

### **4.5 Transactions related to State-owned enterprises (SOEs).**

The multi-stakeholder group must ensure that the reporting process comprehensively addresses the role of SOEs, including material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies.

### **4.6 Sub-national payments.**

It is required that the multi-stakeholder group establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to subnational government entities and the receipt of these payments are disclosed and reconciled in the EITI Report.

### **4.7 Level of disaggregation.**

The multi-stakeholder group is required to agree the level of disaggregation for the publication of data. It is required that EITI data is presented by individual company, government entity and revenue stream. Reporting at project level is required, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements.

### **4.8 Data timeliness.**

- a) Implementing countries are required to produce their first EITI Report within 18 months of being admitted as an EITI Candidate. Thereafter, implementing countries are expected to produce EITI Reports on an annual basis.
- b) Implementing countries must disclose data no older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2016 must be based on data no later than calendar/financial year 2014. Multi-stakeholder groups are encouraged to explore opportunities to disclose data as soon as practically possible, for example through continuous online disclosures or, where available, by publishing additional, more recent contextual EITI data than the accounting period covered by the EITI revenue data. In the event that EITI reporting is significantly delayed, the multi-stakeholder group should take steps to ensure that EITI Reports are issued for the intervening reporting periods so that every year is subject to reporting.
- c) The multi-stakeholder group is required to agree the accounting period covered by the EITI Report.

### **4.9 Data quality and assurance.**

- a) The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards.
- b) It is a requirement that payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and the administrator's opinion regarding that reconciliation including discrepancies, should any be identified.

- i. The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards.
  - ii. The Independent Administrator must be perceived by the multi-stakeholder group to be credible, trustworthy and technically competent. The multi-stakeholder group should endorse the appointment of the Independent Administrator.
  - iii. The multi-stakeholder group and the Independent Administrator are required to agree a Terms of Reference for the EITI Report based on the standard Terms of Reference and the 'agreed upon procedure for EITI Reports'<sup>3</sup> endorsed by the EITI Board. Should the multi-stakeholder group wish to adapt or deviate from these agreed upon procedures, approval from the EITI Board must be sought in advance (Requirement 8.1).
- c) Where the assessment in 4.9(a) concludes that there is (i) routine disclosure of the data required by the EITI Standard in requisite detail, and (ii) that the financial data is subject to credible, independent audit, applying international standards, the multi-stakeholder group may seek Board approval to mainstream EITI implementation in accordance with the 'Agreed upon procedure for mainstreamed disclosures'.<sup>4</sup> Without such prior approval, adherence to 4.9.b is required.

### 5

#### EITI REQUIREMENT 5

##### Revenue allocations

**Overview:** The EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and where applicable, subnational budgets. The EITI requirements related to revenue allocations include: (5.1) Distribution of revenues; (5.2) subnational transfers; and (5.3) revenue management and expenditures.

##### 5.1 Distribution of extractive industry revenues.

Implementing countries must disclose a description of the distribution of revenues from the extractive industries.

- a) Implementing countries should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable,

3. Available from the International Secretariat.

4. Available from the International Secretariat.