

## **Manual for Decision and Signature of Financial Co-operation Agreement (FCA) and, if necessary, Project Agreement (PA)**

**"Walking side by side"** is one of the allegorical pictures by which we describe our partnerships. It reminds us, how depressed the disciples were going to Emmaus (St. Luke 24, 13-35) after the events having happened in connection with the Crucifixion. They did, however, not walk alone. A wanderer joined them, listened, and explained why all that happened just as it had happened. When they had their evening supper together, they recognized Jesus and regained their courage. They returned to Jerusalem to meet the other disciples and told them about their encounter. Walking side by side to us means: **We are walking together with Jesus all the way of our partnership!**

One of the most frequent topics in our partnerships is *money*. Which project should be carried out? Which contributions should be made by the partners of both sides? How should the necessary funds be raised? When can we expect to receive a report from the partner about the use of the money?

Most of us will be familiar with such and similar questions. How good and exact the answers are will, in future, no longer be only a matter of the partners in Bavaria and overseas. The Audit Office of the Lutheran Church of Bavaria will supervise the agreed rules for planning and realization of the different projects. That includes, especially, transfer and use of donations, gifts and collections from the Bavarian side to add to the finances.

All this means:

- a) All projects, whatever they include, will be decided by both sides of the partnership. The decisions will be documented and communicated by all participants. Keep in mind, that all responsible church offices must be included. Important: Everything is only valid, when it is agreed on in writing. Don't make any "side-decisions".
- b) Monetary contributions for individual persons (e.g. for education) cannot solely be granted by the Bavarian side. It also needs a decision by the relevant committees on both sides. Beginning and end of all further action must clearly be agreed upon.
- c) Donations shall never be transmitted to private bank accounts, only to official bank accounts of the church partners.
- d) As proof, that the money has been transmitted to an official bank account, the partner has to send back the bank documents. It is sufficient to send a scanned copy, as the original has to stay with the local authorities. It is advisable, that it is agreed in the partnership, that another document is added to signify the official monetary exchange rate. That can be the bank output.
- e) You, as Bavarian Partner, are liable for the money collected and transferred by you, that it is used for the right donation purpose. Therefore you need documentary evidence by your overseas partner, stating exactly what the money

is used for. In certain cases even an additional audit is necessary, especially for complicated projects or when the total sum exceeds 10,000.- €.

- f) Of course, you can continue to transfer your donations, gifts and collection money through Mission OneWorld. In this case the liability is handed over to the executive officer for the region. Nevertheless the responsibility to submit the necessary evidence lies with you and your partner. MEW can only check that documents have been handed in on time. Because of the many bank transfers this can usually not be taken over by the executive officers. As long as there are no documents, the Centre must stop further transfer of money until everything is complete. So, please, make sure that the necessary documents (bank entry document and evidence of use) have been handed in to Mission EineWelt in time.
- g) Please, emphasize to your overseas partners what consequences there are, if the necessary documents are not sent to you (and to MEW).
- h) Pay attention, that all donation money is used within a set span of time, which should not exceed 2 years.
- i) Make sure you always "think of the evidence first", when you collect money. If the purpose for which you are collecting is too wide-ranged, there may be negative results as far as the collection is concerned. If, however, it is too specific, you can get difficulties, when, for example, the purpose for the donation does no longer exist in this particular way. This does occur at times.  
Example: You want to collect money, because it had not rained for a longer period in your partner region and food is urgently needed. You can explain this particular situation in your appeal for donation. At the same time it is advisable to state a wider and more general range for your collection, such as "secure water and food supplies". Because it may be that it rained in the meantime until the money reaches your partner. In that case they can use the money within the frame of the collection purpose. Otherwise you have to change the purpose of use in agreement with the donators and, if they object, return the money.
- j) In case your partnership consists as a general support with various smaller projects and various payments, the evidence of use can be made by an audit of the yearly budget of your overseas partner. So you can avoid that your partner has to submit a number of different documents.
- k) The Financial Co-operation Agreement needs to be signed anew when a responsible person on one side of the partnership has changed. This secures that with changing staff all persons involved will know and be familiar with the Compliance Regulations.

We want, that all money donated to and through the church authorities, is used properly, that it is not wasted and that no one can enrich himself in an improper way. These measures help to enable the correct use of the money and the proof thereof. It is important that there are clear and good regulations. We believe: When these regulations are well communicated and are known to everyone, we can consolidate a trustworthy co-operation within the partnership.

The next step is the Financial Co-operation Agreement.

Before signing the application forms, make sure that all necessary contents have been mutually agreed upon, and that all persons involved understand what commitments they enter, so that everything can function properly.

If possible, try to treat these topics in a verbal communication during an encounter with your partner. Consider that a good verbal and culturally correct translation is advisable. A signed agreement does not have the same meaning worldwide. "Paper is patient". If necessary you can invite and get advice from someone from Mission OneWorld, or someone from the partnership groups who is experienced in these matters.

1. Decide what kind of project a/o projects (a - c) is relevant in your case. Choose c) if you are supporting every now and then small and simple projects and individual measures. Small and simple Project means that receipts and a small text will be enough as evidence. In this case it is sufficient when you add the decision in form of the minutes of the meetings of you and your partners to the FCA. If you have several projects (e.g. not only c), it may make sense to sign several agreements to have a clear solution.
2. The responsibility for projects in a partnership is always bi-lateral. Therefore the next step is to list the relevant agreements with the responsible committees. Always name the competent authorities. With diocese partnerships that is, for example, the diocese committee.
3. Discuss with your partner what solution is better, separate documents as proof of the use or an audit of the entire yearly budget of your partner. With some of the different projects it can be either one or the other. In these specific cases different FCA- forms are required.
4. Likewise you ought to consider, that with larger projects (exceeding 10,000.-€) or with complicated projects an audit might be important. Should that be necessary under the criteria II.4. you have to fill in an additional Project Agreement Form.

Wishing you successful talks within your partnership. For questions and advice Mission OneWorld will always be available at your convenience.

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