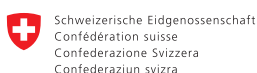


Implementation and reporting guideline

ENGAGEMENT FOR JOINT ACTION (EJA KOSOVO)

Co-financed by:



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and Cooperation SDC



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Introduction



This Guideline is intended to support grantees in the implementation of grants and the reporting of activities funded under the Engagement for Joint Action – EJA Kosovo program (hereinafter referred to as “the Program”).

The Guideline forms an integral part of the grant contract between KCSF and the grantee. As such, grantees are required to comply with all rules and requirements set out herein. For any questions or additional information regarding the implementation of activities or reporting obligations, grantees may contact KCSF directly.

KCSF developed this Guideline to establish internal control mechanisms for grant management and to ensure compliance with applicable laws, standards, best practices, and donor requirements.

The scope of the Guideline includes defining the principles, rules, procedures, and responsibilities that will enable grantees to maintain internal control, safeguard assets, ensure the accuracy and reliability of accounting data, and promote ethical conduct in financial operations.

For any issues not addressed in this Guideline, KCSF will make every effort to respond within 15 days. In exceptional cases, KCSF reserves the right to extend this deadline and will inform the grantee accordingly.

Reporting Requirements

Grantees are required to inform KCSF about planned activities on a monthly basis. In addition, they must report on the overall progress of the grant and budget expenditures on a quarterly basis. Interim reports must be submitted in accordance with the reporting periods specified in the grant contract, while the final report is to be submitted after the completion of the grant. All reports must be prepared in line with the applicable rules and prescribed templates for quarterly, interim, and final reporting.

Monthly activities

Grantees must notify KCSF of the activities they plan to organize during the upcoming month. This information must be submitted no later than the end of the third week of the current month (specifically, the end of the penultimate week), using the template provided in Annex 1 – Information on Monthly Activities.

The table must include detailed information about each planned activity. In case of any changes, grantees are required to inform KCSF no later than **five (5) working days** before the scheduled date of the activity or event.

For institutional grantees: Detailed information about activities must be submitted on a **quarterly basis**, using the same template provided in Annex 1 – Information on Monthly Activities.

Quarterly reports

Quarterly reports should provide a summary of the overall development and progress of the grant, along with any contextual changes in the grantee's area of work. Grantees should report on whether the implementation of the grant is proceeding in line with the approved implementation plan and budget, and inform KCSF of any significant developments that have had or may have an impact on the grant.

Where applicable, the report should be prepared using **Annex 2 – Quarterly Report** and submitted electronically no later than **five (5) business days** after the end of the reporting quarter.

Note: Submission of the quarterly report is not required for quarters that are already covered by an interim report. For example, if the interim report covers the period from **January to June**, the grantee should submit a quarterly report for the **January–March** period. The next required quarterly report would then cover **July–September**.

Interim reports

Interim reports consist of a narrative report and a financial report. For specific instruments, the interim report must also include an audit report.

Reports should be prepared using the templates provided in **Annex 4 – Interim Narrative Report**. In addition to the narrative and financial reports, grantees must submit: the **Project/Program Results** (reflected in the logframe annex), and the **Beneficiaries Annex (Annex 6)**.

A detailed description of how to complete the **Project/Program Results** and the **Financial Report** is included in **Annex 4 – Interim Narrative Report**.

For financial reporting purposes, in addition to the financial report, grantees must also submit all payments, receipts, claims and invoices. KCSF reserves the right to request original documents for any supporting documents. **All transactions and supporting documents (payments, receipts, claims and invoices) must be listed by budget line.**

Although institutional grantees, unlike other instruments, are expected to maintain all records and evidence for all payments and transactions, they are not required to submit them with the interim financial report.

To facilitate reporting procedures and for grantees to ensure that all documents are attached, see **Annex 3 - Checklist**.

Final report

The final reports consist of a narrative report and a financial report and, where applicable, are also accompanied by an audit report. The reports must be prepared in accordance with the templates provided in **Annex 5 – Final Narrative Report**. The project/program results (reflected in the logical framework annex) and the beneficiaries annex (**Annex 6**) must also be submitted along with the narrative and financial reports. A detailed description of how to complete the document Project/program results and financial report can be found in **Annex 5 – Final Narrative Report**.

To facilitate reporting procedures and for grantees to ensure that all documents are attached, see **Annex 3 - Checklist**.

Reports/documents for which the template is provided must be submitted in accordance with the relevant format.

For financial reporting purposes, all grantees must also submit all payments, receipts, claims and invoices. KCSF reserves the right to request original documents for any supporting documents. **All transactions and supporting documents (payments, receipts, claims and invoices) must be listed by budget line.**

Maintenance of the original file is the sole responsibility of the grantee.

Interim narrative and financial reports must be submitted in accordance with the reporting periods specified in the grant contract. In special cases, more frequent reporting may be required. Interim reports must be submitted **15 calendar days** after the end of the reporting period. If additional time is requested and justified by the grantee, the deadline will be extended and confirmed in writing by KCSF. Upon submission of the interim report, the grantee must also submit the request for the execution of the next instalment (**Annex 7 – Request for payment of the instalment**). Approval of the interim financial reports does not imply that the costs and expenses of that period will also be approved by the auditor upon completion of the grant. The auditor performs the final verification and approval of the grant expenses.

The final financial report will be sent to the auditor appointed by KCSF within **15 calendar days** after the end of the grant. Grantees are required to provide the auditor with all infor-

mation requested during the audit phase.

The final narrative and financial reports along with the auditor's report must be submitted to KCSF within 45 calendar days after the end of the grant. If the grantee is required to submit additional documents and/or respond to comments, this must be done within **15 business days**.

Interim and final reports are considered approved only when the grantee is informed of this, in writing, by KCSF.

If, after the grant ends, there are remaining funds of more than EUR 25 in total, the grantee is obliged to return the funds upon request made by KCSF.

Summary of reporting requirements and deadlines

| Report type | Content | Submission deadline | Relevant documents |
|---------------------------------------|---|--|---|
| Monthly activities | Information on activities planned for the next month. | Within the third week of each month (before the end of the penultimate week of the month). | Annex 1 Information on monthly activities |
| Quarterly report | Summary of grant progress, contextual developments, and compliance with the implementation plan and budget. | Within 5 business days after the end of the reporting quarter. (Quarterly report is not required if the period is covered by the interim report). | Annex 2 Quarterly report |
| Interim report | Narrative and financial report. For Institutional Grants, an audit report is also included. | Within 15 calendar days after the end of the reporting period. | Annex 4 Interim report; Annex 3 Checklist; Annex 6 Beneficiaries |
| Final report | Narrative and financial report as well as the audit report. | Within 45 calendar days after the end of the grant. | Annex 5 – Final Narrative Report; Annex 6 – Beneficiaries; Annex 3 – Checklist |
| Final financial report to the auditor | The grant financial report to be sent to the auditor appointed by KCSF. | Within 15 calendar days after the end of the grant. | According to the instructions of the auditor appointed by KCSF |
| Request for payment of the instalment | Submitted together with the interim report. | Together with the interim report. | Annex 7 –Request for payment of the instalment |

Principles of financial management

The assets and income funded by the program must be used solely to support the non-profit purposes set forth in the project and for the organization. The assets and income must not be used to directly or indirectly benefit any founder, director, officer, member, employee, or donor of the grantees, except for payment to persons performing work for the organization.

It is the principle of grantees to maintain proper accounting records, according to general accounting principles for non-governmental organizations and in accordance with the specific requirements and instructions listed in this Guideline.

Grantees must use standardized accounting procedures that are harmonized with Kosovo Accounting Standards (KAS), Tax Administration of Kosovo (TAK) and International Financial Reporting Standards (IFRS). Grantees must use the cash-basis accounting for reporting purposes.

Payments from grantees and record (file) keeping

When executing payments, grantees must ensure that all payments are executed from the (sub)account designated for the grant.

In cases where grantees are individuals or unregistered initiatives, all payments will be executed by KCSF. Grantees must ensure that all their invoices are in the name of KCSF and are submitted to KCSF on time along with the attachment **Annex 8_Request for payment for individuals/unregistered initiatives** which must be completed by the grantee.

For cash payments see the section Payments of services in accordance with the following obligations:

Personnel salaries

For personnel, the grantee must have the following documents:

- Employment contract including a signed annex clearly indicating the job description and information on the budget line and the amount of payment to be paid from the grant. Please note that unless otherwise provided for in the budget, all those engaged as personnel (category 1.0, 'Human Resources' in the budget) cannot be paid for their contribution to direct project activities (category 2.0, Activities - direct grant expenses);
- Proof of bank transfer for the monthly salary;
- Proof of payment of personal income tax and pension contribution;
- Proof of payment of other contributions required by Kosovo laws that may become applicable during the implementation of the grant.

The amount allocated for salaries as specified in the grant budget is the gross amount with all taxes and contributions included. Salaries are paid at the end of each month, meaning that retroactive payment and/or advance payment of salaries are not permitted.

Payments for goods and services

For each good and service paid for in implementing the grant, the grantee must have:

- Regular invoice for the service received. If a regular invoice cannot be obtained, then a contract explaining the relevant service and the corresponding payment, and other specifics (for both legal persons and natural persons) must be submitted;
- For the goods or services received, the companies, legal persons, or registered entities must have:
 - Regular invoice,
 - Proof of bank transfer;
 - Procurement procedures, if implemented,
 - The supply or service contract,
 - Proof of receipt of goods or copies of materials produced through services (training, analysis, research, reports or other evidence proving the provision of the relevant service);
- For program activities, the invoice must be accompanied by additional documents such as: agenda, attendance list, photographs that prove the connection of expenses with the activity.
- For legal entities that provide services, there must be:
 - A contract for work for intellectual services provided by external collaborators or other services that are more complex and require specific requirements/conditions;
 - Proof of bank transfer;
 - Evidence of working days, which includes the number of days of engagement and the activities undertaken.
 - Payslip which shows gross salary, taxes, pensions and net salary.
 - Proof of payment of personal income tax (for services provided by individuals);
 - Proof of payment of pension contribution (for services provided by individuals);
 - Proof of payment of other taxes under Kosovo laws that may become applicable during the implementation of the grant (for services provided by individuals);
 - Copies of materials produced through intellectual services (training, analysis, research, reports or other evidence that proves the provision of the relevant intellectual service);
- **The maximum amount allowed for cash payments is EUR 200.** For cash payments between legal entities, such as in cases between NGOs and businesses, possession of a regular invoice is sufficient. Therefore, in such cases, the fiscal coupon is not mandatory.
 - For goods and services worth **EUR 1,000**, the grantee must have three written offers and select the most economical offer¹.

¹ If this amount is lower than that specified in the NGO's internal procurement regulations, the grantee must apply its own internal regulations.

- All individual payments (one invoice) exceeding the amount of EUR 200 are exempt from VAT. The grantee must complete the **request for VAT exemption** in accordance with the relevant form and procedure attached to [Annex 7](#) (i, ii and iii). We emphasize that **splitting invoices for the same purchase/service** just to avoid the VAT exemption procedure **is not allowed**.

Payments for office rent

- The grantee must have a valid contract with the owner of the premises they are renting, which sets out all the details of the rental agreement.
- The rent must be paid via bank transfer. The grantee must provide proof of the bank transfer.
- Payment of tax on rent is mandatory.

Payments for transportation expenses

In addition to the requirements in the “Payments for goods and services” section, in cases where an official vehicle is used for grant purposes, the grantee must also submit the vehicle’s travel log containing the following information: driver’s name and surname, date of use, destination and distance (kilometres) covered, and driver’s signature.

When private vehicles are used for work transport, the costs of using the vehicle should be calculated at EUR 0.16 per km. In these cases, information should be provided regarding the destination, distance (km) covered, reason for the visit and the driver’s name and surname.

When using other means of transport (taxi, bus, etc.), a list must be submitted showing the names of the persons using the transport along with their personal identification number, destination, cost, date and signature.

Payments for telephone expenses

In cases where telephone expenses are covered for staff members, in addition to the requirements in the “Payments for goods and telephone expenses” section, a list of the names of the beneficiaries must be submitted along with the amount and signature.

Regular invoices

Every regular invoice must have the following information:

- The name, address and telephone number of the business/organization issuing the invoice;
- The name, address and telephone number of the grantee to whom the invoice is issued;
- Fiscal number (applicable to both parties); in cases where the supplier has a unique identification number, the fiscal number may not apply.
- The supplier’s unique identification number (UIN);
- Invoice number and date;
- The signature and seal of the issuing party and the signature of the person receiving the invoice.

Ineligible expenses

Grantees must adhere to all eligible and ineligible costs under the Kosovo Law No.06/L-105 on Corporate Income Tax and the Kosovo Law No.05/L-028 on Personal Income Tax. KCSF generally does not accept the following categories as eligible costs within its operations:

- Customs and import duties;
- Debt or payment for losses;
- Value Added Tax - VAT (for invoices over EUR 200);
- Loan and interest repayments;
- Foreign exchange fees;
- Equipment depreciation expenses;
- Purchase of land or real estate;
- Purchase of vehicle or generator;
- Payment of expenses covered by other donors;
- Loans to third parties;
- Fines and penalties (traffic tickets);
- Expenses that cannot be assigned to the pre-determined budget line planned in the project.

Ineligible costs listed above and/or those considered ineligible due to non-compliance with the rules set out in this document will not be covered by KCSF. Such costs will not be included and accounted for in the financial reports and the funds will be returned to KCSF. In that case, the grantee will be informed of KCSF's decision.

Anti-discrimination clause

Where a clause against discrimination on grounds of race, ethnic origin or religion is applicable, it must be published and implemented throughout the grant implementation period. In principle, this should apply to all grantee activities (e.g. recruitment of staff, selection of beneficiaries, invitations to events/meetings, notification and selection of providers of services and goods, etc.)

Budget reallocations

The request for budget reallocation must be submitted before any expenses are made from the budget lines from which the reallocation is requested. The table below provides information on the procedure depending on the type of budget reallocation.

Procedures for reallocation by type

For information only

Between budget lines of the same activity, regardless of percentage.

From one activity to another up to 10% of the amount of the budget line of the activity from which reallocation is requested.

The grantee must notify KCSF via email at the moment of the decision to reallocate, but before the execution of the expenses. The notice must contain information about the budget line from which the reallocation is made, the amount and the budget line to which the funds will be transferred, along with a brief description/justification.

Approval from KCSF is required

From one activity to another more than 10% of the amount of the budget line of the activity from which reallocation is requested

From one category to another, regardless of %, except for reallocations between specific categories which are not allowed.

The grantee must send the request via email to KCSF. The request must contain a detailed justification of the need for reallocation and the budget lines along with the amount for which the reallocation is requested. The same applies in case there is a need to add a new budget line to which the reallocated budget will be transferred. The request must be made as soon as possible but no later than five days before the expense is made. The reallocation can only be carried out upon receipt of written confirmation from KCSF that the request for reallocation has been approved.

Not allowed

From all other categories in the Human Resources category (regardless of %)

From the activity category - direct project/program costs to other categories (regardless of %)

If the request for budget reallocation is approved by KCSF, the grantee and KCSF are obligated to maintain communication/information about this in the contract file. After the request for reallocation is approved, from that moment the new approved budget will be used for the remainder of the grant.

No - cost extension of grant implementation period

A request for a **no-cost extension**—an extension of the grant implementation period without additional funding—may only be approved by KCSF under the following conditions:

- The delay in implementation is due to **external factors beyond the control of the grantee** (e.g., force majeure);
 - The grantee has **notified the assigned KCSF grant officer in writing** about the challenges or problems **in a timely manner**;
 - The grantee has **provided regular updates** to the KCSF grant officer regarding developments affecting the relevant activity or activities;
 - The submitted request is **valid, well-justified**, and **clearly outlines the reasons for the delay** in implementing the grant or specific activities;
 - The request is submitted **at least one month prior to the end date** of the grant implementation period.
- **Exception:** In cases of **exceptional or unforeseen circumstances** that alter implementation or closure plans during the final month, requests may still be considered.

If a no-cost extension is approved by KCSF, the grantee is obliged to document the approval and maintain a written record of the communication in the grant contract file.

Financial files

For the duration of the grant, the grantee is required to maintain financial records that demonstrate all expenditures are in line with the approved budget. In accordance with applicable legislation, accounting records must be retained for a period of ten (10) years following the execution of the last financial transaction.

Ownership and transfer of assets/equipment

All assets purchased by grantees using KCSF funds are considered the property of KCSF. Assets acquired with funds from the EJA Kosovo program do not become the property of the grantee, unless written approval for the transfer of ownership is obtained from KCSF following a formal written request submitted after the completion of grant implementation.

Grantees who believe that the assets are essential for the continuation of their organizational activities may **apply for the transfer of ownership**. The request must include:

- A **signed official request form (Annex 8)**, and
- A **list of equipment** for which the transfer of ownership is requested.

This request must be submitted together with the final narrative and financial reports and the auditor's report, and **no later than 45 days after the end of the grant**.

The transfer of ownership may be approved by KCSF only if the following conditions are met:

- The grantee confirms that the organization will continue to operate beyond the end of the grant, maintaining a similar mission and purpose.
- The grantee provides a valid justification for the need to retain the specific asset(s) to implement ongoing or future activities.
- The grantee commits to using the asset(s) for activities that align with the original purpose of the grant and are consistent with the organization's mission.
- The asset(s) were either included in the initial approved budget signed by both parties or were subject to a formal budget reallocation in accordance with the grant rules.
- The asset(s) were purchased from budget lines explicitly allocated for tools and equipment.
- Throughout the grant implementation period, the grantee addressed all remarks or findings raised by KCSF, particularly those related to financial implementation.
- The grantee has submitted all final narrative and financial reports, in accordance with contractual obligations and instructions from KCSF.
- The grantee has returned any unspent funds to KCSF, in accordance with financial reporting and contractual obligations.
- The final audit report did not identify major financial or procedural findings or irregularities.

Annexes (separate documents/templates)

Annex 1_Information on monthly activities

Annex 2_Quarterly Report

Annex 3_Checklist

Annex 4_Interim Narrative Report

Annex 5_Final Narrative Report

Annex 6_Beneficiary Annex

Annex 7_Request for payment of the instalment

Annex 7i_Explanation of the procedure for VAT exemption

Annex 7ii_Purchase order for VAT exemption

Annex 7iii_Request for VAT exemption

Annex 8_Request for payment for individuals/unregistered initiatives

Annex 9_ Rules of procedures for the transfer of ownership of assets purchased by the grantee under the "EJA Kosovo" program

Annex 9i_Request for transfer of ownership

