

APPROACHES TO WORKING WITH DONORS

It is important to maintain good relations with donors and potential donors. The following suggestions may help you achieve this:

- **Establish personal contacts with the decision makers**

Make sure that you have good communication (even if only in writing) with the person responsible for dealing with your funding application.

- **Discover donor's interest and target requests and information flow**

When applying for funding for a particular programme, try and find out which donors are interested in your particular programme and geographical area. Respond immediately to requests from donors for information and send exactly what is asked for. Similarly ask for what you require from the donor – it is acceptable to negotiate. Send regularly updates (for example newsletters, annual reports).

- **Talk with other organisations funded by the same donor**

Try and find others funded by potential donors and talk with them about the donor's particular interests. Try and provide what the donor is looking for.

- **Learn the donor's procedures and processes**

Many donors are genuinely interested in a programme's activities and want it to work to a high standard. Many too will be open to negotiation about their particular involvement. If the donor offers funding for something which is not quite what you want, try and encourage them to fund your particular priority.

- **Record information for you and your successors**

Make sure everything agreed with a donor is in writing so there will be no confusion in the future. This is important when donor's and your organisation's staff change.

- **Seize opportunities**

Take any opportunities to provide the donors with information about what is going on or asking the donor for advice. The donor may have a lot of experience of similar programmes elsewhere.

- **Involve all the staff**

Involve all the staff in working with donors. It is often possible to find people with a 'hidden talent' for creating good relationships with donors.

KEY POINTS

- Take every opportunity to make contact with new donors.
- Find out about donor's interests and their requirements.
- Maintain good relationships with existing donors.
- Do not be afraid to negotiate with donors.

GENERAL DONOR REQUIREMENTS

Each donor has different requirements. Some will request comprehensive information and regular reporting back on activities, whereas others will be happy to receive just a basic report and a copy of the annual accounts. All donors specify that when funding is provided the recipient must keep accurate accounting records. Other points include:

- **Sources of information**

Donor's requirements will be found in their guidelines and/or in the 'contract' or 'letter of agreement', when funding is agreed. Donor websites often have lots of additional details. It is useful to talk with others who have been funded by a particular donor to discover their experience. Sometimes a representative of the donor will visit and provide information.

- **Project proposal**

A donor will usually require a written proposal to accompany funding requests. Some donors will provide a form, others a template of how the proposal should be presented.

The proposal is likely to contain a:

- ‘narrative’ or written description of the programme to be funded.
- budget with notes showing individual calculations.
- ‘budget narrative’ explaining why individual items requested have been included in the budget and justifies the need for funding.

Write the proposal clearly with short sentences and be straightforward and to the point. Don’t try and confuse with technical words or jargon. Make sure you fulfil all the donor requirements and use their terminology (shown in the information received). Check it for spelling and grammar errors and check the maths before it is submitted. Consider those who will be reading the proposal. For larger projects (and donors) it is likely to be a committee with technical experts. Above all, make sure you can deliver what you claim!

- **Contract**

- 1. Reporting requirements**

Details of how and when reports are needed by the donor. This may be at quarterly or six-monthly intervals or at the end of the programme. It lists deadlines, which should be kept to. The report may be a narrative or financial report or both.

- 2. Logistical requirements**

Logistical details provide the rules for tendering and purchases. Donors often say that, where possible, three quotes should be obtained for larger purchases, for example equipment or vehicles. Some insist such purchases are made in the donor’s home country.

- 3. Accountability**

Donors often demand an annual audit. It is good practice to welcome this. Sometimes donors will accept a copy of your audited annual accounts. Others may want to audit the programme’s accounts themselves. It is important to keep all documentation (for example accounting and bank records, receipts, invoices) for at least seven years after the programme has finished, or longer if national law dictates this.

- **Amendments and revisions**

There are likely to be some changes to the original proposal submitted. Donors will often accept this, but it is important to tell them about any changes in advance. This means that careful budget monitoring is essential. If not, they may be unwilling to retrospectively fund anything that is not as shown in the original budget, or worse, ask for a refund. Make sure that donors acknowledge changes *in writing* before assuming that you can spend the money on activities different to those originally agreed.

KEY POINTS

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| <ul style="list-style-type: none">• A high standard of accounting is needed when dealing with donors.• Make sure budget monitoring looks at implications for donor funding.• Make sure all revisions are in writing, especially for when there may be staff changes. |
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FUNDING AND THE EFFECT ON ACCOUNTING

When additional funding is received it will often create more work. Accounting staff as well as programme staff have more to do.

If proportionately large sums are involved it is worth reviewing the accounting needs of the organisation. For example, there may be an increase in the number of transactions, additional budgeting and increases in work relating to reporting back to donors. It may be necessary to ask a qualified accountant for advice.

If more transactions are taking place, an additional audit may be required as well as better systems of internal control as more money is being received and paid. Donors are often willing to fund additional finance staff.

At the start of a new funding agreement, you need to be sure that you can fulfil the financial reporting requirements. If there is any doubt ask for advice from a professional accountant.

KEY POINTS

- When substantial new funding is received, review the accounting services.
- Make sure there is a high standard of accounting and financial control throughout the organisation and within the communities and partners it is supporting.
- Tell donors that a high standard of accounting is in operation if it is, or be open about the limitations.
- Confirm that you can fulfil financial reporting requirements before you accept donor funding.



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