

## Financial Reporting FAQs

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### A. Contracting and Disbursements

1. **Do we have to match every budget line by at least 30% of co-financing or can some lines have a lower co-financing share?**

We advise you to input a co-financing share of at least 30% (or any other approved co-financing level) for each budget category. However, we realize this is not always possible in practice. For example, when specific cost items have been or will be covered by other financiers. If you can provide clear justifications for your deviations and the overall co-financing share is at least 30% (or any other approved co-financing level) we can approve such deviations.

2. **Is it possible to change budget allocations significantly during the contracting stage?**

This is only possible if you can provide a clear justification of such changes and if such changes do not alter the main project aim and objectives.

3. **Can we request a disbursement of more than 25% of the total EEP financing amount in the first milestone report?**

No, this is not possible. The maximum amount to be claimed at milestone one is 25% of the total grant you are receiving. Please refer to the funding contract and terms.

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### B. Financial Reporting

4. **Is there a format or template for progress and financial reporting?**

Yes, both are standardized reports. The progress reports are filled out in milestone section of the EEP Portal. Financial report templates are shared by the respective Portfolio Coordinator. Portfolio Coordinators are available to take you through the reporting process.

5. **Can we include expenses in the financial report that are not included in our overall budget?**

No. Only costs items included in the overall budget can be claimed in financial reporting. However, in case the costs are justifiable project expenses, a request to change the overall budget can be

made and sent to your Portfolio Coordinator ahead of the financial report submission. If the budget change request is approved, these costs can then be claimed in the financial report.

**6. How do we ensure we are not double reporting if we are managing two or more grants?**

Double reporting can be avoided by utilizing double entry bookkeeping and a professional accounting software. You should create different cost centers for each grant in your accounting system and allocate each cost to a specific cost center.

**7. Can we lower the co-financing share in our milestone report below 30%?**

In principle, each milestone report should reflect the co-financing share specified in the overall budget (with a minimum of 30%) and the agreed reporting and payments schedule (Annex III of the contract).

In cases where the co-financing share of a previous milestone report has been higher than the co-financing share specified in the overall budget, it may be possible to deviate from the minimum level as long. However, the cumulative co-financing share over all submitted reports should not fall below the agreed co-financing share.

**8. How is financial reporting of project partners handled in terms of disbursements and reporting?**

The contracting partner is responsible for submitting the financial report, including reporting of any project partners. The same principles for financial reporting and supporting documentation apply to all project partners. All project staffing and other costs must be supported by adequate supporting documentation, including an employee advice of receipt or an extract from the partner's bank account clearly showing the amount and recipient.

The contracting partner will receive the disbursement once the report has been approved. No disbursements can be made directly to project partners by EEP Africa. The contracting partner is responsible for payments to project partners.

**9. Is it possible to use local currency on the timesheet instead of EUR?**

Yes. In fact, we advise you to submit the EEP Africa timesheet template in local currency, so monthly payments can easily be reconciled with the salary costs claimed in the financial reporting.

**10. What can be submitted as proof of payment for expenses that do not necessarily come with receipts e.g. travel by matatu/minibus?**

There are several ways you can account for these costs, for instance by:

- a) Putting in place a company travel policy stipulating allowances for local transport and articulating the process of submitting and approving travel claims. In this case, the company policy and the submitted and approved travel claims can be provided to EEP Africa as supporting documentation for local travel costs.
- b) Submitting email or other written communication providing authorization by the company's management of a specific travel claim of an employee, clearly indicating the cost amount, date and reason for travelling.

**11. Can we report levelized salary amounts, which include by law a mandatory 13 check/holiday payments?**

Human resource expenses can only be claimed according to the actual costs.

In principle, merit pay, bonuses, fringe benefits and similar supplements to wages that are paid in addition to regular wage are considered ineligible costs and can only be accepted if supporting documentation is provided to prove that a thirteenth check or holiday payment is mandatory by law in the country of operation. The principle that only project specific costs can be allocated to the project apply.

**12. Can we claim a percentage of our total monthly office costs and if so, what proof of expenditure do we need to supply for this?**

In principle, you can only claim actual costs accrued in the project. You need to demonstrate how and what share of the office rent cost is linked to the project. Please be in contact with your Portfolio Coordinator to agree on the principles prior to reporting.

**13. Is a deposit on an office rental an eligible expense?**

Deposit of office rental is not an eligible expense because the cost may be recouped at a later date.

**14. How do we go about changing suppliers for a specific procurement that has been earmarked for single sourcing?**

For any purchases over EUR 3,000, the procurement rules set out in our administrative manual apply. However, you can submit a written request providing a clear justification for single sourcing to your Portfolio Coordinator for an exemption to these rules. We will assess your request and communicate whether the proposed single sourcing is approved.

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## **C. Supporting Documents**

**15. Do we have to provide proof of payment, i.e. bank statements or mobile money transaction lists, for all payments?**

Yes, all claimed costs in the financial report must show a clear audit trail from the reported figures to individual costs, invoices and payments. In case of cash payments, a receipt showing the payment has been received is sufficient.

**16. If a company gives employees airtime through mobile money transfer and employees individually purchase additional airtime through their phones, what can be submitted as proof of payment?**

In such cases, you can submit a signed approval form indicating the total amount allocated to airtime purchases by employees. Such an approval form should be supported by a list from the mobile money provider showing airtime payments made to each individual employee as well as a company policy indicating the processes in place for airtime purchases within the company.

**17. What is the best way of providing supporting documentation for annual prepayments that amortize through the year such as medical insurance?**

You should provide an explanation of the cost and justify how it benefits the project, a copy of the invoice, proof of payment and an explanation on the amortization period. In case of medical insurance, these costs should also be reflected on the employees' monthly pay slips.

**18. Do we have to provide pay slips for field agents?**

This is preferred, but in case you do not have these in place, we may accept a list indicating the monthly payments made to each field agent and proof of payment of each payment into each field agent's bank account.

**19. How do we provide proof for bulk purchases (multiple items) that have been bought through one payment and has one receipt?**

As long as the different line items are listed in a single receipt, you can use this as supporting documentation.

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