

Written Vote of Council to Approve the Guidelines for IFUW Functional Accounting

The Board of Officers is submitting new guidelines for IFUW functional accounting to the IFUW Council for approval.

Your CIR will receive the ballot. She must complete, sign and return the ballot to IFUW Headquarters by post or fax no later than 31 October 2008.

Background

The 2004 Task Force Report recommended the introduction of "a functional and programmatic budget system". To this end the previous finance committee, together with the staff, implemented a system of time tracking and reporting. The current Finance Committee recommended that this be formalised with the inclusion of a functional accounts statement in the audited financial statements.

Discussion

The IFUW Board of Officers and Finance Committee have decided to introduce functional accounting from 2009. Functional, or programmatic, or departmental accounting is a means of accounting that divides expenditure up not by the traditional categories, such as salaries and rent etc., but rather by area of function or programme and services such as membership development, international advocacy and international fellowships etc.

This method of reporting will allow IFUW to see where money is being spent, and thereby to determine the functional areas that require attention. For example, a quick glance at the functional accounts for 2007 reveal that over 20% of the expenditure for the year was on membership development and public relations. Since the membership has not increased, this is an area that requires attention. (This does not necessarily mean that we need to spend more time on these functional areas, but we need to spend our time and money more effectively in these areas, and perhaps review what we are doing and how we are doing it.)

Initial steps towards functional accounting were taken in the last triennium. From 2009 IFUW expenditure accounts will be submitted for auditing in both a traditional financial format and in a functional format. The IFUW Council must approve the basic guidelines on page 2 that will determine how expenditure is allocated under the new system.

"Many non-governmental organisations use programmatic budgeting very successfully. It is a productive way to evaluate what are the top priorities and most valued services/programmes that an organization offers. It also allows the Board to make decisions and understand the implications of those fiscal decisions. For staff, it can help explain how they spend their time, in what areas of program activities. The staff at IFUW works hard and would greatly benefit by showing their work activities by this type of budget system. When and if IFUW seeks additional sources of funding (from foundations and/or governments funding), it will more easily be able to isolate programs and costs for which they are seeking funds." Dr Marcia Penn, IFUW Task Force Facilitator & expert in leadership and governance for non-profit organisations.

Proposed Guidelines for IFUW Functional Accounting

1. IFUW expenditure is to be allocated annually according to a list of programmes and support activities recommended by the IFUW Finance Committee and approved by the IFUW Board of Officers. These categories shall be reviewed at the beginning of each triennium, but more often if necessary.
2. Expenses directly related to specific programmes and support activities shall be allocated to the relevant functional area, for example, membership fees paid to UN agencies will be allocated to international relations.
3. Staff costs shall be allocated to these programmes and support activities on a proportionate basis according to individual timesheets completed on a weekly basis.
4. Timesheets summary reports are to be compiled, controlled and signed by the Secretary General and Finance Officer at the end of each quarter.
5. Staff salaries and benefits, including health insurance, accident insurance, unemployment insurance, maternity insurance and retirement plan contributions, are to be allocated on a proportionate basis, according to the individual timesheets, as direct charges to the relevant programmes and support activities.
6. Staff vacation, sick leave and other leave are to be assigned in the year in which they are accrued and allocated on a prorated basis as an indirect charge to all programmes and support activities according to staff time.
7. General office expenses, such as rent, postage, equipment and telephone are to be divided among the functional areas on a proportional basis according to the staff cost allocations. This means that if 15% of staff costs have been allocated to a particular functional area, 15% of rent and 15% of other general expenses will be allocated to the same functional area.
8. In the case where a general expense, such as postage, was spent largely (more than 80%) on a single functional area, that expense will be allocated in total to that functional area, provided that the total expense is no more than 0.5% of the total expenditure of the Federation. For example, if the total expenditure on postage was CHF 1,000, and CHF 900 of that was for mailing Programme for Action leaflets, the whole CHF 1,000 will be allocated to the action programme, since CHF 1,000 is less than 0.5% of the total expenditure of IFUW of CHF 400,000.

Procedure for the Written Vote

Who can vote?	<p>One Council Member from each national federation and association (NFA) having paid its dues up to and including the current year is entitled to vote. The IFUW President, four Vice-Presidents and IFUW Treasurer can also vote.</p> <p>The Coordinator for International Relations (CIR) is automatically the Council Member for all written votes. (By-law 7.4).</p> <p>If your national federation or association has not paid its dues on or before 31 October 2008, your NFA cannot vote.</p>
Who receives the documentation?	<p>The official circular and any background papers are automatically sent to all national presidents, CIRs and secretaries by e-mail. .</p>
Who receives the ballot?	<p>The ballot is sent direct to the CIR.</p>
Who signs the ballot paper?	<p>To be valid, the ballot must be signed by the CIR.</p>
What quorum is needed	<p>The quorum is the representatives of one third of the national federations and associations, and two members of the Board of Officers. (By-law 10.4)</p>
What vote is required for approval?	<p>The decision of the Council shall be by a simple majority. In the case of a tied vote, the proposal shall be deemed rejected. (By-law 10.1)</p>
How will the vote be conducted?	<p>After first consulting her national leadership, the CIR should complete, sign, date and return the ballot paper to IFUW Headquarters in Geneva.</p> <p>The ballot papers must reach IFUW Headquarters by post or fax no later than 31 October 2008.</p>

NFA leaders with questions, either about the procedure or the issues to be decided, should contact IFUW Headquarters via e-mail, fax or telephone.