

FORMS AND GENERAL REQUIREMENTS FOR FINANCIAL REPORTING**ARTICLE 1. GENERAL PROVISIONS**

- 1.1. This annex contains the General requirements for financial reporting under the Sub-Grant Agreement (hereinafter referred to as the “Agreement”).
- 1.2. If the provisions set out in this Annex to the Agreement are in conflict with the General terms and conditions of the Agreement, the provisions of this Annex shall apply.
- 1.3. The General requirements for financial reporting under the Agreement consist of the following parts:
 - 1.3.1. Key principles of cost management;
 - 1.3.2. General requirements for financial reporting on the use of charitable target donations in the form of funds;
 - 1.3.3. General requirements for financial reporting on the use of charitable target donations in the form of property;
 - 1.3.4. General Requirements for financial reporting on the receipts and use of funds in the framework of the implementation of programs with the financial support of the Global Fund for the purposes of the annual audit.
- 1.4. The Beneficiary, in connection with the signing of this Agreement, guarantees and undertakes to use the Key principles of cost management and comply with the General requirements for financial reporting under the Agreement.
- 1.5. The Beneficiary recognizes and acknowledges that the signatures of the Beneficiary’s authorized persons on the forms of financial statements confirm the compliance of the financial reporting with the program reporting and vice versa.

ARTICLE 2. KEY PRINCIPLES OF COST MANAGEMENT

- 2.1. The Beneficiary receives the Organization’s charitable target financial assistance in the form of funds for financing and realization of specific goals, programs or measures specified in the Agreement, concluded between the Beneficiary and the Organization whose target use is stipulated by the requirements of the Agreement, separate legislative acts, and the Beneficiary’s statutory documents.
- 2.2. The Beneficiary, who has received the Sub-grant, is responsible for the proper management of the Sub-grant's funds and for the accurate reporting of their spending.
- 2.3. The Beneficiary uses Sub-grant funds to cover the costs associated with the implementation of the goals and objectives of the project only if these costs are justified, foreseen or eligible under the terms of the Agreement (hereinafter – The Eligible Costs).
- 2.4. Costs are recognized as eligible if indicated in the Project’s budget and:
 - Actually incurred (payments for goods, works, services paid for goods, works, services actually consumed during the project period);
 - Necessary for the implementation of the project/program and directly related to their goals and scope of work;
 - Incurred during the project/program or during the closure period of the project/program, provided that they relate directly to this program/project and/or related to the preparation of a final report in accordance with the Organization’s requirements;
 - Justified economically and consistent with market prices;
 - Comply with the Global Fund policies and procedures, including budgeting policies (in English, “Guidelines for Grant Budgeting”)

https://www.theglobalfund.org/media/3261/core_budgetingglobalfundgrants_guideline_en.pdf

https://www.theglobalfund.org/media/6812/core_budgetingglobalfundgrants_guideline_ru.pdf?u=636852020930000000

- Consistent (for example, the costs incurred for the same purpose should be classified in the same way each time and belong to the same category of expenses);
- Confirmed by the initial documentation in accordance with the applicable laws of the Beneficiary's country of registration and the requirements of the Donor and can be identified and verified.

2.5. Ineligible costs include, in particular:

- Costs that shall be related to other projects;
- Loans, donations and charitable contributions to third parties;
- Costs incurred before the official starting date of the project unless otherwise specified in the Sub-Grant Agreement;
- Goods or services for personal use;
- Expenses for entertainment;
- Expenses that do not meet the requirements of the current legislation of Ukraine;
- Unreasonable costs or those that significantly exceed the market price for similar goods/services;
- Costs incurred on goods/services received in violation of the Code of Conduct for Recipients of Global Fund Resource (in Russian and English, "Code of Conduct for Recipients of Global Fund Resource")

https://www.theglobalfund.org/media/6014/corporate_codeofconductforrecipients_policy_ru.pdf

https://www.theglobalfund.org/media/6011/corporate_codeofconductforrecipients_policy_en.pdf?u=636784021140000000

- and/or the Code of Conduct for Suppliers (in Russian and English, "Code of Conduct for Suppliers")
https://www.theglobalfund.org/media/7167/corporate_codeofconductforsuppliers_policy_ru.pdf
https://www.theglobalfund.org/media/3275/corporate_codeofconductforsuppliers_policy_en.pdf
- Funds paid for goods/works/services to the supplier-winner of the competitive bidding without the written approval of the results of the bidding by the Organization; the supplier selection procedure outlined in Annex 7 has been violated;
- Interest to be paid;
- Paid fines and penalties;
- Litigation expenses;
- Salary payments and consultancy fees that do not meet the requirements of the Global Fund to Fight AIDS, Tuberculosis and Malaria, or the Organization regarding employment, including payment for overtime work.

2.6. The Organization reserves the right not to recognize any costs that do not comply with the above-mentioned principles of cost management.

ARTICLE 3. FORMAT, PROCEDURE FOR SUBMISSION AND APPROVAL OF FINANCIAL REPORTING

3.1. The financial report on the use of charitable donations provided by the Organization is submitted by the Beneficiary as a report on the use of funds in the form of charitable target donations.

3.2. To prepare the financial report, the Organization provides financial reporting forms, adapted to Annex (Project Budget) to the Agreement, in the form of files in an Excel format.

3.3. The financial report is obligatory to be submitted by the Beneficiary through the electronic document system (EDS) to the Organization in the form of a completed Excel file (electronic report), and a scanned version of the paper report (the original is kept by the Beneficiary) as a result of the implementation of the Project.

3.4. The electronic report shall be submitted no later than 5 calendar days after the end of each reporting quarter. The scanned report shall be submitted no later than 10 calendar days after the end of each reporting quarter. The Organization reserves the right:

- change the timing and format of the financial reporting submission;
- require, additionally to the Reports and if needed, copies of any documents that should reveal the purposeful use of funds of the Sub-grant.

3.5. The Financial report on the receipt and use of funds in the framework of the program's implementation with the financial support of the Global Fund for the purposes of annual audit is an integral part of the financial report for the fourth quarter of the calendar year.

3.6. The data contained in the electronic report must correspond to the actual data and be confirmed by the documents provided in the scanned and paper reports.

3.7. The electronic report is considered by the Organization's authorized officer on the compliance of the data in different parts of the report and the formulas correctness. In case of any comments, the officer returns the electronic report to the Beneficiary for improvement. All comments on the electronic report are mandatory for consideration by the Beneficiary. A corrected electronic report must be submitted to the Organization within 2 business days from receipt of the comments on the electronic report by the Beneficiary.

3.8. The scanned report is considered by the Organization's authorized officer with a view to compliance with these Requirements, the provisions of the Agreement and the requirements of the law of the country of the Beneficiary registration and the requirements of the Donor. The comments on detected deficiencies and correctness of reporting are provided to the Beneficiary in the form of an audit conclusion no later than 45 (forty-five) calendar days from the moment of the scanned and paper report receipt.

3.9. All comments and deficiencies specified in the audit conclusion are binding for the Beneficiary; the state of their performance must be noted in the reply on behalf of the Beneficiary and supported by relevant documents. The reply from the Beneficiary, signed by the Beneficiary's manager and accountant, and certified by the Beneficiary's seal, regarding the reaction to the comments and correction of the deficiencies specified in the audit conclusion, supported by the relevant documents, must be submitted to the Organization within the term specified in the conclusion. The report is considered as accepted after the Organization has received comprehensive answers related to all comments and deficiencies noted in the audit conclusion.

3.10. The transfer of the next tranche occurs after the Organization's approval of the interim program and financial reports, unless otherwise decided by the Organization, taking into account, in particular, the status of the implementation of the indicators by the Beneficiary and the size of the actual ratio of the Beneficiary's administrative costs to the total cost for the reporting period.

ARTICLE 4. STRUCTURE OF THE ELECTRONIC REPORT

4.1. The electronic report includes the following sections (files): "Report on the use of charitable target donations in the form of funds."

4.2. Report on the use of charitable target donations in the form of funds consists of the following, obligatory for filling, parts:

- 4.2.1. Title sheet to the financial report on the use of charitable target donations in the form of funds;
- 4.2.2. Work plan and budget;
- 4.2.3. Budget structure;
- 4.2.4. Analysis of the annual budget implementation;

4.2.5. Transaction register.

ARTICLE 5. PREPARATION OF THE REPORT ELECTRONIC FORMS

5.1. A detailed instruction on the preparation of electronic reporting forms under the Agreement (hereinafter referred to as the “Instruction”), which is mandatory for use, is an integral part of this Annex and is sent to the postal and/or email address of the Beneficiary’s manager and/or accountant upon the Beneficiary’s request.

5.2. To save the working formulas of the file, the Beneficiary must NOT make any changes to the structure of the reporting file provided by the Organization: do not add new rows, do not change formulas, do not add new columns, do not change the order of rows and columns, etc. If such changes are necessary for the correct conclusion of the report, the Beneficiary shall contact the authorized officer of the Organization.

ARTICLE 6. PREPARATION OF THE SCANNED REPORT

6.1. Preparation of a scanned financial report on the use of charitable target donations in the form of funds.

6.1.1. Prepare documents confirming the TARGET use of charitable donations in the form of funds in accordance with the list of MANDATORY documents/annexes to the financial report on the use of charitable target donations in the form of funds, specified in **Article 7** of this Annex. The list of documents/annexes that the Beneficiary must provide in the scanned report may be changed, about which the Organization shall additionally inform the Beneficiary within 14 calendar days before the deadline for submitting such a report. At the same time, the originals of ALL primary documents supporting the TARGET use of the charitable target donation in the form of funds, specified in **Article 7** of this Annex, the Beneficiary should keep at its office and, if necessary, provide them for verification at the request of the Organization.

ARTICLE 7. SUPPORTING DOCUMENTS

7.1. A detailed list of MANDATORY SUPPORTING PRIMARY DOCUMENTS/ANNEXES to the financial report on the use of charitable target donations in the form of funds, structured according to the types of expenses, types of payments with the suppliers of goods/works/services, etc.

7.1.1. The list of MANDATORY documents/annexes to the financial report submitted by the Beneficiary in a scanned form in EDS, together with submission of the financial report for the first reporting period of the project (or whenever there is a change):

- Financial procedures of the organization (in English and/or Russian);
- A document that regulates the proportional principle of the distribution of costs between projects (for example, administrative costs), if the Beneficiary pays for the services not only from the account/accounts of the current grant but also from the accounts of other projects (in English and/or in Russian);
- Staff schedule as a whole in the organization of the Beneficiary (taking into account employment by all sources of financing) is in accordance with the requirements of the legislation of the Beneficiary’s registration country (in English and/or in Russian);
- Regulations on remuneration (in English and/or in Russian).

7.1.2. The list of MANDATORY documents/annexes to the financial report submitted by the Beneficiary in a scanned form in EDS, together with submission of the financial report for each reporting period of the project of the general nature:

- A scanned form of the Title sheet of the report on the use of charitable target donations in the form of funds, certified by the signatures of the Beneficiary’s manager, accountant and project manager and the Beneficiary’s seal;

- A bank statement confirming the cash flow at the bank account specifically designated for the Project (general statement for the entire reporting period) **(in English and/or in Russian, notarized translation)**;
- A certificate of atypical situations that occurred during the Project implementation. The certificate is certified by the signatures of the Beneficiary's manager and the accountant and the Beneficiary's seal (issued in an arbitrary form on a separate A4 letter entitled "Certificate of atypical situations that occurred during the Project reporting period") **(in English and/or in Russian)**.

7.1.3. The list of MANDATORY documents for expenses incurred by the category "Human Resources" for staff members, submitted by the Beneficiary *in a scanned form* in EDS together with submission of the financial report for each reporting period of the Project:

- A timesheet of the Beneficiary's staff members of the Project, which clearly specifies the hours worked by the Beneficiary's staff for all projects in which they are participating;
- A payroll register for the relevant period in the context of the organization, in which the source of funding and the amount of the salaries of the Beneficiary's staff (a number of a donor agreement, a donor, etc.) are clearly indicated **(in English and/or in Russian)**.

7.1.4. The list of MANDATORY documents for expenses incurred by the category "Human Resources" for Project consultants, submitted by the Beneficiary *in a scanned form* in EDS together with submission of the financial report for each reporting period of the Project:

- A payroll register of rewards and retentions according to the contracts of the Project Consultant with the mandatory indication that the services were provided in the framework of the Project implementation **(in English and/or in Russian)**;
- Contracts with the Project Consultant with the mandatory indication that the works or services are provided in the framework of the Project implementation **(in English and/or in Russian, at the request of the Organization)**;
- A document confirming the performance of the work/provision of services, which must contain a confirmation of the material result of the work performed (publication, layout, translation, etc.)/a clear list of services provided under the contracts with the Project Consultant **(in English and/or in Russian, at the request of the Organization)**;
- A written report of the Project Consultant describing the period of time and the volume of the actual services provided. The report should include the date of the provision and signature of the performer of such services/works. Important: the performer's report shall describe the actually done work, rather than the list of tasks specified in a contract. If the contract form for the Project Consultant involves accounting for working hours, then the report's information about the amount of time and dates must be confirmed by the data from the Timesheet database, and its copy is enclosed in EDS with the other Project Consultant's documents **(in English and/or in Russian, at the request of the Organization)**.

7.1.5. The list of MANDATORY documents related to the settlements with the *suppliers of goods/works/services* for any categories of costs of the Project budget submitted by the Beneficiary *in a scanned form* in EDS together with submission of the financial report for each reporting period of the Project:

7.1.5.1. If expenses were incurred by cashless payment, it is necessary to provide the following documents **(in English and/or in Russian, at the request of the Organization):**

- An invoice, if payment is made on the basis of an invoice;
- An agreement with the suppliers of goods/works/services, if payment is made on the basis of the invoice, but such agreement contains a reference to the invoice;
- An agreement with the suppliers of goods/works/services, if payment is made on the basis of the agreement. If a settlement is carried out on a regular basis during the project implementation, a copy of the contract must be provided only when reporting the first payment; If a settlement is made on the basis of pre-payment, the agreement with the supplier is binding, and the amount of pre-payment cannot exceed 50% of the total value of the agreement;

- A delivery note or a delivery-acceptance act of works/services with a mandatory cost breakdown.

7.1.5.2. In addition to the above-mentioned package of documents, other documents must be additionally required for confirmation of certain types of expenses, in particular (in English and/or in Russian, at the request of the Organization).

a) Expenses related to the funds issued to the authorized officer of the Organization on condition of accountability:

- An Organization's order on the provision of funds to the authorized officer on condition of accountability in order to carry out program activities indicating the amount given for report;
- A report on the use of funds issued on condition of accountability;
- Primary documents confirming costs.

b) Expenses related to events (training, roundtables, workshops, seminars, etc.):

- A program of an event (for such types of events: roundtable, action, inter-sectoral group, master class, mini-training, press conference, informational session, working meeting, seminar, supervision, training);
- A registration list of the event participants with their signatures and contact telephone numbers, certified by the signature of the person authorized for the event (for such types of events: roundtable, action, inter-sectoral group, master class, briefing, working meeting, seminar, supervision, training). If the event lasts more than 1 day, a separate registration list of participants must be issued for each day of the event;
- A list of the event participants with their signatures, certified by the signature of the person authorized for the event;
- Estimates of actual costs;
- Copies of documents confirming accommodation services must contain a reference to the number of persons and the cost of hotel rooms;
- If services for the organization of the event are provided by a legal entity, copies of the relevant primary documents confirming the expenses incurred for the event (travel documents, payment for transfer, food, stationery) shall be provided together with the delivery-acceptance act of works/services on conducting activities;
- Photos of the event confirming the fact of its conduct.

c) In order to confirm the expenses on business trips in the framework of the Project, it is necessary to provide the following documents:

- The organization's regulations or orders, which fix the amount of daily allowance;
- An order for a business trip at the expense of the grant indicating: the destination, the name of the company, to which the employee send, the term and purpose of the business trip;
- A payment order for the transfer of funds and a note with the original mark of the bank in case of receipt of expenses for business trips on electronic payment cards;
- Report on the use of funds provided for a business trip, which contains a list of costs and all necessary documents, which are referenced in the report;
- If business trips took place abroad, it is obligatory to add:
 - An order for business trips at the expense of the grant with a clear reference to the clause or annex to the Agreement, which specifies such a business trip abroad, or to the Beneficiary with an endorsement of approval of the Organization on the expediency of such a business trip at the expense of redistribution of the grant funds (copy of the Beneficiary's letter with the Organization's endorsement of approval of such business trip must be attached to the order);
 - An invitation and a passport (sheets of a passport that certify a person, and marks that prove the crossing of the border);

- Submit the exchange rate certificate at the day of exchange (or cross-rate) to check the amount of paid daily allowance.

ARTICLE 8. STORAGE OF ACCOUNTING DOCUMENTATION

- 8.1. All accounting documentation (original documents, confirmation of payments) should be kept at the place of the Beneficiary's location;
- 8.2. All accounting documentation (original documents, confirmation of payments) should be available for audit by the representatives of the Organization or the persons designated by it at any time;
- 8.3. All letters that confirm the Organization's approval of changes within or between the items of the Project budget shall be kept in the Beneficiary's archive together with other documents.
- 8.4. The term of the document storage under the Sub-Grant Agreement is regulated by the Agreement.