

Budget Checklist

1. Does the budget include the name of the implementing partner, project title, contract period and total project costs?

2. Does the budget differentiate between direct projects costs and non-project attributable costs?

Note - non project attributable costs relate to the overall operations, management, and identity of the delivery partner rather than to programme services. These costs are necessary for programmes to function but cannot be clearly linked to specific project outcomes and results. For example, non-project attributable costs include administration costs such as head office rent and utilities; central support staff functions such as HR, finance, and IT; and governance costs such as organisation and strategic development costs.

3. Does the budget break down the direct project costs under specific headings?

Headings could include:

- **Supplies, Commodities and Materials (Project Inputs)** - costs associated with consumables to be purchased under the project. For example, WASH activity costs could include training, awareness raising events, stipends for volunteers, hygiene kits, etc.
- **Transportation of Materials** - cost of transportation of materials such as hygiene kits.
- **Staff Travel** - travel costs for staff, consultants, and other personnel for project implementation. For example, travel for monitoring visits, training and professional development, project implementation, meetings, and training).
- **Staff Security and Security Equipment** - security costs for staff and security equipment for project implementation, such as motorbike helmets, lifejackets, first aid kits, etc.
- **Project Logistics and Overheads** – direct general operating costs for the project such as project office running costs, project vehicle repair and maintenance etc.
- **Staff and Other Personnel Costs** – cost for staff, consultants, and other personnel to be recruited directly by the implementing partner for project implementation.
- **Monitoring and Evaluation** - monitoring and evaluation costs for activities (e.g., visits, meetings, evaluation workshop etc) and other related cost including annual audit cost.
- **Capital Items** - large and/or expensive equipment purchased for the implementation of the project such as vehicles, printers, copiers, computers, projectors, etc.

4. Does the budget provide detailed information on every cost and are costs itemised under each heading?

Note – for example under the heading Staff and Other Personnel Costs budget lines should be presented under sub-categories/locations such as national or international staff, technical or support staff, field-based or head office-based or camp-based staff. Each budget line should be itemised and detailed such as providing a description of the cost, unit cost (e.g., contractor day rate) and number of units (e.g., number of days contractor will work).

5. Does the budget show the expected monthly and quarterly cost for each budget line for the entire grant period?

6. Does the budget explain the currency exchange rate that was used, the source from which the exchange rate was taken and the date the exchange rate was taken?

Note – the exchange rate should be taken from a reputable source such as www.oanda.com

7. For multi-year budgets, does the budget explain the exchange rate and inflation rate assumptions that were used?

8. Does the budget explain any co-financing or cost-sharing arrangements with other donors?

9. If the organisation will sub-contract other partners, does the budget provide a separate budget breakdown for each sub-contractor and does the budget outline and disaggregate the intermediary transaction costs for transferring funds?

Note - Intermediary transaction costs are costs associated with transferring funds. For example, a bank may charge a transaction fee to transfer funds to an organisation.

10. Does the budget have a narrative section that provides a detailed description of costs and remarks for each budget line?

Financial Report Checklist

1. For each budget line does the financial report provide the following information:

- Previously Reported Expenses
- Current Period Forecast
- Current Period Expenses
- Variance between Forecast and Expenses
- Cumulative Expenses to date
- Total Budget Balance remaining (unspent funds)
- Percentage of Total Budget spent to date
- Estimated quarterly forecast expenditure for the remainder of the project

Note – Expenses refer to money that has already been spent whereas a forecast refers to planned (future) spending. Forecast vs Expenses shows planned vs actual spending.

2. For budget lines with a variance of +/- 10% is there an explanation of the reason for the variance and the remedial actions that will be taken in the next reporting period to avoid a continuation of the variance?

Note – a budget variance is when actual costs are higher or lower than the planned costs. For example, if the budget forecast planned for £10,000 to be spent on hygiene kits in the first quarter of the project but only £5,000 was spent this would be a -50% budget variance and require action to ensure that this underspending does not continue in the future to avoid unspent funds remaining at the end of the project.

3. Is the report accompanied by a narrative financial report?

4. Is the report in the donor currency and using the agreed currency exchange rates?

Note - If costs have been reclassified to a different period of time (e.g., a September transaction reclassified into December) the original currency exchange rate (September in this example) should still be applied.

5. Does the report include a Cash Flow Statement?

Note – the Cash Flow Statement provides the opening account balance for the period; funds received; bank interest; other income; expenditure; exchange gain or loss for the period; total cash available to the partner and the fund balance which will be carried forward into the next reporting period.

6. Do all travel transactions/receipts indicate the destination and the travellers name?

7. Do all salary and benefit expenses include the names of staff, their positions, and their Level of Effort? Are timesheets provided for all staff charged under the grant?

Note - Level of Effort relates to the amount of time a person spends on activities related to the specific grant. An individual may only spend part of their time on activities related to the specific grant and part of their time on activities funded by other grants. Level of Effort ensures the grant only pays for the time that each person works on activities related to that specific grant. For example, if individual spends only 50% of their time working on activities related to the grant, then only 50% of their salary and benefits will be paid by the grant.

8. Do all shared expenses state the Level of Effort applied?

Note – Level of Effort is relevant for expense that are not only related to the specific grant (such as office rent or vehicles that are used across multiple projects) and is calculated as a % similarly to Level of Effort calculations for salary and benefits.