4.0 On Administration of funds, budgets and programmes

The AHRC/ALRC are donor dependent organizations, meaning that our entire expenditure is derived from donors; we do not have any other income sources. However, we are not donor driven organizations.

Donor dependent vs. donor driven and the implications

A donor driven organization carries out a task decided by the donor. The AHRC/ALRC are not organizations where the tasks are decided by the donor. Rather, the tasks are decided by the organization and written into work programmes. What the organization wants to do and how it wants to do it are decided by the organization; the programme costs are given by the donors.

At the stage of entering into agreements with the donors the AHRC/ALRC submits its work programmess which the donor organization goes through. Agreements are then reached to support the submitted programme.

To reiterate:

a. Work programmes are developed by the AHRC and ALRC;

b. These are submitted to funding agencies;

c. Agreements are arrived at, which are then developed into contracts;

d. These contracts are implemented by the AHRC/ALRC;

e. Reports on implementation as well as detailed accounts are submitted to the donors;

f. The donors examine whether the work is accomplished and funds are spent in the manner agreed upon.

Writing the work programmes and budgets

The AHRC/ALRC write their work programmes every 3-4 years, depending partly on the requests of donors. In recent years, work programmes have been written in consultation with all the programme and desk officers. They are asked to submit their suggestions for work within that time frame. These different proposals are brought together into one document and the administration calculates the expenses required and develops the programme budget.

Usually the programmes for the coming three years are developed on the basis of the programmes of the previous three years. If there are new developments and there are needs for adjustments, these adjustments are made on the basis of the previous year's experiences. New items of work need to be added at the new development of the three year programmes.

Can we change programmes and budgets?

Once we enter into agreements we cannot unilaterally change any programme or budget. If there are serious reasons for change, we have to get the donors' consent first. Minor changes may not be a problem, but any significant changes in the programme are difficult as they involve the reconsideration of the programme by all the authorities of the donor organization. Moreover, weighty reasons need to be given regarding why the programme was initially thought as important, and what now is the reason for the change. Once a programme is agreed upon, we have contractual obligations which are legally and morally binding.

In the same manner, we cannot change any of the approved budgets except with the express consent of the donors. We do not have the discretion of utilizing funds as we would wish in different times, but rather we have to stick to our budget lines as given to our donors.

How to add new programmes outside the general 3/4 year programme?

This can be done only if new donors are found to support the new project. There are two projects outside our previous three year programme for instance, related to a UN funded programme in which we are partners with other organizations. These new projects do not carry any burdens to our donors in our regular 3-4 year programmes.

Alternatively, at the time of preparing the 3-4 year programmes, the new items can also be proposed to the donors. If they agree to fund them, they can be added.

What is the usual mode of donor approval of funding proposals?

a. Relevant desk officers from the donor organization evaluate our submitted programmes and make their proposals to senior officers.

b. Senior officers have their own ways of evaluating the proposals, and thereafter express their willingness or otherwise to support the proposals.

c. Finally all proposals need the approval of the donor organization's governing board.

Managing funds

In managing funds the AHRC/ALRC has the following obligations:

a. To maintain a credible book keeping system and;

b. To ensure that an independent auditor audits all accounts and submits an independent report about income and expenditure.

Bookkeeping

The bookkeeping function in the organization is done by the administration, who:

a. Maintain a record of all incomes and expenditures.

b. Maintain and preserve all vouchers, receipts and other documents relating to expenditures.

c. Authorization: Take authorization for all expenditures and the monitoring of transactions. This authorization can only be given by the board of the AHRC/ALRC, which has been delegated to the Executive Director. Two persons authorized by the board, one of which is a board director, signs all the cheques. The administration cannot grant authorization themselves, but must direct the staff to contact the Executive Director for approval. This is not a matter of hierarchy, it is a matter of legal obligation.

d. Our administrative division has done its job of bookkeeping and keeping of accounts excellently, resulting in the following evaluation by the Centre for the Rehabilitation of Torture Victims (RCT):

"The Financial Management System of the project account in Hong Kong is well maintained and no problems were detected at AHRC. The AHRC staff maintaining the system is all well qualified" (RCT Report October 2008).

Contributions to core funds or specified funds

The donors at the time of entering into agreements indicate whether the funds they approve can be used for the core fund or specified funds. The core fund is the budget for all the important activities of the organization. As one single donor cannot cover the whole cost of the project, many donors contribute to the core fund so that the entire project can be run on that basis. The obligation of the AHRC/ALRC is to show in our audited reports the expenditure for the whole project and the contributors to the project.

A specified fund is one where the donor states that the money should be used for a specified purpose. For example the donor might say that the money should be used for torture elimination or for one particular country. In these instances the expenditure of such donations should be confined only to the specified purpose and the accounts should show how the money is spent for that specific purpose.

The implications of the above considerations on the AHRC/ALRC

a. It means first that we are not in any way a profit making organization. 9029524391

b. We are also not a corporate body, as the work programmes and ethics of a corporate body are based on profit making.

c. Our organizations consist of activists, who of their own choice, wish to engage in the protection and promotion of human rights and the donors support these activists by providing the funds that enable them to engage in that work. At both ends, that is from the point of view of the activists and the donors, the relationship is one of a voluntary nature. What brings the activists and the donors together is agreement between both that the objectives pursued are worthy of their efforts and contributions.

The gap between creativity and funds

Since 1995 we have creatively undertaken an enormous amount of work on limited funds. Over the years the funds have increased and so have the activities. The activities have also brought along new staff. The work and staff expansion has therefore not been accidental, but occurred on the basis of programme development and implementation, with continuous support from our donors.

There will however, always be a considerable gap between our creative energies and the funds we can raise. In the past, this gap was resolved by staff performing multiple functions; a staff member may be paid for one particular job but does many other necessary jobs for which funds cannot be found. One person may be a desk officer for instance, while at the same time may also be working for a particular country. One person may have to take up the functions of administration, planning, advocacy, monitoring, working on a particular country and many other things. If we waited to find funds for all of our activities, as they would do in the corporate sector, many activities would never happen. Thus, the idea of staff engaging in multiple functions has been at the very core of our organizational struggle.