.
In addition, when purchasing goods or services, invitations to tender and procurement agreements must include a clause stating that the tender can be rejected or the agreement terminated if the agreement arrangements or the implementation of the agreement involve bribery or corresponding unlawful activity.
A zero-tolerance policy towards sexual exploitation and abuse and sexual harassment as well as discrimination and abuse of authority applies to all service providers in procurement.

## Certifying the delivery and approving invoice for payment

The procurement process cannot be completed without certification that the goods and services procured are properly received and checked. The procedure for receiving goods and services is important in ensuring that vendors have entirely met their obligations.
Once Siemenpuu/Grantee has certified that goods and services have been received to their satisfaction, it has little or no further complains about a vendor's performance (except what is stated in the chapter Sanctions and regulations); the invoice can be approved to be paid. Only exceptionally partial advance payments can be made.

## Segregation of duties and authorizations

Any decisions on agreements and purchases are done within the approval authorities stated in the Governance Rules. The principles for approving costs and purchases are:

1) nobody can approve the costs of his or her own

2) approval authorities are applied in procurement decisions prior to purchasing actions
3) all costs and purchase invoices are verified by a different person that approves the invoice for payment.

Roles and responsibilities and their limitations should be specified in the Governance Rules. Activities of different roles can be conducted by the same person. However, there must always be two different persons involved in the verifying and approving process in order to secure appropriate control procedure.

Generic roles are as follows:

- **Verifier of the invoice (incl. certifying of goods/services received):**
  - Is responsible for signing the delivery notes or any other documents during delivery. Any differences between documents and physical checks should be noted and reported to the superior/management/approver for action. (certifying of goods/services can be delegated to another person; however, the verifier is always responsible that the goods/services are properly certified)
  - Fills in cost center and project codes and other necessary dimensions based on budget (this can be done by finance staff/accountant, if agreed so)
  - Restaurant invoices and costs related to meetings are clarified with names of participants and purpose of the event
  - Checks calculations of invoice (this can be done by finance staff/accountant, if agreed so)
  - Secures that necessary travel notes and credit card invoices are attached to invoices (this can be done by finance staff/accountant, if agreed so)
  - Invoices are technically correct (VAT, dates etc.) (this can be done by finance staff/accountant, if agreed so)

- **Approver of invoice for payment:**
  - Secures that the approved cost is within the approved budget and it is acceptable regarding the Siemenpuu/Grantee operations and principles
  - Approver is fully authorized according to the Governance Rules
  - Verified and approved invoice will be authorized for payment by the person that is authorized to use Siemenpuu's/Grantee's bank accounts.

Annex II

## Instructions to the Auditor

.. to be added by October 2026…