

Information on handling church allocations, project funds and donations

The following documents will provide you with an overview of the new ZMÖ procedure for the request, use and accounting of grants and project funds. This information is provided to our partners so that they may adequately adjust to our new reporting standard. The new reporting standard will further strengthen our existing partnership.

Please be advised, that from 01.01.2022 onward, the ZMÖ will only process requests adhering to the new reporting standard.

I Introduction

The Centre for Global Ministries and Ecumenical Relations of the Evangelical Lutheran Church in Northern Germany (ZMÖ) receives public funds via church taxes, donations as well as collections. These funds allow the ZMÖ to shape and promote its collaboration with partner churches and partner organisations around the world.

Public funds are used to initiate and finance projects and structures that support ZMÖ partners in their work and promote measures related to justice, peace and the preservation of creation. Educational learning projects, and projects that promote the qualification and empowerment of people across cultural and religious borders, constitute additional important areas of collaboration between the ZMÖ and its partners.

For the use and forwarding of public funds to partner churches and organisations, it is necessary to comply and document the compliance with legal and tax requirements applicable under German law. The ZMÖ is bound by German law and accountable to various German authorities.

In September 2015, the member states of the United Nations adopted the 2030 Agenda, which contains 17 goals for a more social, fair and sustainable world. These 17 sustainable development goals are directed at everyone: states, public sector, private sector, civil society, the sciences and individuals.

Goal 16 is: **Peace, Justice and Strong Institutions**. It aims to promote peaceful and inclusive societies for sustainable development, access to justice for all and build strong accountable and inclusive institutions at all levels.

Transparency, clear structures and communication are of central importance. For these reasons, it is our concern and obligation to standardise and institutionalise the allocation procedure for the use of funds as well as the request and accounting procedure within the ZMÖ.

II Basic principles

The use of public funds requires the greatest possible care and transparency from and towards staff, committees, partners as well as recipients of funds, donors, government agencies and the public.

Transparency means comprehensive information and accountability. This means open communication between stakeholders in all financial matters, enhancing the accountability regarding forwarded funds and our partners own contributions.

Conflicts of interest must be avoided. This is done by consciously separating responsibilities, adhering to agreed procedures and control mechanisms. In addition to the successful implementation of projects and support mechanisms for our partners, the aim is to act in accordance with legal regulations and to avoid possible financial and reputational damage through fraud and corruption.

Therefore, if there is any suspicion of fraud or corruption, cases must be investigated and clarified. Fraud or corruption is to be investigated, judged and punished, in accordance with stakeholders respective jurisdictional obligations, in particular church and state law.

Should irregularities or uncertainties regarding the use of funds lead to a temporary suspension of payments, the common goal is to clarify the situation and to organise further cooperation in such a way that financial transactions are possible again.

The procedure for applying, awarding, and settling allocations and project funds takes place according to a transparent and legally compliant procedure that will be the same for all ZMÖ partners. This procedure formally complies with the legal and fiscal requirements in Germany.

The specific steps in this process are:

III Procedure from 2022

1. Partner request

Grant and project fund applications must be submitted to the responsible ZMÖ country desk, at least eight weeks before the start of the budget period or project period. For this purpose, the application form provided by the ZMÖ is to be used. This application form is also to be used for the forwarding of donations and collections received by the ZMÖ on behalf of partners.

The application must clearly be made on behalf of the partner organisation with which a financial cooperation agreement is in place. Individuals cannot submit applications.

2. Review of the application by the ZMÖ country desk

The responsible ZMÖ country desk will process the application. If the content and formal criteria are fulfilled, the country desk prepares the relevant documents for submission to the department of ecumenical relations and the corresponding awarding body.

This awarding body meets at least three times a year and makes final fund allocation decisions. If necessary, the awarding body can request additional information from the country desk. The country desk will inform our partners about the outcome.

3. Financial Cooperation Agreement

All partners applying for ZMÖ funds need to have signed an agreement of financial cooperation between the partner church / partner organisation and the ZMÖ. Such agreement ought to be in place at the initial project approval stage. This agreement regulates the essential points of the financial cooperation as well as the concrete framework conditions for accounting, auditing, and reporting. Funds will not be disbursed without the existence of a legally signed agreement.

4. Payment of funds

The ZMÖ transfers the funds according to the agreed payment plan. Approved project funds are transferred in lump-sum or according to the agreed payment plan. As a rule, the last instalment is transferred after proper and timely settlement. Our partners commit themselves to provide timely payment confirmations, in the form of a bank statement or similar documents, to the ZMÖ.

5. Partner reporting obligations

The partner is obliged to provide regular progress reports and requested reports to the ZMÖ. Project implementation changes are to be reported to the regional ZMÖ unit, and if perceived to be immense, a project change request is to be submitted to the ZMÖ regional unit.

6. Final report

The final report is to be subdivided into a narrative report and a financial report. In the case of an annual allocation, an annual audit report must be submitted to the ZMÖ. The report is to be submitted to the country desk unit within the agreed deadline, at the latest 6 months after the end of the project. Unused funds are to be reimbursed to the ZMÖ.

7. Audit of the use of funds

The audit of the partner's use of funds shall be carried out by the country desk upon project completion and submittal of the final project statement by the partner. If discrepancies cannot be clarified in dialogue with the partners, the ZMÖ can also initiate its own audit of all relevant fund recipients. For all measures partially or fully financed by the ZMÖ, the agreements, reports, proofs, and all vouchers must be kept for a period of 10 years and submitted to the ZMÖ upon request.

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