

Checklist for Assessing Action Budget and Simplified Cost Options for Grant Contracts

The checklist is composed of procedures and checks that apply to

- **each** cost category / subcategory
- **specific** cost categories: *human resources, travel, , office costs and other costs and services.*

ALL Action budget cost categories: sub categories		
1	Verify the arithmetical accuracy of the figures in the cost budget and supporting schedules, if necessary / appropriate on a sample basis.	Specific cost budget and supporting schedules, tables and breakdowns of costs. It is a good and common practice to include these schedules in annexes to the budget and/or to integrate them in the Justification Sheet
2	Contact the beneficiary to obtain clarification and/or additional information if necessary / appropriate.	
3	<p>Lump sums (if applicable)</p> <p>Lump sums for financing the cost budget or parts of it can be accepted if:</p> <ul style="list-style-type: none"> - total budgeted costs concerned are plausible; - activities and resources financed by lump sums are clearly defined 	<p>When budgeted costs are used as a basis for lump sums, unit costs or flat rates this means that actual costs incurred (and related to these budgeted costs) will not be made subject to verification.</p> <p>In this case budgeted costs should be (more) critically reviewed.</p>
4	<p>Unit costs (if applicable)</p> <p>Unit costs for financing the cost budget or parts of it can be accepted if:</p> <ul style="list-style-type: none"> - total budgeted costs concerned are plausible; - quantitative data concerned are plausible; - unit costs are properly and consistently calculated; and - activities and resources financed by unit costs are clearly defined 	
5	<p>Flat rates (if applicable)</p> <p>Flat rates (e.g. percentage rates) for financing the cost budget or parts of it can be accepted if:</p> <ul style="list-style-type: none"> - total budgeted costs concerned are plausible; - quantitative data concerned are plausible; - Flat rates (%) are properly and consistently calculated; and - activities and resources financed by flat rates are clearly defined 	

Action budget cost category: HUMAN RESOURCES ('HR')

Objectives:

- to assess the plausibility of the total budgeted costs for **human resources**; and if applicable
- to assess the budgeted costs used as a basis for simplified cost options in order for the Contracting Authority (CA) to approve simplified cost options for financing

#	Procedures and checks	Sources / documents / examples
1	<p>Is qualitative information plausible / in line with project activities?</p> <ul style="list-style-type: none"> - qualifications, experience, special skills required - local staff and/or international staff, expats - tasks: managerial, financial, administrative, operational, technical, support 	<p>Project description and Justification Sheet <i>In particular:</i> detailed description of profiles / requirements for staff to perform project tasks</p>
2	<p>Is quantitative information plausible / in line with project activities?</p> <ul style="list-style-type: none"> - numbers of staff for the various tasks (see # 1) - part-time or full-time - time period during which staff should be employed / allocated to the project (weeks, months, years) 	<p>Project description and Justification Sheet <i>In particular:</i> description of assumptions / principles used to quantify staff numbers and to define time periods</p>
3	<p>Are gross salaries:</p> <ul style="list-style-type: none"> - based on regular pay/salary policies of the beneficiary, - based on official, generally applicable pay/salary scales - in line with relevant standards / criteria / benchmarks (country, sector...) 	<p>Current, ongoing employment contracts of the beneficiary Salary and payroll data of the Beneficiary Official pay scales (ministry, sector, large NGOs...)</p> <p><i>Examples:</i> employment contracts, pay slips, information in project financial reports and in audit and evaluation reports.</p> <p>Country / sector benchmarks. <i>Examples:</i> employment offices (public sector) and employment / recruitment agencies (private sector), internet</p>
4	<p>Are social security charges:</p> <ul style="list-style-type: none"> - properly computed on the basis of applicable rules (% of salary / salary components; fixed amounts) - based on official, generally applicable rules and regulations? 	<p>Public / government / employment office / sector publications, guides, brochures</p>
5	<p>Are salary related costs:</p> <ul style="list-style-type: none"> - properly computed on the basis of applicable rules (% of salary / salary components; fixed amounts...) - based on internal policies and rules - based on official, generally applicable rules and regulations 	<p>Beneficiary internal policies and rules (HR / management memo's, guidelines) Government / tax / employment office communications (internet, brochures) Sector rules and policies (e.g. health, agriculture, transport) in official brochures, internet <i>Examples:</i> sickness insurance and pension schemes, allowances (representation, meals, phone...), reimbursement of expenses for training.</p>
6	<p>Are per diems:</p> <ul style="list-style-type: none"> - properly computed on the basis of applicable rules? - based on internal policies and rules? - based on official, generally applicable rules and regulations? - based on plausible, realistic numbers of days charged to the project? 	<p>Beneficiary internal policies and rules (HR / management memo's, guidelines) Government / tax / employment office communications (internet, brochures) Same as for 5 and EC rules / rates in contractual conditions, PRAG.</p>

Action budget cost category: TRAVEL

Objectives:

- to assess the plausibility of the total budgeted costs for **travel**; and if applicable
- to assess the budgeted costs used as a basis for simplified cost options in order for the CA to approve simplified cost options for financing

#	Procedures and checks	Sources / documents / examples
1	<p>Is qualitative information plausible / in line with project activities?</p> <ul style="list-style-type: none"> - necessity of international and local travel for the project - type and frequency of travel: <ul style="list-style-type: none"> ◦ air, train, bus, sea, other; local, international ◦ costs per trip, subscriptions public transport (weekly, monthly) 	<p>Project description and Justification Sheet <i>In particular:</i> necessity of international travel (higher costs)</p>
2	<p>Is quantitative information plausible / in line with project activities?</p> <ul style="list-style-type: none"> - number of trips (local and international) needed to attend seminars and meetings, for on-site visits - timing (e.g. start of project, mid-term, end) and time periods (weeks, months) 	<p>Project description and Justification Sheet <i>In particular:</i> description of assumptions / principles used to quantify data.</p>
3	<p>Are travel costs:</p> <ul style="list-style-type: none"> - based on regular policies of the beneficiary? - based on official, generally applicable policies and rules - based on reliable and appropriate information? - in line with relevant standards / criteria / benchmarks 	<p>Beneficiary internal policies and rules (HR / Management memo's, guidelines) Government / NGO policies and rules (internal guidelines, memo's, brochures...) Information for other projects in project financial reports and in audit and evaluation reports. Knowledge CA staff Internet: rates national / international flight, train and bus tickets Quotes from travel agencies <i>Examples:</i> reimbursement of subscription local transport</p>

Action budget cost category: OFFICE COSTS

Objectives:

- to assess the plausibility of the total budgeted **office costs**; and if applicable
- to assess the budgeted costs used as a basis for simplified cost options in order for the CA to approve simplified cost options for financing

Note: the procedures and checks set out below relate to the **most common types** of office cost. The same or similar procedures and checks may be used for other types of office costs.

#	Procedures and checks	Sources / documents / examples
1	Is qualitative information plausible / in line with project activities? - type of office and related costs necessary for the project? - tasks: managerial, financial, administrative, operational, technical, support to be performed inside / outside the office	Project description and Justification Sheet <i>For example</i> specific requirements e.g. minimum surface / office space in m2
2	Is quantitative information plausible / in line with project activities? - time period for which office costs will be incurred - number of items where applicable (e.g. consumables), measures (m2 for rental costs)	Project description and Justification Sheet <i>In particular:</i> description of assumptions / principles used to quantify and estimate costs.
3	Are budgeted office costs : - based on plausible and realistic estimates? - properly explained in the Justification Sheet? - properly documented where necessary / appropriate (e.g. office rental contract) - based on appropriate allocation keys (building owned or <u>part</u> of a rented or owned building used for the project) - in line with adequate historical data of the beneficiary? - in line with historical data for office costs of other project beneficiaries with comparable offices (type, location, surface)	Beneficiary historical costs info (financial reports, general ledger and trial balance cost accounts) Detailed cost info in supporting schedules and documents provided by the beneficiary Office costs in past project files kept by the CA (project financial reports, audit reports)
Typical and common office costs - procedures and checks in addition to the ones set out at # 3 above		
4a	Office rental costs - based on rental contract and proper allocation keys where applicable - based on current / historical office costs and proper allocation keys if offices are owned - in line with relevant standards / criteria / benchmarks	As at # 3 above and: - rental contract provided by the beneficiary. - benchmarks: rental prices per m2 (country, city) on the internet or obtained from real estate agencies
4b	Consumables and office supplies - based on a proper breakdown, supporting schedule - focus on high value items	As at # 3 above and: cost / price information supplied by the beneficiary (e.g. quotes, invoices, order forms, offers received)
4c	Utility costs (electricity, water, gas, fuel) and taxes and levies (e.g. sewer and solid waste charges) - based on appropriate historical data - based on ongoing contracts - in line with relevant standards / criteria / benchmarks	As at # 3 above and: - cost / price information supplied by the beneficiary (e.g. contracts, invoices) - publicly available cost / price information on websites of utility service providers
4d	Maintenance and cleaning	As at # 3 and 4c above
4e	Communication (telephone, fax, internet)	As at # 3 and 4c above

Action budget cost category: OTHER COSTS AND SERVICES

Objectives:

- to assess the plausibility of the total budgeted costs for other costs and services; and if applicable
- to assess the budgeted costs used as a basis for simplified cost options in order for the CA to approve simplified cost options for financing

#	Procedures and checks	Sources / documents / examples
1	<p>Is qualitative information plausible / in line with project activities?</p> <ul style="list-style-type: none"> - type and nature of other costs and services necessary for the project? - use of external services providers (requirements, qualifications, profiles) - qualifications, experience and expertise of staff of service providers 	<p>Project description and Justification Sheet <i>In particular:</i> profiles of and key requirements for service providers</p>
2	<p>Is quantitative information plausible / in line with the project activities?</p> <ul style="list-style-type: none"> - timing (e.g. start of project, mid-term, end) and estimated time charged by service providers (hours, man days) - number of items where applicable (e.g. brochures, publications) 	<p>Project description and Justification Sheet <i>In particular:</i> description of assumptions / principles used to quantify and estimate costs.</p>
3	<p>Are budgeted unit costs, rates, fees for services:</p> <ul style="list-style-type: none"> - properly explained for each item in the Justification Sheet (basis, sources used)? - based on plausible and realistic source information? - supported by appropriate documents where applicable - in line with relevant standards / criteria / benchmarks 	<p>Information supplied by the beneficiary:</p> <ul style="list-style-type: none"> - quotes from suppliers (e.g. for brochures) and service providers for unit prices / costs, rates, fees - past and ongoing contracts for technical assistance, evaluation, audit / verification (invoices...) <hr/> <p>Information obtained by CA staff:</p> <ul style="list-style-type: none"> - same info as above supplied by the beneficiary - knowledge project managers with regard to costs of similar services procured for past and on-going Actions - database consultants, technical assistants (e.g. fee rates), other contractors - past project files: tender and procurement documents, invoices of service providers, audit and verification reports
4	<p>Are total budgeted other costs and costs of services properly computed on the basis of appropriate and reliable quantitative and financial information?</p>	<p>See # 1 to 3 above</p>

Action budget cost category: OTHER COSTS AND SERVICES (continued)

Typical and common office costs - procedures and checks in addition to the ones set out at # 3 above

5a	Publications	As at # 1 to 4 above and a detailed description of sorts and numbers of publications needed
5b	Studies and research	As at # 1 to 4 above and: - a detailed description of the expected output (e.g. report) - if possible / applicable the (draft) terms of reference for the engagement - details of the time required (e.g. man-days) and expert qualifications, expertise and experience
5c	Expenditure verification (by external auditor)	As at 5b
5d	Evaluation	As at 5b
5e	Translation and interpretation	As at 5b
5f	Financial services (bank guarantee costs)	Information supplied by the beneficiary - evidence of bank charges on bank statements and other official bank documents such as contracts, bank brochures / leaflets
		Information obtained by CA staff: - same info as above supplied by the beneficiary - bank charges / rates on bank websites
5g	Conferences and seminars	As at 5b and, where appropriate, supporting schedules and detailed breakdowns of budgeted conference and seminar costs
5h	Visibility Actions. These include for example: - materials: publication boards, brochures, business cards, representation gadgets (pens, key rings, stickers etc.) - advertising and publicity in media (TV, radio, internet) - presentations	As at 5b