

Further advice on Financial Reports

With the signature of the grant agreement (GA) (for German and non-German recipients) the recipient has taken over several rights and responsibilities. The GA and its annexes comprise all relevant aspects and facts for the implementation of the project. The current guideline (Annex 3a) on the financial processing of the contract is a standard document of GIZ and can be found at the [GIZ website](#). The document on hand is to be understood as an annotation to this annex specifically for the European Climate Initiative (EUKI).

Supporting documents per expenditure category

Hereinafter you will find requirements for supporting documents to be submitted on request to GIZ as stated in Art. 3.9 of your GA and the requirements for the general original documentation on site. Please note that this list contains minimum requirements and that upon request further documentation might be required.

Expenditure Category	Minimum requirements for copies of supporting documents for expenditures which must be made available on request to GIZ (acc. to GA 3.9)	General original documentation on site (e.g. in preparation for an audit)
1. External experts/Consultants	<ul style="list-style-type: none"> ▪ Invoice¹ 	<ul style="list-style-type: none"> ▪ Invoice ▪ Documentation Contract Award Procedure for Supplies and Services <p>Additionally:</p> <ul style="list-style-type: none"> ▪ Proof of payment ▪ Service contract ▪ Excerpt from the accounting records to show that costs have been recorded
2. Staff	<ul style="list-style-type: none"> ▪ Salary/Payslip ▪ Timesheet 	<ul style="list-style-type: none"> ▪ Salary/Payslip ▪ Timesheet <p>Additionally:</p> <ul style="list-style-type: none"> ▪ Proof of payment ▪ Employment contract ▪ Accounting records

¹ **Any invoice shall contain at least:** invoice number, date of invoice, name and address of the recipient, name and address of the company that provided the goods or services, specification of the goods or services provided (type, quantity, date service provision), tax number, gross amount and tax rate. Furthermore, the grantee shall be adding to any invoice according to GA 3.5: internal entry number (as in Annex 3e Breakdown of expenditures per category), date, recipient/origin of voucher, amount and content of voucher.

<p>3. Transportation/ Travel costs</p>	<ul style="list-style-type: none"> ▪ Invoice (flight, train, hotel, etc.) ▪ Receipt <u>daily allowance/per diem</u> (if applicable, reduction) 	<ul style="list-style-type: none"> ▪ Invoice ▪ Receipt <u>daily allowance/per diem</u> <p>Additionally:</p> <ul style="list-style-type: none"> ▪ Proof of payment ▪ Evidence of applicable policies on per diems to confirm that these have been followed ▪ Supporting evidence for travel and the activities carried out during the relevant mission. (E.g.: original airline tickets, invoices from travel agents, minutes of project meetings, list of participants for conferences/workshops)
<p>4. Training costs 5. Procurement of Goods 6. Other costs</p>	<ul style="list-style-type: none"> ▪ Invoice 	<ul style="list-style-type: none"> ▪ Invoice ▪ Documentation Contract Award Procedure for Supplies and Services <p>Additionally:</p> <ul style="list-style-type: none"> ▪ Proof of payment ▪ Contract ▪ Excerpts from the accounting records to show that costs have been recorded
<p>7. Administration</p>	<ul style="list-style-type: none"> ▪ n/a according to GA Art. 3.8 	<ul style="list-style-type: none"> ▪ n/a according to GA Art. 3.8
<p>8. Forwarding of funds</p>	<ul style="list-style-type: none"> ▪ Same documentation requirements apply for third-party recipient(s) in the respective budget category as described above (acc. to GA 5.1b and c) 	<ul style="list-style-type: none"> ▪ Same documentation requirements apply for third-party recipient(s) in the respective budget category as described above (acc. to GA 5.1b and c)

Translation of documents

- Key information needs to be translated (acc. to Art. 3.9);
- To reduce the need for manual translation, forms that are used frequently (e.g. overview sheets, tables, receipt blocks and contracts) should be drawn up in two languages. Wherever possible, both languages should be incorporated into a single form;
- In the case of longer documents (e.g. contracts) it is sufficient if the language of the country is accompanied by an identical text in one of the accepted working languages.

Corrections of Financial Reports

- In case a previous, already submitted Financial Report contains errors, please correct it with the **next financial report**. The last opportunity for correction is the Final Financial report;
- Please mark incorrect amounts as a cancellation (negative amount) and provide a specific reference to the original reporting period and a short explanation for the

correction under the column *Reason for payment* in the sheet *3e_breakdown of actual costs per category*;

- If actual costs incurred in previous, already reported periods have not been claimed it is possible to enter them in the current Financial Report with a clear reference to the original reporting period

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What is not eligible/ not part of a Financial Report?

This (non-exhaustive) list includes aspects that are not part of a financial report/not eligible:

- Lump sums are not considered eligible; each expenditure needs to be broken down into individual items. There are two exceptions: Pro rata local project costs and flat-rate percentage of administrative expenses (GA 3.8);
- Any expenditure incurred outside the project duration (GA Art. 1.3). To be considered eligible any expenditure needs to be made during the lifetime of the project;
- Announcing changes of more than 20% (GA Art. 1.4). Changes of more than 20% between budget lines cannot be announced in retrospect but require prior written approval by GIZ;
- Announcing major changes (GA Art. 4.3). Major changes must be reported in written form immediately to the GIZ. Such measures may be commenced only based on a revised planning and after prior agreement with the GIZ.

Common mistakes in preparing a Financial Report

- The use of non-sequential numbering in the Breakdown of expenditures per category (no. of voucher- Annex 3e);
- Reporting of total costs (including own/ third party contributions) in Annex 3e and Annex 3f;
- Reporting of expenditure not part of the project budget;
- The use of non-specific designations for expenditures/payments in Annex 3e,
- The use of different templates (e.g. old vs. new templates/different languages);
- Supporting documents are not sorted chronologically and not completely traceable to the Financial Report;
- The applied exchange rate procedure is not clear;
- Missing (second signature on the) Timesheets
- Confusing forwarding of funds to third-party recipients with actual costs incurred