Vital Strategies
Compliance Webinar

Financial Reporting
March 26, 2020 (revised)
Outline

1. Financial reporting requirements
2. Single Audit requirement
3. Foreign Tax reporting
4. Q&A
FINANCIAL REPORTING

REQUIREMENTS
Financial Reporting Requirements

**Current:** Quarterly Financial Reports

- Site subagreements: see Section 10.4 of subagreement
- Other (non-site) subagreements: see “Reports” section of subagreement

* Each subrecipient has own template, provided or agreed on by Vital Strategies *

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Financial Reporting Requirements

Upcoming changes for Site Subagreements:

• All site subagreements: USD financial reports
• Site subagreements with end date after March 2021: need to submit a financial report with March 29, 2021 cut off date.

*March 29, 2021 Financial Report will be in the new USD financial report format.*
Financial Reporting Requirements

Upcoming changes for Other (Non-Site) Subagreements:

- Other subagreements with end date after March 2021: need to submit a financial report with March 29, 2021 cut off date.

*March 29, 2021 Financial Report will be in the same financial report format.*
SINGLE AUDIT REQUIREMENT
Single Audit Requirement

2 CFR 200 Uniform Guidance

• All non-US subrecipients expending more than US$750,000 in USAID funds in your organization’s fiscal year, will need to conduct Single Audit (2 CFR 200, Subpart F)

• Steps to determine if you might meet the threshold:
  1. What’s your TREAT TB budget amount?
  2. Do you have other projects funded by USAID? If so, how much?
  3. Consult with your GM to know how much of your grant has been funded by USAID
Single Audit Requirement

If you are required to conduct Single Audit: reach out to Cognizant Controller at USAID Mission for guidance on their approval process for audit firms.

After Single Audit is complete: submit a copy to USAID and Vital Strategies within 30 days of completion of audit, but no later than 9 months after the end of the period audited.
FOREIGN TAX REPORTING
FOREIGN TAXES REPORTING - TREAT TB  
Section 579 Implementation (Taxation of U.S. Foreign Assistance)  
October 1, 2018 to September 30, 2019

Subrecipient organization name
Country
Contact information (Mailing address, phone, email)
Name of person completing the form (Name, position)
Date completed

Directions: Please answer the questions below in regards to your TREAT TB Subaward with Vital Strategies, and for the period between Oct 1, 2018 to Sept 30, 2019

Does your organization qualify for tax exemption of VAT or customs duties paid by US Government funds, under a current bilateral agreement with the Government of your country? (Yes, No, Not sure) If “Yes,” please describe.

Supplies and Equipment  
Examples of supplies/equipment to include: Laptops, computers, printers, t-shirts  
Examples of supplies/equipment to NOT include: hotels, airfare

Did you pay ≥ US$ 500 (Greater than Five Hundred US Dollars) for any single transaction [“Transaction value”] of any supplies or equipment purchased between Oct 18-Sept 19? (Yes/No). Please note that “single transaction” does NOT equal unit cost; single transaction indicates one payment/invoice.

If “Yes” to the above question, what was the total USD amount of value-added taxes (VAT) and customs duties (but not sales taxes) paid by sub-recipient on purchases in excess of US$ 500 (Five Hundred US Dollars) per transaction of supplies, during this time period? (Include Details on Sheet 2).

<table>
<thead>
<tr>
<th>Date of Transaction by Sub-recipient</th>
<th>Vendor</th>
<th>Location of Vendor (Country)</th>
<th>Description of Transaction more than USD 500</th>
<th>Location of where this item is used (Country)</th>
<th>Transaction Value (pre-tax) [Only transactions more than USD 500]</th>
<th>Tax (USD)</th>
<th>Date reimbursement requested by Sub-Recipient</th>
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Foreign Tax Reporting

Purpose: to ensure that U.S. foreign assistance is minimally taxed and, therefore, that the funds are used for their intended purposes.

Vital Strategies submits Foreign Tax Reports to USAID by April 16 each year.

Taxes paid by Subrecipients and Contractors are consolidated into Vital Strategies’ report to USAID.
IMPORTANT!

If the recipient has a means to obtain an exemption or a refund of the taxes, but does not take reasonable steps to obtain the exemption or refund, the paid taxes is subject to disallowance.
What do you have to report?

Standard Provisions for Non-US NGOs (RAA10); and SP for US NGOs (RAA12) – Reporting Host Government Taxes:

“The total amount of value-added taxes (VAT) and customs duties (but not sales taxes) assessed by [your home country government] (or any entity thereof) on purchases in excess of $500 per transaction of supplies, materials, goods or equipment…”
What do we *NOT* have to report?

Taxes levied on items purchased *outside of your home country* where you are implementing your USG-funded program.

Also, do not report on taxes levied on procurement of services.
Foreign Tax Reporting

Deadline to Vital Strategies: April 6, 2020

USAID Missions in your country may have additional requirements, which take precedence over these guidelines.
Demo: Foreign Tax Reporting Template
Conclusion

1. Financial reporting requirements
2. Single Audit requirement
3. Foreign Tax reporting
Any questions?

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Thank you!