USAID
FROM THE AMERICAN PEOPLE

**FINANCIAL REPORTING**
"How to Work with USAID" Training Series

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# LEARNING OBJECTIVES

- Review the process of filling out federal financial reports.

- Learn how to request an advance or reimbursement from USAID.

- Identify key elements to include in the annual Foreign Tax Report.

- Determine best practices to follow as you prepare proper financial reports.

# WHY USAID PARTNERS WITH ORGANIZATIONS

## USAID Mission:

To lead the U.S. Government's international development and disaster assistance efforts on behalf of the American people

These partnerships and investments help:

- Save lives;
- Reduce poverty;
- Strengthen democratic governance; and
- Help people emerge from humanitarian crises and progress beyond assistance.

# TYPES OF FUNDING OPPORTUNITIES

**USAID offers two main types of funding opportunities.**

1. **ASSISTANCE: grants or cooperative agreements**
   The Agency provides funds to a recipient for a public purpose. The Agency functions as a financial supporter with limited involvement. The Agreement Officer's Representative (AOR) is the partner's main point of contact with USAID.

1. **ACQUISITION: contracts**
   USAID purchases goods and services from a contractor for USAID's own use or to implement an Agency activity. USAID is an involved buyer and provides primary direction under strict terms. The Contracting Officer's Representative (COR) is the partner's main point of contact with USAID.

**For details, see the "Understanding USAID Awards" module.**

# REGULATIONS AND POLICIES

## U.S. GOVERNMENT REGULATIONS

- The **Code of Federal Regulations (CFR)** govern how USAID executes assistance awards.
- **Federal Acquisition Regulations (FAR)** include primary rules that guide how U.S. Government agencies acquire supplies and services.
- The **U.S. Department of State Standardized Regulations (DSSR)** and the General Services Administration's **Fly America Act/Open Skies Agreement** detail rules on allowances and travel.

## USAID INTERNAL POLICIES

- The **Automated Directives System (ADS)** outlines operational policies covering all Agency and partner activities.
- **USAID Acquisition Regulations (AIDAR)** govern how USAID administers public funds.

**Find links to the relevant regulations in the "Resources" section.**

# THE STANDARD FEDERAL FINANCIAL REPORT (SF-425)

ASSISTANCE AWARDS ONLY

# PURPOSE OF THE SF-425
## ASSISTANCE AWARDS ONLY

**The SF-425 is a cumulative report that captures the financial status of an award at a specific point in time.**

The SF-425:

- Helps your organization and USAID determine whether your expenditures are aligned with the implementation of your Activity;

- Enables USAID staff to reconcile their records to ensure accuracy in financial reporting and oversight;

- Offers details both you and USAID can use to assess how quickly funds are being used; and

- Provides an opportunity for your organization to demonstrate that it understands and can meet its financial management responsibilities to USAID.

**Your AOR can provide reporting guidance.**

# FORMAT OF THE SF-425
## ASSISTANCE AWARDS ONLY

A completed SF-425 shows:

- How much money has been drawn down against the award;

- The source of money being used; and

- The balance of unused money at the end of the reporting period.

Your organization should be ready to provide USAID with supporting documentation that confirms the allocation of funds to budget line items.

**Find the SF-425 here.**

View Burden Statement

# Federal Financial Report
(Follow form Instructions)

OMB Number: 4040-0014
Expiration Date: 02/28/2022

**1. Federal Agency and Organizational Element to Which Report is Submitted**

**2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)**

**3. Recipient Organization (Name and complete address including Zip code)**

Recipient Organization Name:

Street1:

Street2:

City:

County:

State:

Province:

Country: USA: UNITED STATES

ZIP / Postal Code:

**4a. UEI**

**4b. EIN**

**5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)**

**6. Report Type**
- [ ] Quarterly
- [ ] Semi-Annual
- [ ] Annual
- [ ] Final

**7. Basis of Accounting**
- [ ] Cash
- [ ] Accrual

**8. Project/Grant Period**

From:

To:

**9. Reporting Period End Date**

# SECTION 10 OF THE SF-425

ASSISTANCE AWARDS ONLY

Section 10 details your award's transactions.

Find detailed guidance on filling out this section in the "Instructions" document here.

**Find an example of a completed SF-425 form here.**

| 10. Transactions | Cumulative |
|---|---|
| *(Use lines a-c for single or multiple grant reporting)* | |
| **Federal Cash (To report multiple grants, also use FFR attachment):** | |
| a. Cash Receipts | 0.00 |
| b. Cash Disbursements | 0.00 |
| c. Cash on Hand (line a minus b) | 0.00 |
| *(Use lines d-o for single grant reporting)* | |
| **Federal Expenditures and Unobligated Balance:** | |
| d. Total Federal funds authorized | 0.00 |
| e. Federal share of expenditures | 0.00 |
| f. Federal share of unliquidated obligations | 0.00 |
| g. Total Federal share (sum of lines e and f) | 0.00 |
| h. Unobligated balance of Federal Funds (line d minus g) | 0.00 |
| **Recipient Share:** | |
| i. Total recipient share required | 0.00 |
| j. Recipient share of expenditures | 0.00 |
| k. Remaining recipient share to be provided (line i minus j) | 0.00 |
| **Program Income:** | |
| l. Total Federal program income earned | 0.00 |
| m. Program Income expended in accordance with the deduction alternative | 0.00 |
| n. Program Income expended in accordance with the addition alternative | 0.00 |
| o. Unexpended program income (line l minus line m and line n) | 0.00 |

**11. Indirect Expense**

| a. Type | b. Rate | c. Period From | Period To | d. Base | e. Amount Charged | f. Federal Share |
|---|---|---|---|---|---|---|
| | | | | | | |
| | | | | | | |
| | | | g. Totals: | | | |

*12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:*

[ Add Attachment ] [ Delete Attachment ] [ View Attachment ]

**13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).**

a. Name and Title of Authorized Certifying Official

Prefix: [            ] First Name: [            ] Middle Name: [            ]

Last Name: [            ] Suffix: [            ]

Title: [            ]

b. Signature of Authorized Certifying Official

c. Telephone (Area code, number and extension)

d. Email Address

e. Date Report Submitted

**14. Agency use only:**

# TIMING OF THE SF-425
## ASSISTANCE AWARDS ONLY

| PERIOD | DUE | REPORTING PERIOD |
|---|---|---|
| **Quarter 1** | January 30 | October 1 to December 31 (of previous calendar year) |
| **Quarter 2** | April 30 | January 1 to March 31 |
| **Quarter 3** | July 30 | April 1 to June 30 |
| **Quarter 4** | October 30 | July 1 to September 30 |
| **Final Report** | 90 days after end of award | Entire lifetime of award |

**You must notify USAID when your organization has spent 75 percent of an award's obligated funds.**

- The SF-425 is a cumulative report that captures the financial status of an award agreement at a specific point in time.

- Your organization should be ready to provide USAID with supporting documentation.

- Typically, the report is due to USAID 30 days after the end of each of the Agency's financial quarters. The final report is usually due 90 days after the end of the award.

- You are required to notify USAID when you have spent 75 percent of your obligated funding.

- Check with your AOR for guidance.

# REQUEST FOR ADVANCE OR REIMBURSEMENT (SF-270)

# PURPOSE OF THE SF-270

**The U.S. Government uses the SF-270 to disburse funds.**

This may be done in two ways:

- Giving funds in advance; or

- Reimbursing partners for expenses.

Your award agreement specifies the format you must use to request advances or reimbursements. Your AOR may provide additional guidance.

USAID staff will reconcile any advance and reimbursement requests with their records to ensure accuracy in financial reporting and oversight.

# HOW TO MAKE A REQUEST

Organizations submit requests with the SF-270.

- A request for **reimbursement** should reflect the exact amount spent during the period. To support the amount you request, you need to supply documentation, such as copies of receipts and invoices.

- A request for an **advance** is an estimate of "immediate disbursement needs," or what you expect to spend in the coming month(s).

Coordinate efforts with any sub-partners and subcontractors so funding requests and spending are managed efficiently.

**Find rules governing USAID advances at [ADS Chapter 636](#).**

# THE TOP PORTION OF THE SF-270

Find the SF-270 here.



**REQUEST FOR ADVANCE OR REIMBURSEMENT**

1. TYPE OF PAYMENT REQUESTED

a. "X" one or both boxes
☐ ADVANCE
☐ REIMBURSEMENT

b. "X" the applicable box
☐ FINAL
☐ PARTIAL

2. BASIS OF REQUEST
☐ CASH
☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

6. EMPLOYER IDENTIFICATION NUMBER

7. FINANCIAL ASSISTANCE IDENTIFICATION NUMBER

8. PERIOD COVERED BY THIS REQUEST

From: _____ To: _____

9. RECIPIENT ORGANIZATION

Name: _____
Street1: _____
Street2: _____
City: _____
County: _____
State: _____
Province: _____
Country: _____
ZIP / Postal Code: _____

# COMPUTATION OF AMOUNT REQUESTED

You may need to complete Section 11 or 12, depending on how much information your award agreement requires.

| 11. | COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED | | | |
|---|---|---|---|---|
| PROGRAMS/FUNCTIONS/ ACTIVITIES | (a) | (b) | (c) | TOTAL |
| a. Total program outlays to date *(As of date)* | $ | $ | $ | $ |
| b. *Less:* Cumulative program income | | | | |
| c. Net program outlays *(Line a minus line b)* | | | | |
| d. Estimated net cash outlays for advance period | | | | |
| e. Total *(Sum of lines c & d)* | | | | |
| f. Non-Federal share of amount on line e | | | | |
| g. Federal share of amount on line e | | | | |
| h. Federal payments previously requested | | | | |
| i. Federal share now requested *(Line g minus line h)* | | | | |
| j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances — 1st month | | | | |
| 2nd month | | | | |
| 3rd month | | | | |

| 12. | ALTERNATE COMPUTATION FOR ADVANCES ONLY | |
|---|---|---|
| a. Estimated Federal cash outlays that will be made during period covered by the advance | $ | |
| b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period | | |
| c. Amount requested *(Line a minus line b)* | $ | |

# CASH-FLOW BUDGET

When you request an advance, you will also submit a supporting cash-flow budget that analyzes the award funds and timeline.

- Review **pipeline funds** that have been obligated to your project by the Agency but have yet to be spent.

- Calculate the **expenditure rate**, an estimate of how fast you are spending and expect to spend funds across the project timeline.

Your organization and USAID will use this information to estimate how long your remaining funds will last.

# SAMPLE PIPELINE ANALYSIS

| A | B | C | D | E=C+D | F=B-E | G | H=A-(B+G) |
|---|---|---|---|---|---|---|---|
| Total Estimated Cost (TEC) | Obligated Amount to Date | Costs Incurred to Date | Outstanding Commitments | Total Expenditures | Unexpended Balance | Funding Request | Add'l Funding Required to Expend TEC |
| $30,500.00 | $20,800.00 | $12,000.00 | $7,800.00 | $19,800.00 | $1,000.00 | $3,000.00 | $6,700.00 |

**Your funding request cannot be greater than the additional funding required to expend the TEC (Column H).**

# SAMPLE EXPENDITURE RATE CALCULATION

| AWARD TERM (MONTHS) | 60 |
|---|---|
| Number of months to date | 35 |
| Number of months remaining | 25 |
| Total estimated cost (TEC) | $2,500,000 |
| Total expenditures to date | $1,500,000 |
| Average monthly expenditure rate | $42,857 |
| Money for future expenditures (new funding request plus unexpended balance) | $1,000,000 |
| Estimated # of months current money will last | 23.33 |

← Calculated by dividing total expenditures to date by number of months to date

← Calculated by dividing money for future expenditures by average monthly expenditure rate

**Here, 23.33 months indicates a "forward funding" issue.**

**Find details on rules governing forward funding here (and a supporting example here).**

# CERTIFICATION

A reimbursement request must be accompanied by a statement from a representative of your organization certifying that the information you are providing is correct and that the sums claimed are proper.

Your certification statement may be included at the end of the form or spreadsheet or prepared and submitted separately.

**Find certifications details and sample language in the AIDAR Part 752.7003.**

# ADDITIONAL INFORMATION

**Appendix A**
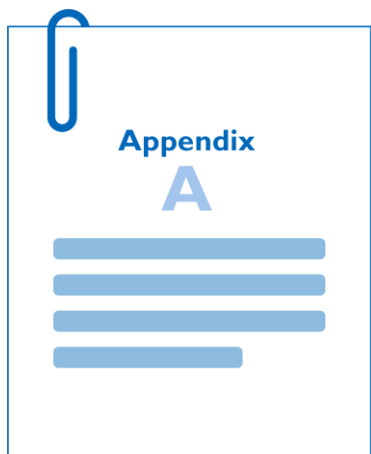
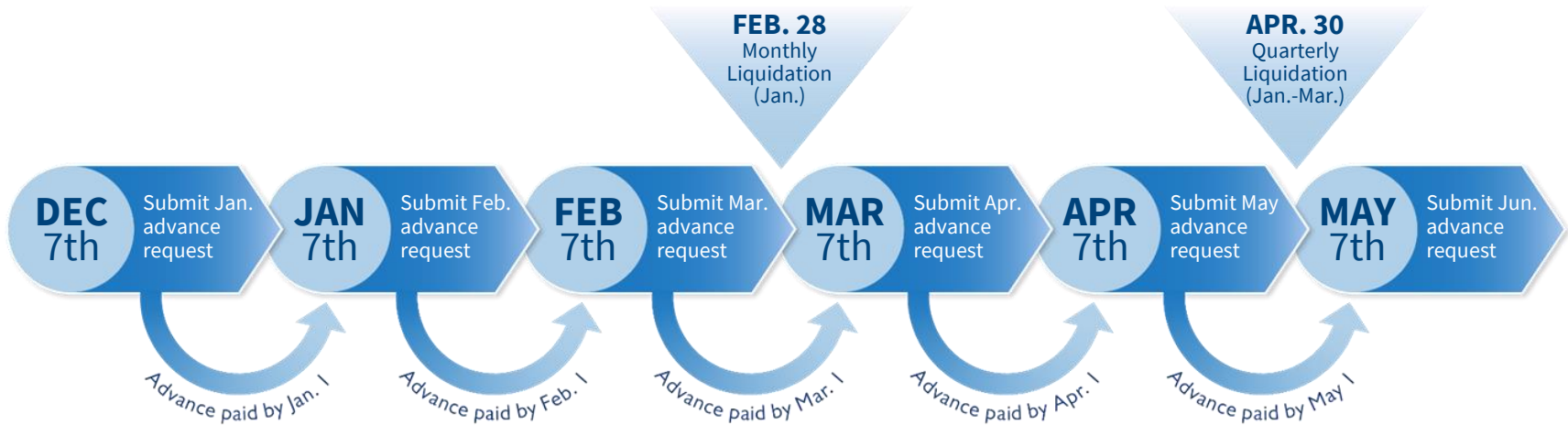Some USAID Missions require additional information with an SF-270.

For example, USAID Southern Africa often requests a supplemental form that includes:

- Total expenses submitted to USAID prior to the request;

- Remaining advances at the date of the request;

- Immediate cash needs for the period; and

- The period the request covers.

**Discuss the need for any supplemental information with your AOR or COR.**

# SAMPLE ADVANCE/LIQUIDATION TIMELINE

**FEB. 28**
Monthly Liquidation (Jan.)

**APR. 30**
Quarterly Liquidation (Jan.-Mar.)

**DEC** 7th — Submit Jan. advance request — **JAN** 7th — Submit Feb. advance request — **FEB** 7th — Submit Mar. advance request — **MAR** 7th — Submit Apr. advance request — **APR** 7th — Submit May advance request — **MAY** 7th — Submit Jun. advance request

Advance paid by Jan. 1

Advance paid by Feb. 1

Advance paid by Mar. 1

Advance paid by Apr. 1

Advance paid by May 1

✳ Funds returned with liquidations remain available for future advances.

✳ Supplemental vouchers may be submitted at any point.

✳ Apr. and May advances are received before your Jan.-Mar. excess funds are returned.

# REQUEST REIMBURSEMENTS WITH THE SF-1034

**Organizations with cost-reimbursement contracts will submit reimbursement requests using the SF-1034 form, called the "Public Voucher for Purchases and Services Other Than Personal."**

When partners request a reimbursement, the amount requested should reflect the exact amount spent during the period. Remember you need to supply documentation to support the amount you request.

As with the SF-270, organizations working with sub-partners and subcontractors should coordinate their efforts so that funding requests and spending are managed efficiently and without surprises. You may ask sub-partners to provide monthly funding estimates.

# COMPLETING THE SF-1034

Submit the request with a supporting cash-flow budget and a certification.

**Find the SF-1034 here.**

# REQUESTS FOR ADVANCE AND REIMBURSEMENT

## SUMMARY

- A reimbursement request should reflect the exact amount spent during the period and include a certification statement as well as documentation to support your request.

- An advance request should be an estimate of what you expect to spend in the coming month and include a supporting cash-flow budget.

# THE FOREIGN TAX REPORT

# PURPOSE OF THE FOREIGN TAX REPORT

A Foreign Tax Report helps USAID assess whether your organization is using funds for the purpose intended and whether foreign governments are complying with bilateral agreements.

This annual reporting requirement is only for commodity transactions (not services) and covers:

- Value-added tax (VAT) levied on **commodities purchased in-country**; and

- Customs duties levied on **commodities imported into the country** for use in USAID-funded projects.

VAT or sales tax levied on items purchased outside of the host country where you are implementing your USAID-funded program are ***not*** exempt.

# REPORT FORMAT AND TIMING

Your award agreement will include detailed requirements. They generally include:

- The organization's name and contact information;

- The USAID award number;

- An itemized list of commodity transactions greater than the equivalent of $500 for which tax was paid; and

- Total reimbursements received during the fiscal year.

Note that if you have sub-partners with in-country purchases equivalent to at least $500, you must also incorporate this data into your report.

> The reporting period is **October 1 through September 30**, and your report is due the following **April 16**.

# SAMPLE FOREIGN TAX TRACKING LOG

| ACCT. SYS. REF. # | DATE | VENDOR | DESCRIPTION | TRANSACTION VALUE (PRE-VAT)* | VAT* | PROJECT | DATE REIMB. REQUESTED | DATE REIMB. RECEIVED |
|---|---|---|---|---|---|---|---|---|
| 210 | 23-Oct-20 | ABC Supplies | Office Furniture | $1,200 | $120 | NPI Ethiopia | 31-Oct-20 | 15-Jan-21 |
| 223 | 15-Jan-21 | DEF Imports | HBC Kits | $1,000 | $100 | NPI Ethiopia | 31-Jan-21 | |
| 235 | 02-Feb-21 | GHI Computers | Computers | $2,000 | $200 | OVC Project | | |
| 236 | 02-Feb-21 | JKL Inc. | Printer | $500 | $50 | OVC Project | | |

* You may want to track your payments and reimbursements in local currency.

# FOREIGN TAX REPORT BEST PRACTICES

- Develop a list of exemptions and required taxes so that everyone in your organization involved with procurements is aware of the rules.

- Create special codes in your accounting system to track payments of exempt taxes as well as incoming tax reimbursement payments from the host government.

- Establish a log that tracks the tax payment and reimbursement process.

- Ask any sub-partners and subcontractors that have relevant purchases of commodities to submit their reports well before the April 16 deadline.

**Find additional tips on foreign tax reporting here.**

# SUMMARY

# KEY POINTS

- **Read the relevant parts of your award** that describe financial reporting requirements.

- **Meet USAID deadlines** for SF-425s and SF-270s, so the Agency can process payments in a timely manner, and remember to **notify USAID when you have spent 75 percent** of your obligated funds.

- **Before you submit any reports or requests, double-check** to ensure that all required information is included and accurate and all calculations are correct.

- **Engage sub-partners and subcontractors early** in the reporting process, since many of your reports require information from them.

**Alert your AOR or COR early to any reporting or budget challenges.**

# RESOURCES

- Code of Federal Regulations (CFR) Chapter 2, Parts 200/700

- Automated Directives System (ADS) Chapter 303: "Grants and Cooperative Agreements"; ADS Chapter 304: "Selecting the Appropriate Acquisition and Assistance Instrument"

- U.S. Department of State Standardized Regulations (Allowances)

- Fly America Act/Open Skies Agreement

- SF-425:
  - "Federal Financial Report"
  - "Instructions"
  - Completed SF-425 example

- SF-270: "Request for Advance or Reimbursement"

SF-1034: "Public Voucher for Purchases and Services Other Than Personal"

- SF-1034: "Public Voucher for Purchases and Services Other Than Personal"

- "Implementation Tips for USAID Partners: Foreign Tax (VAT) Reporting" and ADS 302.3.8.8, "Reporting of Foreign Taxes"

- USAID Acquisition Regulations (AIDAR) 752.7003: "Documentation for Payment"

- ADS Chapter 636: "Program Funded Advances"

- ADS Chapter 602: "Forward Funding" & supporting example

- Training modules at WorkwithUSAID.org:
  - "Registering to Work with USAID"
  - "Preparing Budgets for USAID Assistance Awards"
  - "Preparing Budgets for USAID Acquisition Solicitations"
  - "Monitoring, Evaluation, and Learning"

**THANK YOU**

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