



Budgeting & Financial Reporting

CEPI BUDGET AND FINANCIAL REPORTING INSTRUCTIONS

For use by potential awardees and awardees

TABLE OF CONTENTS

1	General Guidance	4
1.1	About this document	4
1.2	Template overview	4
1.2.1	Budgeting	4
1.2.2	Payment Requests and Reporting	4
2	Budget template	5
2.1	Overview	5
2.2	General Information worksheet	6
2.2.1	Proposal Information	6
2.2.2	Budget Periods	6
2.2.3	Indirect Cost	6
2.2.4	Foreign exchange	7
2.2.5	Contributions from other funders	8
2.2.6	Breakdown by Work Package	8
2.3	Budget Details worksheet	9
2.3.1	Overview	9
2.3.2	Pre-award activities	9
2.3.3	Personnel	10
2.3.4	Travel	10
2.3.5	Consultants	11
2.3.6	Equipment	12
2.3.7	Other Direct Costs	12
2.3.8	Sub-awards	12
2.4	Budget Summary sheet	13
2	Budget narrative	14
3.1	Overview of the Budget Narrative	14
4	Payment Structure	15
4.1	CEPI Biannual Payment	15
4.2	Forecasting Six-Month Expenditure	16

4.3	Retained Amount	16
5	Financial Reporting	17
5.1	Financial Reporting	17
5.2	The Financial Summary and Reporting Form	17
5.2.1	Cover Letter	17
5.2.2	Financial Summary	17
5.2.3	Notes	18
5.2.4	Financial Narrative	19
5.2.5	Work Package Statement	19
5.2.6	Asset Register	19
5.2.7	Biannual Payment Request	20
5.3	Verifiable Costs and Supporting Evidence	20
5.3.1	Supporting Documents	20
5.3.2	Cost Criteria and Disallowed Costs	20
5.3.3	Reporting Sub-Awardee Costs	21
6	Transfer and Use of Funds	22
6.1	Budget Transfer	22
6.2	Use of Funds	22
7	Managing Exchange Rates	23
7.1	Background	23
7.2	Applicability	23
7.3	Budgeting in USD	24
7.4	Recording Expenditure in USD	24
7.5	Reporting Expenditure in USD	25
7.6	Exchange Rate Fluctuations	25
8	Supplements & Re-budgeting	27

1 General Guidance

1.1 About this document

The purpose of this document is to provide you with sufficient guidance to complete your award budgeting and financial reporting in the CEPI templates. Our intention is to explain how to use the templates primarily by example, and to include tips that address common questions and issues.

1.2 Template overview

1.2.1 Budgeting

There are two budget-related documents to be submitted:

- **Budget Template (Excel file):** A structured Excel workbook that is designed to capture the financials of your application. The Excel file is the primary destination for *quantitative* budget information.
- **Budget Narrative:** A series of budget-related questions that are intended to elicit additional *qualitative* context and explanation regarding the budget figures and the connection between the budget and the scope of the application.

Important: While we are striving for minimal overlap and redundancy between information captured in different documents, it is important to pay attention to consistency across documents when you submit your materials. If your proposal development takes multiple iterations, please double-check documents for discrepancies when resubmitting them to avoid unnecessary rework and delays.

1.2.2 Payment Requests and Reporting

Payment requests and quarterly financial reports should be submitted in the Financial Summary and Reporting Form. A template form will be provided by CEPI to applicants that proceed to due diligence and contracting discussions.

2 Budget template

Rather than reading these detailed instructions upfront, please feel free to use the Quick Start Guide on the first worksheet in the Excel template to start working.

QUICK START GUIDE
 CEPI has used a template from BMGF as the basis for developing this budget template. This page provides a brief overview of the budget template. CEPI's *Budget and Reporting Instructions* and *Cost Guidance* documents have been provided separately. Each budget file that you submit should be accompanied by a budget narrative (see CEPI's *Budget and Reporting Instructions*).

INPUT SHEETS
 There are three sheets to be completed by the applicant or awardee. The sheets should be completed in the order set out below:

<p>1. General Information</p> <p>This tab contains basic project information including start and end dates, indirect cost rates and budgeted exchange rates.</p>	<p>2. Budget Details</p> <p>This tab records the detailed project budget by cost category and work package. You should refer to CEPI's <i>Cost Guidance</i> and the <i>Budget and Reporting Instructions</i> when completing the detailed budget.</p>	<p>3. Budget Summary</p> <p>This tab gives a summary of the project budget by cost category and work package. Input for this tab is only required if you have received or applied for funding from other sources for this project.</p>
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USEFUL INFORMATION

Data entry	You should only populate information in cells highlighted in yellow
Hints and error messages	Messages will pop-up when you enter data into some cells, these are to provide you with guidance as to how to complete the information. In addition, an error message may appear if you enter incorrect or inconsistent information. Please ensure that you review the error message and make any necessary corrections.
Copying data into the template	If you are copying information into the template from other files, please use the 'paste values' function in order to avoid corrupting the file or leaving links to external data sources.
Including additional information	You may include additional supporting files if you would like to show additional information or cost details, but please do not make changes to the structure, formatting or formulas in this workbook.

2.1 Overview

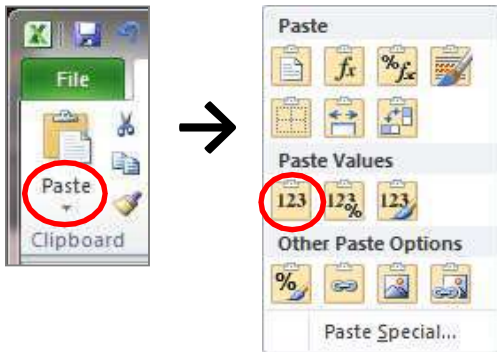
The Excel template has the following three worksheets that need to be filled out by applicants for each proposal:

- **General Information:** Used to capture basic facts about the project and its budget. Some of the information entered in the *General Information* worksheet drives what needs to be entered in the following sheets. Therefore, **the *General Information* worksheet should always be populated first.**
- **Budget Details:** Used to capture detailed line items that collectively make up the total budget.
- **Budget Summary:** Used to summarise the budget in tables that are automatically calculated from the *Budget Details* worksheet. This worksheet only requires additional input if you have received or applied for funding from other sources in relation to this project.

In each worksheet, you should only enter information into yellow highlighted cells. Some cells may have drop-downs or other validations that prevent entering incorrect data.

If you use your own internal tools for award budgeting, you can copy and paste information into this template. However, please be aware that there is a risk of corrupting the template if this is not done properly.

Important: Use **Paste Values** whenever transferring data from an external source into the template to ensure that you copy your information into the template without problems. If you don't use the **Paste Values** function, your information and/or the template can become corrupted.



If needed, you can unhide additional rows to enter more information in most of the tables. Please notify CEPI if you need to insert additional rows.

2.2 General Information worksheet

Information in the *General Information* worksheet should always be entered prior to populating the other sheets.

Important: Much of the information in the *General Information* worksheet is also part of other proposal documents. Therefore, please ensure that information is consistent across documents when the package is submitted.

2.2.1 Proposal Information

Organisation Name: Please enter your organisation’s official full name as it is stated on the proposal cover page.

Project name: Please enter the project title as it is stated on the proposal cover page.

2.2.2 Budget Periods

Pre-award activities: Select Yes or No to respond to the question *Please indicate if you plan to undertake project implementation activities at your own risk.* The answer given should correspond to your answer to section 4.10 of the *Project Description* document.

CEPI makes bi-annual funding payments, therefore the budget should be entered in six-month periods.

Anticipated Start Date: Enter the expected start date for the project using the date format dd/mm/yyyy. The start date that you enter should reflect the date that you intend to start work on the project, which may be prior to signature of a partnering agreement with CEPI.

Anticipated End Date: Enter the expected end date for the project.

Project Duration: No entry necessary. This will be calculated automatically and expressed in months based on what you enter in the Anticipated Start and End Dates.

2.2.3 Indirect Cost

The template distinguishes between two components of Indirect Cost allowed to the primary Awardee with two separate rates, as applicable.

Indirect Cost Rate on Primary Awardee's direct costs: This rate is used to calculate the allowable Indirect Cost over and above the Direct Cost incurred by you as the primary Awardee (excluding sub-awards). The percentage is applied to the sum of the following categories: Personnel, Travel, Consultants, Capital Equipment and Other Direct Costs. **The maximum indirect cost rate is 15%.**

Important: CEPI’s Cost Guidance document defines the expenses that qualify as direct costs for CEPI-funded projects. Please pay close attention to these guidelines and avoid including items in the *Budget Details* worksheet that are considered indirect costs.

Primary Awardee's Indirect Cost Rate on Sub-award costs: This rate is used to calculate the allowable Indirect Costs awarded to the primary Awardee if there are additional costs incurred in administering any sub-awards that are not captured elsewhere in the budget. The percentage is applied to the total Sub-award category cost only. This rate is different from the Indirect Costs that Sub-awardees receive for the work that they perform on behalf of the primary Awardee. **The maximum indirect cost rate is 15%.**

The same maximum rate applies for both the *Indirect Cost Rate on Primary Awardee's direct costs* and the *Primary Awardee's Indirect Cost Rate on Sub-award costs*, but the two percentages are entered separately as there will be situations where they differ, e.g. in the event of large sub-awards where administrative overhead for the primary Awardee may be a relatively small percentage.

Important: The Indirect Costs that go to the Sub-awardee are captured in the *Budget Details* worksheet and not in the *General Information* worksheet. See Section 2.3.7 below for further information on entering Sub-awardee costs in the budget.

2.2.4 Foreign exchange

CEPI awards are disbursed in US dollars (USD/\$). If some or all funds for this project will be spent in non-USD currencies, this can have a significant impact on the cost of the project in relation to the approved funds in USD. Longer projects with exposure to volatile currencies are especially at risk. To better understand how those issues might impact your project, we ask that your currency-related assumptions are made transparent at the initial budgeting stage. CEPI expects Awardees to manage their own currency risk, and foreign exchange losses are not permitted as an eligible cost.

Please indicate in the template whether funds will be spent in non-USD currencies and complete the details of the exchange rates used, if applicable.

<p>Foreign exchange</p> <p>Please indicate if this budget includes line items for funds that will be spent in non-USD currencies. <i>This includes your direct costs and the currency in which you will fund sub-awardees.</i></p> <p>If funds will be spent in non-USD currencies, please provide details of each currency and the budgeted exchange rate in the table opposite.</p>	<table border="1"> <thead> <tr> <th>Currency</th> <th>FX rate USD/local currency</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Currency	FX rate USD/local currency										
Currency	FX rate USD/local currency												

The exchange rate that you enter should be a reasonable estimate of the exchange rate at the time the budget is developed according to a reputable online source or your institutional policy. The values entered do not affect any formulas in the workbook but serve to provide transparency on assumptions that drive projected costs. Please describe how you determined the appropriate exchange rate(s) in the Budget Narrative.

Full detailed guidance and explanation of CEPI’s requirements on the treatment of exchange rates and foreign currency transactions, including budgeting, recording and reporting on expenditure of CEPI funds

in non-USD currencies, is set out in Section 7.

2.2.5 Contributions from other funders

For projects that are co-funded between CEPI and other funders, the template requires you to provide details of the full project budget.

Note: We consider a project to be “co-funded” when **funding from multiple sources is required to reach the outcomes for the project as described in the proposal.**

If funding from multiple sources is required to reach the outcomes for the project, please select Yes for the relevant question in the *General Information* worksheet. In addition, you should complete the ‘total funding plan’ table in the *Budget Summary* worksheet (see Section 2.4 for additional details).

2.2.6 Breakdown by Work Package

The template requires the budget to be presented by Work Package.

The Work Packages for the project are entered at the bottom of the *General Information* worksheet. The Work Packages will be populated when you select a pathogen in the proposal information section.

The screenshot shows two parts of a form. The top part, titled "Proposal information", contains three input fields: "Organisation name", "Project name", and "Pathogen". The "Pathogen" field is a dropdown menu with "CHIKV" selected. A red box highlights the "Pathogen" field with the text: "Pathogen - you must complete this field for the WP structure below to be populated". A blue arrow points from the "Pathogen" field to the "Work packages" section below. The "Work packages" section contains a table with seven rows, labeled "Work Package 1" through "Work Package 7".

Work packages
Work Package 1
Work Package 2
Work Package 3
Work Package 4
Work Package 5
Work Package 6
Work Package 7

The list of Work Packages is also used to populate a drop-down list in the Work Package field of the *Budget Details* worksheet. Please ensure that you select the appropriate Work Package for each item in the *Budget Details* worksheet.

Note: To prevent inconsistencies, avoid making updates to the *General Information* worksheet once you have started populating the *Budget Details* worksheet.

As you populate the *Budget Details* worksheet, the budget breakdown by Work Package is automatically generated in a summary table in the *Budget Summary* worksheet.

2.3 Budget Details worksheet

2.3.1 Overview

The *Budget Details* worksheet represents a bottom-up build of the project’s budget. It covers six different expense categories and asks for a coherent set of information across all categories:

- **Work Package** (column C): Pre-populated dropdown list of the Work Packages specified on the *General Information* worksheet
- **Pre-/post-award activity** (column D): Please indicate if the cost relates to pre- or post-award activities
- **Description** (column E): Please include a brief description of the line item
- **Purpose** (column F): What is the purpose of this line item?
- **Unit Cost** (column G): What is the cost per unit in USD?
- **Quantity** (columns H-Q): How many units will be needed per period?
- **Additional Information** (columns R-S): Captures additional information for some of the expense categories (Personnel, Consultant, Equipment and Sub-award)
- **Notes** (column T): optional column available to capture additional information that you think may be useful for CEPI.

You should complete the information in the General Information worksheet before starting to populate the Budget Details						Period 1	Period 2	Period 3	Period 4	Period 5	Period 6			
Line ref.	Work package	Pre-/post-award activity	Description	Purpose	Unit Cost	Period 1 Quantity	Period 2 Quantity	Period 3 Quantity	Period 4 Quantity	Period 5 Quantity	Period 6 Quantity	Addtl. Info1	Addtl. Info2	Notes
Personnel - total compensation and FTE allocation for staff working directly on the CEPI project														
Line ref.	Work package	Pre-/post-award activity	Name	Job Title	Annual Salary per FTE	Period 1 FTE Allocation	Period 2 FTE Allocation	Period 3 FTE Allocation	Period 4 FTE Allocation	Period 5 FTE Allocation	Period 6 FTE Allocation	% Inflation (Annualised)	% Benefits	Notes (optional)
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
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Travel - all travel related costs necessary for the project and in accordance with CEPI's Travel Policy														
Line ref.	Work package	Pre-/post-award activity	Travel Cost Item Description	Purpose of Trip	Cost per Item	Period 1 No. of Items	Period 2 No. of Items	Period 3 No. of Items	Period 4 No. of Items	Period 5 No. of Items	Period 6 No. of Items	N/A	N/A	Notes (optional)
1														
2														
3														
4														
5														

Important: In general, no single line item should exceed 5% of the total budget or \$100k (whichever is less). Where it is not practical or meaningful to break a line item into component parts, you can use the Budget Narrative to explain the nature of the expenditure.

2.3.2 Pre-award activities

If you have indicated in the *General Information* worksheet and Project Description document that you will begin project implementation activities at your own risk, you should indicate the costs that will be incurred prior to signature of a Partnering Agreement with CEPI in the *Pre-/post-award activity* column. If some costs will be incurred pre-award and the remainder of the cost post-award, then the cost should be split over two budget lines.

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

Line ref.	Work package	Pre-/post-award activity	Description	Purpose	Unit Cost	Period 1 Quantity	Period 2 Quantity	Period 3 Quantity
Personnel - total compensation and FTE allocation for staff working directly on the CEPI project						0.30	0.30	0.30
Line ref.	Work package	Pre-/post-award activity	Name	Job Title	Annual Salary per FTE	Period 1 FTE Allocation	Period 2 FTE Allocation	Period 3 FTE Allocation
1	Work package 1	Pre-award (at risk)	Employee 1	Project manager	\$50,000	0.10		
2	Work package 1	Post-award	Employee 1	Project manager	\$50,000	0.20	0.30	0.30
3								

2.3.3 Personnel

When entering personnel items, each line should cover only one individual (i.e., multiple individuals should not appear in a given row). As the budget will be broken down by Work Package, you should budget for fractions of the same individual across multiple Work Packages, as needed. This approach simplifies error-checking since the length of a given period sets a clear maximum for full-time equivalent (FTE) allocations (e.g., the maximum FTE allocation for a 12-month period is 1.0 FTEs, whereas the maximum for a 3-month period would be 0.25 FTEs).

The unit cost is the annualized salary (or wage compensation) per FTE position in Period 1. To account for salary increases, an annualized percentage increase can be included in the ‘% Inflation (Annualised)’ field. ‘Benefits’ (i.e. fringe costs, such as employee health insurance, pension and social security costs) are captured as a percentage on top of salaries in a column S.

Line ref.	Work package	Description	Purpose	Unit Cost	Period 1 Quantity	Period 2 Quantity	Addtl. Info1	Addtl. Info2	Notes	Period 1 Amount	Period 2 Amount
Personnel - total compensation and FTE allocation for staff working directly on the CEPI project						0.35	0.30			\$21,000	\$18,000
Line ref.	Work package	Name	Job Title	Annual Salary per FTE	Period 1 FTE Allocation	Period 2 FTE Allocation	% Inflation (Annualised)	% Benefits	Notes (optional)	Period 1 Personnel Cost	Period 2 Personnel Cost
1	Work Package 1	Employee 1	Project Manager	\$50,000	0.20	0.10	1%	20%		\$12,000	\$6,000
2	Work Package 2	Employee 1	Project Manager	\$50,000	0.15	0.20	1%	20%		\$9,000	\$12,000
3										-	-
4										-	-

Note: The allocation per period is expressed as a fraction of a full work year. Since the budget is presented in 6-month periods, the value entered needs to be discounted accordingly.

For example, a person dedicating 80% of their full time to a project over a six-month period translates into an FTE allocation of 0.40 in the template (i.e., $6/12 * 0.8 = 0.4$).

There are several reasons why we chose this approach for entering personnel, including:

- **Transparency** – We would like to see total person-years budgeted over the full duration of the project, which is possible by adding up allocations over periods.
- **Consistency** – We would like to have line items across all categories in the Budget Details worksheet follow the consistent CEPI equation of unit cost x number of units per period.

When estimating the FTE allocation for new positions, it is important to consider the typical time lag between the start date of the project and the new person actually being in place. Therefore, for positions to be hired you should discount the FTE allocation in period 1 according to typical hiring delay.

2.3.4 Travel

Line items in the Travel category can be entered in a variety of ways to suit your budgeting preference. Multiple identical trips by multiple people can be reflected in the same line, as illustrated in the example below:

Line ref.	Work package	Travel Cost Item Description	Purpose of Trip	Cost per Item	Period 1 No. of Items	Notes (optional)	Period 1 Travel Cost
Travel - all travel related costs necessary for the project and in accordance with CEPI's Travel Policy					2.00		\$6,000
1	Work Package 1	Trip London to Mumbai, 2 people	Site visit	\$3,000	2.00	Flights, 3 nights hotel & per diem	\$6,000
2							-
3							-

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

Lines 2-5 represent a more detailed way of budgeting the same set of trips and can be used if this is how you usually budget travel expenses:

Travel - all travel related costs necessary for the project and in accordance with CEPI's Travel Policy							7.00	\$6,000
Line ref.	Work package	Travel Cost Item Description	Purpose of Trip	Cost per Item	Period 1 No. of Items	Notes (optional)	Period 1 Travel Cost	
1	Work Package 1	Flight London to Mumbai	Site visit	\$4,200	1.00	Flight cost for 2 people	\$4,200	
2	Work Package 1	Hotel Mumbai	Site visit	\$500	3.00	Hotel 3 nights for 2 people	\$1,500	
3	Work Package 1	Per diems Mumbai	Site visit	\$100	3.00	Per diems 3 days for 2 people	\$300	
4								

By contrast, an example that does **not** provide sufficient detail is shown below:

Travel - all travel related costs necessary for the project and in accordance with CEPI's Travel Policy							1.00	\$6,000
Line ref.	Work package	Travel Cost Item Description	Purpose of Trip	Cost per Item	Period 1 No. of Items	Notes (optional)	Period 1 Travel Cost	
1	Work Package 1	International travel	Site visit	\$6,000	1.00		\$6,000	
2								

You should ensure that the Budget Narrative provides an explanation and justification for the number of individuals travelling, the number of trips and travel locations.

2.3.5 Consultants

The Consultant category includes individuals who are working on the project but are not your employees. Independent contractors are also considered consultants. Contracts with consulting firms that are set up in a fixed fee arrangement or do not have individualized rates may be included in the Sub-award category instead.

One way to enter the requested budget for individual consultants is to express the fees as a daily rate multiplied by the number of days. Alternatively, if the contract is based on an hourly/weekly/other rate, you may populate the template accordingly, but please use the *Billing Unit* column to indicate the type of rate used.

The example below identifies *Daily* in the *Billing Unit* column, which then identifies the *Billing Rate* of \$500 for the Safety Expert is the Daily Rate and the 50 billable units over the three periods are the number of days the Safety Expert is anticipated to be working on this project.

If the consultant contract allows reimbursable expenses, they can be represented in different ways, depending on your budgeting preferences. Line 2 has *Billing Rate* set to \$1 and captures the anticipated expenses for site visits as *Billable Units*.

Consultants - costs for personnel not directly employed by the organisation but retained for work on the CEPI project										2,410.00	4,820.00	4,820.00	\$7,400	\$14,800	\$14,800
Line ref.	Work package	Consultant Name	Role / Purpose of Engagement	Billing Rate / Project Cost	Period 1 Billable Units	Period 2 Billable Units	Period 3 Billable Units	Billing Unit	Consultants Cost	Consultants Cost	Consultants Cost	Period 1	Period 2	Period 3	
1	Work Package 2	Consultant 1	Safety expert	\$500	10.00	20.00	20.00	Daily	\$5,000	\$10,000	\$10,000				
2	Work Package 2	Consultant 1	Safety expert - site visit expense	\$1	2,400.00	4,800.00	4,800.00	Expense	\$2,400	\$4,800	\$4,800				

Below is an alternative example with the same amount of expenses but expressed as unit cost of \$2,400 (per site visit) multiplied with the number of planned site visits.

Consultants - costs for personnel not directly employed by the organisation but retained for work on the CEPI project										11.00	22.00	22.00	\$7,400	\$14,800	\$14,800
Line ref.	Work package	Consultant Name	Role / Purpose of Engagement	Billing Rate / Project Cost	Period 1 Billable Units	Period 2 Billable Units	Period 3 Billable Units	Billing Unit	Consultants Cost	Consultants Cost	Consultants Cost	Period 1	Period 2	Period 3	
1	Work Package 2	Consultant 1	Safety expert	\$500	10.00	20.00	20.00	Daily	\$5,000	\$10,000	\$10,000				
2	Work Package 2	Consultant 1	Safety expert - site visit expense	\$2,400	1.00	2.00	2.00	Expense	\$2,400	\$4,800	\$4,800				
3															

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

2.3.6 Equipment

The Equipment section should include only items of equipment or other capital expenditure with a unit cost of at least \$5,000 and a useful life of more than one year. Goods that do not fit this definition should be included under Other Direct Costs.

Equipment should only include items that will be purchased after the execution of an agreement with CEPI, for the purposes of the CEPI project, and in accordance with CEPI’s Cost Guidance.

There are two additional fields to be completed for equipment costs:

1. ‘Equipment use’ (column R): this provides details of whether the equipment is for production or development use.
2. ‘Useful life’ (column S): you should enter the useful life of the equipment (in months) based on your standard accounting policy.

Below is an example of a completed equipment cost line:

Equipment - equipment or other capital expenditure costs with a unit cost >\$5k and useful life >1 year								1.00	\$10,000
Line ref.	Work package	Equipment Description	Purpose of Equipment	Cost per Item	Period 1 Quantity	Equipment use	Useful life	Period 1 Equipment Cost	
1	Work Package 3	Freezer -80	Sample storage	\$10,000	1.00	A - development use only	60	\$10,000	
2									

2.3.7 Other Direct Costs

This category typically includes supplies and equipment with a unit cost under \$5,000. It also serves as a place to capture expenditure that qualifies as a direct cost and does not fit any of the other categories, as illustrated by the example below.

Other direct costs - direct project expenses not included in other cost categories								30.00	60.00	\$25,000	\$55,000
Line ref.	Work package	Item description	Purpose of Item	Cost per Item	Period 1 Quantity	Period 2 Quantity	Period 1 Other Direct Cost	Period 2 Other Direct Cost			
1	Work Package 2	Animal housing (cost per day)	Immunogenicity study	\$1,000	20.00	50.00	\$20,000	\$50,000			
2	Work Package 3	Shipping costs	Shipment of samples to collaboration partners	\$500	10.00	10.00	\$5,000	\$5,000			

Please include only allowable items per the CEPI Cost Guidance and avoid line items that represent significant amounts without being specific enough, such as the following example:

Other direct costs - direct project expenses not included in other cost categories							1.00	\$70,000
Line ref.	Work package	Item description	Purpose of Item	Cost per Item	Period 1 Quantity	Period 1 Other Direct Cost	Period 1 Other Direct Cost	
1	Work Package 2	Consumables	Lab use	\$70,000	1.00	\$70,000	\$70,000	

Note: Where it is not practical or meaningful to break a line item into component parts, you should use the Budget Narrative to give a detailed description of the nature of the expenditure and any assumptions used to calculate the budgeted amount.

2.3.8 Sub-awards

Sub-awards are contracts or awards that the primary Awardee has negotiated (or will negotiate) with other organisations who contribute to the completion of this project and/or who form part of the consortium. The primary Awardee receives the funds and passes them through to the Sub-awardee. The primary Awardee is responsible for negotiating the sub-award budget, overseeing the work of the Sub-awardee, disbursing funds in accordance with the sub-award agreement and ensuring all applicable policies are adhered to. In the budget spreadsheet, please enter each sub-award as a separate line item, showing the expected disbursement for each period.

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

Important: When entering sub-award amounts in your budget per period, please consider how much you expect to pay out in the corresponding timeframe, which may be different from the cost the Sub-awardee will incur in the same period. For example, a contract could span periods 1 & 2, but invoices may only be paid at the conclusion of the work in period 2; therefore, you would enter \$0 in period 1, and period 2 would include the full cost of the contract.

Please be aware that the limitations on indirect costs defined in CEPI’s Cost Guidance apply to both the primary applicant organisation and any sub-awardees. Indirect Costs awarded to Sub-awardees are not automatically calculated in the template. Please state the full amounts, inclusive of indirect cost for each period and use the % *Indirect Cost* column to indicate the applied Indirect Cost rate for each Sub-awardee.

Please ensure that you complete the *Sub-award type* field (column R) for each line item entered in this budget category. The options available for this field are ‘sub-grantee’ and ‘sub-contractor’. Please see CEPI’s Cost Guidance document for an explanation of the difference between the sub-award types.

In the example below, there is one sub-contractor and one sub-grantee. of the sub-grantee has a total budget of \$330,000, including \$300,000 in direct costs and 10% (\$30,000) in indirect cost.

Sub-awards - other organisations involved in delivery of the project, either as sub-grantees or sub-contractors				\$140,000	\$210,000			\$140,000	\$210,000
Line ref.	Work package	Sub-award Organisation	Scope of Sub-award	Period 1 Amount	Period 2 Amount	Sub-award Type	% Indirect Cost	Period 1 Sub-award Cost	Period 2 Sub-award Cost
1	Work Package 2	Organisation 1	Data management services	10,000	10,000	Sub-contractor	0 %	\$10,000	\$10,000
2	Work Package 2	Organisation 2	Challenge study	130,000	200,000	Sub-grantee	10 %	\$130,000	\$200,000

It is important for CEPI to have a good understanding of all the significant cost drivers behind a given award budget. Therefore, if there are sub-awards, you are required to submit separate Sub-awardee budgets and Budget Narratives in the CEPI template. Where Sub-awardees are sub-contractors, you can provide a detailed fee quote in place of a budget.

If the Sub-awardee and/or amounts are not known at the time you develop the budget, please provide the estimated cost and rationale for each sub-award. You will be asked to submit a detailed budget for review when available.

2.4 Budget Summary sheet

The *Budget Summary* worksheet provides a high-level summary of the key budget information. It contains the following tables:

- **Total funding plan:** the total CEPI budget for each period plus any project funding provided from other sources.

Note: if you have received or applied for funding from other sources in relation to this project, please provide the relevant information in the yellow highlighted cells.

- **Budget by cost category:** the sum of the line items entered in the *Budget Details* worksheet for each expense category.
- **Direct costs budget by Work Package:** the sum of the line items for all direct cost categories entered in the *Budget Details* worksheet by Work Package.
- **Total budget by Work Package (inc. IDC):** the total budget by Work Package entered in the *Budget Details* worksheet, including indirect costs.

2 Budget narrative

3.1 Overview of the Budget Narrative

The purpose of the Budget Narrative is to supplement the information provided in the budget spreadsheet by justifying how the budget cost elements are necessary to implement project outcomes and accomplish the results. Specifically, the Budget Narrative is:

- A tool to help CEPI understand the budgetary needs and assumptions of the applicant;
- An opportunity for applicants to provide descriptive information about their budget costs beyond the constraints of the budget spreadsheet; and
- A means for applicants to articulate the link between project outcomes and direct costs as well as explain what is covered by the requested indirect cost rate.

Ideally, the Budget Narrative should be filled out in tandem with the Budget Template Excel file. Taken together, these two documents should provide a complete quantitative and qualitative description of how the budget supports the proposed project plan and target outcomes for the award. Please complete one Budget Narrative for each Budget Template submitted.

4 Payment Structure

4.1 CEPI Biannual Payment

CEPI makes advance bi-annual payments to Awardees in line with Awardees’ total forecasted six-month expenditure across all cost categories. When the CEPI Framework Partnering Agreement (“Agreement”) is signed, Awardees should submit the Financial Summary and Reporting Form indicating their forecasted six-month expenditure for each **approved** Work Package in the ‘Financial Summary’ worksheet:

	Year 1, Q1 & Q2					
	Projected Q1&Q2 Expenditure	Q1 Actual Expenditure	Q2 Actual Expenditure	Variance, \$	Variance, %	Note no.
Total, Completed work packages	\$ -	\$ -	\$ -			
Work package 1						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 1	\$ -	\$ -	\$ -	\$ -	0 %	
Work package 2						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 2	\$ -	\$ -	\$ -	\$ -	0 %	
Work package 3						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 3	\$ -	\$ -	\$ -	\$ -	0 %	

Note: In the above, forecasted six-month expenditure for quarters 1 and 2 for Work Packages 1, 2 and 3 should be shown by completing the column ‘Projected Q1 and Q2 Expenditure’ in the ‘Financial Summary’ sheet.

To request payments, Awardees should complete the ‘Biannual Payment Request’ worksheet in the Financial Summary and Reporting Form. This should be **signed by an authorised representative** and submitted to CEPI in pdf format to request payment for the next six-month period. All CEPI payments after the first payment will be reduced by:

1. the amount of any Work Package underspend from the previous six-month period;
2. the amount of any interest gained by Awardees during the previous six-month period; and
3. 10% of the total forecasted six-month expenditure (“Retained Amount”).

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

A. Total projected expenditure this payment period	\$	-
<i>For reference: CEPI retainer % applied to projected expenditure</i>		10 %
B. Total retained, this payment period	\$	-
C. Interest earned in previous payment period	\$	-
D. Available cash balance (from previous reporting period)	\$	-
E. Total payment request	\$	-

Note: In the 'Biannual Payment Request' worksheet, to calculate the total payment request, Awardees should list (A) aggregate forecasted expenditure, across all Work Packages, for the next upcoming six-month period (C) aggregate interest earned from the CEPI funding from the previous six-month period (D) aggregate available cash balance (unspent funds remaining from the previous six-month biannual period) and (B) where applicable in accordance with the Agreement, the Retained Amount.

4.2 Forecasting Six-Month Expenditure

After each six-month period, Awardees should submit the Financial Summary and Reporting Form indicating forecasted six-month expenditure per Work Package. Forecasted six-month expenditure should only include the costs of activities **actually planned** in a six-month period, including follow-up Work Package activities and next Work Package preparation activities. Awardees should **not** forecast for the full cost of any budget item unless that resource is needed **in total** only within **that** corresponding six-month period. The costs of any budget line item which exceed six-month projected activity are ineligible for payment until the period when that activity is planned. This applies to Awardees and all Sub-awardees, Consultants and all other third parties' forecasted six-month expenditure. CEPI will not pay the full cost of any parties' activities above the forecasted cost of six-months performance. Upon CEPI's approval of Awardee's submitted Financial Summary and Reporting Form(s), and, on condition that all other technical, reporting and compliance requirements as set out in the Agreement have been met, CEPI will make payments to Awardees.

If an Awardee's Work Package is scheduled to end prior to the completion of a six-month period, CEPI will pay the Awardee for the **forecasted amount needed until the Work Package is completed**. If CEPI authorises Awardees to start a new Work Package, Awardees should forecast costs for the new Work Package until the end of the **current six-month period**. Thereafter, Awardees should continue to forecast expenditure every six months.

4.3 Retained Amount

In accordance with the Agreement, upon CEPI's acceptance of the final milestone report for a Work Package, Awardees should request payment of the Retained Amount using the payment request worksheet contained in the Financial Summary and Reporting Form.

5 Financial Reporting

Awardees should complete all regular financial reporting using the CEPI Financial Summary and Reporting Form.

5.1 Financial Reporting

Awardees should submit Financial Summary and Reporting Forms and Quarterly Technical Reports every three months (quarter) from the start date. The Financial Summary and Reporting Form and the Quarterly Technical Report should be submitted to CEPI no later than **twenty (20) working days** after the end of each three-month period.

On completion of a Work Package, Awardees are required to submit the Financial Summary and Reporting Form showing **all** actual costs incurred within sixty (60) days after the end of the Work Package.

5.2 The Financial Summary and Reporting Form

The Financial Summary and Reporting Form consists of seven worksheets: (i) Cover Letter (ii) Financial Summary (iii) Notes (iv) Financial Narrative (v) Work Package Statement (vi) Asset Register and (vii) Biannual Payment Request.

5.2.1 Cover Letter

This should be completed by Awardees after the end of each three-month period, signed by an authorised representative, and submitted to CEPI (in pdf) together with the completed Financial Summary and Reporting Form.

5.2.2 Financial Summary

In order to follow the CEPI funding disbursement cycles, the columns are divided into biannual groups (two quarters), and the rows are grouped by Work Package. First, choose the relevant year and quarter by clicking the '+' on top of the Worksheet. Second, choose the relevant Work Package(s) by clicking the '+' on the left-hand side. Once every six months the forecasted expenditure for the next six-month period should be completed. After the end of each three-month period, please complete the actual expenditure for the relevant quarter and relevant Work Package - only include expenditure that has **actually been incurred and reimbursed** during the quarterly period:

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

	Year 1, Q1 & Q2					
	Projected Q1&Q2 Expenditure	Q1 Actual Expenditure	Q2 Actual Expenditure	Variance, \$	Variance, %	Note no.
Total, Completed work packages	\$ -	\$ -	\$ -			
Work package 1						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 1	\$ -	\$ -	\$ -	\$ -	0 %	
Work package 2						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 2	\$ -	\$ -	\$ -	\$ -	0 %	
Work package 3						
Personnel				\$ -	0 %	
Travel				\$ -	0 %	
Consultants				\$ -	0 %	
Equipment				\$ -	0 %	
Other Direct Costs				\$ -	0 %	
Sub-awards				\$ -	0 %	
TOTAL DIRECT COST	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Primary Awardee Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
Indirect Cost (Sub-award Portion)	\$ -	\$ -	\$ -	\$ -	0 %	
TOTAL WP 3	\$ -	\$ -	\$ -	\$ -	0 %	

Note: In the above actual expenditure for quarter 1 for Work Packages 1, 2 and 3 would be shown by Awardees by completing the column 'Q1 Actual Expenditure' in the 'Financial Summary' worksheet. After completion of quarter 2, Awardees should show actual expenditure for quarter 2 for Work Packages 1.1, 1.2 and 1.3 by completing the column 'Q2 Actual Expenditure'.

5.2.3 Notes

After the end of each three-month period, Awardees should use the 'Notes' worksheet to explain actual expenditures that deviate notably from the forecasted expenditure:

Note no.	Variance notes
1	
2	
3	
4	
5	

5.2.4 Financial Narrative

After the end of each three-month period, Awardees are required to answer each of the financial narrative questions providing clear written descriptions of: (i) the components of the forecasted expenditure; (ii) all actual costs incurred for **each** cost category; (iii) written descriptions of potential technical or financial risks, (iv) clearly indicate non-USD actual expenditure, and (v) procurement activities undertaken:

10. Non-USD expenditure
If you have indicated non-USD expenditure on the cover letter, please explain which portion of your actual expenditure was incurred in each currency.

Note: In the above Awardees should indicate the total amount of **actually incurred** USD expenditure that was incurred in non-USD currency by listing each non-USD currency, the corresponding total USD amount incurred in that currency. This should include non-USD costs incurred by Sub-awardees.

5.2.5 Work Package Statement

This worksheet is for completion by CEPI only.

5.2.6 Asset Register

This worksheet should be completed upon purchase of new equipment:

Asset and Equipment Register Template																
Organisation:																
Address:																
Asset/ Equipment No.*	Asset/Equipment Description	Purchase Date	Purchase Price	Purchase Currency	Location (include full address)	Pricing Class										
1																
2																
3																
4																
5																
TOTAL			\$0.00													
(*Equipment only includes items with a unit cost of at least \$5,000 (USD) and a useful life of more than one year)																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="background-color: #e1f5fe;">Pricing Class</th> </tr> <tr> <th style="background-color: #e1f5fe;">Price Type:</th> <th style="background-color: #e1f5fe;">Purchase Price:</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e1f5fe;">A</td> <td style="background-color: #e1f5fe;">\$5,000 - \$12,799</td> </tr> <tr> <td style="background-color: #e1f5fe;">B</td> <td style="background-color: #e1f5fe;">\$12,800 - \$63,999</td> </tr> <tr> <td style="background-color: #e1f5fe;">C</td> <td style="background-color: #e1f5fe;">\$64,000 <</td> </tr> </tbody> </table>							Pricing Class		Price Type:	Purchase Price:	A	\$5,000 - \$12,799	B	\$12,800 - \$63,999	C	\$64,000 <
Pricing Class																
Price Type:	Purchase Price:															
A	\$5,000 - \$12,799															
B	\$12,800 - \$63,999															
C	\$64,000 <															

Note: In the above Awardees should record Equipment items as they are **purchased and supplied** to Awardees. Only **approved** Equipment items listed in the Work Package budgets should be purchased by Awardees. The description should clearly match the description included in the Work Package budget.

5.2.7 Biannual Payment Request

After each six-month period Awardees should complete and submit the 'Biannual Payment Request' worksheet to CEPI in pdf format, signed by an authorised representative, when requesting payment for the next upcoming six-month biannual period. See Section 4 for further details.

5.3 Verifiable Costs and Supporting Evidence

As set out in the CEPI Cost Guidance, CEPI funds eligible direct costs that are: (i) **traceable, essential and reasonable**; (ii) that are **actually incurred** in accordance with an approved Work Package budget; and (iii) that are **verifiable** with supporting documents proving occurrence. CEPI requires Awardees and Sub-awardees to keep appropriate records to verify all actual expenditures claimed in accordance with the approved Work Package budgets. Upon CEPI's request, Awardees will grant CEPI access to supporting documents and appropriate extracts from the financial system(s) used by Awardees to administer the CEPI funding.

5.3.1 Supporting Documents

For **each** Financial Summary and Reporting Form submitted, Awardees should provide:

1. a transcript of your complete transactions for the quarterly reporting period including an extract from your accounting system showing actual expenditure recorded against the specific accounting cost code for the project – this information should provide the line item transaction detail reconciling to the actual costs set out in the Financial Summary and Reporting Form and indicate whether such expenditure is an internal cost/recharge or third party cost;
2. an extract from your financial (or other) system which records the actual time worked on the CEPI project for each named member of staff in the Work Package budget;
3. an extract from your accounting system which demonstrates that the actual costs of Personnel for each quarterly reporting period was charged to the CEPI project using a separate accounting cost code specific to the project;
4. receipts showing the actual costs of the following travel items: accommodation, room and conference hire, domestic and international air-travel and domestic and international ground transportation and transfers;
5. signed agreements for all Sub-awardees and Consultants that have been contracted (either as a Consultant, Grantee or Contractor) during the quarterly reporting period;
6. invoices and/or payment request documentation received from Sub-awardees (Grantees and Contractors) and Consultants;
7. purchase orders and receipts verifying Equipment items actually purchased in accordance with the agreed Work Package budget during the quarterly reporting period;
8. an extract from your financial system which demonstrates that actual Other Direct Costs for each quarterly reporting period were charged using a separate accounting cost code specific to the project and, receipts and purchase orders verifying that materials and supplies were actually received and paid for during the quarterly reporting period.

5.3.2 Cost Criteria and Disallowed Costs

CEPI will review all actual expenditure reported by Awardees to confirm that all costs:

1. are eligible costs incurred in accordance with the CEPI Cost Guidance;
2. are traceable, essential and reasonable;
3. are actually incurred in accordance with an approved Work-Package Budget;
4. are incurred during the period of the grant and not before the start date or after the end date (unless with specific prior CEPI approval);
5. are incurred solely for the performance of the CEPI project(s);

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

6. are verifiable with supporting documents proving occurrence;
7. are incurred in compliance with the terms of the Agreement and the CEPI policies and procedures (as set out in the Agreement).

CEPI will consider costs that do not meet **all** of the above criteria as **disallowed costs** that cannot be charged to the CEPI grant. Further detail describing disallowed costs is shown in the box below:

CEPI will consider the criteria below to determine disallowed costs:

- Lack of supporting documents to verify occurrence of the expenditure;
- Insufficient and/or inappropriate supporting documents to verify occurrence of the expenditure;
- Missing or inappropriate authorizations not signed by a duly authorized official/representative;
- Missing accounting records such as verifiable, individual and itemised transactions in general ledger entries;
- Lack of evidence of receipt of goods or performance of services;
- Lack of third party documentation such as original invoice or receipts;
- Lack of supporting documentation for the existence of goods or services (inventory, receipt, invoices and proof of payment);
- Lack of documentation to support expenditures (e.g., only cash register receipts or bank statement entries);
- Missing flight receipts or hotel invoices to support travel claims;
- Lack of original tender documentation and/or insufficient evidence of request for quotes or proposals received;
- Expenditures for goods and services not included in the approved Work Package budget;
- Expenditures exceeding the cost of items in the approved Work Package budgets;
- Falsified or fabricated supporting documents;
- Expenditures compromised by prohibited behaviour and/or contrary to the Agreement and the CEPI policies and procedures (as set out in the Agreement);
- Inadequate contracting practices such as lack of tangible deliverables and subcontracts which are inconsistent with the terms of the Agreement.

5.3.3 Reporting Sub-Awardee Costs

It is the Awardees' responsibility to monitor and review Sub-awardees' actual expenditure, deliverables and compliance with the terms of the Agreement. CEPI requires (as a minimum) that Awardees should set up and follow financial reporting processes with their Sub-awardees to verify that reported actual costs for Grantees, and, deliverables for Contractors, are; (i) **traceable, essential and reasonable**; (ii) **actually incurred in accordance with the approved Work Package budget**; and (iii) **verifiable with supporting documents proving occurrence**. Awardees are required (as a minimum) to retain records to:

- verify that all actual expenditure claimed by Sub-awardee Grantees is an eligible cost as set out in the CEPI Cost Guidance;
- verify the occurrence of actual expenditure claimed by Sub-awardees Grantees in invoices received and paid by Awardees in accordance with the CEPI approved Sub-awardee (Grantees and Contractors) budgets;
- verify that all actual expenditure claimed by Sub-awardee Grantees is expended in accordance with the requirements set out herein particularly that Sub-awardee Grantees do not reforecast or transfer funds between budget cost categories or Work Packages without prior CEPI approval, as set out in Section 6;

Upon CEPI's reasonable request, Awardees will grant CEPI access to supporting documents and records to demonstrate the compliance of Sub-awardees' reported actual costs and deliverables with CEPI's

requirements as described in this guidance.

6 Transfer and Use of Funds

6.1 Budget Transfer

With **prior CEPI approval**, Awardees and Sub-awardee (Grantees) may reforecast budget cost categories in a Work Package by transferring funds between one cost category and another cost category within the **same** Work Package on the condition that such transfer is **cost neutral**. Transfer of funds between one budget cost category and another cost category will only be approved if sufficient funds are available from other cost categories from the **same** Work Package. All transfers must have **prior CEPI approval** and should be referred to the Joint Management Advisory Group (JMAG) for consideration in the first instance.

Funds may **not** be transferred from any CEPI approved Work Package to another Work Package without **prior CEPI approval**. All requests for transfer of funds between one Work Package and another should be referred to the Joint Management Advisory Group (JMAG) for consideration in the first instance.

6.2 Use of Funds

After signature of the Agreement, Awardees and Sub-awardee (Grantees) shall comply fully with CEPI's Procurement Policy and Procurement Procedure when appointing new or replacement Sub-awardees (Grantees or Contractors) to the project. Awardees and Sub-awardees (Grantees) are required to notify and seek CEPI's prior approval of any change to named Sub-awardees (Grantees or Contractors) in the agreed Work Package budgets. No transfer, change or re-assignment of any Sub-awardee (Grantee or Contractor) can be made without CEPI's prior approval under any circumstances. If a Sub-awardee (Grantee or Contractor) is appointed to the project after signature of the Agreement, then Awardees and Sub-awardees (Grantees) shall first notify and seek CEPI's prior approval and shall comply fully with CEPI's Procurement Policy and Procurement Procedure when appointing the new Sub-awardee (Grantee or Contractor).

No Equipment items other than those items already listed in the CEPI approved Work Package or Sub-awardee budgets may be purchased using CEPI funds by Awardees, Sub-awardees or any other third party.

Any expenditure of any CEPI funds by Awardees, Sub-awardees or any third party for purposes other than the performance of the CEPI funded project is not permitted. Awardees shall be liable for, without limitation, repayment of all funds spent not in accordance with the Agreement, and all funds used for a purpose other than the performance of the CEPI approved projects.

7 Managing Exchange Rates

7.1 Background

This section sets out CEPI's requirements on the treatment of exchange rates and foreign currency transactions by organisations which receive CEPI funding. This section provides practical advice to organisations when budgeting, recording and reporting on expenditure of CEPI funds in non-United States Dollars (USD) currencies.

As CEPI's functional currency is United States Dollars (USD), CEPI will enter into contractual agreements and make funding disbursements in USD. Due to the global nature of the organisations which CEPI funds and the vaccine development activities undertaken in partnership with CEPI, our partners could incur project expenditure in non-USD currencies.

Expending funds in a different currency could significantly impact actual project costs compared to the approved budgets in USD. Movements in exchange rates could reduce the purchasing power of organisations' functional non-USD currencies relative to the agreed USD CEPI funding.

To ensure transparency and verification, CEPI requires our partners to clearly indicate:

- the exchange rates used to convert all **planned** non-USD costs into USD in their budgets; and
- the exchange rates used to convert all **incurred** non-USD expenditure into USD in their financial reports.

7.2 Applicability

All organisations that receive CEPI funds under a grant structure should follow the guidelines set out in this Section 7 including:

- **Awardees** who receive CEPI funding following the assessment of calls for proposals (CfP) based on a grant structure; the grant will include a CEPI approved budget presenting the Awardees' full project costs (including Sub-awardees' costs) in USD.
- **Sub-awardee Grantees** who receive CEPI funding as Grantees on projects delivered by Awardees following the assessment of calls for proposals (CfP). Sub-awardees may be subcontracted to Awardees in two ways: (i) **Sub-awardee Grantees** will receive CEPI funding from Awardees based on a grant structure including a CEPI approved budget presenting the Sub-awardee Grantee's full project costs in USD (ii) **Sub-awardee Contractors** will receive CEPI funding from Awardees on the basis of a contract structure which could include a fixed-price contract where an element of profit is included. Sub-awardee Contractors do not have to disclose their full project costs using the CEPI budget template and do not have to be paid on the basis of actually incurred costs. **These guidelines only apply to the budgeting and reporting of Sub-awardee Grantees' costs – these guidelines do not apply to Sub-awardee Contractors.**
- **Implementing Partners** who enter into contractual relationships with CEPI outside of any call for proposals (CfP) process. Implementing Partners will normally receive funds from CEPI based on a grant structure including a CEPI approved budget in USD.

7.3 Budgeting in USD

To understand how foreign currency transactions impact the purchasing power of your CEPI funding, CEPI requires currency-related assumptions to be highlighted at the initial budgeting stage.

As CEPI will only approve budgets with **all** costs presented in USD, Awardees, Sub-awardee Grantees and Implementing Partners should:

- indicate if funds will be spent in non-USD currencies;
- list the exchange rates used to convert all planned non-USD expenditure into USD. Exchange rates used to convert and present non-USD expenditure should be listed according to organisations' institutional policies. However, CEPI expects such exchange rates to be based on a reputable source or set by the international commercial bank used to administer the CEPI funding;
- describe your organisation's institutional exchange rate policy in the Budget Narrative;
- **not** change the budgeted exchange rate during the performance of the project except with CEPI's prior approval¹;

Upon each Stage Gate review (if applicable for the project), CEPI and Awardees, Sub-awardee Grantees and Implementing Partners may jointly re-assess the budgeted exchange rate. If there are significant fluctuations between the prevailing exchange rate of the day (according to organisations' institutional exchange rate policies) and the rate used at the initial budgeting stage, then with prior CEPI approval, the budget for the next Work Packages may be **reforecast** using an updated exchange rate.

7.4 Recording Expenditure in USD

Awardees, Sub-awardee Grantees and Implementing Partners may take a number of different approaches to **recording** costs incurred in different currencies internally in their own accounting systems. For example, using the exchange rate on the first day of the month, the exchange rate on the actual day of the transaction, or (weighted) monthly averages. Awardees, Sub-awardee Grantees and Implementing Partners may decide which conversion method to apply, however, CEPI requires that such method is:

- set according to your usual accounting practices and/or institutional policy;
- applied consistently throughout the whole project; and
- verifiable through documentary evidence (i.e. the decision/policy is documented in writing).

CEPI does **not** require Awardees, Sub-awardee Grantees and Implementing Partners to report the exchange rate used to **record** individual transactions in their accounting system.

¹ The exchange rates used to convert and present all planned non-USD expenditure into USD in the budgets at the initial budgeting stage should not be changed during the performance of the project except with prior CEPI approval. However, during negotiation and prior to signature of the Partnering Agreement, the exchange rates used in an initial budget application may be updated.

7.5 Reporting Expenditure in USD

CEPI requires its Awardees and Implementing Partners' to report exchange rates used to report actually incurred costs to CEPI. It is not acceptable to use the budgeted exchange rate to report actual costs as this could have changed by the time costs are incurred.

There are a number of different approaches that Awardees and Implementing Partners could use to report the exchange rate they have used to convert non-USD expenditure into USD for the purposes of financial reporting. For example, reporting the exchange rate of the first day of the month, reporting the exchange rate on the actual day of the transaction, reporting (weighted) monthly averages, or reporting the exchange rate applied to the CEPI funds by the international commercial bank used to administer the CEPI funding.

Awardees and Implementing Partners may decide which conversion method to report, however, CEPI requires that such method is:

- set according to your usual accounting practices and/or institutional policy;
- applied consistently throughout the whole project; and
- verifiable through documentary evidence (i.e. the decision/policy is documented in writing).

As CEPI will only approve financial reports with **all** costs presented in USD, Awardees and Implementing Partners should:

- convert all costs incurred in non-USD currencies to USD using an appropriate conversion method and report all actually incurred costs in USD using the CEPI Financial Reporting template;
- report **each** exchange rate used to convert **all** actually incurred non-USD expenditures into USD in the 'Cover Letter' worksheet of the CEPI Financial Reporting Template;
- if an Awardee or Implementing Partner subcontracts to any Sub-awardee Grantee or other third party receiving CEPI funds through a grant, then it is the responsibility of the Awardee or Implementing Partner to monitor the Sub-awardee Grantees' reported exchange rates. The Awardee or Implementing Partner should convert all Sub-awardee costs into USD in the financial report provided to CEPI;
- the 'Financial Narrative' worksheet of the CEPI Financial Reporting Template asks Awardees and Implementing Partners to explain which portion of the incurred expenditure within a financial reporting period was incurred in which non-USD currency. Awardees and Implementing Partners should indicate aggregate expenditure in USD for **each** non-USD currency, and, list which Sub-awardee Grantee incurred which non-USD costs.

7.6 Exchange Rate Fluctuations

Movements between the exchange rates used in the CEPI approved budgets and the exchange rates used to report actual costs could lead to overspend or underspend. For example, non-USD currency may depreciate against USD causing planned costs to increase, resulting in grant overspend, or, non-USD currency may appreciate against USD causing planned costs to decrease, resulting in grant underspend.

CEPI BUDGET TEMPLATE AND FINANCIAL REPORTING INSTRUCTIONS

As CEPI makes payments balanced against reported actual costs, exchange rate **gains** are automatically treated as disbursed grant funds and therefore increase the total available balance reported at the end of a financial reporting period. However, in accordance with CEPI Cost Guidance, foreign exchange rate **losses** are considered ineligible costs; this includes foreign exchange rate losses due to exchange rate fluctuations between the date of invoicing and the date of payment.

CEPI requires Awardees, Sub-awardees and Implementing Partners to manage their own risks of financial loss (or gain) to their CEPI funding.

If exchange rate fluctuations decrease the value of the grant to such an extent that this will have consequences for the implementation of the project, Awardees and Implementing Partners should inform CEPI as soon as possible. CEPI will consider making further funds available only under exceptional circumstances. Also, CEPI will only approve updates to exchange rates if Awardees have monitored their exchange rates, and, the exchange rates used by their Sub-Awardee Grantees, to report actually incurred costs. Unless sufficient information is provided to CEPI to determine the impact of exchange rate fluctuations, then CEPI will not approve any reforecasting.

8 Supplements & Re-budgeting

Occasionally, awards may require a supplement or need to be re-budgeted.

- **Supplement** – The original award requires additional funding for various reasons, such as an expansion of project scope, cost overruns, etc.
- **Re-budgeting** – The award budget needs to be revised while staying within the original approved budget amount (e.g., due to a major change in scope or shift in resources)

In either case, a revised version of the budget, at a detailed level, should be provided to CEPI for review and approval.

The process for a supplement or re-budgeting is done by exception and requires an upfront conversation with CEPI via the JMAG.