



ASAP WEBINAR
ON
PEPFAR EXPENDITURE REPORTING
(REPEAT)

JANUARY 28, 2021

Questions and Answers

**ACCELERATING SUPPORT TO ADVANCED
LOCAL PARTNERS (ASAP)**

Contract No. AID-OAA-I-14-00031

PEPFAR Expenditure Reporting

1. How do you report VAT for apportioned costs between USAID and non USAID projects?

You should keep PEPFAR and USAID expenditures separate. If you are cost-sharing with other non-PEPFAR/USAID projects you should still know proportionally how much you receive from each funding source, and wherever there is VAT that cost-shares with other funding streams you should apply the proportional percentage that PEPFAR cost-shares among the total.

2. When do we lump expenditures?

You will be given a budget by intervention by USAID, so you will know what budget to execute in each fiscal year. If some cost categories are shared you can decide to lump or split based on what is most accurate using your best estimate. For example, if you pay salaries for health care workers who do both care and treatment AND testing, it's best if you can estimate the proportional allocations for the health care worker salaries for Care and Treatment vs Testing and split accordingly. If you have questions on how to lump vs split your expenditures across the interventions please contact your A/COR.

3. Is cost share included to this report?

You should only include expenditures that are PEPFAR-related. You may have to calculate proportions related to PEPFAR expenditures if you are cost-sharing with other funding streams. You cannot charge PEPFAR for all expenditures for a procurement if other funding streams are cost-sharing that procurement. You need to determine each funding stream's proportional cost-share.

4. NICRA: What is the maximum % that can be requested on the budget?

NICRA's are negotiated with USAID/HQ. If you have questions on this please contact your A/CO. Once a NICRA has been approved by USAID you will apply only that approved amount.

5. What would be the maximum allowable budget to be allocated for program management?

A program management budget should only include the projected management and operations expenses to implement the project. It can include your de minimis or NICRA, expenses for office rent, and admin/finance staff to implement the project. There is not a maximum allowable budget that should be allocated to program management, however the budgeted amount should only include expenses that fall under this definition.

6. Can we allocate the expenditures by percentage the same as we reported to each intervention percentage in the WP budget for PEPFAR fund? Is the expenditures including the associated VAT amount to the ER report?

Expenditures should be reported as accurately as possible. You can use the same methodology to categorize and allocate expenditures similarly as your workplan budget template. VAT should be reported as its an incurred expenditure, even if you have that amount reimbursed each year.

7. In most cases, the accounting software of the implementing partner does not support the PEPFAR's cost classification requirements, and this means that the partners required to conduct further activities to meet the requirement. So, in this case what is the accuracy level that you expect from your partners in relation to ER?

There is not a defined threshold for expenditure reporting. You should report expenditures as they were incurred, but also keep in mind the way budgets were approved. If you have questions about your budget by intervention please discuss with your USAID A/COR.

8. How much flexibility will we have under a program management budget in order to recover any NICRA due to increase in rates, understanding that the rate adjustments are related to a previous period?

There is not a defined threshold for expenditure reporting. You should report expenditures as they were incurred, but also keep in mind the way budgets were approved. If you have questions about your budget by intervention please discuss with your USAID A/COR. If you have questions about your provisional NICRA rates and recovering any adjustments related to the rate please contact your USAID A/CO.

9. Take as example where the report currency is USD, which conversion rate we should use. From the bank the account is located or is there an official website to import the currency rate?

Each organization may have a different source to reference appropriate currency conversions. You should use a conversion rate or methodology for converting to USD that you use when you submit other required USAID financial reports. Contact your A/COR if you have questions on where to find reliable rates.

10. Is the DATIM account for ER similar to the MER or different one?

A MER DATIM account and its access is different. You will need to request a DATIM account that is specific for Expenditure Reporting/Budgeting. Information on how to request accounts can be found on datim.zendesk.com.

11. How can we reconcile the relationship between intervention-based and milestone-based intervention for FAA grantees while reporting?

Every PEPFAR implementing partner has a different accounting system. Therefore, implementing partners need to internally think about what needs to be done to successfully report to ER and consider adaptations or notations that can be made to make reporting easier, such as having staff indicate how much % of their time a month/quarter, etc. is spent on testing or treatment. Or even just reconciling your monthly invoice with the ER framework. It might be difficult to implement for a year and look back on all those expenditures and try to remember how they

were expended by program area and beneficiary. Cost category is much more aligned to an accounting system.

12. Do you recommend software for proper cross sectional reporting which can be very complex?

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13. For international partners - should line items like personnel and travel include HQ costs or just field costs?

Line items should include all expenditures related to the implementation of the project during a fiscal year, which includes HQ and country-level incurred expenditures.

14. Is cash basis accounting system mandatory as some IPs have the modified one?

You will report expenditures according to a cash basis of accounting, however as an organization you can operate on a cash or accrual basis of accounting—depending on your organization's internal preferences. You just will need to be aware of the differences if you do not operate on a cash basis.