

Questions and Answers and Feedback from NGOs
Sharing Session for Small NGOs –
Financial Reporting and Subvention Inspection

I. Questions and Answers

Q1: For the new format of Annual Financial Report (AFR), Part 8 Analysis of Reserve Fund, is the interest income received last year has to be included in the table? Which part should it be included?

A1: Yes, the interest income received last year has to be included in the table at Part 8 Analysis of Reserve Fund. The NGO can add an item of “**prior year adjustment**” under the item of “Surplus/(Deficit) b/f”. The interest income can be included in the “prior year adjustment”.

Q2: Can Financial Branch of SWD provide the softcopy of AFR to NGO?

A2: Yes (the softcopy of AFR will put up on the webpage of Help Desk for Small NGOs of SWD’s website)

Q3: Does NGO have to include the use of One-off subsidy (allocated to NGOs for four years starting from 2008/09 to reinforce organizational restructuring and service re-engineering) in AFR?

A3: Use of One-off subsidy has to be reported in NGO’s Audited Financial Statement (AFS), but not to be reported in AFR.

Q4: Since some NGOs have great staff turnover, it is difficult to locate some of the assets according to the Fixed Assets Register. How can NGO solve the problem?

A4: If the NGO has exhausted efforts to trace the asset but failed, it can mark on the Fixed Asset Register that the asset could not be traced.

Q5: Some NGOs depended on an audit firm to complete the AFR but those auditors might not be familiar with the requirements of SWD. How could the NGO facilitate the auditor to prepare a proper AFR?

A5: The NGO was encouraged to ask the auditors to familiarize themselves with the Lump Sum Grant Manual and Lotteries Fund Manual as all the financial reporting requirements have been included in the two Manuals already.

Q6: As there might be some irregularities identified during subvention inspection, the overall balance brought forward might have to be adjusted in the next AFR. How can it be done?

A6: NGO can prepare a sheet of “reconciliation” to adjust the balance brought forward. For example, if the overall balance brought forward in a year has to be adjusted due to the irregularities identified during subvention inspection, NGO can prepare a sheet of reconciliation. On the sheet, the overall balance brought forward should first be stated, then the adjustment to be made, and finally the adjusted balance. Afterwards, the adjusted balance can be brought forward as the opening balance of the AFR in the next year.

Sheet of Reconciliation (Sample):

	Balance b/f	100
Add:	LSG	20
	<u>PE</u>	<u>(10)</u>
	Adjusted balance	110

(the adjusted balance could be used in the opening balance of the next AFR)