**Sharing financial information on your project using the IATI data standard**

This document has been written by Bond ([www.bond.org.uk](http://www.bond.org.uk)) specifically for civil society and private sector organisations and covers recording the following using IATI:

* forward-looking budgets
* formal funding agreements (commitments)
* incoming funds and expenditures (transactions) for your project.

Recording budgets

The word ‘budget’ has a very specific definition within the IATI data standard, which may be different to how you are used to thinking about budgets in relation to your project.

In IATI,

* **A budget is a forward looking figure for a specific project (activity).**
* It has to be over a period of time not greater than 1 year. Ideally, this will be a calendar year – January to December, but if this is not possible, use the dates that match your own financial year, for example April to March, or July to June.
* Budgets should be recorded for each year of the project, even if the project started part-way through the year.
* Budgets can be less than a year, for example for humanitarian response, they may be three months.
* Good practice is to add the information prior to the actual time period to which they relate (see below re budget type).

An organisation can also record the total forward looking budget for development projects for the whole organisation over a specified time period, or a total budget for a particular country or for a particular partner, within the IATI data relating to the organisation.

**The information you will need to record:**

* Budget start date: the date that the time period begins
* Budget end date: the date that the time period ends
* Budget value: the actual money value of the budget
* Budget value date: the date at the start of the time period.
* Budget type: When you first enter the budgets, set the type to original. If the budget is revised, then change the type of budget from original to revised.

For more information and the rules relating to recording budgets using the IATI data standard, see:

<http://iatistandard.org/202/activity-standard/iati-activities/iati-activity/budget/>

Recording financial transactions

A transaction is the smallest unit of financial information about a project (activity) within the IATI Standard. A transaction represents the agreement to move or the actual movement of money (a cash transaction) between two organisations, or parts of the same organisation/federation. Sharing information on a transaction allows users of your organisation’s IATI information to track the flow of money, and helps to avoid counting the same money twice.

**Important:** All transactions (apart from commitments) are a movement of money that has actually happened. If it hasn’t happened, don’t record it, even as a zero sum transaction.

For civil society and private sector organisations, the types of transactions usually recorded are:

* money the organisation receives to run a development project or humanitarian response via a grant or contract (incoming funds)
* money the organisation spends directly on goods and services relating to a development project or humanitarian response (expenditure)
* money the organisation shares out to partners who are running development projects or humanitarian response on their behalf via a sub-grant or sub-contract (disbursement)
* money moving between different entities within a federation (also incoming funds)

There are different types of transaction that your organisation can share information on, and the following are the most relevant for civil society and private sector organisations. All transactions are

**Representing grant agreements, contracts and other formal agreements**

**Incoming commitment**:recorded by the organisation that has contracted or has a grant agreement with a funder. This records the total commitment (contract or grant amount) over the lifetime of the contract or grant. The commitment date is the date the funder signed the contract.

**Commitment**: recorded by the organisation that is providing funds to another organisation. Typically for civil society and private sector organisations, this will be where you have committed to disburse funds to an implementing partner organisation for a project, or you are providing core funds to a partner over a particular timescale AND this is has been formally agreed (ie via a contract or a memorandum of understanding). The commitment date is the date your organisation signed the contract.

NB. If this commitment has particular conditions attached, as set out in the contract, you can also record the conditions in the Conditions field. A commitment should only be recorded where a grant/contract or a sub-grant/sub-contract has already been signed. A commitment can be revised upwards or downwards by adding another commitment transaction showing as a positive (upwards) or negative (downwards) figure.

**Representing cash transactions**

Note: most organisations use an accrual system of accounting. IATI is more similar to cash-based accounting[[1]](#footnote-1). Therefore each organisation will need to find the best way for them to produce the information required.

**Incoming funds**: this transaction type is used to record the movement of money into a project from the funding organisation, or from a different part of the same organisation. An incoming funds transaction should only be recorded when the money has been received into the funded organisation’s bank account, or when funds have been recorded as being transferred into the project. Each incoming fund transaction from a funder that uses IATI, such as DFID, needs a **provider activity identifier** from the organisation providing the funds, to link your transaction back to the funder’s programme. This needs to be given to your organisation by the funder.

**Disbursement**: this transaction type is used to record the movement of money from your organisation to an implementing partner organisation. This should only be recorded when the money has left the funding organisations bank account. If the implementing partner is also using IATI to share information on the project, their information will show a corresponding incoming funds transaction, although there may be a time lag which represents the time taken by the banks to move funds.

**Expenditure**: this transaction type is used to record direct spend by your organisation on goods or services for a project - for example staff flights, staff salaries, commissioned evaluations etc. It’s usual for organisations to aggregate expenditure over a particular time period, for example a month or a quarter, and to represent it as one total figure for all expenditure lines or to divide it into particular lines that are reported consistently every month/quarter. This depends on what your financial system allows you to do.

**Additional information on transactions**

The cash value of a transaction can be recorded in any currency, including local currency. It is good practice to use only one or two currencies within one project (activity), as it makes the data easier to use. You can record gains and losses from currency conversion if they are substantial and will affect the way that the data is visualised.

There are two types of dates recorded within a transaction. The **transaction date** is the date that the transaction actually took place (or the date on the signed contract/formal agreement for a commitment). Where expenditure is aggregated, use the end date of the time period you have used to aggregate the expenses (ie end of a month or quarter). The **value date** is usually the same date as the transaction date. However if the transaction includes a currency conversion (ie to local currency) and your organisation’s system assigns a particular date to the currency conversion, you should use that date.

NB. There is an additional transaction type: reimbursement. Although this sounds like a good option for grants which are paid by results, please do not use it. Please use incoming funds.

If incoming funds come into one bank account of an organisation, and then is transferred to another bank account a period of time later for use AND accrues interest, the interest earned can be recorded as an incoming funds.

**Important:** There are additional fields (elements) that can be used in the transactions: country and sector. If these are already recorded within the project information within your IATI data, do not repeat them within the transactions you record, as these can cause problems with your data.

**Balancing the books**

When your data is used and visualised by others, there are some standard ways that financial information will be shown. Examples include:

* Showing the budget figure against the sum of the expenditures and disbursements, over a calendar year.
* Showing the incoming commitment against the sum of expenditures and disbursements over the timescale of the incoming commitment.
* Showing the incoming commitment against the sum of all incoming funds over the lifetime of the incoming commitment.

It’s important to be aware that your data will be used in this way, and it’s important to try and give a complete picture of the finances relating to the project as possible, including matched funding.

**Example**

Your organisation receives a grant of £250,000 from a funder to be paid over three years. Your organisation is accountable for the grant, and funds two partner organisations to deliver the project. The donor asks you to share financial information on the grant every financial quarter (three months), using the IATI Standard. Your organisation records the following transactions:

1. **Share information about the formal agreement with the funder:**
* Type of transaction: Incoming Commitment
* Where the money has come from: Funder name, IATI organisation ID and provider activity ID
* Where the money is going: Your organisation’s name, IATI organisation ID and the IATI ID for the project (activity)
* Value: £250,000
* Date: date the funder signed the contract.

**2. Share information about your financial transactions with your partner organisations:**

(do this for each partner, every time a disbursement occurs)

* Type of transaction: disbursement
* Where the money has come from: your organisation name, organisation IATI ID and the project (activity) ID.
* Where the money is going: the organisation name, organisation IATI ID and the project (activity) ID (where they are using IATI)
* Value: £25,000
* Date: actual date that your organisation transferred the money to the partner.

**3. Share information about your organisation’s expenditure on the project over a specified time period** (do this usually one month or one quarter)

* Type of transaction: expenditure
* Where the money has come from: your organisation name, organisation IATI ID and the project (activity) ID.
* Where the money is going: leave blank as there may be multiple suppliers over the time period.
* Value: £5,000 (this is usually an aggregated number over the specified time period).
* Date: end date of the specified time period.

**IATI Standard technical information:** <http://iatistandard.org/activities-standard/transaction/>

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1. See for example https://en.wikipedia.org/wiki/Cash\_method\_of\_accounting [↑](#footnote-ref-1)