BUDGET AND EXPENDITURES GUIDANCE AND POLICIES

BUDGET AND EXPENDITURES GUIDANCE

ABOUT THE TEMPLATE

Cost per water point and **cost per daily water user** are important metrics to charity: water. Our budget template is structured in a way to identify these metrics and the underlying allocations.

charity: water's budget template is broken into sections by tab:
- SUMMARY
- DETAILS – Proposal
- DETAILS – Expenditures
- METHODOLOGY
- WATER POINTS LIST
- WORK PLAN

The goal of this document is to outline the rationale behind each section and provide guidance as to acceptable ways in which to complete the budget for charity: water review. Each grant proposal must clearly link the funding requested to the major planned activities identified in the Narrative Template.

UPDATED The Budget and Expenditures Template should:

- Accompany the Narrative Template at most stages (Proposal, Midterm Report, Third Quarter Report, and Completion Report). The First Quarter Report Narrative template has a section for budget information, charity: water may request a separate Budget and Expenditures Template at their discretion.
- Identify cost per water point and cost per daily water user metrics per technology type for proposals and completion reports.
- Always be presented in USD with the accompanying exchange rate methodology.

The Budget and Expenditures Template <u>should only include the funds requested from charity: water</u>. We don't require co-financing, but we do want to be notified if:

- charity: water funding is being used to co-finance other programs.
- The success of the program is dependent upon complementary funding from external sources such as local government, community contributions, etc.

BUDGET AND EXPENDITURES TEMPLATE SECTIONS

TAB 1: SUMMARY

The SUMMARY tab is the primary location for charity: water to monitor financial progress through the lifetime of the grant, and will be used by the partner to anticipate and request funds for disbursement. This tab also provides up to date information required by charity: water to report to our donors, such as the Cost Per Water Point, Total Daily Water Users and Cost per Daily Water User.

> *TIP: On the Summary tab, it is only necessary to fill out the columns in white.*

GRANT ID: The unique ID provided by charity: water and assigned to the current grant.
[2 digit country code].[3 letter organization abbreviation].[granting period].[year].[c:w code]
    Sample: [IN.CTW.1H.10.129]

COUNTRY: Country of proposed program activities.
  Eligibility Start Date: Contractual start date that informs the Grant Agreement. This is the previously agreed date from which implementation and expenditure will start.
  Report Date: Contractual end date that informs the Grant Agreement. This is the date on which all work must be completed all expenditures must have been paid, and all projects must be fully functional.

TOTAL WATER POINTS: Sourced from the Water Points List, this indicates the total number of water points (hand-dug well, manually drilled well, rainwater harvesting, etc.) being proposed to charity: water. This section will auto-fill.

COST PER WATER POINT: Total amount of budget divided by the number of Total Water Points. This section will auto-fill.

TOTAL DAILY WATER USERS: Sourced from the WATER POINTS LIST, this indicates the number of daily water users to whom the proposed water point will provide water and/or sanitation. Please see charity: water's definition of Daily Water Users on our Partner Microsite. This section will auto-fill.

COST PER DAILY WATER USER: Total amount of budget divided by the number of Total Daily Water Users. This section will auto-fill.

BUDGET DISTRIBUTION
Used mostly by charity: water for transparency and reporting, the Budget Distribution chart provides an overall view of the proposed program's expenditure ratios. This chart will auto-fill based on the financial summary table.
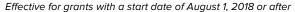
EXPENDITURES TO DATE
This is the budget and expenditure of the grant to date. These cells will be blank for the proposal. For each report, the "Total Disbursed" will be the combined amount of the previous disbursement requests. "Expenses to Date" will be actual expenses incurred up through the current quarter. "Consumption YTD" indicates the percentage of disbursed funds that have been spent. *Please see the Disbursement Policy below for more information.*

> *TIP: charity: water requires at least 75% expenditure of all prior disbursements before a subsequent disbursement may be processed.*

TOTAL BUDGET REVIEW
This is the cumulative budget and actual expenditure for the grant. "Total Expenses" refers to the total actual expenditures made over the lifetime of the grant and should be updated quarterly.

FORECAST
A forecast of the anticipated amount of funds required as per the work plan for the next quarter being requested for disbursement. For the first quarter, estimate expenses in this column that sum up to the amount of the first disbursement and align with the work plan. For subsequent quarters, the Forecast should represent the total planned expenditure for the upcoming quarter or agreed upon length until the next report. This amount will be reviewed against the proposed work plan and total expenditures to date, and must be approved prior to disbursement.

> *TIP: Do not offset your forecast with the balance leftover from the prior disbursement. We adjust for this in the Request For Next Quarter.*

REQUEST FOR NEXT QUARTER
For the first quarter this will be equal to the Forecast column. For subsequent quarters, the balance in the Expenditures to Date section will offset the amount in the Forecast column.

COMMENTS
Briefly provide comments for unusual expenditure rates or disbursement requests that do not align with the work plan. Indicate any comments you may have for charity: water regarding the expenditures to date or forecasted amount for disbursement.

TABS 2-3: DETAIL

This section of the budget provides line-item detail into the proposed grant and is used by charity: water to assess the financial viability of a project and ensure that all requested funds are assigned to charity: water approved expenses.

The "DETAIL – Proposal" tab will be filled out only during the proposal phase of the grant. Once approved by the Grant Agreement this tab should never change.

> *TIP: For subsequent quarterly reporting, replace cells E10-K15 using a "Copy + Paste Special" to ensure that revisions to the site list do not alter the originally approved cells on the DETAIL – Proposal tab.*

The "DETAIL – Expenditures" tab will be filled out during each progress and completion phase of the grant. This tab should always represent year to date expenditures.

FILL IN INVENTORY TYPE
Understanding that some partners have multiple water point types per grant, this section describes the type(s) of water hardware to be implemented. charity: water refers to water hardware as "inventory," since we build our fundraising around the water hardware in a grant.

In the budget, the inventory type is to be filled in with all of the options used in column O, Project Category for Budget, on the Water Point Site List.

SELECT STATE
Select whether this is a rehabilitation of an existing water point or construction of a new water point. Please note charity: water does not fund water point repairs. These often include rehabilitation of the apron, soak pit or replacement of hand pump parts that experience regular wear and can be replaced by local user groups. We fund major rehabilitations or replacements of water points.

WATER POINTS
Sourced from the WATER POINTS LIST, this indicates the total number of water points being done in the grant divided by water point type.

PERCENTAGE OF WATER POINTS
The percentage each water point type comprises of all water points in the grant.

TOTAL DAILY WATER USERS
Sourced from the WATER POINTS LIST, this indicates the total number of daily water users provided access through the grant's proposed activities by inventory type.

COST PER WATER POINT
Averages of the cost per water point based on the number of water points and the budget for each activity.

COST PER DAILY WATER USER
Averages of the amount of funds it takes to provide one person access to water, as well as to any associated sanitation and hygiene activities. This amount is based on the cost per water point, number of daily water users, and estimated budget.
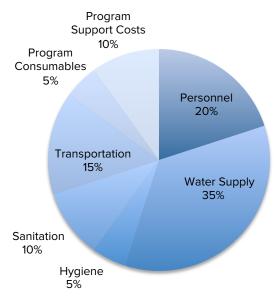
TOTAL COSTS
A summary of the total costs per activity.

BUDGET GUIDANCE BY COST CHAPTER

Direct Costs

Direct costs are those that are wholly attributable to the charity: water-funded program in question. charity: water only funds direct costs and capital costs.

Direct Costs in the budget should be broken down by the cost chapters listed below. Although these may vary by program, charity: water generally anticipates budget proportions similar to the chart below. Budgets submitted outside of the anticipated range require justification in the Methodology tab.

Guideline for Direct Cost Ratios

Program Support Costs 10%
Program Consumables 5%
Personnel 20%
Transportation 15%
Water Supply 35%
Sanitation 10%
Hygiene 5%

Personnel costs

Personnel should include all salaried staff, contracted labor and consultants who are wholly or partially attributable to the WASH program funded by charity: water. For example, this could include those who engage in program management, financial management, field supervision, surveys, studies, construction, education, monitoring, community engagement, and/or technical assistance, including any support staff such as receptionists/secretaries, cleaners, or drivers.

Individually list positions such as management and others that cannot be aggregated.

Group together any other staff positions that can be aggregated such as day laborers.

The cost for each position should include the monthly base salary plus the cost of any benefits, the total cost of expected per diems related to in-country travel, any in-country training costs, and any other costs incurred that are consistent with the partner's documented human resources policy. Out-of country attendance of project staff at WASH conferences or other training events is not covered by charity: water.

Calculate the months in terms of Full Time Equivalent (FTE): if a person works 25% on the charity: water project for 12 months, he/she will work 3 months full time equivalent.

Do not include contracted labor that is included in a Bill of Quantities or work order. List this cost under Materials.

Prior to partnering with a new organization, each partner must provide charity: water with a copy of its written hiring and labor policies and must follow those during the life of the grant.
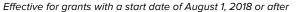
Each partner must ensure compliance with all local labor laws.

Materials costs

Materials must be listed by the following sub-chapters: Water Supply, Sanitation, and Hygiene.

Sub-Chapter	Definition
Water Supply	Refers to materials required on site (at communities, schools, or health clinics) for the direct implementation of water points – e.g. hand-dug wells and Monitoring and Evaluation costs.
Sanitation	Refers to materials required on site for the direct implementation of sanitation hardware or software – e.g. latrines, Community-Led Total Sanitation
Hygiene	Refers to materials required on site for the direct implementation of activities that create an enabling environment for the program – e.g. promotional materials, IEC materials, trainings, meetings, fees, and permits.

Materials costs are defined as those items that are required for implementation at the water point(s), are wholly attributable to the program in question, and are only incurred because of the program's existence. This includes items such as cement, piping, data collection tools, fees, permits, community educational materials, and signage.

Training is defined as in-country training that is wholly related to the WASH project and is incurred for project purposes. Training might include training of partner staff for capacity strengthening, training of community WASH volunteers, training of WASH coordinating groups, civil society, or government staff. Cost assumptions for each training must be detailed in the Budget Methodology Tab, including the title and duration of each training event, the number of persons attending, and the total estimated cost of the training (venue, food, training materials, etc.).

Any materials purchase greater than USD 5,000 that will be retained by the community or local government beneficiaries will be a line item under the respective materials sub-chapter. A common example of this is a generator required to power the water pump in a village—the community will retain ownership and will be responsible for maintenance and repairs.

charity: water's mandate does not provide scope for funding advocacy, particularly at the national level. charity: water will entertain advocacy expenditure directed at the appropriate authorities at regional, provincial, and local levels on a case by case basis.

Transportation costs

Transportation is defined as any program cost that is incurred in moving materials, people, or equipment in-country. This includes fuel, vehicle repair, vehicle rental, and in-country flights.

Travel can be grouped according to trip(s) as long as all cost assumptions are detailed in the Methodology.

The total cost of expected per diems related to in-country travel should be included in Personnel and not under Transportation.

Program Consumables costs

Program Consumables are defined as non-capital equipment and other program supplies that are wholly related to the WASH project and will be consumed with the end objective being the project itself. Consumables have a value of less than USD 5,000.
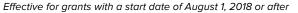
Acceptable program consumables include non-capital equipment such as laptops, GPS equipment, and generators (refer to the Capital section if the item is over USD 5,000), as well as other program needs such as the cost of printing project reports and manuals. Office supplies should be listed under Program Support Costs.

Program Support costs

Program Support costs are expenses which are useful to several projects at the same local, regional, or capital office, and which represent a charge that cannot be allocated in their totality to only one project, but which are necessary to implement the WASH project funded by charity: water.

Examples of Program Support costs include local general office supplies, telecommunications costs, office rent and utilities, audit and legal fees, and office and vehicle insurance. Program Support costs should be itemized in the budget and submitted with supporting assumptions and allocations in the Methodology tab.

> *Tip: We generally anticipate total Program Support to make up approximately 10% of the total program budget.*

Please note that program costs incurred *outside* of the country of implementation – e.g. costs for headquarters located *outside* of the country of implementation, such headquarters personnel flights to the field, or personnel project management activities from such headquarters, are not allowable costs.

Capital costs

Capital costs are direct expenditures for capital equipment that are essential to the WASH program and/or its implementation. Capital costs must meet all of the following criteria:

- Have a useful life of 1 or more years
- Have a unit value of USD 5,000 or more
- Ownership is retained by partner organization upon program completion

A partner may be eligible to request capital funding if its WASH program is in line with a multi-year charity: water strategy and it has **completed** at least one satisfactory reporting cycle on a prior grant.

Examples of capital costs include drilling rigs, vehicles, heavy equipment, and machinery. Other equipment such as generators under USD 5,000, GPS equipment, and laptops should be listed in the budget as Materials or Program Consumables costs if they do not meet all of the Capital Costs criteria.

Capital equipment additionally does not include:

1. equipment planned to be leased/rented, including lease/purchase agreements
2. equipment service or maintenance contracts
3. capital equipment that lives with the beneficiary as opposed to owned by the partner. For example, a generator installed at a community water point should be included in Materials whereas a truck owned by the partner should be budgeted as a Capital Cost.

Purchasing versus Leasing
In some cases, leasing might be preferable, particularly when it is the most cost effective option. Such options should be considered when developing the Capital Cost section of the budget.

Leased or rented equipment should be listed under the appropriate cost chapter. Additionally, relevant vehicle maintenance contracts should be listed under Transportation. All other service or maintenance contracts should be listed under Program Support Costs.

UPDATED

Requesting capital funding
Capital funding should be listed in the Budget & Expenditures Template in the section entitled Capital Costs and must be submitted along with a copy of the partner's Fixed Asset Policy, including a brief narrative on the plan to insure, register, maintain, and inventory the capital item(s). A justification of the capital item's validity for the project must be included in the Budget Methodology Tab. In addition, if the item is more than $10,000 please submit the Capital Item Request Form, which can be provided by your WPO.

Reporting
Once approved, the partner is responsible for keeping a log to track the use of the capital equipment. charity: water does not require regular and periodic reporting on the use and location of capital equipment during the useful life of the item but retains the right to request supporting documentation as needed.

Ownership
charity: water allows the partner to put ownership of capital items in the name of the organization upon initial purchase.

Usage
Eligible capital costs are encouraged but not required to be used 100% on charity: water-funded programs. The need will be assessed on a per program basis.

Vehicles purchased with charity: water funds may not become the personal property of the organization's management or staff.

Ineligible costs
Depreciation and cost-sharing with other donors on capital items are ineligible costs.

TAB 4: METHODOLOGY

charity: water does not require a full budget narrative, but where estimates are included, the *basis* for those estimates should be adequately documented in the Budget Methodology tab of the Budget and Expenditures Template at proposal.

The detail in this section will vary by partner. This section will clarify assumptions made by the partner in creating the proposed budget, anticipate or detail variances in expenditures during the lifetime of the grant, and provide any additional information that may be required for charity: water to approve the budget.

This section will also be used to detail out program support cost allocations, personnel allocations, currency exchange fluctuations, expenditures pertaining to trainings/advocacy, and BOQ supporting documents for all bundled costs.

> *Tip: The Methodology tab should be used during Proposal development only. Variances to these assumptions will be justified in the Cost Summary Comments during Progress and Completion stages of the program.*

TAB 5: WATER POINTS LIST

The objective of the Water Points List is to provide information regarding individual water points throughout the implementation timeline.

We require water point data at:

- Proposal
- Midterm Report (6-months)
- Completion Report (13-months)

See the Water Points List Guidance for specific requirements at each stage.

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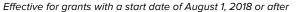## TAB 6: WORK PLAN

The objective of the work plan is to provide a clear list of activities to be completed as part of this grant, along with a detailed timeline for implementing these activities and a supporting disbursement schedule. This tab of the Template is set up as a Gantt chart, with start and end dates for each activity. Key activities in the work plan should correspond to the activities and milestones outlined in the proposal.

Projected Disbursement Schedule - Proposal
This is the located at the top of the Work Plan.

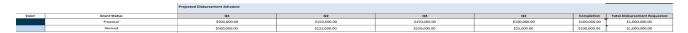| Color	Grant Status	Projected Disbursement Schedule					
		Q1	Q2	Q3	Q4	Completion	Total Disbursement Requested
	Proposal	$500,000.00	$150,000.00	$150,000.00	$100,000.00	$100,000.00	$1,000,000.00
	Revised						

In this section, estimate the projected amount required for each disbursement to achieve the activities outlined in the Work Plan. Disbursement projections should align with anticipated quarterly costs. Note that it is charity: water's policy to withhold 10% of the full program cost until approval of the Completion report.

After the proposal is approved, the "Proposal" row of the Projected Disbursement Schedule should not be changed.

Projected Disbursement Schedule - Revised

The "Revised" row of the Projected Disbursement Schedule should be updated to reflect any changes to the projected disbursement schedule during each reporting period. The "Proposal" row of this chart should not be changed.

Projected Disbursement Schedule

Color	Grant Status	Q1	Q2	Q3	Q4	Completion	Total Disbursement Requested
	Proposal	$500,000.00	$150,000.00	$150,000.00	$100,000.00	$100,000.00	$1,000,000.00
	Revised	$500,000.00	$125,000.00	$250,000.00	$25,000.00	$100,000.00	$1,000,000.00

For any revisions, make sure that the change and reason for the change are reflected in the accompanying narrative report.

Activity

This column should list the activities to be undertaken in the 13-month period of the Grant (e.g. procurement of materials, community mobilization meetings, project construction, hygiene training, etc.). Give as much detail as possible including each important step of the project. Please be sure to include activities related to compiling reports due to charity: water. Columns relating to months requiring reports to charity: water have been shaded in gray. Make sure each activity has a number for easy reference during charity: water field visits to review progress.

Status

This column will be used to track the status of each activity during grant implementation. At Proposal, this column can be left blank. For subsequent progress reports, this column should be updated to reflect the status of each activity, using the options in the drop-down menu:
- **On Track –** The activity is expected to meet proposed deadline. This can apply to both activities that have been started and activities that have not yet begun.
- **Delayed –** The activity has not started according to schedule and/or is expected to take longer than proposed to complete.
- **Cancelled –** The activity will no longer be conducted as part of this grant.
- **Completed –** The activity is completed.

The columns labeled 1-13

The next 13 columns refer to the 13 months of the charity: water-funded grant. All activities should start and end within those columns. Please re-label each number with the names of the grant implementation months (May, June, July, etc.).

Please note that the #, Activity, and Status columns contain merged cells that correspond to 2 rows for each activity. These rows are for Proposed vs. Revised activities.

At proposal, shade the month in which each activity will take place in the "Proposal" row for that activity.

For subsequent progress reports, if changes to the timing of activities are anticipated, update the Work Plan by shading the new months in which the activity will now take place in the "Revised" row for that activity.

The color key in the top left corner recommends color shadings to use for both proposed and revised activity months.

Example:

#	Activity	Status	Months of Grant Implementation (months shaded are those when reports are due)												
			August	September	October	November	December	January	February	March	April	May	June	July	August
1	Example Activity 1	On Track													
2	Example Activity 2	Delayed													
3	Example Activity 3	Canceled													
4	Example Activity 4	Completed													

Double check:
Before completing the work plan for the Grant, check to make sure all of the required activities have been accounted for in the budget. For instance, if the Work Plan includes field visits to water points or community education, make sure funding for those activities has been taken into account in the budget.

How charity: water will use the Work Plan:
Once the Work Plan is completed and approved, it will be used by charity: water to track program progress as well as to determine the reasonability of anticipated disbursements. We know that things often change and adjustments have to be made, but a good plan will show us what you are thinking and how you will go about implementing your program, so be as accurate as possible.

BUDGETING & FINANCIAL REPORTING

Budgeting
During the Proposal Budgeting stage, the following tabs of the Budget and Expenditures Template are required: Summary, Detail – Proposal, Detail - Expenditures, Methodology, Water Points List, and Work Plan.

UPDATED **Progress Reporting**
charity: water does not require submission of the budgeting and financial reporting file during the first quarter report. The narrative report will include questions about the total budget used to date and the financial request for the next quarter.

During the Midterm Report, the following tabs of the Budget and Expenditures Template are required: Summary, Detail – Expenditures, Water Points List, and Work Plan.

During the Third Quarter Reports, the following tabs of the Budget and Expenditures Template are required: Summary and Work Plan.

charity: water requires financial reporting for all grants. A progress report must be submitted, reviewed and validated before a financial disbursement will be made. Reporting deadlines are detailed in the Grant Agreement.

In the summary tab of the Budget and Expenditures Template, charity: water expects to see at least 75% expenditure of prior disbursements. The 75% expenditure should be represented in the Summary tab's Expenditures to Date column. *Please see the Disbursement Policy below for more information.*

Completion Reporting
During the Completion Reporting stage, the following tabs of the Budget and Expenditures Template are required: Summary, Detail - Expenditures, Water Points List, and Work Plan.

Upon completion of a program, a final budget will be attached with the completion narrative report for charity: water review. It is charity: water's policy to withhold 10% of the full program cost until approval of the Completion report. If 100% expenditure is not attained, charity: water reserves the right to withhold a portion of the final disbursement or to request a refund, as applicable. *Please see the Refund Policy below for more information.*

POLICIES

PROCUREMENT POLICY

charity: water does not impose a procurement policy on partners; however, each recipient must provide charity: water with a copy of its written procurement policy for review. The recipient must adhere its procurement policy during the life of the grant. charity: water may conduct periodic audits to ensure compliance within the recipient's own guidelines.

DISBURSEMENT POLICY

The purpose of this section is to outline the timing of disbursements from charity: water to partners and the procedures and standards that will be observed to ensure that cash payments occur when they are essential to meet the partner's needs for program implementation.

Procedures and standards

- *Developing a disbursement schedule.* Disbursement schedules will be established in line with the development of the program's budget and work plan and finalized in the Grant Agreement. Partners should use the Budget and Expenditures' Work Plan template to estimate the projected quarterly amount for each disbursement.

- *Timing of Payments.* Disbursements to partners will be timed to coincide with the actual, immediate funding requirements of the partner related to program implementation on a quarterly basis or as agreed in the Grant Agreement.

- *Payments to Sub-awardees.* Advances made by primary partners (those that receive advances directly from charity: water) to any sub-awardees must conform to the same standards of timing and amount as apply to advances by charity: water to primary partners.

- *Withholding payments.* charity: water disbursements are subject to the Refund Policy in the Budget and Expenditures Guidance.

- *Safeguarding Funds.* In no case will charity: water-furnished funds be comingled with the personal funds of, or be used for personal purposes by, any officer, employee, or agent of the grantee, nor will any of these funds be deposited in personal bank accounts for disbursement by personal check. charity: water will not reimburse lost or stolen funds.

Requirements

- *Requirements.* charity: water expects to see at least 75% expenditure of all prior disbursements before a subsequent disbursement may be processed. If the 75% requirement has not been met, the partner will utilize the 'Comments' section of the corresponding Cost Summary to briefly justify the delay.

- *Disbursement Implications.* If 75% of funds have not been spent at the quarterly reporting deadline, the Quarterly Report may be approved but the disbursement will be postponed until the partner submits the subsequent contracted Quarterly report demonstrating 75% expenditure. charity: water will not disburse between quarterly reporting periods.

- *Completion Disbursement.* It is charity: water's policy to withhold 10% of the full program cost until approval of the Completion report.

charity: water disburses to partners based on their immediate funding needs for an upcoming quarter. If a commitment with a vendor is signed but no money disbursed, the commitment must at a minimum be reflected in the partners' accounting in order to substantiate the partner's financial report. If this is not the case then the commitment should not be included.

UPDATED

charity: water does not accept such commitments in the Completion Report. Approval of the Completion Report is contingent upon all reported expenses having been fully paid. There is one sole exception to this rule. charity: water accepts that in some countries it is customary for a percentage of water project contracts to remain unpaid for 6 months to a year to ensure that the project remains running. If a partner withholds a final payment to a contractor in order to guarantee the functionality of a water point for a pre-determined, specified period, charity: water agrees to accept the entire amount of the grant as having been expended under the following conditions:

1. charity: water approves the process at the proposal stage
2. All terms of the contract between the partner and the implementer have been satisfied before grant end date.
3. The contract between the partner and implementer has an agreed upon United States dollar rate such that the final payment cannot constitute a gain or a loss to the partner and thus, by extension, to charity: water.

REFUND POLICY

charity: water reserves the right, at any time, to 1) withhold or offset payments to, or 2) require refund by, the recipient of any amount that the recipient did not spend according to the terms and conditions of this award or are otherwise determined by the Grantor to be unallowable.

Tip: We don't want our money back. We expect underspends or exchange rate gains to be reinvested into the program.
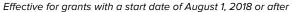
Conditions where charity: water will request refunds:

1. If the Grantee expends less than the agreed upon amount as specified in this award, the Grantor may require the Grantee to refund the difference to Grantor when this award expires or is terminated.
2. Grantor retains the right to a refund of all amounts paid to the Grantee identified by audit findings to be unsubstantiated.
3. If the partner has failed to comply with any law or regulation applicable to the partner, to charity: water, or the grant.
4. Exchange rate gains and cost savings should be communicated to charity: water and will be applied by the Grantee to the Grant activities or be remitted to charity: water per charity: water's Exchange Rate Policy.

COST AMENDMENTS

Our team will work with you upfront to budget for reasonable and anticipated expenditures. But we know that work doesn't always go as planned. Currencies fluctuate, contracts get delayed, environmental and security factors impede operations, and more.

When changes in a program result in changes in the program budget or Water Points List, partners may need to submit a request for budget revision. Changes to cost chapters, daily water users, or water points exceeding 20% require advance written approval.

Requests for amendments should be submitted in detail alongside the original Budget & Expenditures and/or Water Points List report approved during the proposal stage.

In most cases, minor variances – i.e. less than 20% - can be explained in the financial reports submitted during progress and completion reporting stages.

Submission Process

For grants experiencing changes to cost chapters, daily water users, or water points exceeding 20%, partners must comply with the following procedures:

- An official amendment request must be provided by the partner on company letterhead, signed by the partner's Program Manager responsible for the grant in question and submitted to charity: water as soon as reasonably available but no later than 30 days before the original completion date of the program period. The request must include a justification for the Amendment and contain a specific completion schedule.
- The Amendment request must be submitted in detail alongside the original Budget & Expenditures and/or Water Points List approved during the proposal stage.
- Submissions and supporting discussions must be made directly to the relevant Fluxx amendment report card.

The justification and supporting documents must illustrate a clear and measurable plan towards successful completion of the program. An acceptable justification must be in line with implementation or program-specific challenges.

NO-COST EXTENSIONS

This policy outlines the process for the request and approval of a no-cost extension (NCE) to a Grant Agreement.

Partners may request an extension of the final grant period of a charity: water-funded program. NCEs may be considered one time for a period of up to 6 months beyond the original completion date of the program if additional time is needed in order to accomplish the agreed-upon deliverables of the program.
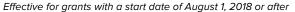
For the duration of the extension, the partner agrees that no additional funds are necessary to achieve the agreed-upon programmatic deliverables.

> *Tip: We evaluate the number of NCEs requested by each partner as part of our planning process for the following year. Partners that repeatedly request NCE's may not be considered for subsequent funding.*

Submission Process

Option 1: For grants where implementation is delayed more than two months, partners must comply with the following procedures:

- An official request for a NCE must be provided by the partner on company letterhead, signed by the partner's Program Manager responsible for the grant in question and submitted to charity: water no later than 30 days before the original completion date of the program period. The request must include a justification for the NCE and contain a specific completion schedule.

- The NCE request must be accompanied by an expenditure plan and a work plan as per the provided template as well as a table indicating objectives, activities, and progress. See the No-Cost Extension Template section below for more guidance.

The justification and supporting documents must illustrate a clear and measurable plan towards successful completion of the program. An acceptable justification must be in line with implementation or program-specific challenges.

Option 2: For grants where implementation is delayed less than two months, partners must comply with the following procedure:

- An official request for a NCE must be provided by the partner on company letterhead, signed by the partner's Program Manager responsible for the grant in question, and submitted to charity: water no later than 30 days before the original completion date of the program period. The request must include a how much and what percent has been already been expensed to date, an explanation of why more time is needed, and how the partner plans to complete the activities within the new timeframe.

What Happens Next

charity: water will review the NCE request package for program quality, fiduciary compliance, and implications concerning donor reporting. Upon approval, charity: water will prepare a NCE amendment to the Grant Agreement to be co-signed by the appropriate charity: water and partner officers.

No-Cost Extension Template

In the NCE Expenditure and Work Plan Template, use the NCE Period work plan section to indicate the activity and month in which you anticipate each activity reaching completion.

Use the NCE Expenditure Plan to detail out how you will utilize the remaining funds by month. The submitted expenditure plan may inform a revised disbursement schedule.

EXCHANGE RATE POLICY

charity: water operates in United States dollars (USD). As we invest in international programs, we require each partner to:

1. Have a written Exchange Rate Policy
2. Share the Policy for charity: water review during proposal development
3. Manage against the Policy at all stages of reporting

There are several methods for calculating local currency expenditures in USD. A partner may choose which system of conversion to apply, on the condition that the following essential requirements are respected:

- The method to be used is written down as an accounting policy (i.e., it is the partner's standard practice) and is made available upon request by charity: water
- The method is applied consistently by the partner during the life of the grant
- The method gives equal treatment to all types of transactions (and funding sources)
- The method can be demonstrated (i.e. the source of the rate is cited and the calculation is demonstrated in financial reports).

> **TIP:** *Using a weighted monthly average is the preferred method to calculate the exchange rate.*

Exchange rate gains and losses

In the case of material exchange rate fluctuation (>5% of total budget), charity: water requests to be notified as soon as reasonably possible. We will work closely with the partner to decide how to best suit each party's needs.

> **TIP:** *Please avoid waiting to notify charity: water of material exchange rate fluctuations until completion. Timely notifications enable us to come to a mutual understanding on how best to proceed with the program.*

In the case of an exchange rate gain, charity: water's preference is for the funds to be reinvested into the program.

Exchange rate losses are not eligible costs and will not be compensated or considered as justification for the reduction of program outputs.

These rules also apply for the gains/losses resulting from the conversion between the partner headquarters' currency and USD at the progress and completion reporting stages and those resulting from conversion between the partner headquarters' currency and other currencies used for the program.

UPDATED ANTI-TERRORISM POLICY

It is the policy of charity: water to seek to ensure that none of its funds are used, directly or indirectly, to provide support to individuals or entities associated with terrorism. In accordance with this policy, our partners must undertake to use reasonable efforts to ensure that none of the charity: water funds provided are used to support to individuals or entities associated with terrorism. We require all partners to maintain policies and procedures to ensure compliance with these requirements, and maintain contemporaneous documentation to support its reasonable efforts in ensuring compliance.

Our partners are notified that U.S. executive order and U.S. law prohibits transactions with and the provision of resources and support to individuals and organizations associated with terrorism. It is the legal responsibility of our partners to ensure compliance with these executive order and laws. This provision must be included in all sub-contracts/sub-agreements issued under our programs. In addition to relying on locally available resources, our partners may use resources available online to review established lists published by the U.S. government. These may be located at:

> http://www.treas.gov/offices/enforcement/ofac/programs/
> https://sanctionssearch.ofac.treas.gov/
> http://www.state.gov/j/ct/rls/other/des/123085.htm

Transactions with individuals, organizations, or any other entities including sanctioned governments on the above lists are prohibited.