



# Global Fund Guidelines for the Quarterly Financial Reporting

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# Table of Contents

<b>Introduction .....</b>	<b>4</b>
<b>I. Cash Balance Reporting .....</b>	<b>5</b>
<b>1. Principal Recipient Information .....</b>	<b>5</b>
1.1. Country / Recipient Name .....	5
1.2. Grant Name .....	5
1.3. (Disease) Component .....	5
1.4. Grant Currency .....	5
1.5. Local Currency .....	5
1.6. Principal Recipient Name .....	5
<b>2. Principal Recipient Cash Balance .....</b>	<b>5</b>
2.1. Reporting Date .....	5
2.2. Cash Balance at Principal Recipient level as per the bank statements .....	5
2.3. Transactions not yet processed by the bank .....	6
<b>3. Open Advances at Principal Recipient Level .....</b>	<b>6</b>
3.1. Total Principal Recipient Cumulative Disbursement to Sub-Recipients for the current implementation period .....	6
3.2. Open Advances to Sub-Recipients .....	6
3.3. Total Principal Recipient Disbursement to Regions/Districts/Health Facilities for the current implementation Period .....	6
3.4. Open Advances to Regions/Districts/Health Facilities .....	6
3.5. Total Principal Recipient Disbursement to Procurement Agents for the current implementation Period .....	7
3.6. Open Advances to Procurement Agents .....	7
<b>4. Disbursements and Principal Recipient Open Obligations .....</b>	<b>7</b>
4.1. Indicate the amount required for implementation of activities for the next 90 days? .....	7
4.2. Indicate any commitments and/or legal obligations for payment .....	7
<b>5. Principal Recipient Sign-off .....</b>	<b>7</b>
4.1. Submitted by .....	7
4.2. Date .....	7
4.3. Comments .....	7
<b>II. Quarterly Expenditure Reporting .....</b>	<b>8</b>
<b>1. Expenditure Reporting for Grant under the New Funding Model .....</b>	<b>8</b>
1.1. Budget for Reporting Period .....	8
1.2. Actual Expenditure .....	8
1.3. Budget Vs Actual Variances .....	8
1.4. Absorption Capacity .....	9
1.5. Explanation of Variances .....	9
<b>2. Expenditure Reporting for Grant not under the New Funding Model .....</b>	<b>9</b>
2.1. Budget Current Period .....	9
2.2. Actual Expenditure .....	9
2.3. Budget Vs Actual Variances .....	9
2.4. Absorption Capacity .....	9
2.5. Explanation of Variances .....	9

<b>III. Tax Reporting .....</b>	<b>11</b>
<b>1. Principal Recipient Information .....</b>	<b>11</b>
<b>2. Principal Recipient Tax Exemption Status.....</b>	<b>11</b>
2.1. Grant Tax Exemption Status at Principal Recipient Level .....	11
2.2. Grant Tax Exemption Status at Sub-Recipient Level .....	11
2.3. Overall Tax Exemption Status .....	12
2.4. Comments .....	12
<b>3. Principal Recipient Tax Information .....</b>	<b>12</b>
3.1. Reporting Year .....	12
3.2. Total Taxes Paid during the Reporting Year in Grant Currency .....	12
3.3. Total Taxes Recovered during the Reporting Year in Grant Currency .....	12
3.4. Unrecoverable Taxes in Grant Currency .....	12
3.5. Total Grant Expenditure for the Reporting Year in Grant Currency .....	12
3.6. Comments .....	12
<b>4. Principal Recipient Sign-off.....</b>	<b>13</b>
4.1. Submitted by .....	13
4.2. Date .....	13
4.3. Comments .....	13

# Introduction.

The purpose of the Global Fund is to attract, manage and disburse additional resources to fight AIDS, tuberculosis and malaria. To fulfill these functions, the Global Fund needs to ensure adequate fiduciary controls are in place for the management of donor funds at the Secretariat and country level and a minimum set of reliable financial information regarding the implementation of grants.

To ensure proper risk management, make informed funding and investment decisions during grant implementation, Principal Recipients may be required to provide a quarterly update on the in-country cash balance and expenditures.

The purpose of the Quarterly Financial Reporting is to collect this information at specific periods of time across the Grant Portfolio to get a better understanding of budget implementation pace, to enhance cash management and enable timely processing of disbursement for program implementation. The Principal Recipient should share any additional information that can improve the level of understanding of the reported financial information

The purpose of this document is to provide guidance to the Principal Recipient on how to complete the Quarterly Financial Reporting form.

This form is a mandatory requirement for pre-selected countries and organizations<sup>1</sup> and at the discretion of the Global Fund for all other countries. For pre-selected countries, the form needs to be submitted no later than 30 days after the end of the Global Fund fiscal quarter cycle (e.g. if 31 March, the Quarterly Financial Reporting would be due on 30 April, if 30 June it would be due on 31 July, etc.). Non-compliance may result in a delay and/or freeze to the release of disbursement by the Global Fund.

For the selected countries required to complete this form, the cash balance information will be used by Country Teams in the quarterly disbursement exercise.

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<sup>1</sup> Organizations who have an agreement to provide a quarterly corporate cash balance report, are not required to fill this form

# I. Cash Balance Reporting

The purpose of the Cash Balance Report is to provide the in-country cash balance and inform the decision on the release of funds by the Global Fund. The standard information to be collected includes:

- Principal Recipient's bank balance as per the bank statement
- Open advances at sub-recipient level as per the Principal Recipient's accounting records
- Principal Recipient's open obligations

## 1. Principal Recipient Information

Provides general information about the grant. The information only needs to be completed once on the first page and will be automatically repeated on subsequent pages.

### 1.1. Country / Recipient Name

Select the country (or the recipient name in case of a Regional Grant) where the grant is implemented from the drop-down menu list.

### 1.2. Grant Name

Select the appropriate Grant Name from the drop-down menu list.

### 1.3. (Disease) Component

The (Disease) Component is prefilled based on the Grant Name chosen above

### 1.4. Grant Currency

The Grant Currency is prefilled based on the Grant Name chosen above.

### 1.5. Local Currency

The Local Currency is prefilled based on the Grant Name chosen above.

### 1.6. Principal Recipient Name

The Principal Recipient Name is prefilled based on the Grant Name chosen above.

## 2. Principal Recipient Cash Balance

### 2.1. Reporting Date

Select the appropriate Reporting Date from the drop-down menu list.

### 2.2. Cash Balance at Principal Recipient level as per the bank statements

Enter the Cash Balance held in the bank account (s) (in grant currency or/and local currency by filling the appropriate column) of the Principal Recipient as of the Reporting Date.

Note: The local currency should not be converted to the Grant currency and vice versa. For example: a Principal Recipient with 2 bank accounts – one in USD (Grant currency) and one in

CFA Francs (Local Currency) with balances of \$25,000 and 3,000,000 XOF respectively, will enter each amount under the appropriate column (Grant Currency and Local Currency)

**It is mandatory to send the bank statements as of the reporting date with the form.**

### 2.3. Transactions not yet processed by the bank

Enter the amount for the transactions incurred (in grant currency or/and local currency by filling the appropriate column) before the reporting date but not yet processed by the bank.

Note: Transactions in Grant currency not yet processed by the bank are to be entered under the Grant currency column, and transactions in Local currency not yet processed by the bank are to be entered under the Local currency column

## 3. Open Advances at Principal Recipient Level

*Open advances are defined as disbursements made to Sub-recipients (or Regions/Districts/Health Facilities, Procurement Agents) less Sub-recipients (Regions/Districts/Health Facilities, Procurement Agents) expenditures validated and passed by the Principal Recipient in its records as fully liquidated amounts (i.e. recognized officially as Sub-recipients, Regions/Districts/Health Facilities, Procurement Agents expenditure by the Principal Recipient in its own records)*

### 3.1. Total Principal Recipient Cumulative Disbursement to Sub-Recipients for the current implementation period

Enter the total disbursements (in grant currency or/and local currency by filling the appropriate column) made to Sub-Recipients since the start of the current implementation period as of the reporting date.

### 3.2. Open Advances to Sub-Recipients

Enter the open advances from the Principal Recipient to the Sub-Recipients since the start of the current implementation period as of the reporting date in grant currency or/and local currency.

### 3.3. Total Principal Recipient Disbursement to Regions/Districts/Health Facilities for the current implementation Period

Enter the total disbursements (in grant currency or/and local currency) made to Regions/Districts/Health Facilities since the start of the current implementation period as of the reporting date.

### 3.4. Open Advances to Regions/Districts/Health Facilities

Enter the open advances from the Principal Recipient to Regions/Districts/Health Facilities since the start of the current implementation period as of the reporting date in grant currency or/and local currency.

### 3.5. Total Principal Recipient Disbursement to Procurement Agents for the current implementation Period

Enter the total disbursements (in grant currency or/and local currency) made to Procurement Agents since the start of the current implementation period as of the reporting date. It should exclude the Global Fund Pooled Procurement Mechanism (PPM) agents.

### 3.6. Open Advances to Procurement Agents

Enter the open advances to procurement agents since the start of the current implementation period as of the reporting date in grant currency or/and local currency. It should exclude the Global Fund Pooled Procurement Mechanism (PPM) agents.

## 4. Disbursements and Principal Recipient Open Obligations

### 4.1. Indicate the amount required for implementation of activities for the next 90 days?

In cases where the Principal Recipient has to submit the quarterly expenditures, this field should be equal to the total of the column “Principal Recipient Forecast for Next Quarter “ in the tab 2 “Expenditure reporting”.

### 4.2. Indicate any commitments and/or legal obligations for payment

Commitments are defined as outstanding liabilities (pending payments) for goods and services already delivered or completed.

Legal obligations are defined as contracts which have been signed or awarded through procurement tenders for which goods and services are not yet delivered or invoices received for payment.

Enter the commitments and/or legal obligations in grant currency or/and local currency. It should be split between procurement related and non-procurement related open commitments and/or legal obligations.

## 5. Principal Recipient Sign-off

### 4.1. Submitted by

Enter the name of the person who is submitting the completed form to the Global Fund (including the relevant bank statements)

### 4.2. Date

Enter the submission date

### 4.3. Comments

Enter any relevant comments



## II. Quarterly Expenditure Reporting

The purpose of quarterly reporting on expenditures is to enhance the overall expenditure analysis on Global Fund investments. The report covers in-country expenditures and variance analysis against the approved activity plan and funding for Principal Recipients and sub-recipient.

Actual expenditures incurred in a currency other than the grant currency should be translated into the grant currency using an exchange rate valid on the day of transaction or the average exchange rate (monthly or quarterly) for the reporting period (usually, the average is calculated based on the exchange rates at the beginning and in the end of the reporting period). The source and date of the exchange rates used in the calculations should be disclosed.

**Note:** In cases of significant currency rate fluctuations the average exchange rate for the reporting period should be calculated as a mean of monthly average exchange rates for all months covered by the reporting period. Monthly average exchange rates can be obtained from the country's central bank/national bank or other sources (e.g. a website of the International Monetary Fund or other).

Only the relevant Expenditure Reporting tab (2A for grants under the New Funding Model or 2B for the others) should be completed.

The Quarterly Expenditure Reporting is a mandatory requirement for pre-selected countries and organizations.

### 1. Expenditure Reporting for Grant under the New Funding Model

In line with the approved detailed grant budget, the financial reporting requirements provides a standardized reporting approach that incorporates the costing dimension (cost grouping) as an integral part of the overall modular approach, which further enhances the standardized modules and interventions.

The financial information reported should include the approved budget, expenditures and variance analysis by (a) modules -interventions; (b) cost grouping. The total budget and expenditure amounts across the two breakdowns should be the same.

#### 1.1. Budget for Reporting Period

Should correspond to the approved budget amount for the relevant period, as per the grant agreement or subsequent implementation letter.

#### 1.2. Actual Expenditure

Should correspond to the actual expenditures (Principal Recipient direct expenditure and Sub-Recipient direct expenditure) incurred during the current reporting period.

**Note:** The Principal Recipient should not report the disbursements to Sub-Recipients as expenditure as they have to report the actual expenditure incurred by the Sub-Recipients.

#### 1.3. Budget Vs Actual Variances

Is automatically calculated based on the information entered in the fields above.



#### 1.4. Absorption Capacity

Is automatically calculated based on the information entered in the fields above.

#### 1.5. Explanation of Variances

It is mandatory to provide an explanation for variances below 95% and above 105% of the budget. The Principal Recipients should be as specific as possible when commenting on variances and must ensure that they explain the link with programmatic results.

For the table B “Breakdown by Modules-Interventions” select the Modules-Interventions in the drop-down list as per the approved budget

**Note:** In cases where a more detailed analysis of the variance is necessary to ensure an adequate explanation of the variance and the relationship to the programmatic results, you should summarize the explanation in the “Explanation of Variances” Column and then elaborate further in the Annex Worksheets of the template which are available to provide additional information to explain the variance. Please ensure to include in the “Explanation of Variances”, the reference to the detailed explanation if applicable (e.g. See Annex 1, 2).

## 2. Expenditure Reporting for Grant not under the New Funding Model

#### 2.1. Budget Current Period

Should correspond to the approved budget amount for the relevant period, as per the grant agreement or subsequent implementation letter.

#### 2.2. Actual Expenditure

Should correspond to the actual expenditures (Principal Recipient direct expenditure and Sub-Recipient direct expenditure) incurred during the current reporting period.

**Note:** The Principal Recipient should not report the disbursements to Sub-Recipients as expenditure as they have to report the actual expenditure incurred by the Sub-Recipients.

#### 2.3. Budget Vs Actual Variances

Is automatically calculated based on the information entered in the fields above.

#### 2.4. Absorption Capacity

Is automatically calculated based on the information entered in the fields above.

#### 2.5. Explanation of Variances

It is mandatory to provide an explanation for variances below 95% and above 105% of the budget. The Principal Recipients should be as specific as possible when commenting on variances and must ensure that they explain the link with programmatic results.

For the table B “Breakdown by Program Activity” select the Macro-Category, Objectives and Service Delivery Area in the drop-down list as per the approved budget

**Note:** In cases where a more detailed analysis of the variance is necessary to ensure an adequate explanation of the variance and the relationship to the programmatic results, you should summarize the explanation in the “Explanation of Variances” Column and then elaborate further in the Annex Worksheets of the template which are available to provide additional information to explain the variance. Please ensure to include in the “Explanation of Variances”, the reference to the detailed explanation if applicable (e.g. See Annex 1, 2).

### III. Tax Reporting

As stipulated in Section 3.5 of the Global Fund Grant Regulations (2014) applicable to new funding model grants, Global Fund funding is based on the principle that Grant funds are intended to be free from taxation, so that all of the Grant funds provided by the Global Fund contribute directly to the prevention, diagnostic and treatment of the three diseases in the Host Country.

The required tax exemption for Global Fund purposes mainly includes (but not limited to): (a) customs duties, import duties, taxes or fiscal charges of equal effect levied or otherwise imposed on the “Health Products”<sup>2</sup> imported into the Host Country under the Grant Agreement or any related contract (collectively “Custom/Import Duties”) and (b) VAT levied or otherwise imposed on the goods and services purchased using grant funds.

The Global Fund has been requested by Donors to report on how this provision is applied across all our grants before donor commitments are released to the Global Fund.

In order to verify compliance with grant agreements, Principal Recipients are required to report on tax exemption related information once a year.

The purpose of the Tax report is to collect information for Import Duties and VAT related to Goods and Services (including commodities and other health products) paid from Global Fund grants in every Global Fund fiscal year (January to December).

It is a mandatory requirement for all grants and must be submitted to the Fund Portfolio Manager by 31<sup>st</sup> July at the latest. Non-compliance or delays in submission may result in a delay and/or freeze in the release of a disbursement by the Global Fund.

#### 1. Principal Recipient Information

Provides general information about the grant. This information is automatically filled based on the information entered in the tab “1. Cash Balance Reporting” (see page **X**)

#### 2. Principal Recipient Tax Exemption Status

##### 2.1. Grant Tax Exemption Status at Principal Recipient Level

Select the appropriate Principal Recipient Tax exemption status from the drop-down menu list. Tax exemption related to social contributions and salary income tax do not need to be reported.

**Note:** The Principal Recipient should ensure the documentation confirming the tax exemption status is available upon request.

##### 2.2. Grant Tax Exemption Status at Sub-Recipient Level

Select the appropriate Sub Recipient Tax exemption status from the drop-down menu list. Tax exemption related to social contributions and salary income tax do not need to be reported.

When different Sub Recipients have different tax exemption status, please choose the option that covers the majority of funds managed by the Sub Recipients.

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<sup>2</sup> As such term is defined in the Global Fund’s “Guide to Global Fund’s Policies on Procurement and Supply Management of Health Products” (2012, as may be amended from time to time).

**Note:** The Principal Recipient should ensure the documentation confirming the tax exemption status of the Sub Recipient(s) is available upon request.

**Note:** The Principal Recipient should not report the disbursements to Sub-Recipients as expenditure as they have to report the actual expenditure incurred by the Sub-Recipients.

### 2.3. Overall Tax Exemption Status

Is automatically calculated based on the information entered in the fields above.

### 2.4. Comments

Enter any relevant comments

## 3. Principal Recipient Tax Information

### 3.1. Reporting Year

Select the relevant year from the drop down list.

### 3.2. Total Taxes Paid during the Reporting Year in Grant Currency

Enter the total Taxes (in grant currency) paid by the Principal Recipient and Sub-Recipient(s) in the reporting year.

**Note:** Information from previous fiscal years should be available upon request

### 3.3. Total Taxes Recovered during the Reporting Year in Grant Currency

Enter the total Taxes (in grant currency) recovered from the Government by the Principal Recipient and Sub-Recipient(s) in the reporting year.

**Note:** The Principal Recipient should enter in the comments field the amount of additional recoveries expected for the period.

### 3.4. Unrecoverable Taxes in Grant Currency

This field is automatically calculated and represents the total Taxes (in grant currency) not recovered from the Government by the Principal Recipient and Sub-Recipient(s).

### 3.5. Total Grant Expenditure for the Reporting Year in Grant Currency

Enter the total Grant Expenditure for the reporting year in grant currency.

**Note:** This amount should match the total grant expenditures reported on the Annual Financial Reporting (AFR) (or the Enhanced Financial Reporting) when the reporting year and the Principal Recipient fiscal year are aligned.

### 3.6. Comments

Enter any relevant comments

## 4. Principal Recipient Sign-off

### 4.1. Submitted by

Enter the name of the person who is submitting the completed form to the Global Fund (including the relevant bank statements)

### 4.2. Date

Enter the submission date

### 4.3. Comments

Enter any relevant comments