Monitoring PEPFAR Program Expenditures

Version 3.0

September 2020

Table of contents

- Summary 3
  - Reporting Requirements 3
  - Data use for performance improvement, policy, and impact 3
  - Data Governance and Access 3
- Expenditure Reporting Requirements 4
  - IPs Required to Report PEPFAR Program Expenditures 4
  - Subrecipient Reporting by the prime implementing partner 4
  - Required Currency of Reporting 5
  - Required Accounting Method 5
  - Required Format for Reporting 5
- Financial Classifications 6
  - Organization classification: Who is doing the spending? 6
  - Program classification: What is the purpose? 7
  - Beneficiary classification: Who benefits? 8
  - Cost classification: What was purchased? 9
- Guidelines for Classifying Expenditures 10
  - Focus on Outcomes 10
  - Limit Cost Sharing Across Interventions 10
  - Focus on Beneficiary Group Targeted 10

Summary

This guidance provides an overview of PEPFAR's annual expenditure reporting requirements, report template and financial classification structure. For detailed information, visit https://datim.zendesk.com.

The PEPFAR financial classification structure provides a comprehensive, flexible, and transparent tracking of PEPFAR's investment. The classification structure is common across budget formation, budget execution, and expenditure reporting. This allows tracking PEPFAR investments from budgeting through expenditure. In this structure, PEPFAR funded activities and services are classified by organization, program (and sub-program), beneficiary (sub-beneficiary), and cost category.

REPORTING REQUIREMENTS

Expenditure reporting (ER) is at the Implementing Partner (IP) by Operating Unit (OU) level. Each Country Operational Plan (COP) / Regional Operational Plan (ROP)-funded IP is required to prepare a separate expenditure report for each of its Implementing Mechanisms (IM).

Total annual PEPFAR expenditures for the prior fiscal year (FY) shall be reported according to PEPFAR's financial classifications. Comprehensive descriptions and definitions of each category and subcategory are found in the PEPFAR Financial Classifications Reference Guide. The financial classification structure is exhaustive and exclusive, encompassing the nature of PEPFAR support.

DATA USE FOR PERFORMANCE IMPROVEMENT, POLICY, AND IMPACT

PEPFAR expenditure reporting is a resource monitoring activity designed to increase transparency, oversight, and accountability across PEPFAR to ultimately ensure that every taxpayer dollar is optimally invested. Expenditure reporting provides visibility into the financial execution of programmatic activities and budgets approved in COP/ROP. The combination of program performance information with program expenditure information provides powerful insight into whether an IM is succeeding or failing at achieving or maintaining control of the HIV/AIDS epidemic.

DATA GOVERNANCE AND ACCESS

The production and review of expenditures requires the involvement of many USG participants at the country and headquarters levels. Identifiable mechanism-specific program and expenditure information submitted by each IP will be reviewed internally within the USG including: USG project managers (e.g., Agreement Officer Representative (AOR), Contracting Officer Representative (COR), Activity Manager, and Project Officer), USG country teams, and PEPFAR USG agency headquarters.

Systems administrators will have access to identifiable, mechanism-specific data as required for purposes of providing IT troubleshooting, and data analysis to generate results reports.

In addition, data may be shared with other stakeholders (e.g., host country governments, UNAIDS) as appropriate. Aggregate annual country-level expenditure (non-mechanism specific) data by financial classification will be released publicly through PEPFAR Panorama – Spotlight (data.pepfar.gov).

Expenditure Reporting Requirements

IPS REQUIRED TO REPORT PEPFAR PROGRAM EXPENDITURES

The most common source of PEPFAR funding for an IP are funds allocated during the COP or ROP process. The COP/ROP budgets allocate funding and performance targets by OU, IP and IM. They also serve as the basis for annual U.S. Congressional notification. COP/ROP Funds are recorded in the system of record -- the U.S. State Department's Foreign Assistance Coordination and Tracking System (FACTS Info) by OU, IP and IM. IPs that have multiple IMs must report each separately. Mechanism IDs for Monitoring, Evaluation, and Reporting (MER) and ER are the same.

IPs are required to report on PEPFAR funds that are:

1. Spent by the IP during the prior fiscal year, regardless of the year the funds were obligated or budgeted
2. Included in the Prime Partner's IM agreement with a USG agency (Award), including:
    - funds sub-granted, sub-contracted, or awarded to subrecipients
    - funds spent at IM's field or headquarters levels
    - funds programmed through COP, ROP, and central initiatives

The following should **not** be included in expenditure reporting:

1. USG management and operations (M&O) expenditures, including Peace Corps volunteers. Peace Corps volunteers and their activities are considered M&O expenditures and are neither collected nor analyzed through annual expenditure reporting.
2. Non-PEPFAR funding, e.g. from other USG funding sources or other donors or non-US governments, should not be reported.
3. Headquarters Operational Plan (HOP) funded mechanisms that do not **also** receive COP/ROP funds do not need to submit an expenditure report.

IMs with specific questions regarding whether expenditure reporting is required should contact their USG project manager (AOR/COR/Activity Manager/Project Officer). Expenditure reporting does not replace or remove obligations for financial reporting requirements as specified in contractual arrangements with the funding USG agency.

SUBRECIPIENT REPORTING BY THE PRIME IMPLEMENTING PARTNER

An IP must report all PEPFAR funds expended during the previous fiscal year, including funds subawarded to a subrecipient. The prime partner has the responsibility for reporting on the subrecipient expenditures. The prime partner must report all funds subawarded to subrecipients (identified by subrecipient name and DUNS number) by intervention (i.e. by program area and beneficiary classification). Subrecipient expenditures do not need to be reported by cost category in the FY20 expenditure reporting process, but subrecipient expenditures will need to be reported by cost starting in the FY21 expenditure reporting process. For additional information see instructions for completing the expenditure reporting template at https://datim.zendesk.com.

REQUIRED CURRENCY OF REPORTING

All PEPFAR expenditure data must be reported in United States dollars (USD). Financial systems and policies at the IM should include information as to how currency exchange is managed and USD reporting is produced.

REQUIRED ACCOUNTING METHOD

All PEPFAR expenditure data is reported on a cash basis of accounting. Disbursements to sub-grantees, sub-contracts, or subrecipients is reported as an IM expenditure. Note that reporting of expenditures does not mean that the Implementing Agency has accepted for outlay or disbursement against the Award. Examples of transactions that would be considered a financial expenditure for this analysis:

- Cash paid for an asset (e.g., vehicle, equipment, etc.), regardless of the asset's useful life; or
- Prepayment for rent, supplies, or utilities.

Transactions that would not be considered a financial expenditure for this analysis:

- An asset purchased and received, for which payment has yet to be made;
- Expenditures accrued but not yet paid; or
- Issuance of a note or other promise to pay cash at a time in the future.

REQUIRED FORMAT FOR REPORTING

IPs record their prior fiscal year PEPFAR expenditures in the standardized Expenditure Reporting template, available on the DATIM support site, https://datim.zendesk.com. The expenditure reporting template, also known as DS-4213 PEPFAR Program Expenditures (OMB Control No. 1405-0208), is common to all IPs and is not prepopulated with any IP-specific information. Completed templates are submitted via upload to DATIM https://www.datim.org; IPs must have a DATIM user account; new user accounts can be requested at https://register.datim.org/.

Each IP submits one template for each mechanism, or, for each unique combination of Federal Award with prior fiscal year expenditures and OU. If an IP only implements in one OU and has only one Award with PEPFAR funding and prior fiscal year expenditures, only one template will need to be uploaded. For an IP with one Award that is implemented in multiple PEPFAR OUs, multiple templates will be required, one for each OU, corresponding to each implementing mechanism. All subrecipient expenditures should be reported by the prime recipient within the prime recipient's ER template. Note that the template is locked to allow for specific data entry, IPs must not unprotect the sheets, modify the structure of the template, or copy and paste text into lists that have drop-down validations or the file will be rejected during upload.

Financial Classifications

PEPFAR financial classifications are used for both budgeting and expenditure reporting. It consists of four components designed to answer the following questions:

1. Organization: Who spent the money?
2. Program: What was the purpose?
3. Beneficiary: Who benefits?
4. Cost: What was purchased?

The unique combination of program area and beneficiary classifications is referred to as an **intervention** within this framework. The goal is to capture a group of activities with a common outcome; not to capture each discreet work plan activity. Summaries of the classifications are provided below; more details of each classification can be found in the PEPFAR Financial Classifications Reference Guide.

When allocating shared costs across interventions, it is important to ensure that interventions do not cross or contain more than one major program area (e.g. care and treatment, testing, prevention, socio-economic, above-site programs). Each IM also has program management.

The total number of interventions will depend on several factors, including but not limited to:

- Total budget and size of the IM;
- Whether the IM has specific activities targeting specific beneficiary groups or to achieve program outcomes;
- Total spending of each intervention; and
- Ability to allocate shared costs across program areas.

ORGANIZATION CLASSIFICATION: WHO IS DOING THE SPENDING?

An organization is the entity that has the contractual obligation for carrying out activities to deliver programmatic results stipulated in contractual agreement. There are two levels of organization that must be indicated in PEPFAR financial classifications and expenditure reporting: the prime recipient (Implementing Partner) and the subrecipient. Prime recipients which have signed an Award with the USG funding Agency must report expenditures by intervention and cost category. Prime recipients are also responsible for reporting the expenditures of their subrecipients by intervention.

PROGRAM CLASSIFICATION: WHAT IS THE PURPOSE?

A program is a set of activities (e.g. providing clinic care to beneficiaries or providing supply chain technical assistance to a Ministry of Health (MOH)) that results in a common group of outputs or outcomes. There are 6 program areas, each with their own unique subprogram areas. Programs are organized into three categories: site level, above-site level, and program management.

Figure 1 Program

Site-Level Programs

Site-level programs include activities that occur at the point of service delivery (i.e. in facilities or communities). Site-level expenditures are often associated with targets and results that are reported through PEPFAR's MER. Site-level program are further disaggregated by interaction type as service delivery (SD) or non-service delivery (NSD); the distinction between service delivery and non-services delivery is defined by whether there is a direct interaction with a beneficiary.

Service delivery: Direct interaction with beneficiaries

Non-service delivery: No direct interaction with beneficiary, although money is spent at site level.

Note that interaction types of service delivery and non-service delivery for the financial classifications differ from the use and definitions of direct service delivery (DSD), technical assistance for service delivery improvement (TA-SDI), and centrally supported (CS) classifications used in MER.

Examples of non-service delivery site-level programs would be those that include:

- Technical assistance provided to sites;

- In-service training of site-level personnel; or
- Mentoring and supervision of site-level personnel.

Above-Site Programs

Above-site programs occur above the service-delivery point (i.e. not in a facility or community site where beneficiaries are reached). Above-site subprogram areas are not disaggregated by service delivery or non-service delivery since they are all non-service delivery by virtue of being above site. Since most health systems strengthening (HSS) activities deal with systematic, large-scale activities to improve capacity and systems, they happen at the above-site level.

Program Management

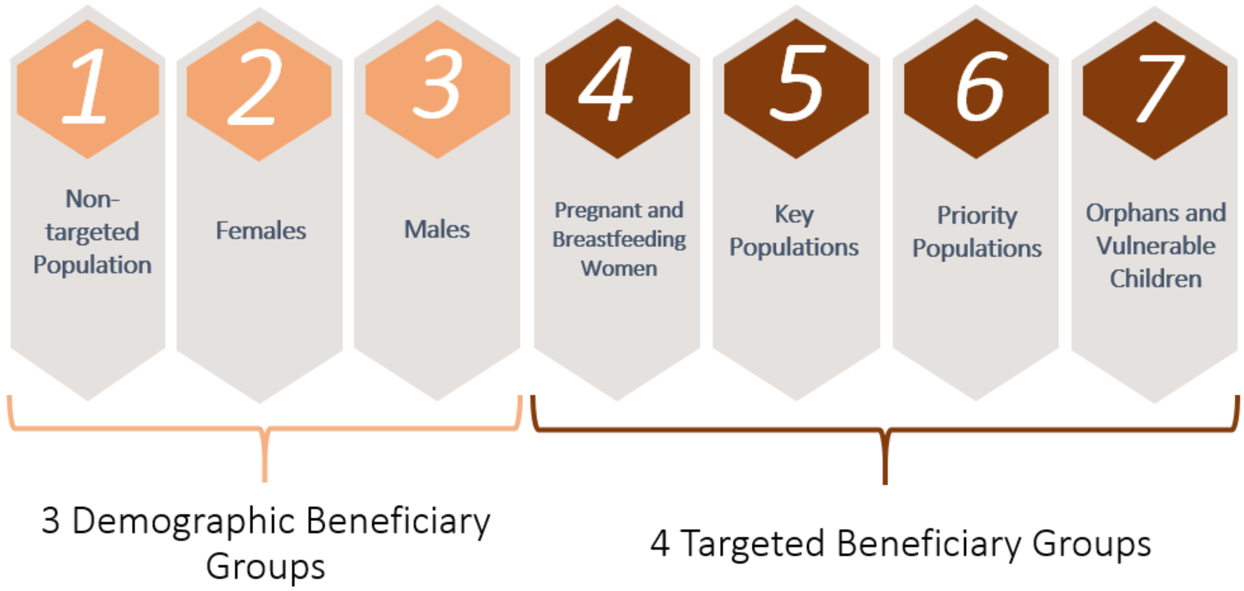
Program management includes activities that support overarching operations for the mechanism, including administrative support; financial, subrecipient, and contracts management; legal costs; oversight and management from the organization's HQ office (if applicable); and other activities that are not directly related to technical outcomes of interventions. Program management also includes closeout costs, which are identified as their own subprogram within program management, and should be entered separately from other program management costs in the expenditure reporting template under the program area: "Program Management: IM Closeout Costs." It is expected that all IMs have costs for program management. Technical staff salaries should **not** be allocated to program management, but grouped with the appropriate technical program area. All indirect costs (e.g. NICRA, F&A) should be categorized as program management.

BENEFICIARY CLASSIFICATION: WHO BENEFITS?

Each program, subprogram, and interaction type (program area combination) must be linked to a beneficiary and sub beneficiary group to form an intervention. There are seven beneficiary groups, each with a unique set of sub beneficiary groups. The beneficiary classification captures the group **intended** to be reached by the intervention, not necessarily the groups actually reached. Actual beneficiaries reached during the course of implementation are captured in MER indicators.

Beneficiaries are organized into two categories according to the characteristics of the benefitting population: demographic (age and sex) or targeted characteristics. If an intervention targets all or more than one sub beneficiaries within a beneficiary category, select the "not disaggregated" sub beneficiary. If a benefitting population fall into both a targeted characteristic (i.e. Pregnant & Breastfeed in Women) and a demographic characteristic (i.e. Females), select the Beneficiary classification under the targeted characteristic for greater clarity.

Figure 2 Beneficiary



COST CLASSIFICATION: WHAT WAS PURCHASED?

Cost categories draw from the standard ones used by the U.S. Federal Government in contracting, grant making and financial reporting. They are designed to capture all possible costs.

Note that the cost category structure for PEPFAR expenditure reporting does not supersede the cost categories required by PEPFAR Agencies in award management. Additionally, existence of a cost category does not imply it is an allowed cost under the IP's award from the USG funding Agency. For example, if international travel is not an approved cost under an IP's agreement, the existence of this category in the reporting structure does not make the cost allowable. It's not necessary to have expenditures in all cost categories.

Cost categories are organized into two groups according to whether they include direct or indirect costs.

Figure 3 Cost Category

Guidelines for Classifying Expenditures

FOCUS ON OUTCOMES

The expenditure reporting template organizes expenditures by intervention, which is the combination of program, subprogram, interaction type and beneficiary and sub beneficiary. To define interventions, identify the work streams and groups of activities that have common outcomes.

The expenditure reporting template allows for each IM to have program management and up to, but no more than 34 programmatic interventions. The number of interventions for each IM will depend on several factors, as mentioned above. When deciding whether to create new interventions (split out work into more than one intervention), focus on the overall purpose and outcomes that a group of activities is aiming to achieve and if it is possible to split the activities administratively.

LIMIT COST SHARING ACROSS INTERVENTIONS

As much as possible, report the entire cost of a salary, a vehicle, a site visit trips, etc. in one intervention and not split the costs across multiple interventions. If that cannot happen, it may be indicative that this group of activities is not a standalone intervention. Where possible, avoid cost sharing across major programs (e.g. Care & Treatment, Prevention).

FOCUS ON BENEFICIARY GROUP TARGETED

Report expenditures under the beneficiary class intended to be reached at the time the intervention was proposed and budgeted; not the individuals actually reached after the program has been implemented. Actual beneficiaries reached will be tracked through MER indicators. If the intervention targets multiple sub beneficiary groups within a beneficiary group, select “not disaggregated” as the sub beneficiary.

The same program area and subprogram area combination may be used more than once with different beneficiary groups, if the effort and resources allocated to reach each beneficiary group is discreet and separate. For example, an IM may have two interventions with the following combinations:

Table 1 Example of intervention classification

	Intervention 1	**Intervention 2**
Program	Care and Treatment	Care and Treatment
Subprogram	HIV clinical services	HIV clinical services
Interaction type	Service delivery	Service delivery
Beneficiary	Key populations	Key populations
Sub beneficiary	Men having sex with men	Sex workers

In the above scenario, if the effort to provide clinical services to Men who have Sex with Men (MSM) is unique – e.g. different front line and workers, different sites, different supplies procured -- from the effort to provide these services to sex workers, there may be two interventions.

When determining whether a new intervention should be created for each beneficiary or sub beneficiary, consider whether the beneficiary group was specifically targeted. If the beneficiary group was not specifically targeted but was reached during the course of implementation, do not create a specific intervention for that group. Non-targeted populations are often served by programs with targeted beneficiaries.

Military-to-military (mil-mil) program expenditures should generally be allocated to the "Priority Population" beneficiary category and the "Military and Other Uniformed Personnel" sub beneficiary category regardless of the proportion of non-military beneficiaries served at a military site. For additional clarification, partners should contact their Department of Defense (DOD) HQ program manager or desk officer.