



Investing in our future

The Global Fund

To Fight AIDS, Tuberculosis and Malaria

LFA BUDGET REVIEW CHECKLIST

The *Budget Review Guidance Note* referred to in this document will be issued at the end of January 2010. Some of the references to the *Guidance Note* may as a result change. If that is the case, the Global Fund will re-issue the *Budget Review Checklist* with updated references.

Guidelines on budget requirements, application of foreign exchange rates, human resource costs, travel and subsistence costs and administrative costs referred to in this Checklist will be issued in early 2010.

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PART I - INTRODUCTION

1. Background

In summary the LFA budget review is designed to ensure the budget is reasonable to achieve the grant objectives and is based on the most economic and efficient use of grant resources.

The objectives of the LFA budget review may be defined as:

- Confirm the arithmetic accuracy of the budget;
- Confirm that budgets are classified in accordance with the Global Fund budget definitions;
- Confirm that the budget is consistent with the proposal and addresses all TRP clarifications;
- Confirm that the budget is within the available maximum TRP-approved funding amount;
- Identify ineligible costs and confirm inclusion of other mandatory charges;
- Confirm that the budget does not contain duplication of funding with other Global Fund grants or other sources of funding;
- Confirm the reasonableness of quantities and unit prices;
- Seek efficiency gains in accordance with Board-mandated requests;
- Address the economy, efficiency and effectiveness (value-for-money¹) of budget activities;
- Confirm that revenue-generating activities are addressed in the budget;
- Confirm that the budget is consistent with the proposed programmatic targets in overall terms and on a time basis;
- Provide assurance as to the PR's ability to absorb and implement the budget within the stipulated timeframe.

2. Purpose and layout of the checklist

This checklist is to be used in conjunction with the *LFA Guidelines for the Principal Recipient (PR) Assessment* (Section 2.5.6), which provides instructions to LFAs in the conduct of their PR assessment work and the *LFA Budget Review Guidance Note (BRGN)* which is designed to provide detailed technical guidance for budget reviews.

The checklist is designed to assist the LFA to maintain a record of their budget review procedures and findings, as well as to provide the Global Fund with evidence of work performed. This provides assurance of the quality and depth of LFA budget review and provides the Global Fund with

¹ Value for Money (VFM) is often referred to as the 3E's - Economy, Efficiency and Effectiveness: (1) Economy - minimising the cost of resources ('doing things at a low price'), (2) Efficiency - performing tasks with reasonable effort ('doing things the right way', often measured as cost per output), (3) Effectiveness - the extent to which objectives are met ('doing the right things', often measured as cost per outcome). To summarise, Value for Money is about providing services that are of the right quality, level and cost that reflect the needs and priority of customers, council taxpayers and the wider community. For detailed GF guidance on VFM, go to <http://www.theglobalfund.org/en/performance/effectiveness/value/?lang=en>

important information on which to negotiate budgetary issues with PRs and ultimately to make grant investment decisions. The checklist must be completed and presented to the Global Fund along with the relevant PR assessment. It is designed for use in all budget review situations where a new grant commitment is requested. The checklist may not be appropriate for other budget reviews eg special investigations or limited scope budget reviews.

It should be clearly understood that, whilst the completion of the tool is mandatory, the proposed steps and the application thereof to individual budget lines is to a large degree left to the LFA's professional judgment. However, where procedures are not applied to material amounts within the budget, the LFA is asked to provide an explanation.

One key area in which the LFA uses his/her professional judgment is in the determination of materiality and the basis for selection and in-depth review of certain items rather than others. If in doubt as to Global Fund expectations the LFA may choose to (a) outline in the assessment report what is considered material and therefore the basis of work undertaken, and/or (b) outline its conclusions line-by-line in the detailed budget worksheet itself providing clarity as to which lines the LFA has reviewed in detail.

The checklist is laid out as follows:

- Part I - Introduction;
- Part II - Grant data and information sources - provides the Global Fund with basic grant data as well as information on the data sources used by the LFA;
- Part III - Budget review conclusions - the section is split into three tables. The first table is designed for new grant reviews and provides a summary of LFA-proposed budget adjustments and calculates the efficiency gains on the grant. The second table is applicable for grant renewals (eg Phase 2 and RCC) and provides a similar analysis. The third table provides for the LFA's narrative conclusions on the budget review and funding recommendation;
- Part IV - Budget review checklist - the checklist is laid out in 14 sections, starting with the budget summary and macroeconomic assumptions. It then covers each of the 13 Global Fund defined cost categories (excluding 'other'). Under each section the most relevant review steps are included. The LFA is required to check off whether or not each step has been covered, together with any proposed budget adjustments and explanatory comments.

3. Overall approach to budget review

The LFA is advised to plan the budget review using a risk-based approach. The key risk may be defined simply as the risk of the budget being materially misstated, thereby resulting in either over- or under- commitment of resources for the period in question and potentially impacting materially on the achievement of program objectives. The LFA should plan its budget review procedures with this in mind. Some issues which indicate higher or lower risk and therefore additional or less effort may be analyzed as follows:

HIGHER RISK	LOWER RISK
<ul style="list-style-type: none"> Grant size, i.e. large budget 	<ul style="list-style-type: none"> Grant size, i.e. small budget
<ul style="list-style-type: none"> History of errors in budgeting 	<ul style="list-style-type: none"> No record of errors in budgeting
<ul style="list-style-type: none"> History of significant and unexplained budget to actual variances 	<ul style="list-style-type: none"> Low budget variances
<ul style="list-style-type: none"> History of underspending against budget 	<ul style="list-style-type: none"> History of spending on track with budget
<ul style="list-style-type: none"> Complex programs with multiple activities and implementers 	<ul style="list-style-type: none"> Simple programs with fewer activities and implementers
<ul style="list-style-type: none"> Lower number of large budget items <i>(to the extent that an error in a single item is likely to be material - although risk is higher, LFA level of effort may be lower)</i> 	<ul style="list-style-type: none"> Higher number of smaller items <i>(to the extent that an error in a single item is unlikely to be material - although risk is lower, LFA level of effort may be higher)</i>
<ul style="list-style-type: none"> Budget preparation lacks diligence, round sum estimates, limited independent quality review 	<ul style="list-style-type: none"> Well prepared budget, budget activities detailed and well explained, effective independent quality review
<ul style="list-style-type: none"> Poor financial modeling, poor spreadsheet logic, manual interventions, no use of audit facilities 	<ul style="list-style-type: none"> Robust financial models used, little manual intervention, audit functions effectively used
<ul style="list-style-type: none"> Few or no available references available against which to benchmark unit costs/quantities 	<ul style="list-style-type: none"> Readily available references for quantities and costings

4. Budget review steps

For further technical guidance the LFA should refer to the *LFA Budget Review Guidance Note (BRGN)* which is designed to provide additional technical guidance for budget reviews.

5. Expected level of detail in comments

A key purpose of this document is to provide analysis and comment on the budget for the purpose of grant negotiation and monitoring. For each item in the column 'budget review steps/tasks', where the related budget amount is material, the 'comments' column should clearly explain, with references, how the conclusions were reached to determine the reasonableness of the budget. The column should also be used to note anomalies, errors and recommendations. If space is insufficient, additional annexes may be used at the end of the checklist.

PART II: GRANT DATA AND INFORMATION SOURCES

GRANT INFORMATION			
COUNTRY		PRINCIPAL RECIPIENT	
ROUND		GRANT NUMBER (if available) or DISEASE COMPONENT	
CURRENCY		DATE	

PHASES AND/OR CONSOLIDATION?	Phase 1	RCC	RELATED GRANTS	
	Phase 2	Consolidation of rounds		

DOCUMENTS REVIEWED					
Available? /Reviewed?	Phase 1 Reviews	Comments	Available?/ Reviewed?	Additional for Phase 2 or other renewals	Comments
	Proposal + annexes (Budget, Performance Framework)			Previous phase 1 approved budget and work plan	
	TRP clarifications and approval			Enhanced Financial Report (EFR) (for previous Phase/year)	
	Summary budget (quarterly or semesterly divided)			Latest audit report (plus earlier reports if significant uncleared issues)	
	Detailed Budget/Work Plan (quarterly or semesterly divided)			Latest Progress Update/Disbursement Request	
	Performance Framework (PF)			CCM request for phase 2 funding (or other funding request)	
	Procurement and Supply Management Plan (PSM Plan)			Summary budget (quarterly or semesterly divided)	
	Other/existing grants budget			Detailed Budget/Work Plan (quarterly or semesterly divided)	
				Performance Framework (PF)	
				Procurement and Supply Management Plan (PSM Plan)	
				Grant Score Card (GSC)	

Additional documents reviewed and comments, as applicable eg independent evaluations or health sector reviews, Government data etc..

PART III: BUDGET REVIEW CONCLUSIONS

Complete Table 1 and Table 3 or Table 2 and Table 3 depending on the type of grant review (i.e.: Phase 1 or Phase 2/other grant renewals).

TABLE 1: PHASE 1 (2 YEARS) BUDGET REVIEW CONCLUSIONS AND RECOMMENDATIONS				
		Phase 1 (2 Years) Amount	Efficiency Saving Calculation Instruction	Efficiency Saving %
A	Board Approved Amount (from Board Decision or TRP Clarification Final Approval Form)			
B	TRP Approved Amount (from TRP Clarification Final Approval Form)		(A - B) / A%	%
C	Initial budget presented to LFA for Review		(A - C) / A%	%
D	Final budget reviewed by LFA (if applicable or repeat C if the same as C)		(A - D) / A%	%
E	LFA proposed adjustments: express addition as positive/(reduction as negative) ¹			
	1 Narrative Reference			
	2 Narrative Reference			
	3 Narrative Reference			
	4 Narrative Reference			
	5 Narrative Reference			
	Add additional rows as needed			
F	Total LFA proposed adjustments ¹ (Sum of All Lines in E)			
G	Final LFA Recommended Budget (D + F)		(A - G) / A%	%
H	Global Fund Targeted Minimum Efficiency Saving % (A * 10%) ²			10%
I	Comparison with Targeted Minimum Efficiency Saving [(A - G) - H]		(G - H)%	%

¹ Proposed adjustments could be presented by each applicable budget line in a separate referenced document and the total entered in line F.

² Global Fund Board Decision refs: GF/B18/DP13 and GF/B20/DP9.

TABLE 2: PHASE 2 OR OTHER EXTENSIONS BUDGET REVIEW CONCLUSIONS

A	Phase 1 Grant Amount (from Phase 1 Grant Agreement)			
		Phase 2 or Other Extensions Amount	Efficiency Saving Calculation Instruction	Efficiency Saving %
B	TRP Approved Original Amount (from TRP Clarification Final Approval Form) for extension period			
C	Less: Disbursed to date on grant			
D	Less: Expected future disbursement(s) before the end of phase			
E	Maximum phase 2/other extension upper limit (A+B - C - D)			
F	Initial budget presented to LFA for review		(F - E) / B%	%
G	Final budget reviewed by LFA (If applicable or repeat F if the same as F)		(G - E) / B%	%
H	LFA proposed adjustments: express addition as positive/(reduction as negative) ¹			
	1 Narrative Reference			
	2 Narrative Reference			
	3 Narrative Reference			
	4 Narrative Reference			
	5 Narrative Reference			
	Add additional rows as needed			
I	Total LFA proposed adjustments ¹ (Sum of All Lines in H)			
J	Final LFA Recommended Phase 2/Extension Budget (G + I)		(J - E) / B%	%
To be funded from:				
K	Expected undisbursed amount at end of Phase 1 (A - C - D)			
L	Expected excess phase 1/previous phase cash amount ²			
M	Recommended Incremental Amount (J - K - L)			
N	Global Fund targeted minimum efficiency saving % (B * 23.5%) ³			23.50%
O	Comparison with targeted minimum efficiency saving [(B - M) - N]		(M - N)%	%

¹ Proposed adjustments could be presented by each applicable budget lines in a separate referenced document and the total entered in line F.

² Excess cash is defined as: cash which is not required for phase 1/previous phase planned activities or phase 1/previous phase liabilities incurred and should therefore be available to fund the phase 2/extension budget.

³ The targeted budget reductions in Phase 2 take account of the 15% historical average performance-based reduction before applying the Global Fund Board-required 10% budget efficiencies gain and are therefore 23.5% of the original Phase 2 proposed amount (being 100% - 15% = 85% * 10% = 8.5%, therefore 15% + 8.5% = 23.5%). As in the case of 10% efficiency gains on new grants, this % reduction will not be strictly applied on each grant extension, but is the required reduction across the portfolio.

TABLE 3: SUMMARY OF BUDGET REVIEW CONCLUSIONS

The summary should address the following issues:

- Overall conclusions on reasonableness of the budget and budget recommendations
- Comment on budget reductions compared with Board-mandated efficiency reductions and if there are further areas of the budget where additional efficiency gains may be possible (eg after receipt of further information)
- Relate budget recommendation to past performance, grant rating and expenditure rate (only relevant if there are earlier grants or at phase 2)
- Comment, whether key budget assumptions are reasonable and have been based on an economic and efficient use of grant resources, including whether any individually significant items in the budget are properly supported and explained
- Comment on the budget's consistency with the Work Plan and Performance Framework (proposed targets)
- Comment on other issues by exception eg potential overlapping funding, variances compared to proposal (only comment if there is a material change), consistency with PSM plan, revenue generating activities not budgeted for, M&E costs adequacy, mandatory costs included and no ineligible costs budgeted, are there other recommendations in the PR assessment report which have not been taken into account.

Note: use additional pages as necessary

PART IV: BUDGET REVIEW CHECKLIST

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A [†]	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
1	Manual or automated check on budget arithmetic has been done			
2	A line-by-line scan of the budget in which any obvious anomalies are spotted (eg excessive unit costs or activity total costs, spreadsheet logic errors eg missing totals.) - refer also LFA Budget Review Guidance Note (BRGN) section 1.1.			
3	Overall costs have been correctly allocated to relevant objectives and cost categories, in adherence to the budget classifications included in the proposal guidelines (as mirrored in the Enhanced Financial Reporting requirements)			
4	The budget is within the maximum funding available according to TRP Clarification Final Approval Form			
5	The budget contains all mandatory or recommended inclusions and adherence to other Global Fund policies and procedures and does not include ineligible costs (e.g. CCM costs are excluded) - Note also BRGN section 1.2			
6	Overall, the budget is consistent with the TRP recommendations and the proposal (e.g. budget allocations between objectives, SDAs and cost categories are consistent with the proposal). Use the table in Annex 1 to explain material variances from the budget contained in the proposal.			
7	Annual total budget allocations are consistent between years and year-on-year trends are reasonable/explainable			
8	Possible duplication of funding with other funding are considered, whether GF or other donors			
9	Costs are supported by detailed budget assumptions. A representative sample of individual unit costs have been checked to be at a minimum price for the quality/specification proposed. Clearly describe, with references, how you determined that each material item in the budget is reasonable, or not. Note also BRGN section 1.3			
10	The minimum Board-mandated efficiency savings have been identified. Note also BRGN section 1.4			
11	The budget demonstrates efficient use of GF resources as evidenced by comparing relevant ratios + benchmarks with past experience, and/or international/regional standards, and/or ratios implicit in the proposal (eg Admin+overhead % to total budget, per person costs of an activity eg per person per annum cost of ART). Provide clear explanations of your findings. Note also BRGN			

[†] If N/A is selected please provide a short justification in comments column titled

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A ¹	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
<i>section 1.5</i>				
12	Revenue-generating activities have been captured in the budget			
13	A significant proportion of the budget is directly or indirectly linked to the Performance Framework facilitating linkage of programmatic and financial performance			
14	Targets (especially related to the top 10 indicators) have been reconciled with the budget - <i>Note also BRGN section 1.6</i>			
15	Timing of activities aligns with the targets and workplan. <i>Note also BRGN section 1.6</i>			
16	Budget absorption capacity has been considered (with reference to past performance, spend rate etc..) - <i>Note also BRGN section 1.7</i>			
<i>section 2</i>				
1	Exchange rates, taxation and inflation rates have been correctly and consistently applied throughout the budget and are backed up by reasonable and detailed assumptions. Interlinkages between the key assumptions (e.g. inflation and exchange rates) have been identified and addressed - <i>Note also BRGN section 2.1/2.2/2.3</i>			
2	Reasonableness of the budget assumptions has been tested against the best available credible sources and past trends - <i>Note also BRGN section 2.1/2.2</i>			
3	The applicant's tax position and tax requirements has been correctly reflected in the budget - <i>Note also BRGN section 2.3</i>			
4	The PR's efforts to obtain tax exemptions have been considered: <ul style="list-style-type: none"> o it has obtained tax exemptions as anticipated under the grant agreement o the PR is taking adequate measures to obtain exemptions with acceptable cost v benefit of increased efforts o the budget fairly reflects the amount and timing of tax cash-flows, including anticipated tax recoveries <i>Note also BRGN section 2.3.</i>			
<i>section 3</i>				
1	Salaries and allowances budgets comply with local labor laws, the PR's human resources policies, and all mandatory statutory payments are included			
2	Overlapping costs related to staff being funded from other grants has been considered. Apportionment of staff costs, where applicable, is reasonable and backed up by appropriate workings.			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A ¹	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
3	Salary levels, benefits and allowances for posts proposed are reasonable as reviewed against past salary levels, PR standard rates, market salary surveys and official benchmarks			
4	The numbers of staff, level of effort and skill levels have been reviewed for individual objectives and targets to confirm that the numbers are appropriate for the objectives/activities proposed (number of activities conducted/people reached per staff member)			
5	If salary top-ups/retainers/incentives apply, are they in line with the Global Fund operational policy note. The purpose of the salary top-ups/retainers/incentives have been adequately explained and the sustainability issues addressed. The performance-based incentive system in place for health workers is reasonable considering the country context			
6	Timeline for new recruitments is correctly reflected in the budget			
1	Fees comply with local labor laws and all mandatory statutory payments are included			
2	Fees and other costs are consistent between assignments of similar type/expertise throughout the budget			
3	Fee levels and travel costs are reasonable and the most cost-efficient choices for the type of skills / service level demanded as assessed by reference to market rates for the region/country. Lower-cost alternatives (e.g. national or regional consultants) are not appropriate/available to achieve objectives of the TA and subsidized technical assistance is not available)			
4	Number of consultant days and skill level have been confirmed as critical in reaching SDA objectives			
1	Standard costing, if applicable (eg per participant per day costing) is reviewed for different trainings to confirm that it provides a reasonable basis for the budget			
2	Budgeted costs (eg trainer fee levels, venue, accommodation, per diem, travel and subsistence costs) are reasonable and consistent with national or other guidelines, historical costs, and external market information			
3	All other more cost-efficient choices have been considered (e.g. distance learning, on-site coaching by senior staff, documented best practices)			
4	Cost per person trained is reasonable compared with previous periods and/or market information			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
3.1	Unit costs of all products are reasonable with reference to PSM Plan, PQR, latest supplier invoices or quotations, or with reference to credible pricing sources.			
3.2	Assumptions underlying the forecast numbers requiring services are reasonable based on: <ul style="list-style-type: none"> o the latest results available and expected trends, o target population assumptions o approved national treatment policy/guidelines o past performance, proposed targets, implementation capacity and other contextual factors 			
3.3	Standard costing (per patient), if applicable, is compared for different budget lines to confirm that it provides a reasonable basis for the budget			
3.4	The descriptions, quantities, unit costs and the terms of the underlying transaction (Incoterms) are consistent with the PSM Plan			
3.5	All services to be provided by PR under PSM costs are included (e.g. procurement services, distribution, storage, customs clearance, QC, QA, handling fees, procurement agent fees etc).			
3.6	Stocks held by the PR or SRs have been considered. Assumptions for establishing a buffer stock have been disclosed and are reasonable			
3.7	If applicable, special procurement mechanisms are correctly reflected in the budget (e.g. MDR-TB drugs purchased under GLC approval)			
3.8	Recommendations from expert review of the PSM plan have been considered in the budget			
3.9	Potential duplication of products funded under other Global Fund grants or other programs has been taken into account. Where necessary the funding gap for the budget item is proven.			
3.10	Where a procurement agent is engaged, the amount charged (usually % based fees) is compared with past charges, statutory requirements and volume of activity			
3.11	Related running and maintenance costs are catered for			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A ¹	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
. 2	Costs of insurance are included, if applicable			
. 3	Unit and standard costs (e.g. price per unit/square meter) are confirmed as the most economic choice based on relevant price references eg previous invoices for the same item, quotations, price lists			
. 4	The specifications, details and numbers of equipment/infrastructure is consistent with the proposal			
. 5	Budget assumptions for individual equipment/infrastructure are reasonable (equipment units per number of staff, building capacity for beneficiaries)			
. 6	Architects plans, bills of quantity or other evidence of cost have been reviewed for the risk of overrun that may impact programmatic achievements			
. 7	Evidence of project planning has been reviewed to ensure that the equipment/building work is consistent with the expected benefits in terms of performance targets			
. 8	Existing assets and infrastructure have been considered and additional infrastructure/equipment is justified			
D. 1	Budgeted costs are reasonable as assessed by reference to historical expenditure or external market information (where item is material provide narrative explanation of evidence reviewed)			
D. 2	Possible overlaps with other funding are considered, whether GF or other donors			
D. 3	Cost per person reached with CMs is reasonable. Other more cost-efficient choices have been considered (e.g. use of alternative communication channels/methods)			
D. 4	Number of persons reached by the CMs justifies the number of CMs budgeted			
D. 5	The scope and the focus of the CMs has been confirmed as essential to reaching objectives			
. 1	The budget includes sufficient activities and budget allocation for the context of the grant, eg risk of misstatement of results (note: depending on the circumstances an amount of between 5-10% of the grant amount may be needed to ensure adequate monitoring and evaluation of the grant). M&E systems strengthening activities have been included in the budget, as necessary.			
. 2	Budgeted costs are consistent with actual costs from previous experience, other comparable GF grants or other relevant sources			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A*	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
1. 3	For M&E monitoring visits rates for per diem, travel and subsistence follow national, GF or other guidelines and are reasonable			
1. 4	Possible overlaps with other funding are considered, whether GF or other donors			
1. 5	The quantity and selection of M&E activities, eg monitoring visits inc. accommodation and travel costs are reasonable and consistent with historical expenses. The MESS Tool or other studies may be referred to.			
1. 6	Other more cost-efficient choices have been considered (e.g. use of technology to share knowledge, use of other best practices)			
2. 1	Any indirect or associated costs are included (distribution, storage, management of logistics)			
2. 2	Any scheme involving support to households eg through OVCs or HIV patients is costed at an amount which is appropriate and is supported by a comprehensive study and roll-out plan.			
2. 3	Food supplement schemes follow recognized feeding regimes and pricing eg compared to standard pricing of other specialized agencies such as World Food Program			
2. 4	Any schemes involving incentives for health workers involve reasonable unit costs considering the country context and the effort made by health worker (eg time required per day), expected results, etc.			
2. 5	For schemes involving social marketing, revolving funds or micro-finance arrangements, the recovery of funds is taken into account in the budget as well as payments.			
2. 6	Unit costs are checked against relevant price references eg previous invoices for the same item, quotations, price lists			
2. 7	Any relevant efficiency ratios are reasonable (eg numbers of health workers/counsellors trained are consistent with numbers of people reached with services.)			
2. 8	Assumptions on numbers and unit costs are reasonable, tie up with targets and the proposal. Account is taken of past performance and past actual costs for continued activities			
2. 9	Assessment of the reasonableness of the assumptions underlying the forecast quantity based on <ul style="list-style-type: none"> ○ the latest results available and expected trends, ○ target population assumptions ○ approved national or international guidelines/best practices applied 			
2. 10	The quality and specifications of products/supplies listed correspond to program's needs (targets) and relevant national and international policies and recommendations			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A ¹	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
2. 11	Any regulatory requirements have been considered during budgeting (e.g. licenses for micro-credits)			
3. 1	Detailed budget assumptions include all costs expected for the cost category eg if the grant should finance the audit, then the required amount should be included in the budget			
3. 2	The budget contains mandatory Green Light Committee charges for relevant TB grants			
3. 3	Budgeted costs are consistent with actual costs from earlier expenditure or external market information (where item is material provide narrative explanation of evidence reviewed)			
3. 4	Possible overlaps with other funding are considered, whether GF or other donors. Note the risk of duplication of P&A costs between GF grants.			
3. 5	The unit costs of P&A are reasonable as assessed by reference to previous unit costs and market knowledge			
3. 6	A representative sample of individual unit costs have been checked to be at a minimum price having regard to quality/specifications			
3. 7	Other more cost-efficient choices have been considered (e.g. conducting planning meetings by conference call, if technology allows)			
3. 8	The overall cost of P&A is reasonable in the context of the grant.			
4. 1	Overhead costs are supported by detailed budget assumptions (note: refer to the document 'LFA budget review guidance' section xx which explains the current thinking on what is the reasonable basis for charging indirect costs)			
4. 2	When assessing costs based on a % rather than separately itemized consider the issues noted in the Guidelines on Budgeting Administrative costs eg consider what services are being provided by the HQ and what will be the direct benefits to the grant.			
4. 3	Costs have been assigned to the appropriate cost category (in general overheads includes indirect costs, overheads or management fees. This is distinct from direct costs included in the P&A category - these are costs directly chargeable to the grant i.e. specific to the grant - refer section 11. Note also that any human resources costs should be included under the Human Resources category)			
4. 4	Costs have been correctly allocated to relevant objectives/SDAs (note that, in theory overheads should be allocated across SDAs on some rational basis. However, a simple approach will be accepted to avoid complex calculations)			

Ref. no	Budget Review Steps/Tasks	Yes/No/N/A ¹	Comment on reasoning, analysis done and evidence reviewed (mandatory for material items)	Recommended Adjustment USD/EUR
4. 5	Budgeted costs are consistent with actual costs from earlier expenditure or external market information (where item is material provide narrative explanation of evidence reviewed)			
4. 6	Possible overlaps with other funding are considered, whether GF or other donors. Note the risk of duplication of overhead costs between GF grants.			
4. 7	Other more cost-efficient choices have been considered (e.g. use of alternative technologies for telecoms)			
4. 8	The overall cost of overheads is reasonable in the context of the grant. Compare the overall % overhead cost to the total grant amount and in absolute terms			
4. 9	Note for UNDP management fees, the agreement is that the grant should be charged with 7% of the other costs included in the budget. Thus the 'effective' rate of management fee <i>after</i> inclusion of the UNDP fee will be 7/107 x grant total amount			

ANNEX 1

Are there any material variances between the Budget and the budget contained in the board-approved Proposal (as amended, if at all, during TRP clarifications)? Has any budgetary impact of the TRP clarifications been reflected in the Budget? [Please use the table below as part of your analysis]

Category / SDA	Board Approved Proposal Budget	Current Budget	Variance	Analysis of Variance

Please add or delete rows as appropriate (the analysis can be done on the basis of the summary budget by SDA or cost category)