



USAID
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SUBAWARD MANAGEMENT

TRAINING MANUAL

ASAP II

ACCELERATING SUPPORT TO ADVANCED LOCAL PARTNERS II

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ASAP II

ACCELERATING SUPPORT TO ADVANCED LOCAL PARTNERS II

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GLOSSARY & ACRONYMS

10% De Minimis

The 10 percent de minimis rate includes costs incurred for a common purpose that are too time-consuming/costly to allocate to a specific cost objective.¹ An organization can charge 10% of the modified total direct costs, which includes clerical and management salaries, applicable fringe benefits, materials rent, supplies, services, travel, utilities, and up to the first \$25,000 of each sub-award.

Accrual

USAID keeps its accounting records on an accrual basis. Expenditures and their associated liabilities must be recognized during the accounting period in which they occur, whether the payment of expense is made or not. The full amount of the accrual is recorded against the obligation in the reporting period. In the next reporting cycle, the accrual amounts can be reversed.

Acquisition and Assistance (A&A)

The process USAID uses to make awards, grants, and contracts to implement USAID's development and humanitarian projects and activities: USAID partners with organizations through an acquisition (contract) or assistance (grant or cooperative agreement) award, depending on the type of work, the purpose of the funding, and the nature of the relationship between the Agency and the implementing partner.

Acquisition

USAID obtains goods and services through various types of contracts, purchase orders, or fixed-amount awards for the use or benefit of the Agency. Interested organizations submit a proposal in response to a Request for Proposals (RFP) or a quote in response to a Request for Quotations (RFQ) that states the Agency's requirements and how USAID will evaluate and select the successful offer or bidder.

Advances

USAID advances funding to program-funded contracts and assistance awards, which assures that organizations receiving USAID funds are provided appropriate financing for work carried out under agreements with USAID.²

AIDAR

USAID Acquisition Regulations to prudently administer USG public funds. It makes reasonable assessments of contractor capability and responsibility for costs.³

Allocable Cost

A cost is allocable if the goods or services involved can be charged to the award based on the agreed-upon award activities.

Allowable Cost

Costs you are permitted to purchase or spend money on under an agreement. Allowable costs that are reasonable and necessary for the performance of an award include salaries, fringe benefits, travel, office

¹ 2 CFR 200.414(f)

² ADS Chapter 636

³ AIDAR: Sub Chapter, General Part 701

support costs, and activity costs.⁴

ADS

The Automated Directives System (ADS) contains the organization and functions of USAID, along with the policies and procedures that guide the Agency's programs and operations.⁵

Assistance

USAID provides funds to another party for the implementation of programs that contribute to the public good. Interested organizations apply in response to an Annual Program Statement (APS) or Request for Applications (RFA) which usually provides a program description and how USAID will evaluate and select the successful applicant. Under Assistance, USAID issues either a grant or a Cooperative Agreement and is not substantially involved.

AO

Agreement Officer (AO), the USAID official with the authority to enter, administer, terminate, and/or close out assistance agreements, make determinations and findings on the agency's behalf, and approve all the sub-award.

AOR

Agreement Officer's Technical Representative (AOR) is the USAID official responsible for monitoring the grantee's progress toward achieving the assistance agreement's purpose and serving as a technical liaison between the grantee and the Agreement Officer.

Award

A form of implementing mechanism through which USAID transfers funds to an implementing partner, generally selected through a competitive process and thereby resulting in a contract, grant, or cooperative agreement.

Award Amount

The total estimated amount the recipient will receive over the lifetime of the agreement.

Code of Federal Regulations (CFR)

Codification of the general and permanent regulations promulgated by the executive departments and agencies of the federal government of the United States.

Cost-Share Contribution

The total portion of award resources contributed by an implementing entity towards the award/grant that is not provided by the U.S. government/non-federal. It can be either cash or in-kind contributions.

Closeout

Is the final phase of a project, where closeout activities and administrative tasks are completed.

Cooperative Agreements

⁴ CFR 200 Subpart E

⁵ <https://www.usaid.gov/about-us/agency-policy>

A legal instrument that facilitates the transfer of something of value from the USG to recipients, including non-governmental organizations and host country governments. The agreement *supports an organization's program* and includes substantial involvement of USAID.

Contracts

A legal instrument that allows USAID to purchase goods and services from a contractor to implement an activity as directed by USAID.

Disbursement

Payments made by USAID to the prime to other project implementing parties using checks or electronic transfers. The prime then makes disbursements to the subawards.

Debarment

The barring/prohibiting of any party from working with the Federal Government for a specified time based on the offense, the failure, or inadequacy of performance.

De-obligation

Process of removing funds from an obligation funding instrument/mechanism.

Direct cost

Cost that can be specifically identified with a particular project or program, such as salaries and benefits for project personnel, travel, equipment, services, and supplies.

Equipment

Tangible nonexpendable property with a useful life of more than one year and an acquisition cost of US\$5,000 or more per unit.

Federal Acquisition Regulation (FAR)

Federal Acquisition Regulation - The primary USG regulations for contracts (not cooperative agreements). The purpose is to publish uniform policies and procedures for federal agencies to follow when going through the procurement process. These rules provide a consistent purchasing procedure so that government contracts are implemented in a transparent, fair, and impartial manner.⁶

Flow Downs

A USAID award will have standard legal provisions, terms, and conditions that are required to be incorporated into subawards. When a prime contractor binds the subcontractor to all the terms and conditions of the prime contract, it is called a "back-to-back" flow-down arrangement. When only parts of the prime contract's terms and conditions are passed through to the subcontractor, it is called a partial flow-down.

Fixed Amount Awards (FAA)

USAID issues FAAs when the amount of reimbursement is based on outputs rather than inputs or costs. The amount is fixed in advance based on cost estimates reviewed and approved by USAID.

⁶ <https://www.acquisition.gov/aidar/part-701-federal-acquisition-regulation-system>

Reimbursement is made upon the physical completion of an activity, a sub-activity, or a quantifiable element within an activity.⁷

This type of Federal award reduces the administrative burden and record-keeping requirements for both the non-Federal entity and the Federal awarding agency or pass-through entity. Accountability is based primarily on performance and results.⁸

Grants

A method to transfer funds to another party / to aid implement programs that contribute to the public good. The USG retains less control over the program, compared to Cooperative Agreements.

In-Kind Contributions

As per, it is the amount/value of non-cash contributions (i.e., property or services) that benefit a federally assisted project or program; and are contributed by non-Federal third parties, without charge, to a non-Federal entity under a federal award.⁹

Indirect Costs

Costs that are incurred for the entire organization that cannot be identified with a particular project, funding source, or activity, yet they are required to carry out a sub-award. This would only apply to organizations that receive numerous sources of funding for a single purpose.

Negotiated Indirect Cost Rate Agreement (NICRA)

A negotiated agreement between a company and its cognizant auditor, documenting the government's acceptance of the company's estimated indirect rates for the next five fiscal years. The NICRA establishes the indirect rates a company may use on proposals for work with the Federal Government.

Period of Performance

It is the time during which the non-Federal entity may incur new obligations to carry out the work authorized under the Federal award within an established start and end date.¹⁰

No-Cost Extension (NCE) or Non-Funded Extension

USAID can grant additional time beyond the award end date with no additional funds to complete identified activities.

Notice of Funding Opportunity (NOFO)

Notice of Funding Opportunity (NOFO) is a document that announces the availability of funding for a specific project or program and contains a description of the project, eligibility criteria, application process, and deadline for submission.

Obligated Amount or Obligation

The financial amount the USG has committed to the program. There is no guarantee that the USG will reimburse the recipient for any spending above the obligated amount.

⁷ ADS Chapters 317, 630

⁸ CFR 200.45

⁹ CFR 200.96

¹⁰ 2 CFR 200:77

Period of Performance

The USAID award will have an identified start and end date.¹¹

Prime Partner

USAID provides direct funding to an organization and has a direct legal relationship (contract, cooperative agreement, grant, etc.) with the organization.

Recipient

USAID provides direct funding to an organization and has a direct legal relationship (contract, cooperative agreement, grant, etc.) with the organization to carry out an activity.¹²

Request for Application (RFA)

An invitation by USAID for submission of applications to provide certain services or implement program/project activities. It explains the content of the application, how the application should be written, the evaluation criteria, and the submission timeframe. An RFA is used in assistance programs and results in grants or cooperative agreements.

Request for Proposal (RFP)

An invitation by the funding agency for submission of proposals to provide certain services or implement program/project activities. It explains the content of the proposal, how it should be written, evaluation criteria, and submission timeframe. An RFP is used in acquisition programs and results in a contract.

Simplified Grant

USAID uses this type of grant to acquire supplies and services. The amount cannot exceed \$250,000. The purpose is to promote efficiency and economy in contracting and avoid unnecessary administrative burdens.¹³

Standard Grant

USAID uses a fully cost-reimbursable grant agreement when grantees have adequate financial, administrative, and management capability to appropriately manage cost-reimbursable grant funds. This grant format is more complicated than others, as the full volume of the Standard Provisions is attached to the grant document. Not limited by value or type of cost.

Standard Provisions

USAID has standard provisions for non-US NGOs. There are 29 Mandatory Standard Provisions and 31 Required as Applicable provisions. View the full set [here](#). Please note that, from time to time, the provisions are changed/updated.

Subaward

¹¹ 2 CFR 200:77

¹² ADS 303, 304, 305, 591)

¹³ https://www.acquisition.gov/far/part-13#FAR_13_001

USAID prime partners can provide sub-awards to other organizations to carry out part of the prime's award. A sub-award may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.¹⁴

Subrecipient

A sub-recipient is a non-US Federal entity that receives a sub-award with pass-through funding to carry out part of the prime's award.

Substantial Involvement

USAID retains the right to maintain some control over an assistance project funded through a Cooperative Agreement. The Agreement specifies the areas of substantial involvement.

This right usually includes the ability to approve work plans, budgets, key personnel, monitoring and evaluation plans, and subrecipients.

Unallowable Costs

Costs that are not eligible for reimbursement as they are not in the award budget, or the cost is not reasonable or appropriate.

Resource document of all ADS terms is available here: <https://www.usaid.gov/about-us/agency-policy/glossary-ads-terms>

¹⁴ 2 CFR 200.92

PROJECT BACKGROUND

Accelerating Support to Advanced Local Partners II (ASAP II) is a contract (7200AA22C00041) funded by the United States Agency for International Development (USAID) with the overall goal: “to ensure that local partners have the capabilities and resources to act as prime partners for USAID/PEPFAR programming. ASAP II has two objectives:

1. Strengthen local partners as they transition to receive PEPFAR funding as a USAID prime partner to comply with regulations.
2. Prepare local partners to directly manage, implement, and monitor PEPFAR programs, and maintain consistent PEPFAR program achievement and quality.

The ASAP II consortium is led by IntraHealth International as a prime partner, with major subcontractors including Deloitte Consulting LLP (Deloitte) for G2G support, Right to Care (RTC) for Strategic Information support, SustainAbility Solutions for pre-award surveys and training in USG rules and regulations, and Foundation for Professional Development (FPD) for accredited training and peer-to-peer learning opportunities.

INTRODUCTION

Purpose of this Training Manual

The purpose of this manual is to provide prime partners with the basic resources and knowledge to support and capacitate subawards in applying for and managing grants as a prime. This manual is intended to respond to this PEPFAR announcement by providing guidelines on how primes can build capacity at LPs; and is guided by US Government (USG) rules, regulations, and requirements (e.g., **ADS 302, 303, 312, 2CFR 200**).

Subawards are an integral part of implementing and managing USG-funded projects. Over time, however, it has become apparent that a significant number of LPs lack the capacity to effectively and efficiently manage donor funds entrusted to them. Of great concern is that most prime partners do not know how to strengthen or build the capacity of subawards; they have not had the experience of developing a Subaward Program in full compliance with USAID’s Rules and Regulations. To bridge this gap and build the capacity of both primes and subrecipients, this manual provides guidelines for primes to monitor, oversee, and strengthen subawards.

Intended Audience

ASAP II developed this manual based on its experience with organizational development for USAID local primes to use in managing awards according to USG Rules and Regulations and developing or improving a Subaward Management Program.

Structure and Content

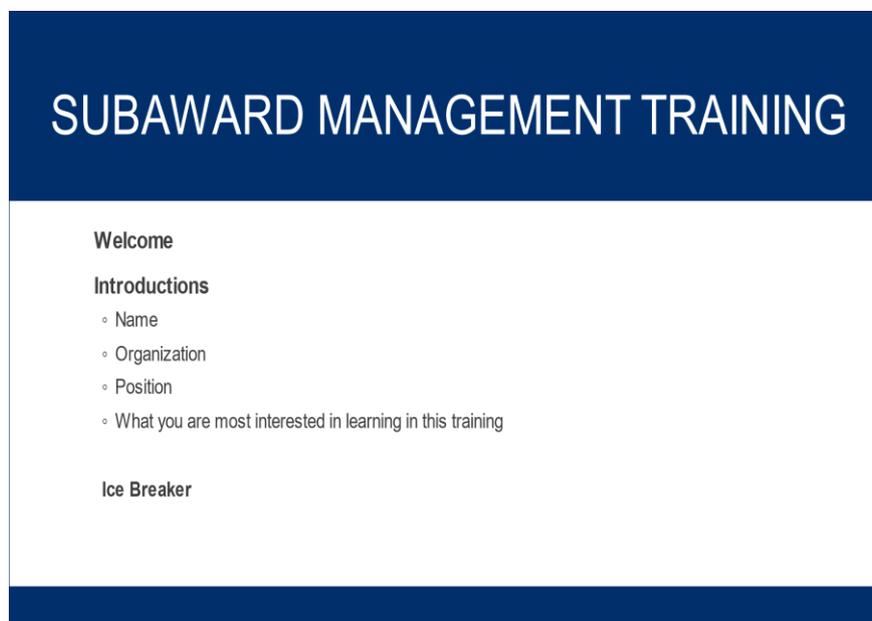
The training is divided into 12 modules, which can be covered in two or three days, and includes 1) a PowerPoint presentation with technical information and questions for discussion; 2) facilitator notes; 3) templates for subawards; 4) glossary and acronyms and terms; and 5) additional reference material. The modules are aligned to the life cycle of managing the general grant, from project inception to closeout. Each module/session details how a prime should manage and oversee its sub-award (s) to ensure efficient, effective, and systematic donor compliance and successful completion of project objectives to guarantee the delivery of quality services to project beneficiaries.

MODULE 1: TRAINING OPENING/INTRODUCTION

This session develops the tone of the training.

Pre-Event Preparation

- Arrive early to prepare the room, whether it be in-person or virtual training.
- Set out an attendance register and name tags.
- Have the pre-tests printed and ready.
- Test your equipment to make sure you can present the slide deck.
- Create a friendly atmosphere, welcoming all participants warmly as they enter, and introduce yourself.
- Have an icebreaker organized and ready. Here is a link to help you select an icebreaker:
<https://www.participatorymethods.org/resource/100-ways-energise-groups-games-use-workshops-meetings-and-community>



Welcome/Opening Remarks

Content: The training is introduced and officially launched.

Purpose: To provide background on the training, acknowledge funders and organizers, and set the stage for the start of the training.

Delivery mode/activities:

1. Depending on what is appropriate for the location and types of participants, this could be rather informal with a simple welcoming by ASAP II project leadership and/or the facilitator; or there could be a series of formal speeches by USAID and other representatives.
2. Briefly explain that this training is based on the program and materials produced by the USAID/PEPFAR-funded ASAP II program; and summarize its goal and strategic objectives.

Participant and Facilitator Introductions and Expectations

Content: Participants and facilitator(s) introduce themselves – including their current position, organization, country – summarize their subaward management experience, and briefly explain what they hope to get out of this training.

Purpose: In addition to its social value, this activity can be the foundation for the tone and atmosphere of the workshop, especially if done in a fun and interactive manner that enables participants to get to know one another both from professional and personal perspectives. In addition, it gives the facilitator(s) insight on the participants' needs, interests, and priorities and provides an opportunity to manage their expectations about what the training will cover and can feasibly achieve.

WHO SHOULD PARTICIPATE IN THIS TRAINING?

- Leadership and Management
- Contracts and Grant Managers
- Finance staff
- Operational staff
- Technical staff

Prerequisite: Participants should have successfully completed the training in USG Rules and Regulations before taking this training on Subaward Management.

If time permits, training on USG Rules and Regulations can be added before Subaward Management Training and/or Training on Pre-Award Surveys using the NUPAS Plus.

Delivery mode/activities:

1. Start by having in-person participants create name tags to wear (on stickers) or place on the table in front of where they sit (on folded paperboard); ask online participants to make sure their name and preferred pronouns are displayed and have them turn on their cameras.
2. The facilitator introduces his/herself first and shares his/her professional experience, modeling the way that each participant will then do the same.
3. Ask each participant to introduce themselves (name, organization, title, country) one at a time, then summarize their subaward management experience (advanced, average, beginner), and briefly explain what they want to get out of the training (i.e., key skills/knowledge they'd like to acquire and/or top priority topics they'd like to be covered).
4. Confirm their attendance at prior training on USG Rules and Regulations.
5. While they list out their expectations, the facilitator captures them on the flipchart paper (if it is an in-person training) or in an online whiteboard (if it's a virtual training). **Retain this list, as it'll be shared on the last day, for the participants to assess the extent to which their expectations were met.**

Training Objectives and Program

Content: Present the training objectives and high-level program, manage expectations of the participants in terms of what feasibly can be covered and is within the scope of this training. Ensure to review all slides and facilitator notes thoroughly.

Purpose:

- To ensure that everyone understands what the training aims to achieve and how the training will be delivered.
- To manage participants' expectations about what the training will cover and aims to achieve.
- To get the participants interested in and committed to the training.

Facilitator's note: This session should flow seamlessly from the last one, without the participants even realizing that they've moved from one session to the next.

Delivery mode/activities:

1. Summarize the Training Objectives and the Training Program.

Talking Points:

- Review the training objectives and training sessions that will be covered. If you have created handouts, you can distribute them.
- Emphasize that the prime is accountable and responsible for any poor or non-performance of the sub-award—financial, technical, programmatic, or otherwise—at any given time. That is why this training is so important.

The slide features a dark blue header with the title 'TRAINING OBJECTIVES' in white, bold, uppercase letters. Below the header is a white rectangular area containing a numbered list of six objectives. The slide is framed by dark blue borders at the top and bottom.

TRAINING OBJECTIVES

1. Learn how primes prepare, select, and manage subawards
2. Understand the different types of subawards
3. Learn about the compliance requirements when issuing a sub award
4. Learn about reporting and monitoring requirements for the sub award
5. Learn about sub award financial management and the risk of fraud
6. Learn about requirements for close -out

TRAINING SESSIONS

| | |
|---|-------------------------|
| Welcome and Introductions | 7. Subaward Reporting |
| 1. Compliance Requirements | 8. Subaward Monitoring |
| 2. Types of Subawards and Subcontracts | 9. Financial Management |
| 3. Planning Subawards | 10. Fraud Management |
| 4. Evaluating and Selecting Applicants | 11. Closeout |
| 5. Pre-Award Survey and Risk Management | 12. Post test |
| 6. Issuing Subawards | 13. Certificates |

2. While doing this, make reference to the hopes/expectations that the participants just expressed, pointing out those that will definitely be covered, those that are outside of the training's scope and therefore are not feasible to be tackled by this training, and those that might be covered or partially covered (depending on time, etc.)
3. In conclusion, state that: *“Ultimately, this training should better position your organization to successfully pursue opportunities for funding from USG Agencies such as USAID. The ultimate goal is to advance locally led development (LLD) and increase the amount of USG development funding going to local implementing partners (LIPs) like you. We hope to see you all becoming USG Prime Recipients with stable and diversified funding streams for long-term sustainability of your organization.”*
4. Ask with enthusiasm, *“How does that sound to you?!”* Try to garner up some clapping, positive emojis/GIFs (for online participants) and enthusiastic energy among the participants, to get them excited for the training and mentally committed to actively participating in all upcoming sessions.
5. You can also use this opportunity to ask a few people to share their concerns and major challenges vis-à-vis BD. This can be helpful as an initial needs assessment; it also sets the stage for participants to know that this is a safe and supportive place where questions are welcomed, and everyone is here to learn.

Training Agenda, Norms, and Housekeeping

Content: Present an overview of the training agenda/schedule, get agreement on norms that everyone will adhere to for the duration of the training, and share basic logistical/practical information on the venue or online platform.

Purpose:

- To provide participants with the necessary information to be available when needed as well as actively and effectively participate in the sessions.
- To create an enabling environment for a successful workshop.

Delivery mode/activities:

1. Agenda/Schedule:

- a) If you have made copies of the agenda, you can also encourage them to participate (hard copy and/or electronic).
- b) Briefly walk them through it, pointing out the daily start and stop times as well as the schedule for breaks and meals.

2. Training Norms

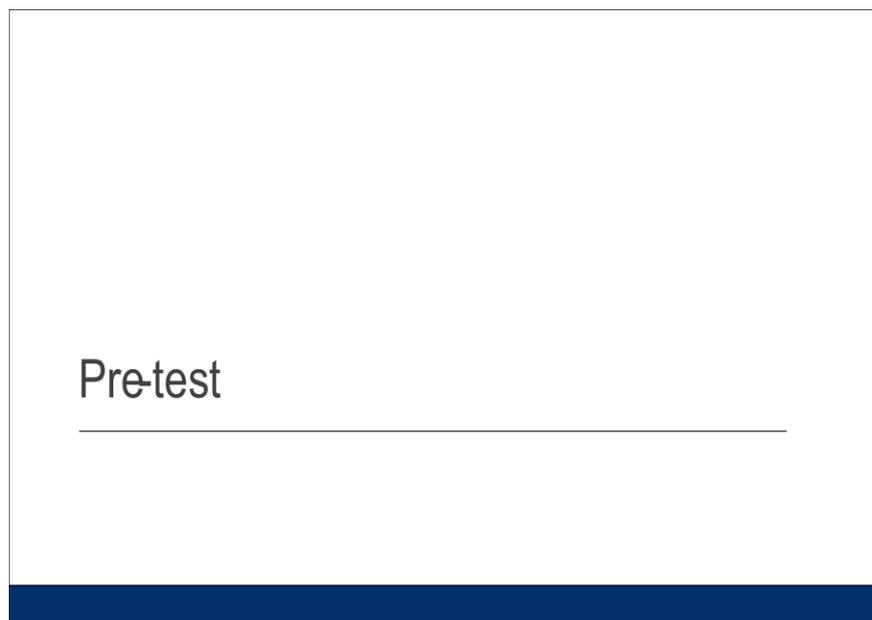
- a) Solicit ideas from participants on the training norms that will be agreed upon for the entire training; these typically will include starting and ending on time; no distractions like cell phones; being inclusive and giving everyone a chance to participate equitably; keeping cameras on for virtual participants, etc. Type/write them up and post them in a visible location, reminding participants of them each day. The group might even agree on a funny way to sanction someone that doesn't adhere to the norms, i.e., they have to do a dance or sing in front of the group if they are caught talking on the phone or if they arrive late.
- b) If the participants themselves don't mention active participation and peer learning, the facilitator should add that to the list. Mention that you will be sharing tips and tools that can help them with subaward management, but that many of the participants have some subaward management experience and therefore everyone is encouraged to actively participate in order to learn from one another and discuss practical, contextually relevant examples.

3. Housekeeping information:

- a) For in-person events, briefly share any important housekeeping information like where bathrooms are located, where refreshments and meals will be served, Wi-Fi log-in details, etc.
- b) For online events, this is also an opportunity to explain how to use the online platform – such as the White Board/Annotation tool, breakaway groups, polls, etc. Also be sure to get everyone's consent to record the sessions.

Pre-test

- Administer the pre-test.
- You can administer the test online using Survey Monkey or hand out paper tests. Have participants quietly fill out the pre-test handouts and put their names on the test. (**See Annex**)



MODULE 2: SUBAWARD MANAGEMENT COMPLIANCE

Talking Point:

- Review the learning objectives of this session.

Session 1: Compliance Requirements

1. Learn about the different types of USG Rules and Regulations
2. Learn about the difference between Acquisition and Assistance
3. Learn the difference between subaward and subcontract
4. Refresher on Mandatory Standard Provisions and Required as Applicable Provisions
5. Learn about flowdowns for subawards
6. Learn about requirement for organization to have a Subaward Management Manual

Talking Point:

- Now that the participants know the learning objectives, ask them to name some sources for USG Compliance Requirements.

USAID Acquisition and Assistance (A&A)

USAID's process to implement projects and activities.

Acquisition: USAID obtains goods and services, through various types of contracts, for USAID's benefit. Interested organizations submit a proposal in response to a Request for Proposals (RFP) or a quote in response to a Request for Quotations (RFQ) that states the Agency's requirements and how USAID will evaluate and select the successful offeror/bidder. USAID partners with prime recipients through a contract and is substantially involved.

Assistance: USAID provides funds to another party to implement programs that contribute to the public good. Interested organizations apply in response to an Annual Program Statement (APS) or Request for Applications (RFA), which usually describes the program and how USAID will evaluate and select the successful applicant. Under Assistance, USAID issues a Grant or a Cooperative Agreement and is not substantially involved.

Talking Points:

- There are many offices within USAID. The Office of Acquisition and Assistance (OAA) is solely responsible for issuing solicitations and awards; and its specialists, managers, and officers provide a full range of complex procurement activities for contracts, grants, and cooperative agreements.
- The person with the authority to issue contracts is called the Contracting Officer (CO). They negotiate the procurement of products and services under a variety of contract/assistance mechanisms and manage procurement planning activities (e.g., preparing and maintaining current acquisition plans, appropriate milestone charts, and related schedules).
- The activity/work plan is managed by a technical expert called a Contract Officer Representative (COR). The COR's role is to develop proper requirements and ensure that contractors meet the commitments of their contracts during the contract administration, including the timeliness and delivery of quality goods and services required by the contract.
- The person with the authority to issue agreements/grants for Cooperative Agreements or Grants is the Agreement Officer (AO). Their functions are like those of the Contracting Officer.
- Activity is managed by an Agreement Officer's Representative (AOR). The AOR performs duties associated with award administration, which includes working as part of a team with the Agreement Officer (AO) to ensure that USAID exercises prudent management over its assistance funds. The AOR monitors the recipient's progress in achieving the objectives of the program description in the subject award and verifies that the recipient's activities funded by USAID under the award conform to the terms and conditions of that award. Authorization to manage an assistance award on behalf of the AO requires the nominated AOR to meet the eligibility requirements in [ADS 303.3.15](#) and receive an AOR designation letter from the AO delegating authority to perform specific award administration duties.

Discussion:

Ask participants if they know the name of their CO and COR or AO and AOR.

Definitions

Subcontract: (Acquisition)
 When a USAID prime contractor awards a subcontract to another entity to assist them in achieving performance requirements and refers to: any contract to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to purchase orders and changes and modifications to purchase orders. (ADS 302)

Subaward: (Assistance)
 When a USAID prime issues a legal document to a subrecipient for a Cooperative Agreement to implement part of a USAID award. It is an award of financial assistance (money or property) made under a USAID grant or cooperative agreement to an eligible entity. (ADS 303)

Talking Points:

- A subaward is an award of financial assistance (money or property) made under a USAID grant or cooperative agreement by a recipient to an eligible sub-recipient. USAID partners need to manage sub-awards in ways that accomplish project objectives while assuring compliance with USAID Rules and Regulations. ADS 303 addresses specific requirements for subawards under

various assistance instruments. The subaward may be provided through any form of legal agreement (2 CFR 200.92).

- A sub-contract exists when a USAID Prime Awardee contracts another firm to assist them. Sub-contractors may be U.S. small businesses, a large firm, or a U.S.-based or local non-profit organization. ADS 302 provides more information on sub-contracts, as does FAR 19.701, for U.S.-based small businesses.

Discussion:

Ask participants to share their experiences as a subrecipient, both positive and negative.

Talking Point:

- The US Government and USAID have strict rules and regulations on how US taxpayer money can and cannot be spent. These regulations assure the US Congress that funds supporting development and LPs are used appropriately and are devoid of fraud and corruption, with consequences if corruption is detected and verified. It is with this assurance that the US Congress votes on foreign assistance budgets.

Sources for USG Rules and Regulations

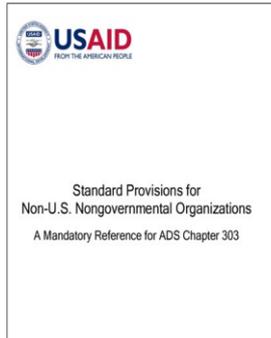
Federal Acquisition Regulation (FAR) <https://www.acquisition.gov/browse/index/far>
The primary USG regulations for **contracts** (not cooperative agreements). And provides uniform policies and procurement procedures for the USG. These rules provide a consistent purchasing procedure so that government contracts are implemented in a transparent, fair, and impartial manner.

USAID Acquisition Regulation (AIDAR) <https://www.usaid.gov/ads/policy/300/aidar>
Updates the FAR and provides procedures for the acquisition of services and personal property for subcontracts.

Code of Federal Regulations (CFR). <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-11/part-200?toc=1> a table of previous and new rules and regulations to be applied to subawards.

Automated Directives System (ADS). <https://www.usaid.gov/about-us/agency-policy>
Contains continually updated electronic policies and procedures for Acquisition (contracts) and Assistance (subaward).

Non-US NGO Rules and Regs



<https://www.usaid.gov/sites/default/agency-policy/303mab.pdf>

Talking Points:

- The US Government has a subset of rules and regulations for non-US NGOs. The training provided here does not detail each provision because other training is available. The next set of slides presents the 29 Mandatory Standard Provisions and the 31 Required as Applicable Provisions.
- Before you show the slides, ask participants how many MSPs they can remember.

Refresher on Mandatory Standard Provisions

1. Allowable Costs
2. Accounting, Audit, And Records
3. Amendment Of Award And Revision Of Budget
4. Notices
5. Procurement Policies
6. Eligibility Rules For Procurement Of Commodities And Services
7. Title To And Use Of Property
8. Submissions To The Development Experience Clearinghouse And Data Rights
9. Marking And Public Communications Under USAID -Funded Assistance (December 2014)
10. Award Termination And Suspension
11. Recipient And Employee Conduct
12. Debarment And Suspension
13. Disputes And Appeals
14. Preventing Transactions With, Or The Provision Of Resources Or Support To, Sanctioned Groups And Individuals
15. Trafficking In Persons

Refresher on MSP (Cont.)

16. Voluntary Population Planning Activities – Mandatory Requirements
17. Equal Participation by Faith-Based Organizations
18. Nondiscrimination
19. USAID Disability Policy - Assistance
20. Limiting Construction Activities
21. USAID Implementing Partner Notices Portal For Assistance
22. Pilot Program For Enhancement of Grantee Employee Whistleblower Protections
23. Submission of Datasets to the Development Data Library
24. Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements
25. Child Safeguarding
26. Mandatory Disclosures
27. Nondiscrimination Against Beneficiaries
28. Conflict of Interest
29. Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment

Talking Point:

- Mandatory Standard Provisions are the laws, regulations, and requirements that apply to entities funded by USAID. There is separate training on MSPs and RAAs.

Required as Applicable Provisions

1. Advance Payment and Refunds
2. Reimbursement Payment and Refunds
3. Indirect Costs – Negotiated Indirect Cost Rate Agreement (Nicra)
4. Indirect Costs – Charged as A Fixed Amount (Nonprofit)
5. Indirect Costs – De Minimis Rate
6. Universal Identifier and System For Award Management
7. Reporting Subawards and Executive Compensation
8. Subawards
9. Travel and International Air Transportation
10. Ocean Shipment of Goods
11. Reporting Host Government Taxes
12. Patent Rights
13. Exchange Visitors and Participant Training
14. Investment Promotion
15. Cost Share
16. Program Income

Required as Applicable Provisions (Cont.)

17. Foreign Government Delegations to International Conferences
18. Standards For Accessibility for the Disabled in USAID Assistance Awards Involving Construction
19. Protection of Human Research Subjects
20. Statement For Implementers of AntiTrafficking Activities on Lack of Support for prostitution
21. Eligibility Of Subrecipients of AntiTrafficking Funds
22. Prohibition on the Use of AntiTrafficking Funds to Promote, Support, or Advocate for the Legalization or Practice Of Prostitution
23. Voluntary Population Planning ActivitiesSupplemental Requirements
24. Conscience Clause Implementation
25. Condoms (Assistance)
26. Prohibition on The Promotion or Advocacy of The Legalization or Practice of Prostitution or Sex Trafficking(Assistance)
27. Limitation on Subawards too Nonlocal Entities.
28. Contract Provision for DBA Insurance Under Recipient Procurements
29. Contract Award Term and Condition for Recipient Integrity and Performance Matters
30. Award Term and Condition for Recipient Integrity and Performance Matters
31. Never Contract with the Enemy

Talking Point:

- Required as Applicable Standard Provisions are applied as per the award's activities.

RAA 8: Subawards

The prime recipient must :

1. Determine that the subrecipient possesses the ability to perform based on subrecipient's integrity, record of past performance, financial and technical resources, and accessibility to other necessary resources.
2. Ensure subawards are made in compliance with the Standard Provision "Debarment and Suspension," and the Standard Provision "Preventing Transactions with, or the Provision of Resources or Support to, Sanctioned Groups and Individuals."

Talking Point:

- For the next slide, ask participants what must be included in a subaward and then share the slide.

Subawards Must Contain

1. Program description, budget, and period of performance
2. Terms and conditions to define a sound and complete agreement
3. All provisions from the award that contain a requirement to incorporate that provision into the subawards. The recipient must insert a statement in the subaward that, where appropriate, in instances where USAID is mentioned in such flow down provisions, the recipient's name will be substituted and where "recipient" appears, the subrecipient's name will be substituted
4. Other terms that the recipient determines are required to ensure compliance with the terms of this award

Subaward Management Manuals

A prime partner is required to prepare a manual to manage subrecipients that includes:

1. Roles and Responsibilities for Grants Management and Administration
2. Pre-award Processes and Procedures
3. Post-award Processes and Procedures
4. Implementation of the Grant Project
5. Project Evaluation
6. Compliance, Audits, and Audit readiness
7. Project Close-out

Examples:

Grants Under Contract Manual, example from DAI: https://pdf.usaid.gov/pdf_docs/PA00ZBRJ.pdf

Subaward Manual: https://pdf.usaid.gov/pdf_docs/PA00KZ85.pdf

Talking Point:

- An organization that plans and manages subrecipients must have a Board-approved Subaward Management Manual. The manual is a living document that is updated when USAID issues new guidance, and it should include and clearly define all tools and templates used to manage subrecipients, namely:
 - Roles and responsibilities for grants management and administration
 - Pre-award processes and procedures
 - Post-award processes and procedures
 - Implementation of the grant project
 - Project evaluation
 - Compliance, audits, and audit readiness

- Project closeout

<https://www.usaid.gov/about-us/acccagency-policy/series-300/references-chapter/303maa>

<https://www.usaid.gov/sites/default/agency-policy/303mab.pdf>

<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200?toc=1>

MODULE 3: TYPES OF SUBAWARDS AND SUBCONTRACTS

Session 2: Types of Subawards and Subcontracts

| | |
|---|---|
| USAID Acquisition: Contracts <ol style="list-style-type: none">1. Grant under Contract (GUC)2. Firm Fixed Price3. Cost Plus Fixed Fee4. Cost Reimbursement5. Time and Materials6. Indefinite Delivery/Indefinite Quantity (IDIQ) <p>ADS 302 https://www.usaid.gov/about-us/agency-policy/series-300/302</p> | USAID Assistance: Cooperative Agreements or Grants <ol style="list-style-type: none">1. Cost Reimbursable Subaward2. In-Kind Grant3. Fixed Amount Award (FAA) <p>ADS 303 https://www.usaid.gov/about-us/agency-policy/series-300/303</p> |
|---|---|

Talking Point:

- A variety of mechanisms may be used to contract with a subrecipient. The type of mechanism is determined by whether the prime has a Contract (Acquisition) or a Cooperative Agreement or Grant (Assistance). This section will discuss each mechanism.

USAID Acquisition: Contracts

1. Grant under Contract (GUC)
2. Cost Reimbursement
3. Firm Fixed Price
4. Cost Plus Fixed Fee
5. Time and Materials
6. Indefinite Delivery/Indefinite Quantity (IDIQ)

ADS 302
<https://www.usaid.gov/about-us/agency-policy/series-300/302>

Grant Under Contract (GUC)

A prime with a contract can issue GUCs if authorized in the contract.

USAID is **substantially involved** and must approve selection criteria and provide prior written approval of grant recipients.

USAID retains the right to **terminate** grants.

Grants must follow ADS 302, USAID Direct Contracting: <https://www.usaid.gov/about-us/agency-policy/series-300/302> and ADS 303, Grants and Cooperative Agreements to NGOs: <https://www.usaid.gov/about-us/agency-policy/series-300/303> and the applicable standard provisions in ADS 303

Example of GUC Manual: https://pdf.usaid.gov/pdf_docs/PA00Z688.pdf from International Executive Services Corps (IESC)

Talking Point:

- Grants under Contracts (GUCs) are a USAID-specific mechanism that authorizes contractors to aid non-governmental organizations (NGOs) on behalf of USAID. If the contractor is authorized to implement a GUC program under the contract, specifics of that GUC program will be outlined in the RFP and resulting contract. The contractor must comply with USAID Rules and Regulations in awarding and administering grants. USAID is significantly involved in establishing the selection criteria and will approve the grant recipients. Also, USAID retains within the contract the unilateral ability to terminate grant activities. GUCs may be provided as cost-reimbursement fixed-amount grants but must not include construction. All grants must be closed out before the end date of the contract.

Contract: Cost Reimbursement

- The procuring organization pays all costs but no fee as long as the work is in accordance with the SOW
- The SOW can be more flexible and less defined
- The risk is on the prime contractor that costs will increase

Talking Points:

- Emphasize the points made on the slide and cover the additional details listed below:
- This kind of contract is fully cost-reimbursable and should only be used for a grantee with adequate financial, administrative, and management capability for cost-reimbursable grant funds.
- The agreement requires the full volume of the Standard Provisions for Non-U.S. Nongovernmental Organizations or U.S. Nongovernmental Organizations.
- The Standard Grant is not limited by value or type of cost.

Discussion: Ask participants how many have worked as sub to a USAID-funded Cooperative Agreement.

Template: Tell participants that there is a template for Cost Reimbursable Subaward in the annex to this training manual.

Contract: Firm Fixed Price

- Contractor has full responsibility for the performance costs and resulting profit (or loss). The majority of the risk is on the contractor.
- Everybody must agree on fixed price at inception
- Use when deliverables and price can be negotiated with high degree of certainty
- Deliverables have to be completed regardless of how much it costs. Even if it is more or less than what the contract states.

Talking Point:

- A firm, fixed price (FFP) contract is suitable for acquiring commercial items, supplies, or services, based on reasonably definite requirements or specifications when a fair and reasonable price can be established at the outset. Specific deliverables and price can be negotiated with a high degree of certainty about what is being purchased and what it will cost, with little expected variability. If reasonably definite conditions do not exist, an FFP contract should not be used because it places maximum risk on the contractor and full responsibility for all costs and resulting profit or loss. It provides maximum incentive for the contractor to control costs and perform effectively and imposes a minimum administrative burden on both contracting parties. An audit is not required for FFP contracts.

Example of Firm Fixed Price

A vendor has an FFP contract to supply 33 baby scales at \$454 a piece totaling \$15,000.00

If it costs the vendor \$14,000.00 to supply the 33 baby scales, the vendor is still owed the agreed upon amount of \$15,000.00 —which means that the vendor will make a profit of \$1,000.00.

However, if it costs \$20,000.00 to supply 33 baby scales, the vendor will still be paid \$15,000.00 because of the FFP that was agreed upon at the inception of the contract.

The risk of an FFP contract is on the vendor.

Here is an example of a firm fixed-price contract:

Suppose a vendor has been awarded an FFP contract to supply 33 baby scales at \$454 per piece, for a total agreed-upon cost of \$15,000.00. In that case, the vendor must produce 33 baby scales for the agreed \$15,000.00 during the period of performance in the contract. If it costs the vendor \$14,000.00 to supply the 33 baby scales, the vendor is still owed the agreed-upon amount of \$15,000.00—which means that the vendor will make a profit of \$1,000.00. However, if it costs \$20,000.00 to supply 33 baby scales, the vendor will still be paid \$15,000.00 because of the FFP that was agreed upon at the inception of the contract. The risk of an FFP contract is on the vendor.

Template: Tell participants that there is a template for a fixed amount subaward in the annex to this training manual.

Contract: Cost Plus Fixed Fee

- The negotiated fee (profit) is fixed. Negotiate with the vendor an estimate of the total cost.
- The risk in using this contract type is on the organization procuring the services because costs may increase
- The contractor will perform against the SOW and any work performed under the SOW will be reimbursed up to a predefined ceiling

Talking Point:

- A Cost-Plus Fixed Fee contract is a cost-reimbursement contract that provides for payment to the contractor of allowable incurred costs with a negotiated fee that is fixed at the inception of the contract. The fixed fee does not vary with the actual cost but may be adjusted because of changes in the work to be performed under the contract. The risk is on the organization procuring the services because costs may increase, or additional work may be needed. The contractor has less incentive to control costs. This type of contract can be used when the level of effort required is unknown, or it is challenging to define a Scope of Work (SOW) or specific deliverables, or because the uncertainties involved in contract performance do not permit cost estimation with sufficient accuracy.

Contract: Time and Materials

- Direct labor hours at specified fixed rates (inclusive of indirect expenses and profit); materials or other direct costs at actual cost
- May only be used after a determination that no other contract type is suitable –per 2 CFR 200.318(j)(i)
- The contract must include a ceiling price that the contractor exceeds at its own risk
- Used when there is not a requirement for deliverables (best effort to achieve goals on contract)

Talking Point:

- The cost of a time-and-materials contract to a non-Federal entity is the sum of (1) the actual cost of materials; and (2) direct labor charged at fixed hourly or daily rates that reflect wages, general and administrative expenses, and profit. Since this formula generates an open-ended price, time-and-materials contracts offer the contractor no profit incentive for cost control or labor efficiency. Therefore, each contract must set a ceiling price. The non-Federal entity awarding such a contract must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls. It is best to use this type of contract when it is not initially possible to accurately estimate the extent or duration of work, or to anticipate costs with a reasonable degree of confidence. This type of contract is common for consultants.

Contract: IDIQ

Indefinite Delivery/Indefinite Quantity (IDIQ)

IDIQs are contracts that do not specify delivery or quantity at the time of award. Work is requested through task orders, which may be issued as fixed price or cost reimbursement type orders.

IDIQs are also sometimes called "Task Orders" or "Delivery Order Contracts." IDIQ contracts are a subtype of the Indefinite Delivery Contract (IDC), which is a "vehicle that has been awarded to one or more vendors to facilitate the delivery of supply and service orders."

This type of contract provides for an indefinite quantity of supplies or services during a fixed time.

The legal origin of IDIQ contracts is the [Federal Acquisition Regulation \(FAR\)](#) section 16.504(a) ([48 CFR 16.504](#)).

Talking Points:

- An IDIQ is a type of delivery contract that provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period. It is suitable when it is not possible to predetermine, above a specified minimum, the precise quantities of supplies or services that will be required during the contract period—and serves as an umbrella agreement, with subsequent task orders issued as needs and quantities are determined. Task orders under the IDIQ must clearly describe all services to be performed and be within the scope of the contract, issued within its period of performance, and be within the maximum value of the contract. This contract type should only be used when a recurring need is anticipated.
- An example of an IDIQ is the USAID Technical Assistance Support Contract 4 (TASC4) Africa IDIQ. ASAP II I was issued as a task order under this IDIQ.

USAID Assistance: Cooperative Agreements or Grants

1. Cost Reimbursable Subaward
2. In-Kind Grant
3. Fixed Amount Award (FAA)

ADS 303

<https://www.usaid.gov/about-us/agency-policy/series-300/303>

Cooperative Agreement or Grant: Cost Reimbursable Subaward

Cost reimbursable subaward is a standard subaward under which the subrecipient is reimbursed for the amount expended to carry out its scope of work.

The total estimated amount is for the life of a project.

The total obligated amount is the amount of funding available to the subrecipient to spend.

Financial and programmatic reports are required at a frequency determined by the prime.

Talking Point:

- Emphasize the points made on the slide and cover the following:
 - This type of subaward can only be used when the prime has a Cooperative Agreement or Grant and is the standard subaward.
 - The agreement requires the full volume of the Standard Provisions for Non-U.S. Nongovernmental Organizations or U.S. Nongovernmental Organizations
 - The Standard Grant is not limited by value or type of cost.
 - A Cost Reimbursable Subaward can be used when the subaward is fully cost-reimbursable and for a subrecipient with adequate financial, administrative and management capability to appropriately manage cost-reimbursable grant funds. It can also be used when the results of the pre-award assessment determine that a subrecipient is low risk.

Discussion: Ask participants how many have worked as sub to a USAID funded Cooperative Agreement.

Template: Tell participants that there is a template for Cost Reimbursable Subaward in the annex to this training manual.

In Kind Grants

In-Kind Grants are a type of subaward which provide for the transfer of in-kind goods and services from Prime to the subrecipient.

They are non-cash subawards, but they must be set up and monitored following the requirements set forth in the procedures.

In-kind goods and services must not be transferred until the in-kind grant is fully executed.

Financial Reports are not required.

Talking Points:

- In-Kind grants are used when Prime has a Cooperative Agreement or Grant.
- Review the points on the slide and emphasize that:
 - Under an In-Kind Grant, no funds are given directly to the grantee.
 - The Prime procures all necessary commodities and services on behalf of the grantee.
 - The grantee should be an active partner in deciding how the funds are to be utilized.
 - A grantee can provide valuable input on what is needed to complete the objectives and technical completion of the grant by verifying the delivery of goods or completion of services as needed.
 - The Prime will ensure the integrity of any procurement process by conducting procurement and paying vendors directly. All procurement implemented under an In-Kind Grant must comply with USAID's procurement regulations.

Discussion: Ask participants for examples of In-Kind Grants.

Common examples are training room space at a government building, food, clothing, prescription drugs, equipment, and medical supplies. Governments, donors, individuals, and businesses donate items to NGOs to support activities.

Template: Tell participants that there is a template in the training manual annex for an In-Kind grant from WaterAid.

Cooperative Agreement or Grant: Fixed Amount Award (FAA)

Fixed Amount Awards are used for very specific program elements and do not require the prime to monitor actual costs incurred, as all costs are covered on a benchmarked reimbursement basis. ADS 303.3.25 states that an FAA is appropriate when supporting a specific project and when the prime is confident that a reasonable estimate of the actual cost of the effort can be established, and that clear milestones can be defined.

Must not exceed \$250,000 USD.

Payments and milestones can be divided into smaller units.

Payments are made upon completion and documentation of the milestone.

Talking Points:

- This type of subaward is also used when the prime has a Cooperative Agreement or Grant.
- Read the points on the slide and emphasize:
 - Fixed Amount Awards (FAA) grant a sum of money according to “milestones” or targets shown in the agreement.
 - When a milestone is reported, the prime will pay the agreed amount.
 - The prime cannot reimburse more than the amount.
 - The sub must maintain records for three years.
 - All changes require prior approval.

Template: Tell participants that there is a template for a fixed amount subaward in the training manual annex.

Do Not Use a Subaward When

1. The agreement is for the provision of goods or services within normal business operations
2. The organization/business provides similar goods or services to many different purchasers
3. The organization/business operates in a competitive environment for the provisioning of the goods or services to be procured
4. Providing goods or services are ancillary to the operations of the funding agency, or the organization/business is not subject to the requirements of the funding agency

Talking Point:

- Before primes issue a subaward to a subrecipient, they must decide that a subaward is the right mechanism. This is done on a case-by-case basis by determining if the party receiving the federal funds should be a subrecipient or a subcontractor. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement, i.e. the work to be performed, not the legal instrument, determines whether it is a subaward or subcontract. Refer to the Subrecipient vs Contractor Determination Sheet. You can use this form to document the decision to enter into a subaward with a subrecipient or to enter into a contract with a subcontractor. The determination may not be crystal clear and you may need to make a judgment call.
- By 2 CFR 200 definition, a subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. Characteristics that support the classification of the non-Federal entity as a subrecipient include when the non-federal entity: 1) determines who is eligible to receive what federal assistance; 2) has its performance measured about whether objectives of a federal program were met; 3) has responsibility for programmatic decision-making; 4) is responsible for adherence to applicable federal program requirements specified in the federal award; and 5) per its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity. A subaward does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program (2 CFR 200.331 Subrecipient and contractor determinations).
- A contract is to obtain goods and services for the non-federal entity's use and creates a procurement relationship with the contractor. Remember that subawarding is passing on assistance to a subrecipient or where a subrecipient carries out a piece of the prime's scope of work. Contracting is buying a good or service for our use. Per 2 CFR 200.331 Subrecipient and contractor determinations, a subaward should not be used when goods and services are provided within normal business operations when goods or services are provided to many different purchasers, when the organization or business receiving the federal funds operate in a competitive environment, when goods and services provided are ancillary to the operation of the program, and when the organization or business is not subject to the compliance requirements of the program. In these instances, the more appropriate mechanism is a subcontract.

ADDITIONAL REFERENCE MATERIAL ON COMPLIANCE

This section includes USG terminologies for Trainers to quote or share.

The recommended agreements for executing a subaward are the Standard Grant Agreement or Fixed Amount Award Agreement. Before entering a contractual relationship, it is necessary to ensure that all parties understand the legal obligations involved, including provisions that flow from a prime recipient to a subrecipient and any certifications or other documents required under the agreement.

The agreement must include the following Federal award identification/information:

1. Subrecipient name
2. Subrecipient's unique entity identifier
3. Federal Award Identification Number (FAIN)
4. Date of award to the recipient by the Federal agency
5. Subaward period of performance start and end date

6. Start and end dates of subaward budget.
7. Total amount of the Federal award committed to the subrecipient by the pass-through entity.
8. Federal award project description, as required by the Federal Funding, Accountability and Transparency Act (FFATA).
9. Name of Federal awarding agency, pass-through entity, and contact information of the awarding official from the pass-through entity.
10. Assistance listings number and title; the pass-through entity must identify the dollar amount made available under each Federal award and the assistance listings number at the time of disbursement.
11. Identification of whether the award is for research and development (R&D)
12. Indirect cost rate for the Federal award (including if the de minimis rate is charged).
13. All requirements imposed by the pass-through entity on the subrecipient for implementation of the Federal award according to Federal statutes, regulations, and the terms and conditions of the award.
 - a. Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its own responsibility to the Federal awarding agency, including identification of any required financial and performance reports.
 - b. An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
14. The negotiated indirect cost rate between the pass-through entity and the subrecipient can be based on a prior negotiated rate between a different PTE (pass-through entity, also known as a prime recipient) and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate but may elect to do so.

OR

15. The de minimis indirect cost rate
 - a. The pass-through entity must not require the use of a de minimis indirect cost rate if the subrecipient has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs in accordance with §200.405(d).
16. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
17. Appropriate terms and conditions concerning closeout of the subaward.

Requirements and Regulations:

Ensure that there is a “flow down” of the applicable standard provisions in the sub-agreement. *(Refer to section 16c of this manual for flow downs for the Standard Provisions for a Non-U.S. Non-Governmental Organization.)* It is critical for prime recipients to note that “A U.S. recipient providing a subaward to a non-U.S. organization must use the Standard Provisions for a Non-U.S. Non-Governmental Organization. A non-U.S. recipient providing an award to a U.S. organization must use the Standard Provisions for U.S. Non-Governmental Organizations.” as per ADS 303 – Grants and Cooperative Agreements to Non-Governmental Organizations.

The prime recipient should also work with the subrecipient to review the requirements and USG regulations related to the type of agreement used with them (standard or Fixed Amount Award (FAA)).

MODULE 4: PLANNING FOR SUBAWARDS

Session 3: Planning Subawards

Learning Objectives:

1. Identify the planning stages for developing a subaward
2. Understand how to develop and solicit responses to an RFP/RFA
3. Detail the components of a Request for Proposals (RFP) and why they are important
4. Develop independent cost estimate

Session 3: Topics

1. Planning
2. Factors for Consideration
3. Competitive or Non-Competitive
4. RFP Planning Stages
5. RFP Planning Timeline
6. Steps to Prepare the RFP
7. Recommended Sections in an RFP
8. RFP Sections
9. Budget for RFP

Factors for Consideration

1. **Prime Recipient's budget:** Does the Prime Recipient have sufficient budget allocation?
2. **Geographical scope:** Can the sub recipient best serve a given geographical area?
3. **Thematic area:** Do sub recipients have prior experience operating in the thematic area of the program?
4. **Demonstrated capacity:** Does the sub recipient have the required resources, capacity, and the experience to manage the subaward and implement activities in their scope?

Talking Point:

- Primes must consider many factors before launching into planning for subawards. A Best Practice is to include these details in the proposal to USAID. Otherwise, the Prime can include subawards in the annual workplans.

Discussion: Ask participants for examples for each factor to consider.

Competitive or Non-Competitive

The process of selecting subs determines the justification required to secure USAID approval:

1. **Sub awardees selected competitively**
 - Preferred selection process by USAID through Request for Applications (RFA) or Request for Proposal (RFP)
2. **Sub awardees identified within original application (non-competitive)**
 - These subs are identified when applying for the award and appear explicitly on the proposal to USAID
 - No further requirements are needed to select these partners for subaward
3. **Sub awardees selected by USAID (non-competitive)**
 - USG must provide legal documentation that they have directed such inclusion and their rationale for doing so
4. **Sub awardees selected without competition because of unique attributes (non-competitive)**
 - In rare circumstance, sub awardees may be selected without competition because of their unique qualifications
 - Sole sourcing requires justifying why there was no open solicitation

Talking Points:

Selection processes can include:

1. Competitive selection of subawards:
 - a. The selection process that USAID prefers is through a Request for Applications (RFA) or Request for Proposal (RFP).

- b. ADS 303 requires that an RFA stay on air for at least 30 days. Local laws should also be followed since these could require a longer or different period.
2. Non-competitive selection (subawards identified within original application):
 - a. These subs were identified when applying for the award and appear explicitly on the proposal to USAID.
 - b. No further requirements are needed to select these partners for subaward.
3. Non-competitive selection of subawards by USAID:
 - a. USG must have a legal representative provide documentation that they have directed such inclusion, and the rationale.
4. Non-competitive selection of subawards because of unique attributes:
 - a. In rare circumstances, subawards may be selected without competition because of their unique qualifications.
 - b. Sole sourcing requires that you justify why there was no open solicitation.

Sole sourcing is permitted only when one or more of the following circumstances apply:

- **The item is only available from a single source.** For example, one of the prime projects needs the services of a vendor to destroy VMMC metal waste. At the time, Company ABC was the only provider that had a strong incinerator with the capacity to destroy VMMC metal waste to ashes in an environmentally friendly way. Thus, all partners in the country have been advised by the national VMMC technical working group and CDC to use Company ABCL waste disposal incinerators for this purpose.
- **A public exigency or emergency will not permit a delay for a competitive solicitation.** Note: Lack of pre-planning is not the same as a public emergency.
- **The funder or prime expressly authorizes, in writing, noncompetitive proposals.** For example, a prime organization previously hired a production company to work on a video to showcase one of its projects. The prime requested USAID CO approval to enter a sole source contract with the production company for additional work on the video. Given the production company's unique expertise, prior experience working on the video, ability to do the work at a low cost, and limited start time, the CO provided written approval for the sole source procurement.
- **After soliciting several sources, competition is found inadequate.** For example, the prime organization would like to hire a consultant to assist with writing a proposal for a recently released RFP for clinical support to the Kenyan National HIV Response. The consultant shall have knowledge and expertise in Kenyan National HIV Response efforts and experience in proposal writing. After soliciting quotes and trying to find a well-qualified consultant, only one consultant was available with the required expertise.
- **Avoid sole sourcing.** In addition to the very narrow circumstances under which it is permitted, having a sole source agreement under a federal grant or cooperative agreement requires you to negotiate profit as a separate element of cost. Profit is a separate element of cost and must be determined as reasonable.

RFP Planning Stages

1. Subaward Plans are included in the Prime's proposal to USAID
2. Prepare Request for Applications/Tenders/Proposals
3. Select Subrecipients
4. Complete Pre-Award Survey
5. Pre-Award Authorizations and Conditions

Talking Point:

- Planning for subawards starts at the proposal development stage of the prime's bid to USAID. A subaward plan includes the name of the organizations, budget, and expected results. Explain that planning for a subaward is a comprehensive and systematic process that requires strategic organization, coordination, and effective resource management. This entails setting-up internal organizational systems to sufficiently issue subrecipient awards, provide funding in a timely manner, monitor performance, and provide capacity strengthening. It also includes developing a plan and policy to facilitate the roll-out and implementation of a sound subaward support framework. Read the stages listed below.

RFP Planning Timeline

Allocate a reasonable amount of time for each stage (see estimates below)

Poor planning can delay work and attract unnecessary cost

| Estimated Number of Days | Task |
|--------------------------|-------------------------------|
| 30 | Develop Request for Proposals |
| 24 | Respond to Proposal Questions |
| 30 | Evaluate and Select Proposals |
| 10 | Pre-Award Survey |
| 5 | Award Contract |

Talking Point:

- The prime should plan for the time and resources (personnel and cost) required at every step. This process should follow a successive lifecycle that includes identifying need (nature of project/activity), partner identification mechanisms, pre-award, award, and post-award phases.

The prime should adequately plan for the time required at every step, as well as the resources required, including personnel and staff.

Discussion: Ask participants to identify one of the tasks and explain why it may take that length of time (e.g., it can take up to 30 days to evaluate and select sub proposals because multiple people review them and may need many days to do so).

Competitive or Non-Competitive

The process of selecting subs determines the justification required to secure USAID approval:

- 1. Sub awardees selected competitively**
 - Preferred selection process by USAID through Request for Applications (RFA) or Request for Proposal (RFP)
- 2. Sub awardees identified within original application (non-competitive)**
 - These subs are identified when applying for the award and appear explicitly on the proposal to USAID
 - No further requirements are needed to select these partners for subaward
- 3. Sub awardees selected by USAID (non-competitive)**
 - USG must provide legal documentation that they have directed such inclusion and their rationale for doing so
- 4. Sub awardees selected without competition because of unique attributes (non-competitive)**
 - In rare circumstance, sub awardees may be selected without competition because of their unique qualifications
 - Sole sourcing requires justifying why there was no open solicitation

Talking Points:

- An RFP is exactly what it sounds like: a request to offerors to submit a detailed proposal before you evaluate and decide the winning proposal/s. RFPs are listed on Grants.Gov or SAM.gov. Use link to share an example: <https://www.grants.gov/web/grants/search-grants.html>
- The following major steps are involved in developing the RFP. Each step includes several activities, all of which require careful coordination to ensure a fair, competitive process. Briefly review these steps and their importance, as listed on the slide. The prime:
 1. Determines a clear scope of work (activities and geographical region), budget, and timeframe that align with the project’s needs and available resources.
 2. Forms the team or working group that will develop the RFP, coordinate, and communicate responses to potential offerors, and serve on the review committee—and identifies who is responsible for making decisions.
 3. Develops the request to competitively solicit potential offerors; the competitive nature of this process ensures that successful applicants match the needs sourced by the RFP.
 4. Advertises the RFP in a way that allows for the most relevant potential applicants to learn about it and apply. This could mean advertising it on its social media profile, sending it to large group email listservs/networks, and/or sending it to a large group of potential organizations identified using specific criteria. The methodology for promotion should be documented.
 5. Provides an opportunity for applicants to submit questions and seek clarifications on the RFP; the prime should provide a written response to all questions raised within the stipulated time and ensure all applicants can access the answers provided.

Recommended Sections in a Request for Proposal

- I. Brief Project Overview
- II. Your Organization's Background
- III. Project Goals & Target Audience
- IV. Scope of Work & Deliverables
- V. Budget
- VI. The RFP Instructions
- VII. Eligibility Criteria
- VIII. Evaluation Criteria

Talking Point:

- Let participants know that the next slides will cover all elements that should be included in an RFP.

RFP Sections

I. Brief Project Overview:

- Introduce your organization (the organization issuing the RFP) and the purpose of the RFP.
- State not only what you want the service provider to do, but also why.
- Instead of describing a solution, articulate the problem. Focusing on the job to be done encourages the responder to think outside the box.

Talking Point:

- Introduce your organization (the organization issuing the RFA/RFP), and the purpose of the RFP. State not only what you want the service provider to do, but also why. Rather than describing a solution, try articulating the problem. Focusing more on the job to be done encourages the responder to think outside the box.

RFP Sections Continued

II. Your Organization's Background:

- Describe your organization, what it does, and how it does what it does.
- Outline the organization's values. By describing your values, you're more likely to find an organization that's a good value fit for your goals and processes. What makes your organization unique? Why does its work matter? Why is it important?

Talking Point:

- Describe your organization, what it does, and how it does what it does. Additionally, outline the organization's values. By describing your values, you're more likely to find an organization that is a good value fit for your goals and processes. What makes it unique? Why is the work of the organization important?

RFP Sections Continued

III. Project Goals & Target Audience:

- Explain what you hope the offeror will accomplish and whom you want them to serve, including a timeline of what needs to get done.

IV. Scope of Work & Deliverables:

- Describe, in as much detail as possible, all the services you want and the deliverables you expect.

V. Budget:

- Provide the ceiling budget amount of the planned project.
- State if matching funds are required and how much.
- The prime recipient must provide a budget template to be used for the RFP.

Talking Points:

1. **Project goals and target audience:** Explain what you hope the offeror will accomplish and whom you want them to serve. Figure out the details of the project, such as a timeline of exactly what needs to get done, which helps bidders accurately calculate their budgets and how to allocate their internal resources.
2. **Scope of work and deliverables:** Here's where you want to provide more detail on the project. To the extent you can, describe all the services you want and the deliverables you expect. Figure

out the details of the project. This helps bidders accurately calculate their budgets and how to allocate their internal resources.

3. **Budget:** Provide the ceiling budget of the planned project. Also state whether matching funds are required, and if so, how much. Budget information is important to enable vendors to compete on the same figures and to avoid having vendors prepare a proposal far above available resources, which makes the evaluation of applications impossible. Budget clarity also enables vendors to concentrate on areas of the highest priority. The prime must provide a budget template for the RFP.

RFP Sections Continued

VI. RFP Instructions

- Clearly state all documents and information required to support the RFP.
- The proposal and budget that must be prepared according to the format and instructions provided by the prime recipient.
- Provide both proposal and budget templates with clear instructions on required information.
- In some circumstances, a prime recipient can specify the number of pages required for a whole proposal, and even in each specific sub-section within the proposal; font; spacing to be used; the kinds of documents required to accompany the application; and how this information should be submitted and by when.
- It is the responsibility of prospective applicants to strictly follow the instructions provided.

Talking Points:

- The prime must clearly state all documents and information required to support the RFP. Mandatory documents when responding to an RFA include the proposal and budget, which are key documents that the prime uses to approve activities.
- The prime must provide proposal and budget templates with clear instructions on required information. In some circumstances, a prime can specify the number of pages required for a whole proposal, and even in each specific sub-section within the proposal, as well as the font, spacing to be used, application requirements that clearly indicate the kind of accompanying documents required for the application, how this information should be submitted, and by when. Prospective applicants are responsible for strictly following the instructions provided.

RFP Sections Continued

VII. Eligibility Criteria

- Criteria should clearly state what type of organizations are required to apply, targeted geographical reach and other eligibility restrictions.
- Include a pre-and post-award conflict of interest disclosure clause, where applicants are encouraged to report any possible conflict of interest that they are aware of that may provide the applicant with an unfair competitive advantage when competing for award.
- The Prime Recipient must propose ways of dealing with such disclosure without disqualifying the applicant.

Talking Point:

- **Eligibility Criteria:** The prime must provide eligibility criteria in the RFP, clearly stating what type of organizations should apply, their targeted geographical reach, and other eligibility restrictions. The prime must also include a pre- and post-award conflict of interest disclosure clause, encouraging applicants to report any possible conflict of interest they are aware of that may give the applicant an unfair advantage when competing for an award. The prime must propose ways to deal with such disclosures without disqualifying the applicant.

Budget for RFP

The RFA or RFP needs to provide guidance on the required budget categories which subsequently inform budget line items:

1. Personnel costs: this includes salaries and fringe benefits.
2. Consultants and other Short-term Technical Assistance (STTA).
3. Travel and transport (International and local travel).
4. Equipment.
5. Supplies and consumables.
6. Activities -detailed activities as per work plan.
7. Indirect cost; operation and overhead costs.
8. Cost share/matching cost.
9. NICRA or a de minimis rate of 10%
10. Budget notes.

Talking Points:

- The prime should ensure that the RFP provides clear guidance on the budget requirements and budget structure. Budget categories should be clearly explained so that they accurately inform budget line items. The following budget categories should be considered:
 1. Personnel costs (including salaries and fringe benefits)

2. Consultants and other Short-term Technical Assistance (STTA)
3. Travel and transport (international and local travel)
4. Equipment
5. Supplies and consumables
6. Activities (detailed as per work plan)
7. Indirect cost; operation and overhead costs
8. Cost share/matching costs
9. NICRA or a de minimis rate of 10%
10. Budget notes

Example of Summary Budget

Example of Summary Budget

| Budget Line | Yr. 1 | Yr. 2 | Yr. 3 | Total |
|--------------------------|------------------|------------------|------------------|------------------|
| Personnel | 100,000 | 250,000 | 300,000 | 650,000 |
| Fringe Benefits | 50,000 | 120,000 | 150,000 | 320,000 |
| Travel | 15,000 | 25,000 | 35,000 | 75,000 |
| Equipment | 200,000 | 0 | 0 | 200,000 |
| Supplies | 10,000 | 10,000 | 10,000 | 30,000 |
| Total Direct Cost | 375,000 | 405,000 | 495,000 | 1,275,000 |
| Activity Cost | 980,000 | 1,500,000 | 1,200,000 | 3,680,000 |
| Subcontract | 900,000 | 1,280,000 | 0 | 2,180,000 |
| Subtotal | 2,255,000 | 3,185,000 | 1,695,000 | 7,135,000 |
| Indirect Cost | 225,500 | 318,500 | 169,500 | 713,500 |
| Cost Share | 112,750 | 159,250 | 84,750 | 356,750 |
| Total Budget | 2,593,250 | 3,662,750 | 1,949,250 | 8,205,250 |

Example of Detailed Budget

Example of Detailed Budget

| 1. Personnel | | | | |
|--------------------|--------------|------------|-----------|------------|
| Salaries and Wages | Unit measure | # of Units | Unit Rate | Total Cost |
| Project Director | /Month | 12 | 200,000 | 2,400,000 |
| Finance Officer | /Month | 12 | 180,000 | 2,160,000 |

Example of Budget Notes

OVERVIEW

Partner is pleased to submit this cost proposal to USAID in response to XXX. This cost proposal represents the best value for the proposed scope of work. The period of performance for this program will be August 2023 – July 2028. All costs are presented in USD.

SALARIES AND WAGES

Briefly summarize the role, description, and level of effort for each position proposed on the project, including any that may be based at regional offices. Be sure to include in the description, a brief statement detailing the expected contribution to the program to achieve the SOW proposed. Clearly describe the method used to calculate the daily rate, the number of days that constitute a full-time equivalent, and the treatment of leave. Applicants must provide their established written policies on compensation. If the applicant's written policies do not address a specific element of compensation that is being proposed, the Budget Narrative must describe the rationale used and supporting market research.

The Offeror must demonstrate the calculations and rationale for the base daily labor rate utilized in calculating labor costs. No unburdened base daily rate may exceed the current USAID CST, as described in ADS 302.3.6.9. Additionally, per AIDAR 722.170, compensation paid to TCNs and CCNs may not exceed the prevailing compensation paid to personnel performing comparable work in the cooperating country as determined by the USAID Mission, without prior approval of the Mission Director or the Assistant Administrator having program responsibility of the project.

Direct salaries and wages should be proposed per the offeror's personnel policies. Unit costs for each proposed position, key or not, should be expressed in an amount per work day with a corresponding level of effort required for the position (number of work days) and then calculated to a total cost.

| Role/Title | Name | Technical Expertise and Justification |
|------------|------|---------------------------------------|
| | | |
| | | |

| | | |
|--|--|--|
| | | |
| | | |
| | | |
| | | |
| | | |

FRINGE BENEFITS

The fringe benefit rate used in the budget shall be the Offeror’s indirect rates per their NICRA. If a fringe benefit rate has not been approved, the offeror must propose a rate, and the budget narrative must explain how the rate was determined and provide a detailed breakdown comprised of all items of fringe benefits (e.g., unemployment insurance, workers compensation, health and life insurance, retirement, FICA, etc.) and the costs of each, expressed in dollars and as a percentage of salaries.

| Fringe Benefit | Percentage % |
|-----------------------|---------------------|
| Benefit Description | 0% |
| TOTAL | 0% |

CONSULTANTS

Services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the Offeror are allowable costs. Unit costs for each proposed position, key or not, should be expressed in an amount per work day with the corresponding level of effort required for the position (number of work days) and then calculated to a total cost. Completed Contractor Employee Biographical Data Sheets are required for all named consultants.

TRAVEL AND TRANSPORTATION

Costs should be broken down by the number of trips, domestic and international, and the estimated cost per trip, including airfare, per diem, and other related travel costs. The origin and destination, purpose for each proposed trip, duration of travel, and number of individuals traveling must be specified. Per Diem should be based on the Offeror's normal travel policies; however, the rates cannot exceed those of the Department of State Standardized Regulations for cost estimates.

| Purpose of Trip | Traveler | Origin/Destination | Total # Trips |
|------------------------|-----------------|---------------------------|----------------------|
|------------------------|-----------------|---------------------------|----------------------|

| | | | |
|-------------------------|-------------------|---------|--|
| Include purpose of trip | Traveler position | To/From | |
| | | | |
| | | | |

EQUIPMENT (*non-expendable items over \$5,000/unit*)

The Budget Narrative must include the purpose of the equipment and the basis for the estimates. The Budget Narrative must support the necessity of any rental costs and reasonableness in light of such factors as rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased. Equipment means tangible nonexpendable personal property having a useful life of more than one year, and an acquisition of \$5,000 or more per unit.

| Equipment | Justification | Quantity |
|-----------|---------------|----------|
| | | |
| | | |
| | | |

SUPPLIES AND MATERIALS (*including expendable equipment below \$5,000/unit*)

Specific information regarding the type of non-expendable supplies and other materials to be purchased must be presented. Information presented must include unit cost and quantities to allow an assessment of the realism and reasonableness of these costs. The Budget Narrative must include the purpose of the supplies and the basis for the estimates (for example, actual cost incurred, vendor quotation, etc.)

| Item | Justification | Basis of Estimate |
|------|---------------|-------------------|
| | | |
| | | |
| | | |

CONTRACTUAL

Any goods and services being procured through a contract mechanism for the performance of a prime contract or a subcontract must be detailed in the spreadsheet. A detailed budget for each subcontract must be submitted and should be in a similar format as the prime’s budget.

OTHER DIRECT COSTS

This includes communications, report preparation costs, passports, visas, medical exams, and vaccinations, insurance (other than insurance included in the applicant’s fringe benefits), meetings, equipment, office rent abroad, as well as any other miscellaneous costs that directly benefit the project proposed by the Offeror. Costs should be broken down by type of item, unit rate, quantity, and total cost for the item.

INDIRECT CHARGES

Partners must indicate whether they are proposing indirect costs or will charge all costs directly. If organizations have a Negotiated Indirect Cost Rate – please provide the applicable supporting documentation.

To better understand indirect costs please see Subpart E of 2 CFR 200. Local/ regional or other organizations that do not have a Negotiated Indirect Cost Rate Agreement (NICRA) letter with any US Government, these organizations should exclude all indirect costs from the cost estimate and instead use the de minimis rate of 10% of modified total direct costs as specified in 2 CFR 200.414(f) if appropriate. Otherwise, shared costs should be treated as direct and a basis for the allocation should be provided. USAID is under no obligation to approve the applicant’s requested method.

COST SHARE

USAID has established a required cost share contribution of at least ten percent (10%) of the USAID funding amount. Please provide a strategy for meeting and or exceeding the minimum ten percent cost share requirement on the subaward and explain the detailed nonfederal funding calculations in the detailed budget.

Indirect Costs

Indirect Costs

CFR 200.56 :

Costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.

NICRA: Negotiated Indirect Cost Rate Agreement
Must be approved by USAID, complicated and time-consuming

10% De Minimis: 10% of Modified Total Direct Costs



www.usaid.gov/sites/default/files/2023-01/OCC-Guide-for-NonProfit-IndirectCostRate1-27-2023.pdf

10 % De Minimis

- May be used indefinitely until a NICRA is requested
- USAID does not need to approve but you have to calculate correctly.
- Calculation: 10% of modified total direct costs (MTDC)

Included:

1. Salaries
2. Wages
3. Applicable Fringe Benefits
4. Materials and Supplies
5. Services
6. Travel
7. Up to \$25,000 of each subaward (regardless of period of performance)

Excluded:

1. Advertising and public relations
2. Entertainment/alcoholic beverages
3. Capital expenditures
4. Contributions
5. Fines/penalties
6. Bank Interest
7. Lobbying and fund raising

Talking Points:

- Indirect costs are those costs incurred for a common purpose that are too time-consuming/costly to allocate to a specific cost objective. Examples of indirect costs include office space rental, utilities, and clerical and managerial staff salaries. Administrative and clerical salaries should normally be treated as indirect costs (finance and administrative costs). In contrast, administrative and clerical salaries that can be identified specifically with a final cost objective, (i.e. award), should be charged as a direct cost. To the extent that indirect costs are reasonable, allowable, and allocable, they are a legitimate cost of doing business payable under a U.S. Government assistance award.

For more info, visit <https://www.usaid.gov/india/partner-resources/infographic-de-minimis-rate-indirect-costs>

- Both Primes and Subs are eligible for the 10% de minimis. USAID must accept the 10% de minimis rate without any review of actual costs. Primes are responsible for overseeing that Subs receive the 10% de minimis and understand how to use it.
- The 10% de minimis rate for modified total direct costs can only be elected under an award by a non-profit organization that has never held an indirect cost rate agreement.
- The organization must include the 10% de minimis amount in its application and maintain documentation of costs included in its modified total direct costs. It must be used consistently across all USG awards. It is allowable for use indefinitely.
- The use of 10% de minimis rate should not be used as a substitute by an organization that has an indirect cost rate simply because they have no NICRA. In this instance, the organization's proposed rate should be reviewed for propriety and honored if adequately supported.
- 2 CFR 200.414(f) states that organizations can charge a 10% de minimis rate of Modified Total Direct Costs (MTDC). MTDC include:
 1. Salaries
 2. Wages
 3. Applicable Fringe Benefits
 4. Materials and Supplies

5. Services
 6. Travel
 7. Up to \$25,000 of each subaward (regardless of the period of performance)
- **Salaries and Wages:** for salaries and wages to be allowable for the calculation of MTDC the following must apply:
 - Must be integral to the Program.
 - Individuals involved can be specifically identified with the project or activity,
 - Such costs are explicitly included in the budget.
 - The costs are not also recovered as indirect costs.
 - The costs must not be used as a match.

Reference: 2 CFR 200.413

- **Fringe Benefits:** Fringe Benefits related to Salaries and Wages (above) that are reasonable and required by: law, non-Federal entity employee agreement, or an established policy of the non-Federal entity. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with how fringe benefits are charged throughout the organization. Any match portion is not to be included.

References: 2 CFR 200.431

- **Travel Costs:** Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are assigned to the Program. Travel costs are allowable with prior written approval of the awarding agency (e.g. be in the budget) and when they are specifically related to the Federal award. Travel costs must also be reasonable, per the non-Federal entity's written travel policy, and proper documentation must be kept. Any match portion is not to be included.

Reference: 2 CFR 200.474

- **Supplies:** Costs incurred for materials and supplies necessary to carry out the Federal Program are allowable and must be charged at their actual prices net of applicable credits. This category is applicable for all consumable and short-term items with an acquisition cost of less than \$5,000 each. Any match portion is not to be included.

Reference: 2 CFR 200.453

- **Contractual (Sub-Contracts):** Use for written contracts or agreements with fiduciaries or secondary recipient organizations such as affiliates, cooperating institutions, or delegate agencies. Payments to individuals such as stipends, allowances for trainees, and consulting fees do not get recorded here. Any match portion is not to be included.

- **Unallowable costs:** Costs that cannot be charged to Federal awards and has internal controls in place to ensure that this is followed. Examples of unallowable costs are:
 1. Advertising and public relations,
 2. Entertainment/alcoholic beverages,
 3. Capital expenditures,

4. Defense claims by or against the Federal Government,
5. Bank Interest,
6. Lobbying and fundraising.

2 CFR Part 200, Subpart E, or the FAR (Subpart 31.205)

Example MTDC Calculation

| Budget Line Item | Direct Cost | Exclude | MTDC |
|------------------|------------------|-----------------|------------------|
| Salaries | \$500,000 | \$0 | \$500,000 |
| Fringe Benefits | \$125,000 | \$0 | \$125,000 |
| Travel | \$10,000 | \$0 | \$10,000 |
| Training | \$50,000 | \$0 | \$50,000 |
| Audit | \$10,000 | (\$10,000) | 0 |
| Marketing | \$ 5,000 | (\$5,000) | 0 |
| Total | \$700,000 | \$15,000 | \$685,000 |
| 10 % MTDC | | | \$68,5000 |

Talking Point:

- Talk through the example and see if there are any questions.

Roles of Prime and Sub Awards

| PRIMES | Sub Awards |
|---|--|
| 1. Leadership to select and manage sub awards. | 1. Expand the capacity of team to achieve objectives |
| 2. Identify service and programmatic needs and overall budget for subawards | 2. To provide comparative advantages and expertise in a technical area |
| 3. Develop Request for Proposals or Applications | |
| 4. Select Applicants | |
| 5. Conduct Pre award Survey | |
| 6. Conduct required background checks | |
| 7. Develop and finalize Subaward Agreements/Contracts | |
| 6. Monitor Activities | |
| 7. Review financial reports and disburse funds | |
| 8. Include information in Primes reports to USAID | |
| 9. Close out | |

Talking Points:

- Primes use a project life cycle to plan, implement, monitor, and close. USAID oversees the primes, and the primes oversee the subs. USAID does not have a legal relationship with the subs

and does not interact with them unless the Prime is present. Therefore, the primes and sub-partners have different roles within the partnership. Primes are responsible for:

- Leadership in developing the application or proposal
 - Identification of the project strategy
 - Selection of partners
 - Overall management of the project
- Sub-partners are responsible for:
 - Expanding the team's capacity to achieve objectives
 - Contributing to proposal development
 - Providing comparative advantages and expertise in a technical area or specific service

Subaward Management

1. The Prime drafts subgrant agreements and all subgrant agreement modifications using approved templates
2. The Prime ensures subgrant payments are in accordance with subgrant agreements.
3. The Prime conduct anti-terrorism compliance checks of partners and ensure accurate tracking of all such requests.
4. The Prime assists in recipient-contracted audits, and other regulatory compliance

Talking Points:

- Explain the core functions of subaward management, including:
 1. Lead in drafting subgrant agreements and all modifications to subgrant agreements.
 2. Follow your organization's Delegation of Authority (DOA) for signing subawards.
 3. Ensure that subgrant payments are made in accordance with subgrant agreements.
 4. Conduct anti-terrorism compliance checks of partners and ensure accurate tracking of all such requests.
 5. Assist in recipient-contracted audits and other regulatory compliance.

Subaward Oversight

Typical oversight and reporting responsibilities

1. Reviewing the pre-award's due diligence assessment of current and potential partners and analyze organizational capacity to manage sub grant funding and project implementation
2. Tracking of sub granting financial and programmatic reporting and ensuring timely receipt by field staff.
3. Provide analysis of the status of current and closed subgrants, e.g., spending patterns, outstanding reports.
4. Monitoring the timely submission of financial- and other reports by the subrecipient.

Talking Points:

- Typical oversight and reporting responsibilities (from the grants management division at the prime level) will include:
 1. Reviewing the pre-award's due diligence assessment of current and potential partners and analyzing organizational capacity to manage sub-grant funding and project implementation for subgrantees, working with field staff in assessing local in-country subgrantees.
 2. Tracking of sub-granting financial and programmatic reporting and ensuring timely receipt by field staff.
 3. Analyzing the status of current and closed subgrants (e.g., spending patterns, outstanding reports).
 4. Monitoring the timely submission of financial and other reports submitted by the subrecipient.

Subrecipient's Role

1. Comply with all award provisions, terms and conditions
2. Conduct activities per the signed agreement
3. Report on activities per requirements of agreement
4. Report financial expenditures according to agreement
5. Disclose all violations of fraud, bribery, gratuity violations
6. Maintain records according to agreement

Talking Points:

- Subrecipients are responsible for:
 1. Conducting the scope of work set out in the sub-agreement.
 2. Familiarizing themselves with all USAID's requirements for the subaward through the Internet and other means the prime and USAID make available and complying with all contractual requirements under the sub-agreement.
 3. Informing the prime in a timely fashion of any change in key management personnel, and not replacing such personnel without the prime's prior written consent.
 4. Reporting periodically to the prime on progress in implementing the scope of work.
 5. Complying with the reporting process required by the prime.
 6. Budgeting and reporting on financial matters as per the prime's requirements.
 7. Maintaining financial records, supporting documents, statistical records, and all other records pertinent to the subaward in accordance with Generally Accepted Accounting Principles (GAAP) formally prescribed by the United States (being the cooperating country under the Co-Operative Agreement) to sufficiently substantiate charges to the subaward.
 8. Disclosing all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award to the USAID Office of the Inspector General (in Washington DC) and the prime, in a timely manner.

ADDITIONAL REFERENCE MATERIAL ON PLANNING SUBAWARDS

This section includes USG terminologies for Trainers to quote or share.

PLANNING

Deciding:

The prime should consider several factors before deciding whether to work with subawards:

1. Budget: The prime should determine if their award has a sufficient budget allocation for subawards.
2. Geographical scope: The prime should determine if a subaward can best serve a given geographical area.
3. Thematic area: The prime should determine if subawards have prior experience with thematic areas of the program.
4. Capacity: The prime should assess the capacity of an organization by conducting a Pre-Award Survey.

Time Management:

Subawards require adequate time for the entire subaward process, from need identification (nature of project/activity) and partner identification mechanisms to pre-award and post-award phases. The prime should adequately plan for the time and resources required at every step, including personnel and staff. Time management should include enough time to:

1. Determine projects/activities that will require a subaward.
2. Identify staff and their responsibilities to develop/manage the subaward.

3. Identify subrecipients.
4. Assess pre-awards.
5. Incorporate subaward activities into overall project implementation.
6. Conduct subaward evaluation.
7. Support closeout activities.

Cost management:

The prime should determine and allocate all resources required to effectively and efficiently support subaward management, and ensure that the management process is cost-effective, overall. This includes:

1. Allocating sufficient funds for subaward activities.
2. Assigning staff with the appropriate knowledge, skills, and experience for pertinent functions; and allocating clear roles, responsibilities, and associated reporting lines.
3. Ensuring that the budget allocates enough funds to procure necessary equipment.

DEVELOPING A REQUEST FOR PROPOSALS

An RFP is advertised to solicit potential offerors. The competitive nature of the selection process, which involves the review of detailed proposal submissions, ensures that successful applicants match the needs sourced by the RFP. A high-quality RFP should be prepared by a team whose skills match the requirements of the RFP. The RFP is the face of the issuing organization for potential collaborators, so it is important to compile it impeccably. A good RFP leads to good proposals, and good proposals lead to better working relationships, which lead to better projects and outcomes.

Standard operating procedure (SOP) for RFPs:

1. Determine the scope of work.
2. Determine the timeline and budget available.
3. Reach out to offerors to propose a solution (and themselves) as the best fit.
4. Provide an opportunity for a question-and-answer (Q&A) period; the more details you can include up front, the less back and forth there will be with offerors later.
5. Develop the RFP document.

The following sections are recommended as part of a clear RFP:

1. **RFP Instructions:** The prime must clearly state all documents and information required to support the RFP. Documents that are mandatory when responding to a call for applications include the proposal and budget, which must be prepared according to templates with clear instructions on the required information, which the prime provides. The proposal and budget are key documents that the prime uses to approve activities. In some circumstances, a prime can specify the number of pages required for an entire proposal—even for each specific sub-section within the proposal—as well as the font, spacing to be used, the documents required to accompany the application, how this information should be submitted, and by when. It is the responsibility of prospective applicants to strictly follow the instructions provided.

The prime must provide eligibility criteria clearly stating what type of organizations are required to apply, their targeted geographical reach, and other eligibility restrictions. All this information must be contained in the RFP. The prime must also include a pre-and post-award conflict-of-interest disclosure clause, whereby applicants are encouraged to report any possible conflict of interest that they are aware

of which may give the applicant an unfair advantage when competing for the award. The prime must propose ways to deal with such disclosures without disqualifying the applicant.

2. **Brief Overview of the Project:**

Introduce your organization (the organization issuing the RFA/RFP), and the purpose of the RFP. Provide background on the current condition of the use you want to address. State what you want the service provider to do and why.

3. **Your Organization's Background:**

Describe your organization, what it does, and how it does what it does. Additionally, outline the organization's values because it makes you more likely to find an organization that is good value fit both for your goals and processes. What makes it unique? Why does the organization's work matter?

4. **Project Goals and Target Audience:**

Explain what you hope the offeror will accomplish and whom you want them to serve. Figure out project details like a timeline of exactly what needs to get done. This helps bidders accurately calculate their budgets and allocate their internal resources.

5. **Scope of Work and Deliverables:** Here, provide more detail about the project. To the extent you can, describe all the services you want and the deliverables you expect. Figure out the details of the project. This helps bidders calculate their budgets accurately and determine how to allocate their internal resources.

6. **Budget:** The prime must provide the ceiling budget amount for the planned project and state if matching funds are required, and if so, how much. Budget information is important for vendors to be able to compete on the same figures and avoid wasting time preparing a proposal far above available resources, which makes evaluation impossible. Clear budgets also enable vendors to concentrate on areas of highest priority. The prime must provide a budget template to be used for the RFP and should include the following budget line items:

- i. Personnel costs (including salaries and fringe benefits).
- ii. Consultants and other Short-term Technical Assistance (STTA).
- iii. Travel and transport (international and local travel).
- iv. Equipment.
- v. Supplies and consumables.
- vi. Activities—detailed activities as per work plan.
- vii. Indirect cost, including operation/overhead costs, as well as general and administrative costs like communication, rent, etc. (these budget items must be specific).
- viii. Cost share/matching cost.
- ix. NICRA or a de minimis rate of 10% of modified total direct costs (MTDC). This can be used if one has an already approved NICRA and is not charging indirectly.
- x. Budget notes.

7. When compiling a budget, refer to **2CFR 200.413** and **2CFR 200.414** for guidance on direct and indirect costs. The budget can be presented in three basic ways: summary budget (budget by major line items), detailed budget (detailed budget with sub-categories) and budget notes.

8. **Evaluation:** The prime must clearly state the evaluation process and the criteria that stipulate how the application will be evaluated and scored. The prime must also specify the criteria it will use to make an

award decision in each solicitation, which should include technical and cost/price factors, as well as the relative importance of these factors. Evaluation criteria should include elements like past performance (not necessarily previous USG-funding experience), technical approach to implement the project, the personnel, and organizational capacity, etc.

9. Supporting Documentation:

- i. Copy of certificate of registration, charter, and by-laws.
- ii. Proof of bank accounts maintained.
- iii. Copy of the audited annual financial statements for the last two years.
- iv. Organizational chart, with positions and names of key employees.
- v. CVs of key employees.
- vi. Annual progress performance reports from other donors.

10. Publishing your RFP:

Competitive selection entails publishing the RFP in a public domain, such as advertisements on websites or widely read newspapers, with clear instructions on how to respond to the RFP, where to get details on the application templates, the submission date, how to submit, and to whom to submit (e.g., email to submit). Any call for application is open for a fixed amount of time, though an extension is sometimes granted.

11. Point of Contact:

Specify a person with an email address for queries. This person will circulate questions to the finance or technical team without revealing the identity of the requesting individual. Compile all the questions and answers and release the information to all interested parties.

12: RFP clarifications:

During publication of the RFP, the prime should specify how questions arising from the RFP will be responded to. Ideally, the prime provides an email address to channel all questions on the RFP. The duration for questions and answers must be fixed and ideally before the closing date of submitting the application. The prime must provide written answers to all questions, including clarifications requested by applicants regarding the RFP. All questions and answers must be in a public domain that all prospective applicants can access. The prime should never provide answers solely to one individual applicant.

DEVELOPING A PROPOSAL:

All prospective applicants should follow the RFP instructions in developing their proposal. Prospective applicants should ensure that they develop a quality proposal, following the template provided and sections/sub-headings as provided in the RFP call.

Good proposals contain:

1. Cover page, including project or activity title, name of the applicant (sub-awardee), institution or organization, name of the implementing agency, postal address, telephone number(s), contact person and their designation, proposed duration of the project (start date and close date), and cost of the project.
2. Executive summary.
3. Introduction and background information.
4. Clear problem statement.

5. Goals and objectives.
6. Project Description: activities planned to address the problem and achieve the objectives.
7. Methodology: how the activities will be executed (be innovative and show how you can accomplish them differently).
8. Monitoring and evaluation plan and indicator table (Project Management Plan-PMP)
9. Project implementation work plan, with timelines.
10. Cross-cutting issues (e.g., gender mainstreaming clause).
11. Environmental clause.
12. Sustainability plan.
13. Key project staff and their associated CVs, including job descriptions.
14. Detailed summary of project budget, and budget notes, using a provided budget template.

Subrecipient vs. Contractor Response Form

Project Number: _____ Project Name: _____

Circle a yes or no answer and provide an explanation for the answer. Also include references to the contract or other documentation used to arrive at the answers. Use the last column to identify any other factors not specifically addressed that should be considered material to the decision.

| Contractor | Subrecipient | Use of Judgment in Making Decisions |
|---|--|--|
| 1) Provides the goods and services within normal business operations. YES NO Reference: | 1) Determines who is eligible to receive what financial assistance. YES NO Reference: | 1) Reference: |
| 2) Provides similar goods or services to many different purchasers. YES NO Reference: | 2) Has its performance been measured against whether the objectives of the program are met? YES NO Reference: | 2) Reference: |
| 3) Operates in a competitive environment. YES NO Reference: | 3) Has responsibility for programmatic decision-making. YES NO Reference: | 3) Reference: |
| 4) Provides goods and services that are ancillary to the operation of the program. YES NO Reference: | 4) Has responsibility for adherence to applicable program compliance requirements. YES NO Reference: | 4) Reference: |

| | | |
|--|---|-----------------------------|
| <p>5) Is not subject to compliance requirements of the program.</p> <p>YES NO</p> <p>Reference:</p> | <p>5) Uses the funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.</p> <p>YES NO</p> <p>Reference:</p> | <p>5)</p> <p>Reference:</p> |
|--|---|-----------------------------|

Source: Adapted from Texas Workforce Solutions' Financial Manual for Grants and Contracts, June 2008.

MODULE 5: EVALUATING AND SELECTING APPLICANTS

Session 4. Evaluating and Selecting Applicants

Learning Objectives:

1. Identify the steps for evaluating and selecting a subrecipient.
2. Understand the required certification.
3. Understand the subaward requirements to file for the RFP process.

Talking Point: Introduce learning objectives.

Select Subrecipients

1. Develop a list of all the offerors/proposals/bids
2. Have members of the review committee sign conflict of interest and non-disclosure agreements
3. Distribute proposals and rating documents based on selection criteria in the RFP, with a response (which should include scores) deadline
4. Review each proposal for compliance with the application instructions; are all sections completed, requested documents (e.g., budget) attached and are all required certifications signed as necessary.

Talking Points:

- Selection of subawards is crucial and calls for thorough scrutiny to minimize risks. It is necessary for the prime to use an established selection process and evaluation criteria and properly document all its selection decisions. There are several steps to ensure a systematic review of all the proposals. This slide includes the first four.
 1. List all offerors that have submitted a response to the RFP/RFA.
 2. Review each proposal for compliance with the application instructions (are all sections completed and requested documents attached and are all required certifications signed?).

3. Have members of the review committee sign conflict of interest and non-disclosure agreements.
4. Conduct the review process with a team that has relevant skill sets based on the targeted thematic area and no conflict of interest of any kind.

Select Subrecipients Contd.

5. Convene meetings for all reviewers to discuss each proposal and their scores.
6. Finalize and aggregate scores to determine the best offerors.
7. Develop the Final Evaluation Report that summarizes the process, results, and rationale for the decision.
8. Notify all applicants.

Talking Point:

- Convene a meeting for all reviewers to discuss each proposal and their scores.
- Rate the proposals as per the grading criteria (see the end of this session for more information and examples), and finalize and aggregate scores to determine the best offerors. Once a decision is made, all applicants must be given feedback on the outcome of the evaluation.

Required Certifications

The prime is responsible for obtaining certifications for or from the subs:

1. A Unique Entity ID (generated by SAM.gov)
2. Restrictions to Lobbying (22 CFR 227)
3. Prohibitions on Assistance to Drug Traffickers (ADS 206.3.10)
4. Certification Regarding Terrorist Financing (AAPD 044)
5. Certification Regarding Trafficking in Persons
6. Certification of Recipient
7. A signed copy of Certifications and Assurances, which include Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs (this assurance applies to Non-U.S. Government Organizations if any part of their program will be undertaken in the U.S.)

Talking Points:

- Primes are responsible for ensuring that subs meet the requirements and can obtain certifications. Since subs are preparing to become primes, it is important for the prime to demonstrate the procedure and schedules when the annual certifications are due.

Prior to issuing any grant, awardees must sign the following certifications:

1. A signed copy of Certifications and Assurances, which includes Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs. (This assurance applies to non-U.S. organizations if any part of the program will be undertaken in the U.S.)
2. Restrictions on Lobbying (22 CFR 227).
3. Prohibition on Assistance to Drug Traffickers (ADS 206.3.10).
4. Certification Regarding Terrorist Funding (AAPD 04-14).
5. Certification Regarding Trafficking in Persons.
6. Certification of Recipient:
<https://www.usaid.gov/sites/default/files/documents/1868/303mav.pdf>
7. A Unique Entity ID: <https://sam.gov/content/duns-uei>

Talking Points:

- At the end of the evaluation process to select the best applicant, the evaluation lead should finalize the report, which should contain a comprehensive detailed description of the entire evaluation process and the decisions made. This includes the tools/templates used for grading (ranking, rating applicants). When awarding a fixed amount award (FAA), the following procedures should be used:
 1. ADS 303.3.25
 2. ADS 303saj
 3. ADS303mak

Discussion: Why is completing the evaluation report so important?

Subaward File

1. Request for proposal
2. Evidence documentation for competition (copy of newspaper advert , website, social media postings, etc.)
3. All applications received
4. Evaluation report
5. Offerors feedback regarding the application
6. Subaward notification
7. Signed standard checklist such as Fixed Amount Award Entity Eligibility Checklist, SAM checks, copy of Certifications and Assurances (Prohibition on Assistance to Drug Traffickers (ADS 206); and, Certification Regarding Terrorist Funding (AAPD 04 -14), Certification Regarding

Talking Points:

- Once the award process is completed and the subaward approved, the prime must keep critical award documents and those the prime needs to share with the subawards to guide them in implementing the project. It is important to keep all the information in case an applicant protests the process. In this case, you will need to demonstrate that you have followed your organization's process for fair and transparent selection.
- The prime must keep all documents used in the process (from preparation of the RFA to awarding), including:
 1. Call for proposal for RFA, RFP, or Notice of Funding Opportunity (NOFO).
 2. Documentation/evidence of competition (e.g., copy of newspaper advertisement, website where the advertisement was placed).
 3. All applications received.
 4. The evaluation report with award recommendations, and offerors' feedback on the application.
 5. Subaward notification.
 6. Signed standard checklist, such as Fixed Amount Award Entity Eligibility Checklist, SAM checks, copies of Certifications and Assurances (Prohibition on Assistance to Drug Traffickers (ADS 206); and, Certification Regarding Terrorist Funding (AAPD 04-14), Certification Regarding Trafficking in Persons, Certification of Recipient).

Documents to Share with Sub

Prime award approval (approved) notification with clear start date of the project and award amount.

1. Sub award approved agreement with clear terms and conditions of the award, proposal and project description complete with reporting requirements, type of reports (financial and programmatic), frequency of reporting, reporting period and due dates, and reporting contents and also special award conditions if applicable.
2. Final approved technical proposal with project description or scope of works and detailed approved budget.
3. Donor operating guiding document such as relevant applicable **ADS, 2CFR 200** etc.

Talking Points:

- Once the subrecipient's contract is signed by both parties, the prime must provide a copy of essential documents to the subrecipient to guide them in project implementation. These documents include:
 1. Prime award approval (approved) notification, with a clear start date for the project and the award amount.

2. Subaward-approved agreement with clear terms and conditions of the award, proposal, and project description complete with reporting requirements, types of reports (financial and programmatic), frequency of reporting, reporting period and due dates, and reporting contents; also, special award conditions if applicable.
 3. Final approved technical proposal with project description or scope of work and detailed budget.
 4. Donor operating the guiding document, such as relevant applicable **ADS, 2CFR 200**.
- The prime must ensure that the subrecipient fully understands the content of these documents and may convene a project start-up meeting with the subrecipient to discuss and explain the start-up and implementation requirements.

ADDITIONAL REFERENCE MATERIAL ON EVALUATING AND SELECTING APPLICANTS

This section includes USG terminologies for Trainers to quote or share.

Subaward selection is crucial and calls for thorough scrutiny to minimize risks associated with implementing partners (LIPs). Primes need to use established selection processes and evaluation criteria and properly document all decisions.

The review must be conducted by a team with relevant skill sets based on the targeted thematic area, with no conflict of interest of any nature. Several steps are needed to ensure a systematic review of all the proposals:

1. List all the offerors.
2. Review each proposal for compliance with the application instructions; are all sections completed, requested documents (e.g., budget) attached, and are all required certifications signed as necessary?
3. Have members of the review committee sign conflict of interest and non-disclosure agreements.
4. Distribute proposals and rating documents based on selection criteria in the RFP, with a response (which should include scores) deadline.
5. Convene a meeting for all reviewers to discuss each proposal and their scores.
6. Finalize and aggregate scores to determine the best offerors.

Examples of evaluation criteria and the weights for each criterion:

| Evaluation Criteria: | Weight (For illustrative purposes only.) |
|--|---|
| Technical suitability and innovation, including clear objectives and goals (in line with the project)* | 45 |
| Organizational capability and historic performance. | 15 |
| Project management ability. | 10 |
| Cost-effectiveness of budget. | 17 |
| Project viability/sustainability. | 13 |
| Total weight | 100 |

A prime will need to use its established selection process and properly document selection decisions. The process of selecting subawards will determine the kind of justification required to secure USAID approval.

The Final Evaluation Report: At the end of the evaluation process, the evaluation lead needs to finalize the final evaluation report, which should contain a comprehensive detailed description of the whole evaluation process and decisions made.

Required Certifications

Before issuing any grant, awardees must sign the following certifications:

1. A signed copy of Certifications and Assurances, which includes Assurance of Compliance with Laws and Regulations Governing Nondiscrimination in Federally Assisted Programs (This assurance applies to Non-U.S. organizations if any part of the program will be undertaken in the U.S.).
2. Restrictions on Lobbying (**22 CFR 227**).
3. Prohibition on Assistance to Drug Traffickers (**ADS 206.3.10**).
4. Certification Regarding Terrorist Funding (**AAPD 04-14**).
5. Certification Regarding Trafficking in Persons.
6. Certification of Recipient;
<https://www.usaid.gov/sites/default/files/documents/1868/303mav.pdf>
7. A Unique Entity Identifier (UEI) is a number that identifies an entity's registration in SAM.gov. This identifier is used for federal award management and reporting purposes. See [SAM.gov | Duns - Sam UEI](#) for more information.

Contents of the Subaward File

Once the award process is completed and the subaward is approved, there are critical award documents that must be kept by the prime some of which the prime needs to share with the subawards to guide implementation of the project. All documents used in the process from the preparation of the application request, up to awarding, must be kept by the prime. These documents include:

1. Call for proposal for RFA, RFP, or NOFO.
2. Evidence documentation for the competition such as a copy of the newspaper advert, the website where the advertisement was placed, and any other relevant information.
3. All applications received.
4. Evaluation report with award recommendations.
5. Offerors feedback regarding the application.
6. Subaward notification.
7. Signed standard checklists such as Fixed Amount Award Entity Eligibility Checklist, SAM checks, copies of Certifications and Assurances (Prohibition on Assistance to Drug Traffickers (**ADS 206**); and, Certification Regarding Terrorist Funding (**AAPD 04-14**), Certification Regarding Trafficking in Persons, Certification of Recipient).

MODULE 6: PRE-AWARD SURVEY

SESSION 5: PRE AWARD SURVEY

Learning Objectives:

1. How to perform a pre-award survey
2. Become aware of NUPAS Plus assessment tool
3. Understanding pre-award assurances to be considered/obtained by the Prime Recipient when making an award under USAID funded projects.

Topics for Pre Award Survey

1. Options for Pre-Award Survey
2. Non -U.S. Organization Pre-award Survey (NUPAS)
3. NUPAS Plus
4. Assessment Scale
5. Definition of Risk Management
6. Risk Management
7. Sub-Risk Assessment
8. Levels of Risk
9. Risk Mitigation Choices
10. Examples of Special Award Conditions
11. Capacity Development for Subs

Talking Points:

- This module provides an overview of how a prime should support the subrecipient in conducting a pre-award assessment. It is mandatory to conduct a pre-award survey and often a Prime will already have a pre-award survey. It is important to cross-reference with the USAID Non-U.S. Organizational Pre-Award Survey (NUPAS) which has minimal standards. A best practice is to use the NUPAS Plus or NUPAS Plus 2.0 tool, which not only identifies organizational weaknesses but also the root cause for weaknesses such as a policy is not compliant, the board has not approved new policy, staff is not trained in the new policy, or internal systems have not been upgraded to match new policy. By the end of this session, participants will be able to:
 1. Explain how to perform a pre-award survey.
 2. Be aware of the NUPAS Plus and NUPAS Plus 2.0 assessment tools.

3. Understand the pre-award assurances to be considered/obtained by the prime when making an award under USAID-funded projects.

Prime's Responsibilities

"The recipient remains responsible for the work that is sub awarded, and therefore, the recipient must comply with the following:

The Prime recipient must determine that the subrecipient possesses the ability to perform successfully under the terms and conditions of a proposed award, taking into consideration the sub recipient's integrity, record of past performance, financial and technical resources, and accessibility to other necessary resources.

The recipients must ensure subawards are made in compliance with the Standard Provision "Suspension and Debarment" and the Standard Provision "Preventing Transactions with, or the Provision of Resources or Support to, Sanctioned Groups and Individuals."

Source: RAA8(b)(1)

Talking Points:

- Explain and describe the prime's key responsibilities in selecting and managing subs:
 1. Conducting risk assessments on prospective subrecipients.
 2. Selecting subrecipients.
 3. Pre-award assessments.
 4. Consideration of imposing special award conditions.
 5. Seeking USAID approval on selected subrecipients.
 6. Preparing a complete agreement.
 7. Including all applicable MSP/RAA provision flow-downs in the agreement.
 8. Monitoring the activities of the subrecipient.
 9. Providing technical assistance/support to the subrecipient.
 10. Ensuring that the subrecipient is subject to assurance reviews.

Options for Pre-Award Survey

The Pre-Award Survey should be included in your Procurement Manual and be approved by your Board.

Available Tools:

1. Ask your former prime for the Pre-Award Survey they use
2. Use USAID's NUPAS
3. Use ASAP's NUPAS Plus
4. Use ASAP II's NUPAS Plus 2.0

Ask participants:

1. Have they ever conducted a pre-award survey?
2. What assessment tool did they use?
3. What was their experience in conducting a pre-award survey?

Non-U.S. Organization Pre-award Survey (NUPAS)

USAID uses the Non-U.S. Organization Pre-award Survey (NUPAS)

NUPAS Objectives:

- 1) Determine whether the Non-U.S. Organization has sufficient financial and managerial capacity to manage USAID funds following U.S. Government and USAID requirements.
- 2) Provide recommendations to USAID on areas of support needed for the local partner to succeed as a Prime Recipient with increased funding.

International Primes have developed their own pre award survey

Talking Points:

- The main purpose of a pre-award assessment is to gauge the capacity and preparedness to implement funding, which allows for capacity building. A NUPAS can be administered by the prime or self-administered by a sub-recipient. However, assessments administered by subrecipients tend to be biased. To be more objective, it is highly recommended that the assessment be conducted by a third party that has no direct relationship to the subrecipient. The prime must ensure that subrecipients are familiar with and understand the NUPAS tool before the assessment is conducted. If primes have their own organizational capacity assessment tools,

which they administer to gauge the capacity and risk of their sub-recipients, they should ensure that there is no major difference in the content and detail of information that must be collected during the assessment.

NUPAS

The NUPAS is a pre-award survey to identify and establish the baseline for potential risk areas inherent in making a non-U.S. NGO award. USG regulations require the prime to conduct a pre-award survey, prior to issuing an award, that assesses the following domains among other areas:

1. Legal
2. Financial
3. Procurement
4. Human Resources
5. Sustainability
6. Performance

Talking Point:

- Read out the six domains.

NUPAS Plus

ASAP has developed the NUPAS Plus tool which we have used with over 50 organizations

The tool and training manual are available upon request

The screenshot shows the NUPAS Plus tool interface. At the top, it features the USAID and PEPFAR logos. Below the logos, it states 'NON-US ORGANIZATION PRE-AWARD SURVEY (NUPAS) Plus Tool' and 'Prepared by: Accelerating Support to Advanced Local Partners (ASAP) (Task Order 7200AA19F00004)'. A 'Navigation Links' section follows, with a prompt: 'Click the boxes below to access the respective worksheets to the selected domain'. The navigation links are organized into a grid of buttons, including 'Introduction', 'Documents Needed', 'Detailed Scores', 'Summary Scores', 'NUPAS Legal', 'NUPAS Financial', 'NUPAS Procurement', 'NUPAS HR', 'NUPAS Org Sustainability', 'NUPAS performance Mgt', '1 NUPAS+ Legal', '2 NUPAS+ Finance', '3 NUPAS+ Fraud', '4 NUPAS+ Proc &', '5 NUPAS+ Property', '6 NUPAS+ IT', '7 NUPAS+ HR', '8 NUPAS+ M&E', '9 NUPAS+ Gender', '10 NUPAS+ Govet', '11 NUPAS+ Busi, Int', '12 NUPAS+ Busi', '13 NUPAS+ M&P', '14 NUPAS+ R&A', and '15 NUPAS+ EMOP'.

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Talking Point:

- ASAP II developed the NUPAS Plus, which includes the six domains from the NUPAS and adds 15 domains to understand the root cause of organizational weaknesses in policies, procedures, systems, and templates. The assessment starts with a Kickoff meeting and the signing of a Memorandum of Understanding. Over 100 documents are shared and reviewed, after which assessors interview leadership and staff, conduct sample tests of financial transactions, and rate over 300 questions. The length of time to complete a NUPAS Plus or NUPAS Plus 2.0 is

determined by how long it takes to get the organizational documents. A delay in receiving them delays completing the assessment. If all documents are received as agreed, the process takes up to four weeks.

Assessment Scale

| Scoring individual elements | Scoring | Scale | Description |
|-----------------------------|-----------|--|--|
| | 1.0 – 1.5 | Inadequate | Significant control weaknesses could expose the organization to significant financial or other loss or otherwise significantly impair its ability to manage USAID funds. |
| 1.51 – 2.5 | Weak | Significant control weaknesses exist that could expose the organization to unacceptable/inadequate levels of unmanaged risk. | |
| 2.51 – 3.5 | Adequate | Although a control weakness was noted, compensating controls and other factors exist to reduce the residual risk within the organization to acceptable levels. | |
| 3.51 – 4.0 | Strong | Overall, a strong control framework is in place. Some improvements may be recommended. No deficiencies or low risk.) | |

Talking Point:

- The NUPAS Plus uses the same rating criteria as the NUPAS.

| NUPAS Plus: Finances | | | 1 INADEQUATE CAPACITY Key Deficiencies Significant Weaknesses Not Remediable Before Award High Risk | 2 WEAK CAPACITY Some Deficiencies Significant Weaknesses Not Likely Remediable Before Award Moderate to High Risk | 3 ADEQUATE CAPACITY No Deficiencies Some Significant Weaknesses Remediable Before Award Low to Moderate Risk | 4 (Highest Score) MINOR CAPACITY No Deficiencies No Significant Weaknesses Low Risk |
|----------------------|----------|--|--|--|---|---|
| # | CATEGORY | PROCEDURE | | | | |
| 1 | Budget | Documented budgeting and budgetary process | The organization does not have annual budget | Annual organizational budgets are prepared but not on time | Annual organizational budgets are prepared on time but not reviewed and approved | Annual organizational budgets are prepared, reviewed and approved on time |
| 2 | | Either based on the documented business process or inquiries with management | The organization does not have annual budget | Finance and program staff are not involved in preparing the budget | Either finance or program staff are involved in preparing the budget but not both | Both finance and program staff are involved in preparing the budget |
| 3 | | Annual budget(s) | The organization does not have annual budget | Project activities are not based on the costs of the planned activities | Project activities are sometimes based on the costs of the planned activities | Project activities are always based on the costs of the planned activities |
| 4 | | Annual budget(s) | The organization does not have annual budget | Budgets does not include budget notes and clear calculations | Budgets include budget notes but lack clear calculations | Budgets include budget notes and clear calculations |
| 5 | | Inquiry and inspection of the annual budgets | The organization does not have annual budget | The organization does not have separate budgets prepared for each donor and project | Separate budgets are prepared for each donor and project but not always | Separate budgets are always prepared for each donor and project |
| 6 | | Evidence of Board approval of the annual budget(s) | The organization does not have an annual budget | Organizational annual budgets are not approved by the Board of Trustees | Organizational annual budgets are approved by the Board of Trustees but not always | Organizational annual budgets are always reviewed and approved by the Board of Trustees |
| 7 | | Inquiry with management / Documented budgeting and budgetary process | The organization does not have annual budget | The organization does not have budget manager responsible for implementing and managing each budget | The organization does not have a named individual (budget manager) responsible for implementing and managing each budget | A named individual (budget manager) is responsible for implementing and managing each budget |
| 8 | | Annual operational budget(s) | The organization does not have an operation budget | The organization has operational costs but not all planned operation costs are funded | The organization has operational costs but not all planned operation costs are adequately budgeted | All planned operational costs are adequately funded |

Talking Point:

- This is a sample of one of the domains. There are specified criteria for each question with a rating scale of 1 to 4.

EXAMPLE FROM ONE NGO

| NUPAS | | |
|-----------------------|------------------------------------|-------------|
| Domain and Categories | | Score |
| 1. Legal | | |
| 1 | Definition of Local Organization | 4.00 |
| 2 | Compliance with Legal Requirements | 2.00 |
| 3 | Organizational Structure | 3.50 |
| 4 | Governance | 4.00 |
| 5 | Control Environment | 2.00 |
| Average Score | | 3.10 |
| 2. Finance | | |
| 6 | Banking Relationship and Accounts | 3.25 |
| 7 | Accounting Bookkeeping System | 3.50 |
| 8 | Chart of Accounts General Ledger | 3.38 |
| 9 | Variance Analysis | 3.00 |
| 10 | Allowable and Unallowable Costs | 3.13 |
| 11 | Direct and Indirect Costs | 3.75 |
| 12 | Payments- Segregation of Duty | 4.00 |
| 13 | Accounting- Segregation of Duty | 4.00 |
| 14 | Financial Records Management | 2.75 |
| 15 | Sources of Funding | 3.33 |
| 16 | Financial Reporting | 2.50 |
| 17 | Audit and Review of Financials | 3.75 |
| 18 | Financial Management Personnel | 4.00 |
| Average Score | | 3.41 |

Talking Point:

- Above is a summary of scores for an NGO.

Definition of Risk Management

Risk

The possibility that an event will occur and adversely affect the achievement of objectives

Risk Management

An internal management process to achieve objectives of reliable financial reporting, safeguarding of assets and compliance with relevant laws and regulations and includes:

1. Identification of risks
2. Analysis of risks
3. Tracking and managing risks

Talking Point:

- Risk is common in any organization, and it is not possible to eliminate all risks. However, the prime must take precautions and conduct a pre-award assessment to decide if the amount of risk is acceptable. The prime is accountable and responsible for any poor or non-performance of the sub-award—financial, technical, programmatic, or otherwise—at any given time. The prime should also ensure that there is a continuous process to manage risk at the subrecipient, which allows risks to be detected on time, assessed/reassessed, and properly managed.

The concept of risk has various interpretations:

- USAID definition of risk is “the effect of uncertainty on objectives” which are considered negative.
- OMB Circular A-123 defines risk as the “effect of uncertainty on [an Agency’s] objectives.” Risk management is “an internal management process for identifying, analyzing and managing risks relevant to achieving the objectives of reliable financial reporting, safeguarding of assets and compliance with relevant laws and regulations.”
- GAO-17-63 defines risk as the possibility that an event will occur and adversely affect the achievement of objectives.

Risk Management

1. Assemble a comprehensive list of risks, both threats and opportunities
2. Examine risks considering both the likelihood of the risk and the impact of the risk on the mission to help prioritize risk response. A matrix may be used for assessment of identified risks.
3. Determine level of risk your organization is willing to take.
4. Select a risk treatment response including acceptance, avoidance, reduction, sharing, or transfer.
5. Continuously monitor how risks are changing and if responses are successful.
6. Communicate risks with stakeholders, including Prime Recipients, and report on the status of addressing the risks

Talking Points:

- The following steps of the ERM process are outlined in the GAO Enterprise Risk Management Document (primes may encourage subrecipients to implement these steps for effective risk management):
 - 1. Assess risks:** Examine risks, considering both the likelihood of the risk and the impact of the risk on the mission, to help prioritize risk response. A matrix may be used to assess identified risks.
 - 2. Select risk response:** Select a response to treat the risk (based on risk appetite), including acceptance, avoidance, reduction, or sharing.
 - 3. Monitor Risks:** Continuously monitor how risks are changing and if responses are successful.

Sub Risk Assessment

Uniform Guidance requires risk assessments for subrecipients

Factors to review and consider:

1. Subs prior experience with similar awards
2. Previous audits

Talking Point:

- Remind participants of the section on Pre-Award Surveys, which are used to determine if the level of risk is acceptable to the prime, and which type of award mechanism should be used.

Levels of Risk

High Risk Recipients

Organizations that have not met most of the requirements as per the selection and evaluation criteria. They pose high risk to the organization if selected to work with.

However, it does not necessarily imply that these organizations cannot be selected to work with.

Medium Risk Recipients

Organizations that demonstrate some ability to partially comply with the award terms and condition and meet the requirements, but the exceptions could materially affect the reliability of reporting or the ability to attain program activities. Medium risk status may still require some level of oversight, monitoring and supervision and technical support to ensure deficiencies observed are addressed.

Low Risk Recipients

Organizations that meet most of the requirements. They demonstrate the ability to comply with award terms and conditions with a few exceptions. Unless otherwise, such organizations may still be subjected to special award conditions (SACs) and require frequent monitoring at the discretion of the Prime Recipient, or they should be given standard reporting requirements with minimal supervision and monitoring by the Prime Recipient.

Talking Point:

- Review the levels of risk. Risk assessment results of the pre-award survey may identify "findings" or "deficiencies" in the subrecipient's systems. Low scores in areas critical to comply with USAID requirements or considered a priority for the prime and/or program may prevent the organization from receiving an award.

Discussion: Ask participants about their experience working in an environment with these risks.

Risk Mitigation Choices

1. Not to fund
2. Apply Special Award Conditions
3. Set minimum ceiling for funding
4. Make award but provide technical and operational support
5. Make award and require monthly reports and conduct frequent site visits

Talking Points:

- Precautions to minimize the risk of subgrantees include:
 - Not to fund (award) the grant application. The sub-grant should not be made if the nature and extent of the risk are so serious that poor performance by the prime is probable.
 - Award the grant application with special award conditions, such as a reimbursement method of funding instead of advancing.
 - Set a minimum ceiling for funding. Subgrantees with high risk can start with limited funding and the amount increases as they become more efficient and less risky.
 - Award the grant but recommend technical support based on areas of need (demand-driven support). The purpose of technical assistance is to increase the competence of the subrecipient organization so that it no longer needs to be treated as high-risk or medium.
 - Award the grant but recommend frequent monthly financial and narrative reporting coupled with frequent routine monitoring (site visits).
 - Ensure that the subrecipient has good internal control systems in place.

Capacity Development of Subs

The PreAward Survey can inform capacity-building technical assistance (TA) for the subrecipient, based on the identified areas of risk and weaknesses.

Types of TA:

Resource Hubs: Provide subrecipient tools, resources on best practices, and access to experts. Offer subrecipients an easily accessed online portal (on iperson platform) that can serve as a repository of information, a platform for collaboration, a central resource management tool, and a place to house and disseminate best practices. This may include the prime sharing its policies with the subrecipient.

The subrecipient gathers a selected group of participants at a single event to learn or improve skills and knowledge in a specific discipline. The training should address issues of concern, such as the Award Survey report. If a prime is to have multiple subrecipients under its award, the prime should consider having a consolidated training event where consistent messaging regarding templates, reporting dates, supporting documentation, etc., can be shared with all subrecipients.

Substantial Involvement: Such involvement in program implementation with the subrecipient may include field supervision of program activities and performance of the subrecipient.

Talking Point:

- The pre-award survey should result in/lead to the development of an action plan to improve performance in areas deemed priorities/high risk. Some findings may be simple to address but are more expensive and time-consuming to complete. This is an essential consideration during the negotiation phase. For example, if the prime requires a significant upgrade to the subrecipient's accounting system, the sub should consider the possibility of having the award cover its share of the upgrade cost.

Award Notification

Primes must notify all bidders on whether selected or not

Primes meet with successful applicants for a "Kick Off" meeting to review the agreement and all the requirements

Talking Point:

- It is important to close the loop and notify applicants whether or not they have been successful in their proposal.

ADDITIONAL REFERENCE MATERIAL ON PRE-AWARD SURVEY

This section includes USG terminologies for Trainers to quote or share.

To ensure compliance with the subrecipient responsibility above, the prime should conduct a Pre-Award Survey. USAID further provides guidelines on how to do a Pre-Award Survey in ADS 303sam. The primary objective of the Pre-Award Survey is to assist in making a responsibility determination through the assessment of a potential awardee's likelihood for compliance with the Standard Provisions for Non-U.S. Nongovernmental Recipients. The Pre-Award Survey precedes an award and is used in the selection process.

This module provides an overview of how a prime should support the subrecipient in conducting a pre-award assessment using various tools, such as the USAID Non-U.S. Organizational Pre-award Survey (NUPAS) and NUPAS Plus tool. The main purpose of a pre-award assessment is to gauge the capacity and preparedness to implement any funding that allows for capacity building. A NUPAS can be administered by the prime or can be self-administered by a sub-recipient; however, assessments administered by subrecipients tend to be biased. To be more objective, it is highly recommended that the assessment is conducted by a third party that has no direct relationship to the subrecipient. The prime must ensure that subrecipients are familiar with and understand the NUPAS tool before the assessment is conducted. When primes have their own organization capacity assessment tools to gauge the capacity and risk of their subrecipients, they should make sure there is no major difference in the content and details of the information to be collected during the assessment.

NUPAS

The prime should address the risk of the subrecipient through a Pre-Award Survey. USAID uses a standard Non-US Pre-award Survey (NUPAS) which includes six domains and 28 questions, including:

- i. Legal
- ii. Financial Management and Internal Controls
- iii. Procurement
- iv. Human Resources
- v. Sustainability
- vi. Performance

The objectives of the NUPAS are:

- i. To determine whether the organization has sufficient financial and managerial capacity to manage USAID funds per U.S. Government and USAID requirements.
- ii. To determine the most appropriate method of financing under the potential USAID award.
- iii. To determine the degree of support and oversight necessary to ensure proper accountability of funds provided to the organization.

Results of the pre-award survey identify "findings" or "deficiencies" in the subrecipient's systems. Low scores in areas critical for compliance with USAID requirements or considered a priority for the prime and/or program, may prevent the organization from receiving an award. In such cases, the agreement will state, in the "Special Award Conditions" section, that the subrecipient must address these deficiencies within a certain time after the agreement's start date. If the prime makes an award before the Pre-Award Survey findings are resolved, the prime must insert SAC in the resulting instrument, which requires the recipient to correct the reported deficiencies.

DESK REVIEW

Depending on the criteria to be reviewed in the Pre-Award Survey, the following items must be collected from the organization to the extent possible, for a desk review:

- i. Articles of incorporation or charter
- ii. Record of legal registration, other material licenses/permits
- iii. By-laws
- iv. Mission statement
- v. Organizational chart with supporting documentation for the delegation of authority
- vi. Names of depository commercial banks
- vii. Chart of Accounts and corresponding General Ledger
- viii. One or more annual financial statements (income and expenditure report and balance sheet)
- ix. Audit report
- x. Written policies or manuals: Procurement, Financial management (accounting and internal controls), Personnel (timekeeping/activity reports or other personnel time tracking systems), Travel policies and procedures, Fraud management, Property management, and list of funding sources (current year).

The survey tool helps the Pre-Award Survey team assess the strengths and weaknesses of a potential subrecipient. Depending on the nature of the award, the reviewing team will pre-determine specific areas for consideration in the following categories:

BRIDGING CAPACITY NEEDS

The pre-award survey should result in/lead to the development of an action plan to improve performance in areas deemed priorities/high risk. Some findings may be simple to address but are more expensive and time-consuming to complete. This is an essential consideration during the negotiation phase. For example, if the prime requires a significant upgrade to the sub-recipient's accounting system, the sub should consider the possibility of having the award cover its share of the upgrade cost.

Mechanisms that the prime can instigate to assist the subrecipient include:

- Resource Hubs – to provide tools, resources on best practices, and access to experts. Such hubs offer a subrecipient an easily accessed online portal (or in-person platform) that can serve as a repository of information, a platform for collaboration, a central resource-management tool, and a place to house and disseminate best practices. This may include the prime sharing its policies with the subrecipient guidance.
- Training Workshops – which gather a selected group of participants at a single event to learn or improve skills and knowledge in a specific discipline. The training should be aimed at addressing issues of concern like the pre-award survey report. If a prime is to have multiple subrecipients under its award, it should consider having a consolidated training event where consistent messaging on templates, reporting dates, and supporting documentation, etc., can be shared with all subrecipients.
- Substantial involvement – in program implementation with the subrecipient, which may include field supervision of program activities performed by the subrecipient.
- Training and technical assistance/support – to the sub on program-related matters.

We obtained USAID guidance from: Non-U.S. Organization Pre-Award Survey Guidelines and Support Additional Help for ADS Chapter 303.

See Appendices

Non-U.S. Organization Pre-award Survey (NUPAS) (Word Version)

NUPAS Final Report (suggested format)

NUPAS Questions for Consideration

SF 424B Assurance of Compliance

Non-U.S. Organization Pre-Award Survey Guidelines and Support Additional Help for ADS Chapter 303

MODULE 7: ISSUING THE SUBAWARD

Session 6: Issuing Subawards

Learning Objectives

1. Learn about the components of a subaward
2. Learn about kick-off meeting

Topics under Issuing the Subawards

1. Special Award Conditions
2. Donor approval
3. Documents to share with sub
4. Award notification
5. Kickoff meeting
6. Mandatory flow downs
7. Annual Workplan
8. Activity Monitoring Evaluation and Learning Plan (AMELP)
9. Award amendments and modifications

Talking Point:

- The prime has a responsibility to report on specific programs and provide financial information to the AO under USAID-funded projects/programs. This section is aimed at assisting the Prime Recipient to understand the information to be reported to the AO, the structure of the information, and how the subrecipient contributes to the reporting.

Special Award Conditions

SACs are identified in the Pre-Award Assessment as risk areas requiring special attention to remedy before or during the award.

Examples of Special Award Conditions

-  The Board of Directors must comply with Professional Standards of Conduct within 30 days.
-  Management must perform organization-wide policy review for alignment and subsequent reform update within 60 days.
-  NGO must provide proof of reconciliation on top-up fuel cards in each quarterly financial report in the new award.
-  NGO must hire a dedicated M&E Advisor at HQ and one for the Center of Excellence within 60 days of the new award.
-  NGO must develop and use a timesheet for the organization and provide training in timekeeping within 30 days.

60

Talking Point:

- In making an award, a prime may require any of the following additional conditions:

Special Award Conditions (SAC) must describe the milestone(s) or task(s) that the recipient must complete to meet requirements. As a best practice, a SAC:

- Must be one or more concise, clear, and explicit provision(s) in the award.
- Must be included in the schedule for the award.
- Must be organized based on the format of the Pre-Award Survey criteria.
- May be of limited duration or cover the entire period of the award.

Talking Point:

- When the prime determines that more oversight is necessary, it may:
 - Contract with a third party to provide technical assistance to the subrecipient.
 - Require the subrecipient to contract for technical assistance; or
 - Have the prime’s staff provide the recipient with technical assistance.
 - Not provide the recipient with additional funding if the SAC has not been satisfied; only the prime may make exceptions.

Mandatory Flow Downs

| | |
|--|--|
| <ul style="list-style-type: none"> • Fraud reporting • Prohibition on Terrorism Transactions (Preventing Terrorist Financing) • Debarment and suspension • Award termination and suspension • Trafficking in persons • Child safeguarding • Voluntary population planning activities • Anti-corruption | <ul style="list-style-type: none"> • Conflict of Interest • Whistleblower rights • Procurement of restricted goods (must get prior approval) • Standard Provisions for Non -U.S. Nongovernmental Organization, A Mandatory Reference for ADS Chapter 303 |
|--|--|

Talking Point:

- Prime must include all the Mandatory Standard Provisions and the Required as Applicable Provisions as included in the Prime’s Agreement Award. This practice is called “Flow-Downs”.

Award Amendments and Modifications

| | |
|---|---|
| <p>Modifications:</p> <ul style="list-style-type: none"> • Categories: unfunded and funded • Scope and modifications • Budget and modifications • Extensions • Administrative | <p>Prior Approval Needed:</p> <ul style="list-style-type: none"> • Change in scope or objectives • Key personnel change (if included in the proposal stage) • Participants support funds moved to other categories • To issue subawards • Changes to approved cost share • More funds needed • Transfer of funds between direct and indirect cost lines • Transfer of funds from construction to other cost categories or vice versa |
|---|---|

Talking Points:

- It is essential to be familiar with the kinds of modifications permitted, the processes associated with these, and extensions to award terms that may be granted.

Modifications:

Modifications fall into one of two broad categories: unfunded and funded. Within those categories are modifications that must be countersigned by the grantee (bilateral, i.e., specific agreement from the subrecipient) and those that do not require a countersignature (unilateral, i.e., imposed, usually due to a new Standard Provision, or specifically required condition by the prime due to changes in the operating environment).

- Scope modifications:

These changes relate to the extent of activities to be performed under a program. For example, in the case of COVID, the prime (perhaps after receiving an instruction from USAID) might embark on additional activities that were not part of the original scope).

- Budget modifications:

Normally this type of modification follows changes to the scope (refer to section 17 (b)).

These modifications can either be funded (i.e., the prime provides additional funding, normally due to a change/increase in the prime's activities, and for which they receive additional funding from the donor); or unfunded (e.g., when the subrecipient failed to properly plan for budgeted activities, or when the prime simply doesn't have additional funding available to sponsor additional activities at the subrecipient level).

Administrative modifications are issued if there is a change to the standard provisions, a prime award term or condition, an executive order, or other such change in regulation, article, term, or condition.

Extensions:

Extensions normally relate to delays in achieving program results due to Acts of God (e.g., natural disasters, etc.) or to achieving program deliverables, which may be a central factor in the prime's reporting obligations to the donor.

Prior Approval:

The award may indicate that prior approval is needed to move funds exceeding 10% of the total budget between budget categories. If the award does not say this, prior approval is only needed for changes when/to:

- Scope or objectives
- Key personnel (if included in the proposal stage)
- Participant support funds moved to other categories
- Subawards (including fixed amount award) and contracts (including adding, changing, or dropping a partner, subawards, or sub-contractor).
- Approved cost share
- More USG funds needed
- Transfer of funds between direct and indirect cost lines

- Transfer of funds allotted for construction activities to other cost categories, or vice versa.

Discussion: Ask participants to review the list of reasons when prior approvals are needed and ask if they note any surprises as to when modifications are needed.

Donor Approval

The prime must request and obtain in writing USAID approvals for Subawards.

Requirements for obtaining approval are outlined within the "substantial involvement" section in the award document.

Talking Point:

- In the Prime's proposal, you can add a section on Subawards which identifies partners, scope of work, and budget.
- A subaward must be approved by USAID before it is fully executed.

Kick Off Meetings with Subawards

The Prime must meet with the subaward and review the entire agreement together, including:

1. Establishing a working relationship and establishing roles and responsibilities
2. Program Description
3. Reporting Instructions
4. Compliance with provisions

Talking Point:

- When the subaward is fully executed, the Primes have a “Kick Off” meeting with the sub-partner. It is important to be respectful and polite as this meeting sets the tone for the relationship during implementation. The Prime should bring operational and technical staff and review the different sections of the award together. It is also critical to review the compliance requirements in the Prime’s award.

Documents to Share with Sub

Prime award approval (approved) notification with clear start date of the project and award amount.

1. Sub award approved agreement with clear terms and conditions of the award, proposal and project complete with reporting requirements, types of reports (financial and programmatic), frequency of reporting requirements, reporting period and due dates, and reporting contents and also special award conditions if applicable.
2. Final approved technical proposal with project description or scope of works and detailed approved budget.
3. Donor operating guiding document such as relevant applicable ADS, 2CFR200, etc.

Talking Point:

- For the sub partner to understand how they fit into the overall project, it is important to share the proposal or annual work plan. It is also critical to review the compliance requirements in the Prime’s award.

Annual Workplan

Subs must prepare annual workplans for the Prime to approve.

The workplan must align with the subaward and the Primes award

Talking Point:

- Emphasize that the subrecipient must prepare annual work plans that are aligned to the activities in the subaward. The prime must approve such work plans.

Activity Monitoring Evaluation and Learning Plan (AMELP)

The document that guides activity monitoring and learning.

The purpose of the AMELP is to lay out a plan for collecting, evaluating and validating data which will be used to measure overall progress over time.

The AMELP lists the performance indicators with annual targets.

It should include an explanation of how data and information will be collected, analyzed and used and the cost effectiveness of such activities.

Talking Points:

- The Activity Monitoring Evaluation and Learning Plan (AMELP) is the document that guides activity monitoring and learning. The Activity MEL Plan serves multiple purposes but primarily describes how USAID and the Implementing Partner will know whether an activity is making progress toward stated results.
- The purpose of the AMELP is to lay out a plan for collecting, evaluating, and validating data which will be used to measure overall progress over time.
- The AMELP should include an explanation of how data and information will be collected, analyzed, and used—and the cost-effectiveness of such activities.
- For the IP, the plan describes the process to monitor, evaluate, and learn from implementation to adapt and achieve results. For USAID, it ensures that adequate information is available for activity management and that data collection is consistent with data and learning needs.
- Sub-partners' roles in achieving performance targets are included in the AMELP.
- The Activity MEL Plan is developed by the IP and submitted for USAID approval.
- Documenting and sharing the plan increases buy-in from the COR/AOR who uses the information, as well as buy-in from any partners who contribute to data collection.
- The AMELP should be submitted within 90 days of the start date of the award, or as per the contract requirements.

ADDITIONAL REFERENCE MATERIAL FOR ISSUING SUBAWARD

This section includes USG terminologies for Trainers to quote or share.

USAID Approval

Because of the substantial involvement clause in the Cooperative Agreement, USAID must approve any subrecipient before it can receive funding. If a subrecipient was named in the original proposal and budget, it should be approved in the Cooperative Agreement; if not, the prime needs to seek approval from their Agreement Officer.

SPECIAL AWARD CONDITIONS (SACs)

Before or during grant performance, the prime may include SACs in the grant award to require correction of identified financial or administrative deficiencies as a means of protecting USAID's interests and effecting positive change in a recipient's performance or compliance. When specific conditions are imposed, the prime will notify the subrecipient in writing of the nature of the conditions, why they are being imposed, the type of corrective action needed, the time allowed for completing corrective actions, and the method for requesting reconsideration of the conditions.

The prime is responsible for overseeing the sub-grantee's financial and technical management through reviews of reports, correspondence, site visits, and other appropriate means. When necessary, the prime may request or arrange for special audits.

To ensure success, the prime should provide the recipient with a post-award orientation to clarify the roles, responsibilities, and authorities of the prime organization's officials who will administer the award and assist the subrecipient in understanding all needed technical skills and administrative information.

The prime's role as a funding organization is to support and monitor implementation by measuring and evaluating the subrecipient's progress and being appropriately involved.

SAC FORMULATION

When the prime makes an award, it may consider requiring a SAC to address a particular deficiency by creating a time-sensitive condition for change within a reasonable time. Examples of SACs include:

- The Board Charter must be updated with Terms of Service for members and each member must sign a Conflict of Interest within four months.
- Vehicle management must be included in the Financial Management and Administration Manual within three months

The nature of the additional requirement must be documented in the subaward, and it must stipulate the corrective action needed. A SAC must describe the milestone(s) or task(s) the recipient must complete to meet the requirements of the SAC. As a best practice, a SAC:

- a. Must be one or more concise, clearly understood, and explicit provisions in the award.
- b. Must be included in the Schedule for the Award.
- c. Must be organized based on the format of the Pre-Award Survey criteria.
- d. May be of limited duration or may cover the entire period of the award.

SAC FOLLOW UP

The prime must ensure that the findings of the pre-award survey have been adequately addressed. This may include a follow-up review or survey to determine the extent to which the subrecipient has corrected the

reported inadequacies. The prime may conduct a project-specific review follow-up or request that the subrecipient include a review of the corrections in the subrecipient's next annual audit report. In this case, the subrecipient must furnish the auditor with the pre-award survey report and details of implemented corrections before the regular annual audit is conducted. The auditor can then include a statement in the subrecipient's final audit report explaining whether the pre-award findings were resolved.

FINAL REPORT

The pre-award survey team leader should confirm the final report with the other team members before finalizing and submitting it to the prime's decision-makers on subrecipients. Areas of improvement per the final report are a significant determinant for deciding to make the award and whether pre-award conditions should be factored in as part of it.

AGREEMENT

The recommended agreements are the Standard Grant Agreement or the Fixed Amount Award Agreement. Prior to entering into a contractual relationship, ensure that all parties understand the legal obligations involved, including provisions that flow down from a prime recipient to a subrecipient and any certifications or other documents required under the agreement. The agreement must include the following information:

(1) The following Federal award identification (as per 2 CFR 200.332(a)(1)).

- Subrecipient's name.
- Subrecipient's unique entity identifier (UIE).
- Federal Award Identification Number (FAIN).
- Date of the Federal agency's award to the recipient.
- Start and end date of subaward's performance.
- Start and end date of subaward's budget period.
- The amount of Federal funds that this action obligates from the pass-through entity to the subrecipient.
- Total amount of Federal funds obligated to the subrecipient by the pass-through entity, including the current financial obligation.
- Total amount of the Federal award committed to the subrecipient by the pass-through entity.
- Project description to be responsive to the Federal Funding Accountability and Transparency Act (FFATA).
- Name of Federal awarding agency, pass-through entity, and contact information for the awarding official of the pass-through entity.
- Pass-through entity must identify the dollar amount available, known as budget ceiling.
- Whether the award is Research and Development.
- Indirect cost rate for the Federal award (including if the de minimis rate is charged).

(2) All requirements imposed by the pass-through entity on the subrecipient to use the Federal award in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

(3) Any additional requirements that the pass-through entity imposes on the subrecipient for the pass-through entity to meet its responsibility to the Federal awarding agency, including identification of any required financial and performance reports.

- (4) An approved, federally recognized indirect cost rate negotiated between the subrecipient and the Federal government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:
- The negotiated indirect cost rate between the pass-through entity and the subrecipient can be based on a prior negotiated rate between a different PTE (pass-through entity also known as a Prime Recipient) and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate but may elect to do so.
 - The de minimis indirect cost rate.
 - The pass-through entity must not require the use of a de minimis indirect cost rate if the subrecipient has a Federally approved rate. Subrecipients can elect to use the cost allocation method to account for indirect costs per §200.405(d).
- (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part.
- (6) Appropriate terms and conditions for the closeout of the subaward.

MODULE 8: SUBAWARD REPORTING

Session 7: Subaward Reporting

Learning Objectives

1. Understand the different types of reports that the prime should receive.
2. Understand the information required for financial reports, reports on performance progress, data submissions, marking and communication, and the program's environmental impact.

Topics for Subaward Reporting

1. Required Reports
2. Program Income
3. Financial Reporting
4. Cost Share
5. Value-Added Tax
6. Progress Reports
7. Marking and Branding

Talking Point:

- The prime has a responsibility to report on specific programs and financial information to the AO under USAID-funded projects/programs. This section is aimed at assisting the prime to understand the information to be reported to the AO, the structure of the information, and how the subrecipient contributes to the reporting.

Subs Required Reports

1. Financial Reports
2. CostShare
3. Value-Added Tax (VAT) Reports
4. Program Income
5. Indirect expenses
6. Negotiated Indirect Rate Cost Agreement (if applicable)
7. Performance Progress Reports
8. Marking and Branding
9. Special Requirements Under M9
10. Environmental Reporting

Talking Point:

- Read out the list of reports.

Discussion: Ask participants to name reports they periodically submit to USAID or any other donor, and how often.

Program Income

Program income

Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance, includes

1. Fees for services performed;
2. Rental of real or personal property acquired under awards
3. Sale of commodities or items fabricated under an award
4. License fees and royalties on patents and copyrights; and
5. Principal and interest on loans made with Federal award funds.

Program income is not:

1. Interest earned on advances
2. Rebates, credits, discounts, or interest earned on any of them

Talking Points:

- USAID requires the prime to report program income using the Federal Financial Report, SF-425.
- *Direct Project Expenses* – Costs that can be identified specifically with a particular final cost objective, such as a federal award or other internally or externally-funded activity, or that can be directly assigned to such activities, relatively easily, with a high degree of accuracy (i.e., goods and services specifically purchased for the exclusive benefit of one project that is charged to that project).

Indirect Costs

Direct Project Expenses

Costs identified with implementing project activities

Indirect/Shared Costs

Costs that cannot be directly identified to a single funded project. The indirect costs are applied equitably across all of the organization's business activities, according to the benefits each gain from them.

Examples of indirect costs are office space rental, utilities, and clerical and managerial staff salaries. To the extent that indirect costs are reasonable, allowable, allocable, and supported, they are a legitimate cost of doing business payable under a U.S. Government contract or grant (as per [ADS 302](#)).

NICRA

Negotiated Indirect Rate Cost Agreement, a rate negotiated individually between an organization and the USG to cover indirect costs.

Talking Point:

- Indirect/Shared Costs cannot be directly identified with a single cost objective and are applied equitably across all organizational business activities, according to the benefits each gains from them. Some examples of indirect costs are office space rental, utilities, and clerical and managerial staff salaries. To the extent that indirect costs are reasonable (generally recognized as ordinary and necessary), allowable (incurred specifically for the award), allocable (not disallowed by the terms of the award), and supported, they are a legitimate cost of doing business, payable under a U.S. Government contract or grant (as per ADS 302). ADS 302—including USAID.
- Some examples of unallowable indirect costs are 1) Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims. 2) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities. 3) Executive lobbying cost - Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the executive branch of the Federal Government to give consideration or to act regarding a Federal award or a regulatory matter. 4) Alcoholic beverages. 5) Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable. Fundraising costs for the purposes of meeting the Federal program objectives are allowable with prior written approval from the Federal awarding agency. 6) Goods and services for personal use.
- Some examples of indirect costs are office space rental, utilities, and clerical and managerial staff salaries. To the extent that indirect costs are reasonable (generally recognized as ordinary and necessary), allowable (incurred specifically for the award), allocable (not disallowed by the terms of the award), and supported, they are a legitimate cost of doing business, payable under a U.S. Government contract or grant (as per ADS 302). ADS 302—including USAID.
- For non-profits, the allowability of cost is outlined in 2 CFR Part 200, Subpart E Cost Principles.

Cost Share

Cost Share

Cost-share is the non-U.S. Government portion of the costs of the project. Cost-share may either be cash or in-kind contributions. Committed cost-share is included in the award agreement between the Prime Recipient and subrecipient.

Reporting Cost-Share

To demonstrate that the subrecipient meets its cost-share obligation, it should submit cost-share reports on the dates/frequency and format requested by the Prime Recipient.

Talking Points:

- Cost-share is the non-U.S. Government portion of the costs of the project. Cost-share may either be cash or in-kind contributions. Committed cost-share is included in the award agreement between the Prime Recipient and subrecipient.
- Reporting Cost-Share: To demonstrate that the subrecipient meets its cost-share obligation, it should submit cost-share reports on the dates/frequency, and format requested by the Prime Recipient.
- If there is cost share, the prime should work with the subrecipient to ensure that they understand how to capture such cost share items correctly (e.g., volunteer hours and other in-kind contributions). This may be done through training the subrecipient. It is key for the subrecipient to accurately account for cost share, as any cost share that a subrecipient contributes may be aggregated and applied toward the prime's cost-share contribution.

Discussion: Ask participants for examples of cost share.

Value-Added Tax

Reporting VAT and Other Taxes

- The subrecipient should track all Value-Added Taxes (VAT) and/or import/custom/duty taxes paid on qualifying transactions (>US\$500) with USAID funds and tax reimbursements received in the format received from the Prime Recipient.
- The Prime Recipient should guide the subrecipient on the dates/frequency and reporting line to submit the tax reports.
- The Prime Recipient must include this reporting requirement in all applicable sub-agreements, including Subawards and contracts.
- The Prime Recipient must report on Host Government Taxes to USAID **by April 16 of each year.**

Talking Points:

- RAA11. Reporting Host Government Taxes (June 2012); is the provision applicable to all USAID agreements that obligate or sub-obligate F.Y. 2003 or later funds except for agreements funded with Operating Expense, Pub. L. 480 funds, or trust funds, or agreements where there will be no commodity transactions in a foreign country over the amount of \$500.
- Reporting VAT and Other Taxes: The subrecipient should track all Value-Added Taxes (VAT) and/or import/custom/duty taxes paid on qualifying transactions (>US\$500) with USAID funds and tax reimbursements received in the format received from the Prime Recipient. The Prime Recipient should guide the subrecipient on the dates/frequency and reporting line to submit the tax reports.
- The Prime Recipient must include this reporting requirement in all applicable sub-agreements, including Subawards and contracts.

Performance Progress Reports

1. Subs are required to submit progress reports with data on quarterly basis or monthly if needed
2. Primes should provide a reporting template and guidance on how to collect and report data per the indicators they have been assigned.
3. Open communication should be maintained with the Subs to enhance meeting deadlines and obtain clarification when needed.
4. There are often special unplanned reports, which require a quick response and require input from the subrecipient
5. Primes should provide feedback to the Subs so they understand how they contribute to the Prime's activities.

Talking Points:

- The performance progress report aims to assess whether the project/program activities are achieving their goals.
- To ensure reporting efficiency, the prime should provide a template or other guidance on how to submit the needed data.
- Open communication should be maintained with the subrecipient to enhance meeting deadlines and obtain clarification when needed.
- A need for unplanned project performance reports might arise, which may require a quick response and input from the subrecipient.

Marking and Branding

Subs must use the USAID Identity, of a size and prominence equivalent to or greater than any other identity or logo displayed, to mark partially or fully funded by USAID including:

Programs, projects, activities, public communications, and commodities partially or fully- funded by USAID.

Program, project, or activity sites funded by USAID, including visible infrastructure projects or other physical sites.

Technical assistance, studies, reports, papers, publications, audiovisual productions, public service announcements, Web sites/Internet activities, promotional, informational, media, or communications products

Commodities, equipment, supplies, and other materials funded by USAID, including commodities or equipment provided under humanitarian assistance or disaster relief programs.

Training courses, conferences, seminars, exhibitions, fairs, workshops, press conferences, and other public activities. If the USAID Identity cannot be displayed, the recipient is encouraged to otherwise acknowledge USAID and the support of the American people.

Talking Points:

- The Prime and subrecipients must implement the requirements of this provision following the approved Marking Plan in the award.

M9. Marking and Public Communications Under USAID-Funded Assistance (December 2014) guide USAID recipients' marking and public communication requirements.

Section (a) of M9 states, "The USAID Identity is the official marking for USAID, comprised of the USAID logo and brand mark with the tagline 'from the American people', unless amended by USAID to include additional or substitute use of a logo or seal and tagline representing a presidential initiative or other high-level interagency initiative. The standard USAID logo must be used unless the award requires the use of an additional or substitute logo. The USAID Identity (including any required presidential initiative or related identity) is available on the USAID website at www.usaid.gov.

Recipients must use the USAID Identity, of a size and prominence equivalent to or greater than any other identity or logo displayed, to mark the following:

- Programs, projects, activities, public communications, and commodities partially or fully- funded by USAID.
- Program, project, or activity sites funded by USAID, including visible infrastructure projects or other physical sites.
- Technical assistance, studies, reports, papers, publications, audiovisual productions, public service announcements, Web sites/Internet activities, promotional, informational, media, or communications products funded by USAID.
- Commodities, equipment, supplies, and other materials funded by USAID, including commodities or equipment provided under humanitarian assistance or disaster relief programs; and
- Events financed by USAID include training courses, conferences, seminars, exhibitions, fairs, workshops, press conferences, and other public activities. If the USAID Identity cannot be displayed, the recipient is encouraged to otherwise acknowledge USAID and the support of the American people."

Special Requirements

Marking requirements also apply to subrecipients.

As per section (i) of M9, the recipient must include the following marking provision in any sub-agreements entered into under the USAID award:

"As a condition of receipt of this subaward, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient's, sub recipient's, other donors, or third party's is required. In the event the recipient chooses not to require marking with its own identity or logo by the subrecipient, USAID may, at its discretion, require marking by the subrecipient with the USAID Identity."

Special Requirements Under M9

- "public communication" in which the content has not been approved by USAID must contain disclaimer
- requires two copies of all program and communications materials produced under an award to be provided to the USAID AOR.

Talking Points:

- Subrecipient Requirements

Marking requirements also apply to subrecipients. As per section (i) of M9, the recipient must include the following marking provision in any sub-agreements entered into under the USAID award:

"As a condition of receipt of this subaward, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient's, subrecipient's, other donors, or third party's is required. In the event the recipient chooses not to require marking with its own identity or logo by the subrecipient, USAID may, at its discretion, require marking by the subrecipient with the USAID Identity."

- Special Requirements Under M9

(1) Section (e) of M9 requires any "public communication" in which the content has not been approved by USAID to contain the following disclaimer:

"This study/report/audio/visual/other information/media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID or the United States Government."

(2) Section (f) of M9 requires two copies of all program and communications materials produced under an award to be provided to the USAID AOR.

Environmental Reporting

Per EMMP timelines, the recipient (Prime/sub) should prepare an Environmental Mitigation and Monitoring Report (EMMR) for submission to the AO/AOR and the USAID Environmental Compliance Database USAID Environmental Compliance Database.

If a subrecipient is implementing program activities that require the development of an EMMP, the Prime Recipient is responsible for ensuring the timely preparation and submission to the AO.

Talking Points:

- 22 CFR 216 Agency Environmental Procedures guide USAID's policy and procedures on the impact of its activities on the environment.

Reporting

Per Environmental Mitigation and Monitoring Plan (EMMP) timelines, the recipient (prime/sub) should prepare an Environmental Mitigation and Monitoring Report (EMMR) for submission to the AO/AOR and the USAID Environmental Compliance Database.

This report will summarize the effectiveness of mitigation measures, issues encountered, resolutions, and lessons learned. As appropriate, attachments such as site photos, verification of local inspections, product warranties, etc., should also be included.

Subrecipient

If a subrecipient is implementing program activities that require the development of an EMMP, the prime is responsible for ensuring its timely preparation and submission to the AO.

ADDITIONAL REFERENCE MATERIAL ON SUBAWARD REPORTING

This section includes USG terminologies for Trainers to quote or share.

PROGRAM INCOME

RAA 16. Program Income (August 2020) states: "Program income is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Program income includes but is not limited to income from fees for services performed; the use or rental of real or personal property acquired under Federal awards; the sale of commodities or items fabricated under a federal award; license fees and royalties on patents and copyrights; and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, or interest earned on any of them."

USE OF PROGRAM INCOME

Program income earned during the project period shall be retained by the subrecipient and shall be used in one or more of the following ways (per the RAA16 guide):

- Addition - Added to funds committed by USAID and the recipient to the project or program and used to further eligible project or program objectives.
- Cost-sharing - Used to finance non-U.S. Government share of the project or program.
- Deduction - Deducted from the total project or program allowable cost in determining the net allowable costs on which the U.S. Government's share of costs is based.

REPORTING PROGRAM INCOME

USAID requires the prime to report program income using the **Federal Financial Report, SF-425**. Program income must be accounted for in the same ratio as USAID's participation in the program. For example, if USAID funded 75 percent of a recipient's program, the recipient must report 75 percent of any program income earned under the award as "Federal program income earned" on the SF-425. The prime must:

- Maintain records of the receipt and disposition of all grant-related income generated by sponsor-funded activities.
- Determine if program income was received, identified, and recorded properly.
- Determine if program income was used per all applicable requirements.

SUBRECIPIENT

As RAA 16 has no flow-down requirement for subrecipients, the prime should guide the sub on how to explain and report program income. It is important to ensure that the subrecipient uses program income to enhance program activities.

INDIRECT COSTS

Direct Project Expenses - Costs that can be identified specifically, with a particular final cost objective, such as a federal award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy (i.e., goods and services purchased for the exclusive benefit of one project, charged to that project).

Indirect/Shared Costs - Costs that cannot be directly identified with a single cost objective. Indirect costs are applied equitably across all the organization's business activities, according to the benefits each gains from them. Some examples of indirect costs are office space rental, utilities, and clerical and managerial staff salaries. To the extent that indirect costs are reasonable, allowable, allocable, and supported, they are a legitimate cost of doing business payable under a U.S. Government contract or grant (as per ADS 302).

NICRA - Negotiated Indirect Rate Cost Agreement, a rate negotiated individually between an organization and the USG to cover indirect costs. The NICRA of any US Agency awarded to any organization is binding on the entire USG, as per 2 CFR 200.414.

ALLOCATION OF INDIRECT OR SHARED COSTS – Costs that cannot be attributed to one project or another as direct costs will need to be addressed by establishing a formula. Shared costs and the basis for allocation should be clearly identified. The subrecipient should have a Shared or Indirect Cost Policy, often referred to as a Cost Policy Statement. If the sub has offices in several different locations, it should consider setting some general guidelines and have each office set a policy based on the projects and expenses at that location. The policies should be in writing because the annual audit will review and compare the policy with practice.

One approach is to use a percentage based on the number of employees at one project, versus the total number of employees or the allocation of dedicated office space. To do this, first figure out which parts of the office are dedicated to a specific project, such as space for dedicated project staff, and which parts are shared, such as meeting rooms or the reception area. Of the areas that are dedicated to specific projects, calculate the square meters allocated to each project. The office space of an individual who splits time may be divided according to the percentage she or he allocates to each project. Add the area dedicated to each project and calculate the percentage dedicated to each project.

2 CFR 200.332(a)(4)(i):

An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government. If no approved rate exists, the pass-through entity must determine the appropriate rate in collaboration with the subrecipient, which is either:

- The negotiated indirect cost rate between the pass-through entity and the subrecipient can be based on a prior negotiated rate between a different PTE and the same subrecipient. If basing the rate on a previously negotiated rate, the pass-through entity is not required to collect information justifying this rate but may elect to do so, or use it.
- The de minimis indirect cost rate.

Please note: *The subrecipient can recover indirect costs from the prime if the subaward has an approved NICRA. It is important for the prime to agree on the recoverability of indirect costs at the time of engagement and how the costs will be recovered, i.e., the rate and base.

REPORTING

Section 11 of the SF-425 requires the prime to report indirect expenses.

Completing the Indirect Expenses Section on SF-425:

- b. Rate** – Enter the indirect cost rate effective during the reporting period.
- d. Base** – Enter the total amount against which the indirect rate is applied.
- e. Amount Charged** – Enter the amount of indirect costs charged during the period specified.

COST SHARE

Cost-share is the non-U.S. Government portion of the project's costs and may either consist of cash or in-kind contributions. Committed cost-share is included in the award agreement between the prime and the subrecipient.

With authorization from the AO, the prime may capture cost-share contributions from subrecipients on the project to meet its obligation.

Example: The prime's sub-agreement has an approved budget of US\$1.1 million, which is comprised of US\$1 million in USG funds and US\$100,000 in cost-share. Therefore, the subrecipient is responsible for the US\$100,000 contribution, and the reported contribution must meet the RAA15 criteria documented below.

RAA15. Cost Share is the provision applicable when the recipient provides a cost share. The subrecipient's cost share contributions must be:

- Cost-share amounts must be verifiable in the organization's records and are subject to being audited.
- Verifiable from the recipient's records.

- Not included as cost-share contributions for any other U.S. Government-assisted program.
- Necessary and reasonable for proper and efficient accomplishment of this award's objectives.
- Allowable under the Standard Provision, "Allowable Costs".
- Not paid by the USG under another grant or agreement (unless the grant or agreement is authorized to be used for cost-share)
- Included in the approved budget.

Reporting Cost-Share

For the subrecipient to demonstrate that it meets its cost-share obligation, it should submit cost-share reports on dates/frequency, and a progress report format requested by the prime, which will serve to document how cost-sharing obligations are met. There should be clear reporting lines. The subrecipient should immediately report any events that will adversely impact its ability to meet its cost-share requirements.

The prime will consolidate the subrecipient's cost-share into the Federal Financial Report using the Standard Form-425 (See Annexure 1 SF-425, section 10. Transactions, **Recipient Share:** line i.)

Completing the Recipient Share Section on SF-425:

- i. **Total recipient share required** – Enter the total required recipient cost share as listed in the Cooperative Agreement. If the amount has been modified, use the amount in the modification.
- j. **Recipient share of expenditure** – Enter the amount of cost-share expended through the reporting period.
- k. **Remaining recipient share to be provided** – Enter the amount by subtracting line (i) minus line (j).

Cost-Share Valuation and Documentation

| Examples of Cost-Share Contributions | Valuation | Supporting Documentation |
|---|--|--|
| Volunteer services | <ul style="list-style-type: none"> ● Rates must be consistent with those paid for similar work within the organization. ● If required skills are not found in the grantee's organization, then the rate should be consistent with those paid for similar work in the labor market. | <ul style="list-style-type: none"> ● Signed timesheet showing the hours worked. ● A rate calculation of how the time should be valued. |
| Employee services donated by another organization | <ul style="list-style-type: none"> ● Employee's regular rate of pay. | <ul style="list-style-type: none"> ● Signed timesheet showing the hours worked. ● A rate calculation of how the time should be valued. |
| Donated supplies | <ul style="list-style-type: none"> ● The fair market value of the supplies when donated. | <ul style="list-style-type: none"> ● Letter of donation being made. ● Valuation of the donated supplies from the catalogue or internet |

| Examples of Cost-Share Contributions | Valuation | Supporting Documentation |
|--------------------------------------|--|--|
| | | prices, bills/invoices, or quotes for the same supplies. |
| Cash contributions | <ul style="list-style-type: none"> ● Actual costs incurred. | <ul style="list-style-type: none"> ● Letter from the donor documenting the amount of cash donated and the name of the project supported. ● A bank statement showing the date and the amount the grantee received and spent. |
| Donated equipment, building, or land | <ul style="list-style-type: none"> ● Normally, depreciation (per the organization's policy) or use charges for equipment and buildings may be made. ● The full value of equipment or other capital assets, and fair rental charges for land, may be allowed, provided that the AO or GMO has approved the charges. | <ul style="list-style-type: none"> ● A letter stating what was donated. ● Accounting policy reflecting depreciation policy ● Comparable catalog or market survey prices. ● Independent appraisal of the value of the land. |
| Project co-funding | <ul style="list-style-type: none"> ● The actual cost incurred. | <ul style="list-style-type: none"> ● Letter from the donor stating what was donated or copy of agreement or contract. ● Copy of invoice paid by the other donor. |

1. Value Added Tax (VAT) Reports

Background

RAA11. Reporting Host Government Taxes (June 2012) is the provision applicable to all USAID agreements that obligate or sub-obligate F.Y. 2003 or later funds, except for agreements funded with Operating Expense, Pub. L. 480 funds, trust funds, or agreements where there will be no commodity transactions in a foreign country over the amount of \$500.

Tracking VAT and duty payments and reimbursements

Subrecipients should have a process to track VAT and customs duties paid, and to request and receive reimbursements from the host government. Such a process simplifies the reporting of these taxes. Strategies for tracking VAT payments and reimbursements include:

- Developing a list of exemptions and required taxes, so that everyone involved with procurement is aware of the policy. The list should also be shared with subrecipients.
- Creating a separate code in the accounting system for tracking all payments of exempt taxes. The code should be used for exempt taxes, not for legitimate taxes paid.
- Creating a separate code in the accounting system to track incoming tax reimbursement payments from the host government. The reimbursements should be reconcilable with the original accounting

entry that recorded the payment of the taxes. This will make it easier to identify which reimbursements have and have not been paid.

- Creating a log that tracks the tax payment and reimbursement process. This should document each tax payment, reimbursement request, and payment received. Copies of receipts and reimbursement requests sent to the host government should be kept.

Reporting VAT and other taxes

The subrecipient should track all Value-Added Taxes (VAT) and/or import/custom/duty taxes paid on qualifying transactions (>US\$500) with USAID funds, and tax reimbursements received in the format provided by the prime. The prime should guide the sub on the dates/frequency and reporting line to submit the tax reports. The prime must include this reporting requirement in all applicable sub-agreements, including subawards and contracts.

Please note: * The prime must report on Host Government Taxes to USAID by April 16 of each year.

Example VAT Tracking Log

| Acct. Sys. Ref. # | Date | Vendor | Description | Transaction Value (pre-VAT) * | VAT* | Project | Date Requested | Date Received |
|-------------------|-------------|-------------|----------------|-------------------------------|---------|---------|----------------|----------------|
| 120 | Oct 6, 2020 | ABC Inc. | Audit Services | \$10,500 | \$1,575 | OVC | Oct 31, 2020 | Dec 18, 2020 |
| 121 | Jan16, 2021 | DEF Imports | Test kits | \$150 | \$22.50 | OVC | Jan 31, 2021 | Feb 28, 2021 |
| 122 | Feb 5, 2021 | GHI Desks | Furniture | \$1,000 | \$150 | OVC | Feb 28, 2028 | March 28, 2021 |
| 123 | Feb 9, 2021 | JKI Bytes | Printer | \$500 | \$75 | OVC | March 8, 2021 | April 8, 2021 |

* Payments and reimbursements may be tracked in the local currency.

Example of VAT Report Template (USAID VAT REFUND QUARTERLY REPORT)

| IMPLEMENTING PARTNER | | | | | | | | | | |
|---|----------|----------------|---------|------------------|-------------|--------------|----------------|-----------------|----------------|-----------------|
| TIN NO | | | | | | | | | | |
| USAID AWARD NUMBER: | | | | | | | | | | |
| AWARD PERIOD: | | | | | | | | | | |
| ACTIVITY NAME: | | | | | | | | | | |
| INPUT TAX SCHEDULE FOR THE PERIOD: JULY 2020 TO SEPTEMBER 2020 | | | | | | | | | | |
| # | Supplier | VAT No. | TIN No. | Physical Address | Invoice No. | Invoice Date | Goods/ Service | Amount (Ex-VAT) | VAT SUSD | Total SUSD |
| 1 | ABC | XXX-111-222-33 | 1000000 | Johannesburg | 111 | 2020/07/27 | Filing cabinet | \$4 999.00 | \$749.85 | \$5 748.85 |
| 2 | XYZ | XXX-111-222-33 | 2000000 | Mpumalanga | 222 | 2020/09/03 | Furniture | \$5 000.00 | 4750.00 | \$5 750.00 |
| TOTAL | | | | | | | | \$9 999 | \$1 800 | \$11 799 |

Notes:

1. Individual transactions of NOT less than USD \$500 excluding tax.
2. Include VAT for subawards and subcontractors.
3. Report NIL amount if you do not have reportable VAT.
4. Tax invoices for utilities - water, electricity..., should be supported with copies of tenancy agreements.
5. Attach copies of logbooks for USAID-registered motor vehicle expenses.

I certify that the VAT schedule is correct and supported by original tax invoices and receipts.

Name:

Signature of Chief of Party

Stamp and date

PERFORMANCE PROGRESS REPORTS

The performance progress report aims to assess whether the project/program activities are achieving their goals.

Key Considerations for Reports

(1) Truthful reporting.

Sometimes, project milestones may not be achieved. Reporting accurate/correct results assists in engaging the AO/AOR on the challenges identified during program activities and addressing them in a timely fashion.

(2) Develop a reporting calendar and timeline.

To ensure adequate time to assemble sufficient reports, outline all the requirements on a calendar and plan to avoid rushing preparation of the reports. To ensure awareness of timelines and due dates, share reporting timelines with relevant staff and subs who contribute to each report.

(3) Engage subrecipients early.

Some reports require primes to gather information from subrecipients. When creating the reporting calendar, subrecipients should be allowed sufficient time to provide meaningful input.

(4) Non-conflicting reporting.

There is a disconnect if performance reports describe a financially healthy program, while the financial reports show that funding is depleting more than expected. Performance reports should illustrate how program targets are being met within budget.

(5) No surprises for the AO/AOR.

Reports document various aspects of the program and are not the primary way to communicate with the funding agency. The recipient should discuss major challenges with budget, staff, partnerships, or implementation with the AO/AOR first and document them later in reports.

Example of Reporting Calendar

| Report | Frequency | Due date for submission |
|--------------------------|----------------|--|
| Federal Financial Report | Quarterly | Thirty (30) days after the end of each quarter of the USG fiscal year. (January 31, April 30, July 31, October 31). |
| Performance Report | Twice annually | Set by the funder. |
| Annual Audit* | Annually | Thirty (30) days after received from auditors. The audit and report must be within nine (9) months after the end of the fiscal year. |
| Foreign Tax Report | Annually | April 16 |
| Close Out Report | Once per award | Ninety days after the end of the award. |

* The prime must ensure that subrecipients meeting the audit threshold are audited. The current threshold is that an organization expending more than \$750,000 of Federal funds in its fiscal year must have the GAGAS or Yellow Book audit.

Other Reporting Requests

Unplanned project performance reports may be needed, which may require a quick response and input from the subrecipient.

To ensure reporting efficiency, the prime should provide a reporting template or other guidance on submitting the needed data.

Open communication should be maintained with the subrecipient to enhance meeting deadlines and obtain clarification when needed.

Sample Performance Report Outline

The AO/AOR may provide a template for performance reports, but the following outline may help if a template is not provided.

- I. Title Page**
 - Cooperating Agency Name/Program Name
 - Reporting Timeline
 - Date of Submission
 - Agreement Start and End Date
- II. Table of Contents**
- III. Acronyms**
- IV. Executive Summary/Overview**
- V. Summary Table of Targets and Results**
- VI. Project Implementation by Strategic Objective** – Project activities summarized by strategic objectives.
- VII. Monitoring and Evaluation**
 - Overview
 - Results of surveys, studies, or evaluations
 - Description of new tools or methods
 - M&E table of indicators
- VIII. Program Management** – Major management-related activities
- IX. Budget** – Overview of expenditures
- X. Other issues** – Sustainability and coordination with other groups
- XI. Success stories**
- XII. Conclusion**

MARKING AND BRANDING

M9. Marking and Public Communications Under USAID-Funded Assistance (December 2014) guide USAID recipients' marking and public communication requirements.

Section (a) of M9 states, "The USAID Identity is the official marking for USAID, comprised of the USAID logo and brandmark with the tagline 'from the American people', unless amended by USAID to include additional or substitute use of a logo or seal and tagline representing a presidential initiative or other high-level interagency initiatives. The standard USAID logo must be used unless the award requires the use of an additional or substitute logo. The USAID Identity (including any required presidential initiative or related identity) is available on the USAID website at www.usaid.gov.

Recipients must use the USAID Identity, of a size and prominence equivalent to or greater than any other identity or logo displayed, to mark:

- (1) Programs, projects, activities, public communications, and commodities partially or fully- funded by USAID.
- (2) Program, project, or activity sites funded by USAID, including visible infrastructure projects or other physical sites.
- (3) Technical assistance, studies, reports, papers, publications, audiovisual productions, public service announcements, websites/Internet activities, promotional, informational, media, or communications products funded by USAID.
- (4) Commodities, equipment, supplies, and other materials funded by USAID, including commodities or equipment provided under humanitarian assistance or disaster relief programs.
- (5) Events financed by USAID, including training courses, conferences, seminars, exhibitions, fairs, workshops, press conferences, and other public activities. If the USAID Identity cannot be displayed, the recipient is encouraged to otherwise acknowledge USAID and the support of the American people.

Creating a Marking Plan

A marking plan should outline when, where, and how the organization will mark program deliverables, sites, and events. USAID requires submitting a marking plan to the AO and AOR that describes how the prime will implement the marking requirements in the program for approval before implementation. The Prime should train its staff and subrecipients on the marking plan to ensure awareness of the Prime's marking policies. A good marking plan will guide on:

- What will be marked – all sites, documents, events, and commodities procured or produced as part of the award agreement
- How marking will be done – the type of marking and what will be marked (e.g., banner at events, stickers on equipment)
- When marking is done – if items are not permanently marked (e.g., a project site that is being constructed), describe any temporary marking and plans for final marking.
- Where the marking will be placed – describe the size and placement of the donor's logo and any accompanying logos.

Marking Program Deliverables

Program deliverables should be marked to identify and give credit to both donors and implementers. However, deliverables may not be marked the same. High-profile deliverables, such as a clinic, may be marked with the logos of all implementing partners and donors. On the other hand, smaller commodities procured for the program, such as computers or office equipment, are marked with the logo of the

funding donor. The marking plan should specify the approach for different deliverables and, at a minimum, cover all donor requirements. Deliverables that should be marked with the donor's logo include:

- Project sites.
- Electronic and printed documents, such as informational or promotional materials, audiovisual presentations, public service announcements, websites, etc.
- Events, such as training courses, workshops, and press conferences.
- Commodities, including equipment, supplies, and other materials.

Marking Exceptions

Section g. of M9 guides situations where the recipient may request an exception from USAID marking requirements. This is when the use of the logos would:

- Compromise the intrinsic independence or neutrality of a program or materials where independence or neutrality is an inherent aspect of the program and materials.
- Diminish the credibility of audits, reports, analyses, studies, or policy recommendations whose data or findings must be seen as independent.
- Undercut host-country government "ownership" of constitutions, laws, regulations, policies, studies, assessments, reports, publications, surveys or audits, public service announcements, or other communications.
- Impair the functionality of an item.
- Incur substantial costs or be impractical.
- Offend local cultural or social norms or be considered inappropriate.
- Conflict with international law.

Subrecipient Requirements

Marking requirements also apply to subrecipients. As per section (i) of M9, the recipient must include the following provision in any sub-agreements entered into under the USAID award:

"As a condition of receipt of this subaward, marking with the USAID Identity of a size and prominence equivalent to or greater than the recipient's, subrecipient's, other donors, or third party's is required. In the event the recipient chooses not to require marking with its own identity or logo by the subrecipient, USAID may, at its discretion, require marking by the subrecipient with the USAID Identity."

Special Requirements Under M9

- Section (e) of M9 requires any "public communication" in which the content has not been approved by USAID to contain the following disclaimer:

"This study/ report/ audio/ visual/ other information/ media product (specify) is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of [insert recipient name] and do not necessarily reflect the views of USAID or the United States Government."

- Section (f) of M9 requires providing the USAID AOR with two copies of all program and communications materials produced under an award.

MODULE 9: SUBAWARD MONITORING

Session 8: Subaward Monitoring

Learning Objectives

To understand how to conduct:

- Program Monitoring
- Financial Monitoring
- Compliance Monitoring
- Data Reviews
- Audit Reviews
- Corrective Action Plans

Topics for Subaward Monitoring

1. Monitoring vs. Reviews
2. Types of Subaward Monitoring
3. Onsite Monitoring
4. Planning Onsite Visits
5. Offsite Monitoring

Talking Point:

- This section provides an overview of the basic monitoring procedures the prime should perform. Important aspects to address include program monitoring and reviews, financial monitoring and reviews, compliance monitoring and reviews, corrective action plans, audit reviews, and data reviews. For the purpose of site visits, a checklist template has been included.

Monitoring versus Reviews

What is monitoring?

The collection and analysis of information about a project or program, during the performance thereof.

What are reviews?

The periodic, retrospective assessment of an organization, project or program that might be conducted internally (by the prime) or by an external independent evaluator.

Talking Points:

- Monitoring is the collection and analysis of information about a project or program, during the performance thereof.
- A review is a retrospective assessment of an organization, project, or program that might be conducted internally (by the prime) or by an external independent evaluator.

Types of Subaward Monitoring

Program Monitoring

Financial Monitoring

Compliance Monitoring

Data Reviews

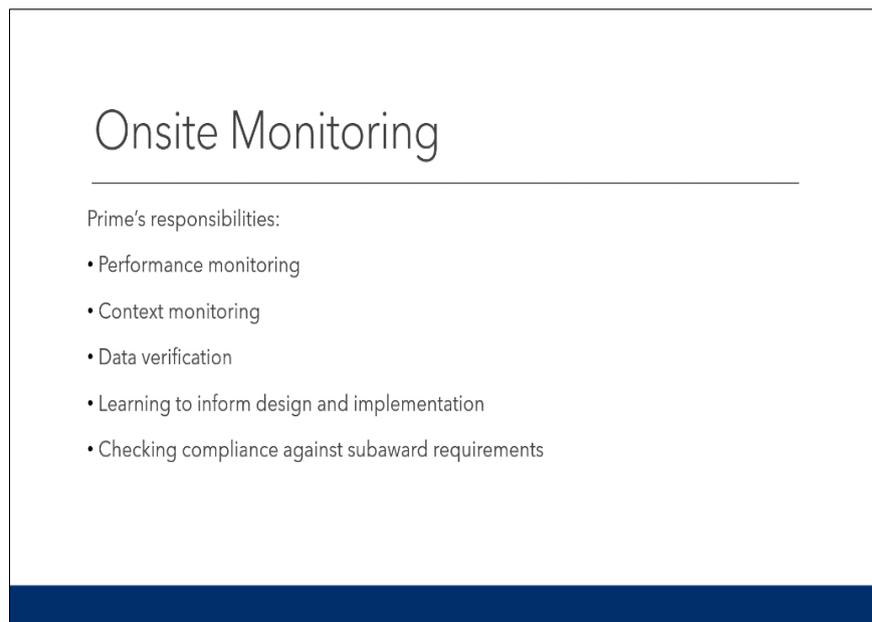
Audit Reviews

Corrective Action Plans

Talking Points:

- Subaward monitoring includes:
 - a. Program monitoring and reviews
 - b. Financial monitoring and reviews
 - c. Compliance monitoring and reviews - Compile a checklist of the requirements contained in the award and verify them with site visits.

- d. Corrective action plans - The prime draws up a list of findings (after a site visit). Subrecipients are to be given some time to resolve identified issues. The prime is to follow up with subs on the implementation/resolution of corrective actions/issues.
- e. Audit reviews - The prime obtains the latest project General Ledger and selects a sample of transactions for each expense category.
- f. Data reviews:
 - 1) Data reports from the M&E system (per subprogram)
 - 2) A complete capture of data (source forms to the system) – to be verified; also, quality review to be performed (e.g., verification of proper form completion)
 - 3) Tracing a sample financial transaction back to source documents to confirm accuracy

A presentation slide titled "Onsite Monitoring". The title is centered at the top in a large, dark font. Below the title is a horizontal line. Underneath the line, the text "Prime's responsibilities:" is followed by a bulleted list of five items: Performance monitoring, Context monitoring, Data verification, Learning to inform design and implementation, and Checking compliance against subaward requirements. The slide has a dark blue footer bar at the bottom.

Onsite Monitoring

Prime's responsibilities:

- Performance monitoring
- Context monitoring
- Data verification
- Learning to inform design and implementation
- Checking compliance against subaward requirements

Talking Point:

- Site visits are an essential and required component of the prime's performance management. These visits are used to assess whether the program activities are on track to achieve set goals and can serve several important purposes, such as performance monitoring, context monitoring, data verification, learning to inform design and implementation, and checking compliance against subaward requirements.

Planning Onsite Visits

Plan for site visits throughout the award

Coordinate visits with the subrecipient to avoid scheduling conflicts

State the purpose of the visit and ensure that the right staff are available

Talking Point:

- The decision to schedule a site visit is based on the purpose of the site visit, resource and staff availability, and logistics. Scheduling site visits with the sub is important to ensure the availability of key staff. Proper planning is a critical step to getting the most relevant and useful information from a site visit. Planning a site visit in advance creates a space to strengthen collaboration with the subrecipient.

Off-Site Monitoring

Virtual monitoring visits increased during COVID

Know the information you need first

Determine connectivity issues

Schedule regular monitoring visits

Consider third-party monitoring if on-site is necessary

Talking Points:

- Ask participants if they have conducted an off-site monitoring visit. What were their experiences?
- Some suggested topics are:
 - Did anybody have a scheduling problem or were key staff not available during the visit?
 - Did you review the progress and financial report before the trip? Did you identify key areas for discussions?

- Did you conduct any sample testing for data quality assessments or financial transactions?
- Did you talk to beneficiaries to get feedback on services?
- What else can you do during a site visit?

ADDITIONAL REFERENCE MATERIAL ON SUBAWARD MONITORING

This section includes USG terminologies for Trainers to quote or share.

Pass-through entities must monitor the activities of the subrecipient to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Pass-through entity monitoring of the subrecipient must include (2 CFR 200.332(d):

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies about the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.
- (3) Issuing a management decision for applicable audit findings pertaining only to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521.
- (4) The pass-through entity is responsible for resolving audit findings specifically related to the subaward and not responsible for resolving crosscutting findings. If a subrecipient has a current Single Audit report posted in the Federal Audit Clearinghouse and has not otherwise been excluded from receipt of Federal funding (e.g., has been debarred or suspended), the pass-through entity may rely on the subrecipient's cognizant audit agency or cognizant oversight agency to perform audit follow-up and make management decisions related to cross-cutting findings in accordance with section §200.513(a)(3)(vii). Such reliance does not eliminate the responsibility of the pass-through entity to issue subawards that conform to agency and award-specific requirements, to manage risk through ongoing subaward monitoring, and to monitor the status of the findings that are specifically related to the subaward.

On-Site Monitoring

a) On-Site Monitoring Overview

Site visits are an essential and required component of the prime's performance management. Site visits are used to assess whether the program activities are on track for achieving set goals and can serve several important purposes, such as performance monitoring, context monitoring, data verification, learning to inform design and implementation, and checking compliance against subaward requirements. Site visits also allow the prime to guide the sub on areas for improvement and identify such areas and the intervention needed. Site visits are also an opportunity to identify any unintended consequences of an activity—positive or negative—and to explore systemic or contextual factors that might affect activity implementation. The prime should conduct site visits at least once every six (6) months (ADS201); this frequency may be increased for poor-performing subrecipients. A brief report must be written highlighting the findings from a site visit.

b) Preparing for On-Site Monitoring

Decisions about when to schedule a site visit should be informed by the site visit purpose, resource and staff availability, and logistics. They should be coordinated with the subrecipient to avoid any scheduling conflicts. Proper planning is a critical step for getting the most relevant and useful information from a site visit. Planning a site visit in advance creates a space to strengthen collaboration with the subrecipient. List of possible actions to take/considerations while preparing for a site visit include:

- Ensuring that the site visit team understands the role of the activity to be visited as it relates to other activities and the project. This involves reading background documentation about the activity and the site. Before a site visit, the prime's visiting team should carefully review relevant documentation, including the activity work plan, subaward documentation, and environmental documents (e.g., the EMMP); and, when relevant, activity MEL plans, performance plans and reports, the branding and marking plan, progress reports submitted by the subrecipient, and any other relevant information. To promote continuity, learning, and accountability, it is helpful to read previous site visit reports, including useful information about how the activity is progressing and performing.
- Generating or printing a copy of the prime's Site Visit Report template, if available, or a list of questions relevant to the purpose of the site visit. Review the template or questions before the site visit to understand what information/data to collect for each of the required sections.
- Seeking information on the local culture, language, and customs before departing for a site (e.g., appropriate dress, how to greet/interact, whether a language interpreter will be needed). Social customs often vary from one region to the next, and awareness of these differences can facilitate the success of a site visit in ways that can enhance relationships, learning, and collaboration.
- Discussing the site visit with the subrecipient management staff to ensure that the visit does not adversely affect the implementation or oversight of other activities, and to produce questions at the project level that may be addressed with evidence and learning generated by the site visit.
- Considering joint site visits when activities are strongly connected (for instance, different components of the same value chain, location, or implementing partner). Joint site visits promote learning and sharing across activities and assist the assessment team in assessing broader performance and providing economies of scale.
- Finalizing any key logistical information, including that proper travel approvals and budget have been secured through the prime's documented approval processes.

c) On-Site Program Monitoring and Reviews

List of possible actions to take while performing a site visit:

- Brief the subrecipient on the goals, objectives, and expectations for a visit; and allow them to share their impressions of the activity's progress and/or identify challenges. Be sure to ask open-ended questions that could lead to greater insight into the activity's performance.
- Focus on the purpose and goals of the site visit while keeping an eye out for the unexpected or unintended results (positive or negative) of the activity. A lot of the value in a site visit may come from exposure to or awareness of an activity's unintended consequences or unexpected challenges.
- Meet with and solicit feedback from beneficiaries on their observations and interactions with the activity. Engaging stakeholder communities facilitates collaborative relationship building and helps broaden the prime's understanding of the activity's context and development efforts.
- Collaborate with the subrecipient to understand what is working, what is not working, and why.
- Consider what is known about critical assumptions, changes in the operational context, and what has been learned as a result of implementation that was not previously known, and assess the measures implemented to ensure the achievement of set goals.
- Follow up on previous site visit recommendations. There will be instances when it is necessary to schedule a site visit to validate whether the subrecipient is following up on recommended actions arising

from a previous site visit or other relevant performance monitoring activity. If this is the purpose of the site visit, it is best to communicate the goals/objectives with the subrecipient to ensure they have ample time to address previously identified issues and gather the necessary information. Following up on recommendations is important to gauge what is working, what is not working, and why, to inform additional adaptations.

- Document what was observed and learned, and which stakeholders were engaged. Be sure to capture observations by using the pre-determined standard template. Note any learning that should be shared, adaptations that should be undertaken, and/or implementation delays or issues to discuss with the subrecipient or that might merit reaching out to the AOR/AO.
- Seek out and capture stories that demonstrate the activity's success. When culturally accepted, appropriate, and with subject's informed consent, take photos for possible use for both the Mission and USAID publications. Note that there are child protection laws that require parents to authorize photographs of children in some countries. In these cases, a parent, teacher, or principal should sign a consent form on the child's behalf. There will also be instances when pictures of vulnerable people may risk further discrimination or harm, or other kinds of instances when subjects do not want to be photographed. Exercise judgment and ask permission.
- Schedule an exit-briefing with the implementing partner to discuss findings, provide feedback, and identify follow-up actions, including sharing learning with others who can use it, and following through on necessary adaptations.
- Conduct an exit briefing. As is the case throughout planning and conducting a site visit, an exit-briefing is an opportunity to collaboratively share observations, synthesize learning, solve problems or challenges, and agree on potential adaptations with the subrecipient. Also, the site visit team may want to ask if the sub would like to add anything beyond what was already discussed, as there may be information about the activity that the subrecipient feels is vital (e.g., what are the activity's most significant opportunities, concerns, or vulnerabilities?).
- Monitor progress on Special Award conditions closely.

d) On On-site financial Monitoring and Reviews

The prime reviews and monitors financial reports and may request supporting documents for the sub's financial transactions. Financial monitoring activities during site visits include:

- Reviewing the filing/storage facility of the project's financial records to determine whether supporting documents are retained and easily accessible.
- Checking whether the subrecipient receives other US Government funds, and if so, how much funding and whether a program-specific audit is required (US\$750,000.00 USAID audit threshold).
- Reviewing whether timesheets are kept for each paid employee and whether time is being tracked per project.
- Confirming whether expense and revenue reports can be produced easily for each sponsored award.
- Understanding, if the organization has a NICRA, how the subrecipient calculates its fringe and getting a copy of the fringe rate that it uses for U.S. government awards.
- Understanding, if the organization has the 10% de minimis rate, how it calculates Modified Total Direct Cost (MTDC) base.

In addition, progress on achieving special award conditions should be monitored and reported.

e) On On-site compliance Monitoring and Reviews

Site visits serve several important purposes, such as performance monitoring, data verification, learning to inform design and implementation, and checking compliance against Agency requirements. The examples

shown below are key compliance areas to assess during a site visit and are also subject to audit by the Office of the Inspector General.

| Area of consideration | Description |
|---|--|
| Environmental Compliance | All USAID activities are required to meet established environmental regulations and monitor and mitigate any potential negative effects on the environment. When activities with environmental mitigation measures, the prime’s site visit team should verify the correct implementation. |
| Commodity Management | Site visits are opportunities to spot-check USAID project-funded commodities or equipment used for the USAID activities. The prime’s site visit team should review expenditure data to verify whether the resources made available under the USAID project in the form of commodities are being utilized for their intended purpose and are properly marked per the terms of the agreement/contract. |
| Branding and Marking | Proper branding and marking help ensure that assistance programs are more visible and better known in the countries where USAID works. During site visits, the prime site visit team, guided by the approved branding and marking plan in the final award, should ensure that all items are appropriately branded or marked consistent with the USAID-approved branding and marking plan. |
| Gender Equality and Female Empowerment | Gender equality and female empowerment are core development objectives, fundamental to realizing human rights, and key to effective and sustainable development outcomes. Site visits enable the prime’s visiting team to assess the extent to which gender is being effectively considered in activity implementation, per the terms of the award, and how to work with the subrecipient to ensure compliance with award requirements. |
| Disability and Inclusion | The goal of inclusive development at USAID is to ensure that all people benefit and have access to development assistance. Conducting periodic site visits to activities that work with marginalized groups enables the prime to validate that planned and programmed disability inclusion efforts are working as anticipated. |
| Construction | Construction activities, guided by the professional experience of engineers, are key to building locally appropriate, sustainable infrastructure that supports USAID's development goals, including economic growth and access to quality education and healthcare. The prime’s site visit team should monitor construction risk management and mitigation measures throughout activity implementation, including and especially during their site visits. |
| Other acquisition or assistance Standard Provisions | Site visits can also be an opportunity to ensure compliance with relevant terms from USAID's standard provisions for NGOs that hold grants or cooperative agreements. |
| Terms specific to the award for the activity | Some countries have additional provisions or clauses common to all their awards, and some awards may have specific requirements. |

Off-Site Monitoring

COVID-19 as a reference pandemic example. The COVID-19 pandemic has disrupted the usual in-contact interactions, minimizing onsite monitoring of subrecipients. It is the prime’s responsibility to protect the

health and safety of its staff while continuing appropriate oversight of programs implemented by subs and ensuring the accountable and effective use of the program funds.

The pandemic brought new challenges in implementing activities, monitoring progress, collecting data, and tracking performance indicators. The environment calls for adapting innovative, responsible, and safe ways to monitor and evaluate programs. Digital tools can support novel approaches to remote monitoring.

a) Remote monitoring meetings

The COVID-19 pandemic has necessitated online meetings between primes and subrecipients and any other stakeholders as a program monitoring tool, to compensate for the loss of site visits.

Further detail is provided below under remote monitoring.

b) Remote monitoring

What is the information to be collected? Remote monitoring can be used for performance monitoring and context monitoring. Different methods of remote monitoring can yield different types of information. Knowing the type of information needed and who must furnish it will help narrow what kind of tool to use.

For performance monitoring, the prime and sub should discuss which key performance indicators can be collected remotely to monitor progress toward expected results, while considering what needs to be done to ensure compliance to award conditions. If the implementation of an activity has been altered, the prime and subrecipient may want to gather feedback from beneficiaries on their current needs and the level of service provision.

Remote monitoring can also be used for contexts. As situations evolve, collecting context-specific data can help USAID and partners identify changes in the operating environment. Partners may want to collect information on how policies to combat COVID-19 are affecting people in the country or region where they operate. For example, lockdowns and social distancing requirements can affect household income, necessitating the adaptation of USAID programming to meet new needs.

Validation of reporting can be implemented through a combination of tools. For example, information collected from individuals via SMS could be supplemented by phone calls to trusted individuals in the community.

What to consider before monitoring remotely:

- 1. How was the data collected?** Review existing MEL plans and inventory the data that the activities were collecting, how they were collecting it, and how they were reporting it.
- 2. What are the current gaps in the MEL plan?** Review the updated MEL plan and discuss gaps in performance and context monitoring. For example, some routine data collection methods such as site visits may no longer be possible.
- 3. How can the existing MEL plan be adapted to address gaps?** Depending on the indicators and activity status, remote approaches may complement other data collection methods.
- 4. What is the best cadence for monitoring visits and calls?** As the operating environment shifts, planned check-in calls with colleagues and counterparts can assist organizations in adapting.

When discussing how the MEL plan can be adapted, consider:

- 1. Could existing communication systems be adapted for monitoring?** For example, if a partner is already sending project beneficiaries SMS (text) messages (e.g., on crop prices, vaccination campaigns,

project activities), consider whether it makes sense to adopt that system to collect information. Consider informed consent, access, cost, and privacy.

2. What monitoring systems still operate outside of the project activity? Consider what other organizations or projects are collecting relevant data that can be leveraged; these could include partners or other organizations using institutional monitoring systems or third-party data.

- Consider conducting a rapid analysis to identify existing **institutional monitoring systems**. Where possible, leverage existing institutional monitoring systems that continue to operate in-country.

- **Third-party Monitoring (TPM)** mechanisms may have already switched over to remote monitoring techniques and have valuable insights to share with other activities.

- **Data-sharing agreements** with local institutions (e.g., universities, ministries, community-based organizations) could reduce the need for duplicate data collection. Identify reliable partners that continue to collect relevant data (e.g., community-based information systems). Compliance with USAID data protection and other policies should be a key consideration. Consider whether the data—in whole or in part—could responsibly be shared with host-country counterparts or the wider development community.

- Partnerships with organizations specializing in collecting and analyzing **big data sources** could provide analysis for reporting and decision-making.

- **Local private-sector call centers** that can be used to conduct computer-assisted telephone interviews (CATI), or interactive voice response (IVR) surveys or data collection and analysis firms can be leveraged to continue collecting data remotely.

- **Local media and communication firms** that invest in regular market research and media consumption surveys could aid the Prime Recipient and subrecipient in understanding the information preferences of beneficiaries. Open-source media consumption research may be available, in addition to fee-based services.

3. Are there trusted key informants where our activity operates? If beneficiaries cannot be reached by phone or mobile internet, monitoring through key informants (e.g., field-based project staff, extension workers, community health workers, and nongovernmental groups) may be an option if the key informants have access to SMS, voice calls, or mobile internet. If necessary, subrecipient M&E specialists may be able to remotely train key informants to collect monitoring data. Most digital data collection apps can be used offline to collect data. This enables enumerators to collect information on their device while offline and send it later when the device has connectivity (e.g., on top of a hill, back at the regional office). Consider incorporating geolocated data to allow data quality checks.

If project activities need to collect data from beneficiaries, consider:

1. What levels of connectivity are there in the areas of interest? What are the demographics of mobile phone ownership? Many digital data collection tools require mobile or internet connectivity to send data. Some populations that do not use mobile phones or the internet could therefore be left out of data collection efforts. When building a strategy to collect data directly from beneficiaries, consider access, security, use, and affordability of mobile phones and the Internet. For example, someone may live in an area with mobile connectivity but cannot afford to buy phone credit or choose not to use mobile internet.

Families may share one phone, and implementing partners may have one phone number for multiple beneficiaries in their database (e.g., a husband and wife attending different events may use the same number).

Consider who might be missing from data collection efforts and consider how this may bias results. Think about how these issues can be mitigated (e.g., are there other data sources that can help to triangulate the information collected?).

2. How will the demographics of the target population affect access and use of digital technology for remote monitoring?

- **Gender:** There is a digital gender divide in many countries where USAID operates. In countries where mobile phone ownership and internet use is lower among women than men, consider how this will affect monitoring efforts. How might the shared family phones impact the way a woman or man responds to surveys if their privacy cannot be guaranteed? Account for any biases that monitoring remotely could introduce.
- **Age:** Mobile phone ownership and internet use is generally lower among older populations than youth. Consider how this will affect monitoring efforts, and account for biases.
- **Disability:** Hearing-impaired and visually impaired individuals may face difficulties accessing and using mobile phones or mobile internet without assistive technologies. Consider how best to include persons with disabilities before choosing a remote monitoring tool.

3. How will literacy levels affect remote monitoring efforts? Consider the literacy level of the target population before choosing a remote monitoring tool. If working in low literacy settings, consider using Interactive Voice Response (IVR) or voice calls.

4. How can data privacy and security of the target population be ensured? It is necessary to safeguard data and ensure that informed consent is obtained. Consider potential privacy and security risks and mitigation efforts at every point in the data management lifecycle.

We obtained USAID guidance from Guide for Adopting Remote Monitoring Approaches During COVID-19.

MODULE 10: FINANCIAL MANAGEMENT

Session 9: Financial Management

Learning Objectives

1. Understand disbursement methods
2. Understand how disbursement requests are undertaken

Topics for Financial Management

1. Disbursements and Reimbursement Requests
2. Prime Recipient Responsibilities for Disbursements to Subrecipients
3. Other Prime Recipient Financial Management Responsibilities
4. Disbursement Methods
5. Payment by Cash Advance
6. Payment by Cost Reimbursement

Talking Point:

- This session covers the financial management of subawards. The local organization must have strong internal control systems in place to manage subawards.

Disbursements and Reimbursement Requests

- The disbursement process and method vary from one agreement to the other.
- The sub awardees should refer to the individual Grant Agreement for further guidance on what schedule applies to each subaward, as this may include different conditions based on a result of pre-award assessment or associated risk.

Talking Points:

- This session covers disbursement methods and how disbursement requests are undertaken.
 - The disbursement process and method vary from one agreement to the other. It may be made through cash advance or reimbursements, which will be stipulated in the grant agreement.
 - The subawards should refer to the individual Grant Agreement for further guidance on what schedule applies to each subaward, as this may include different conditions based on a pre-award assessment or associated risk. Disbursement will be implemented after review of the financial report and funding yet to be spent, which will be subject to the prime's review and approval.
 - The prime channels reimbursement requests, consolidating and forwarding them to the AO on a quarterly basis for approval.

Prime Recipient Responsibilities for Disbursements to Subrecipients

- Attestation of bank account(s) of the subrecipient – upon signing the sub agreement
- Confirm that all payment/disbursement requests are supported by the appropriate supporting documents, as agreed in the subaward agreement.
- Monitoring utilization of funds.

Talking Points:

- The slide explains the key responsibilities for disbursements to subrecipients.
 - The subrecipient must attest to its bank account(s) upon signing the sub agreement. This helps the prime recipient confirm the accuracy of the subrecipient's bank details before starting the project and is important when the prime intends to use wire transfers for disbursements to the subrecipient.
 - The subaward agreement should outline payment terms (Advance/Cost reimbursement).
 - The prime must confirm that all payment requests are supported by the appropriate supporting documents, as agreed in the subaward agreement.
 - The prime must monitor the utilization of funds.

Other Prime Recipient Financial Management Responsibilities

2 CFR 200.332:

- Reviewing subrecipient financial reports.
- Verify that every subrecipient that spent \$750,000 or more of USAID funding during its financial year is subject to a GAGAS audit.
- Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award.
- Issuing a management decision for applicable audit findings pertaining **only** to the Federal award.

Talking Points:

- Included here are 2 CFR 200.332 – the prime's responsibilities in managing the subrecipient's finances as they relate to the award under consideration.

(Note: NB* 2 CFR 200.332 includes other responsibilities that are not limited to financial management. This slide only addresses responsibilities related to financial management.

For crosscutting audit findings (findings that affect more than one project), the cognizant agency makes the determination.

Disbursement Methods

- The disbursement to the subrecipient can be done through cash advance or reimbursements
- Subaward agreement should outline the payment/disbursement method (**Advance/Cost reimbursement**).

Talking Points:

- The slide on disbursement methods explains the two methods to make disbursements.
- The subrecipient should use the disbursement request template provided by the prime, to be approved by the correct official from the subrecipient.
- All disbursements made by the prime should be approved in terms of the prime's payment processes.

Payment by Cash Advance

- Efficient payment terms and conditions are critical to ensuring that funds are available to the subrecipient as needed and that cash advances from the USAID are drawn as close as possible to actual cash outlays by the subrecipient.
- Cash advances to a subrecipient shall be limited to immediate cash requirements and the minimum amounts needed by the subrecipient to implement the purpose of the approved program or project.
- Procedures for requesting cash advances should be as close as is administratively possible to actual cash outlays. The ideal scenario is monthly cash advance to subrecipients.
- At any given point of time, no further cash advance should be made unless a substantial percent of the outstanding cash advance has been liquidated. (Primes liquidate quarterly to USAID; subrecipient financial reports should therefore be more frequent.)

NOTE: Interest-bearing bank account and the treatment earn on the advances

Talking Points:

- The slide explains the important factors to consider in making advance disbursements to the subrecipient.

- Low-risk subrecipients, long-term advances (e.g., quarterly, medium- high-risk subrecipients, short term (monthly) advances. The results of the pre-award assessment will guide the prime on the risk level of the subrecipient.
- Explain the importance of the subrecipient paying back interest earned in excess of the RAA 1 threshold, (USD 500 currently).
- The prime is required to liquidate advance receipts from USAID quarterly, so it is important that the subrecipient liquidates any advanced funds timely.
- As deemed necessary, the prime may request copies of supporting documents for liquidations.

Payment by Cost Reimbursement

- Apply to selected subrecipients with financial means to implement activities prior to receiving the award transfers.
- Requires subrecipients to periodically submit financial reports with other additional supporting documentation to be reimbursed for expenses already incurred.
- Payment terms may be used as a tool to effectively control/manage the program.
- Determining payment terms and conditions should be influenced by the prime's risk assessment of the sub. A high-risk sub warrants more rigid payment terms.

Talking Point:

- The slide shows the important considerations for advance disbursements to the subrecipient.

NOTE: The prime should recognize that some subrecipients do not have the cash flow to implement projects. Advance disbursements should be applied to selected subrecipients with the financial means to implement activities prior to receiving the award transfers.

ADDITIONAL REFERENCE MATERIAL ON FINANCIAL MANAGEMENT

This section includes USG terminologies for Trainers to quote or share.

DISBURSEMENT REQUEST

- The disbursement process and method vary from one agreement to the other. The disbursement can be done through cash advances or reimbursements, and this should be clearly stipulated in the grant agreement.
- The subawards should refer to the individual Grant Agreement for further guidance on what schedule applies to each subaward, as this may include different conditions based on a result of a pre-award assessment or associated risk. Disbursement will take place after a review of the financial report and funding yet to be spent and will be subject to the prime's review and approval.
- The prime channels reimbursement requests, consolidating and forwarding them to the AO for approval.

PAYMENTS TO SUBRECIPIENTS

- The subaward agreement should outline the payment terms (**Advance/Cost reimbursement**). All disbursements should be per the award agreement. The payment terms and conditions per award agreement between the prime and the USAID may also be a contributing factor in determining the payment terms between the prime and the sub.
- The subrecipient must attest to its bank account(s) upon signing the sub agreement. This helps the prime recipient confirm the accuracy of the subrecipient's bank details before starting the project and is important when the prime intends to use wire transfers for disbursements to the subrecipient.
- Confirm that all payment requests are supported by the appropriate supporting documents, as agreed in the subaward agreement.

Payment by Cash Advance

- Efficient payment terms and conditions are critical to ensuring that funds are made available to the subrecipient as needed and that cash advances from USAID are drawn as close as possible to actual cash outlays by the subrecipient.
- Cash advances to a subrecipient shall be limited to immediate cash requirements and the minimum amounts needed by the subrecipient to implement the approved program or project.
- Procedures for requesting cash advances should be as close as is administratively possible to actual cash outlays. The ideal scenario for advance cash to subrecipients is monthly.
- At any given point of time, no further cash advance should be made unless a substantial percentage of the outstanding cash advance has been liquidated.

Payment by Cost Reimbursement

The prime should recognize that some subrecipients do not have the cash flow to implement projects. Hence, cost reimbursement should only be applied if subrecipients have the financial means to implement activities before receiving the award transfers.

- The payment arrangement requires subrecipients to periodically submit financial reports with additional supporting documentation to be reimbursed for expenses already incurred.
- Payment terms may be used as a tool to effectively control/manage the program. The timing of payments may be influenced by the subrecipient's ability to submit the required program and financial reports.
- Payment terms and conditions should be influenced by the prime's risk assessment of the subrecipient. A high-risk subrecipient warrants more rigid payment terms.

Other Prime Recipient's Financial Management Responsibilities on Subrecipients

2 CFR 200.332 Requirements for PTEs

The prime recipient's/pass-through entity's monitoring of the subrecipient must include:

- Reviewing financial reports. The frequency and structure of the financial report from the subrecipient should allow timely and adequate financial reporting to USAID by the prime.
- Following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies about the Federal award (audits, on-site reviews, written confirmation on the status of actions planned or taken to address findings).
- Issuing a management decision for applicable audit findings pertaining only to the Federal award.

- Verifying that every subrecipient that spent \$750,000 or more of USAID funding during its financial year is subject to a GAGAS audit.
- Considering whether the results of the subrecipient's audits, on-site reviews, or other monitoring, indicate conditions that necessitate adjustments to the pass-through entity's own records (audit findings with questioned costs results in questioned costs for the PTE).
- Monitoring utilization of funds. Procedures for monitoring the utilization of funds against plans could include consideration of the following:
 - Has the award been deposited in the subrecipient's approved bank account? Is the award received correctly reflected in the financial report?
 - Has the financial report been timely submitted?
 - Does the financial report match with the activity (narrative) report?
 - Is spending in line with plans and does it match program progress?
 - Are there any significant variances? Does the subrecipient review and analyze variances and take corrective action?
 - Will there be significant over- or under-expenditures toward the end of the project period?
 - Was prior approval sought for any budget amendments (if any) before spending?
 - Is the subrecipient meeting reporting deadlines?
 - Is the subrecipient implementing the prime's recommendations on utilizing funds?
 - Are subrecipient staff clear about the terms in the agreement?

MODULE 11: FRAUD MANAGEMENT

Session 10: Fraud Management

Learning Objectives:

1. To understand the definition, indicators, and examples of fraud.
2. To learn the requirement for reporting fraud.

Topics for Fraud Management

1. Definition
2. USAID's Anti-Corruption Policy
3. Examples of Fraud
4. Fraud Red Flags & Specific Indicators
5. Reporting Fraud

Talking Point:

- By the end of this session, participants will:
 - Understand the definition of fraud, indicators of fraud, and examples of fraud.
 - Understand the requirements for reporting fraud.

Definition of Fraud & Corruption

Fraud includes false representation of fact, making false statements, or by concealment of information. Waste is defined as the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the U.S. government.

Corruption is a breach of trust by government or non-government officials who use their office to obtain personal gain.

Talking Points:

- Read the definitions on the slide, which come from two authoritative bodies.
 - Focus on illegal acts, deception, and the objective of gaining something of value.

USAID Anti-Corruption Policy

December 2022

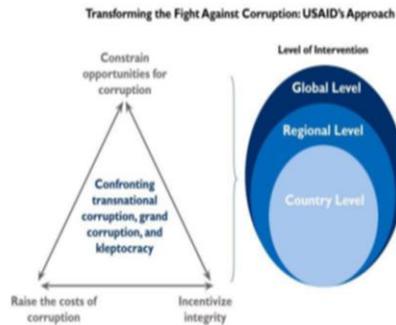
USAID has launched the Anti-Corruption Policy to elevate, integrate, and strengthen anti-corruption across the Agency, and to improve coordination with our partners across the U.S. government and the development community. This includes:

- **Bolstering anti-corruption efforts:** USAID is expanding its anti-corruption programs, including launching signature initiatives at the Summit for Democracy.
- **Accelerating innovation and adaptation:** USAID is increasing its focus on innovative, responsive, and flexible programming, as well as addressing the increasingly transnational nature of corruption.
- **Embedding anti-corruption across USAID:** USAID is institutionalizing anti-corruption throughout our internal operations, and integrating anti-corruption across key sectors, including health, humanitarian assistance, and climate change.
- **Building partnerships and coalitions:** USAID is fostering new partnerships -- including with businesses, technologists, researchers, and other donors -- in our effort to transform the fight against corruption.
- **Prioritizing localization:** USAID is deepening support to frontline actors, whose leadership is essential to anti-corruption progress.
- **Strengthening safeguards:** USAID is enhancing our already-robust anti-corruption safeguards to ensure our assistance is neither diverted nor inadvertently feeds into corruption dynamics.

<https://www.usaid.gov/anti-corruption/policy>

USAID's Objectives

1. Constrain opportunities: USAID will support activities that reduce opportunities for corruption and strengthen disclosure requirements.
2. Raise the cost: USAID will support activities to impose consequences
3. Incentivize Integrity: USAID will support innovative activities to curb corruption.



Talking Points:

- In December 2022, USAID released its first-ever **Anti-Corruption Policy** establishing countering corruption as an enduring Agency priority across all sectors. Consistent with the **U.S. Strategy on Countering Corruption**, the Policy solidifies USAID's emphasis on transnational corruption, grand corruption, and kleptocracy, as detrimental to development progress, while updating our approach to keep pace with these contemporary threats.

As per the document:

“USAID’s anti-corruption work will revolve around protecting resources crucial for development and delivering on the promise of democracy as a system that works in the public interest. Our interventions at the global, regional, and country levels will advance this goal by pursuing three mutually reinforcing objectives (pictured right).

The Policy articulates how USAID will complement its anti-corruption programming with enhanced policy and communications engagement, alongside new strategic partnerships inside and outside government. The Policy also advances USAID’s work to safeguard assistance from corruption risk and to grapple with the realities of operating in severely corrupt environments.”

Types of Fraud

1. Asset misappropriation
2. Bribery & Incentives/Corruption
3. Financial Statement Fraud

Examples of Fraud

1. Employee submits invoices for payment from a fictitious company
2. Employee arranges for overpayment of vendor and pockets overpayment when returned to company.
3. Winning bid is high compared to cost estimates, published price lists, similar jobs, or industry averages.
4. Unusual bid pattern which show bids are consistently too high, too close, or too far apart; or have round numbers; are incomplete; or have other anomalies.
5. Losing bidders submit identical bids on different jobs.
6. Losing bidder hired as subcontractor.

Talking Point:

- In many countries, fraud and corruption are systemic, and changing norms is challenging. However, a prime that is vigilant and aware of consequences can demonstrate good behavior around anti-corruption and fraud.

Impact of Fraud

1. Loss of assets (equipment, money, or other resources), by way of penalties/fines paid, closure of business (and employees losing their jobs)
2. Inaccurate or incomplete financial reporting (misrepresentation of financial information to make it look as if the financial affairs of a company are in order)
3. Non-compliance with laws or regulations
4. Ineffective operations
5. Poor quality of product or service
6. Negative work environment for employees and clients
7. Damage to reputation
8. Lives Lost (e.g., if a health and safety inspector is bribed during a health and safety audit/review, deficiencies in e.g., a manufacturing process may not be identified, and lives may be lost)

Red Flags for Fraud

A person who demonstrates these behaviors is vulnerable to commit fraud :

- Addiction Problems
- "Wheeler -dealer" attitude
- Complains about inadequate pay and/or lack of authority
- Control issues –unwillingness to share duties, and rarely takes vacations or sick days off (this may be due to one realizing that illegal acts may be uncovered by someone)
- Excessive pressure from within organization (such as to reach unrealistic targets, individuals may tend to circumvent internal controls to achieve these)
- Irritability, suspiciousness, secretiveness, or defensiveness (as your conscience may start to trouble you)
- Lifestyle outside their norm for their means
- Past employment -related or legal problems
- Too "consistent" in achieving goals/objectives
- Financial difficulties
- Unusually close association with vendor/customers

Best Practices for Sub awardees on Fraud

1. Conduct regular Fraud awareness training
2. Develop Whistle blower policy - a confidential reporting mechanism for employees to make complaints directly (internally/externally)
3. Employees requirement to sign Conflict of Interest declaration and periodic updates
4. Conduct Reference checks for employees and vendors, including regular OFAC and SAMS checks
5. Develop Clear and open communication lines between all facets of the organization (including robust escalation policy) and feedback loop is effective
6. Emphasize the protection of the whistle-blower.

Reporting Fraud

As per M26:

Consistent with 2 CFR §200.113, applicants and recipients must disclose, in a timely manner, in writing to the USAID Office of the Inspector General, with a copy to the cognizant Agreement Officer, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Subrecipients must disclose, in a timely manner, in writing to the USAID Office of the Inspector General and to the prime recipient (pass through entity) all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.

Note: In the case of a subrecipient, reporting should be to the Pass-Through Entity (prime recipient), as well as to the OIG.

Talking Point:

- When anyone observes fraud and corruption they are required to report to the OIG through their website.

ADDITIONAL REFERENCE MATERIAL ON FRAUD

This section includes USG terminologies for Trainers to quote or share.

The United States Government Accountability Office (GAO) defines fraud as:

“A type of illegal act involving the obtaining of something of value through willful misrepresentation.”
Fraud has many legal and operational definitions. The common ones are:

- **Intentional acts or omission of truth or facts**
 - Example: Vendors are required to highlight any past cases of non-compliance (the tender is for medical services) as part of proposal preparation. Vendor A has indeed been non-compliant during past activities but deliberately excludes this fact from the proposal to make their bid more attractive/increase their chances of being considered.
- **Deceit, concealment, or violation of trust**
 - Example: A job applicant lists additional qualifications (which he/she does not possess), to deceive a potential employer and land a job.
- **Perpetration by knowledgeable individuals or organizations**
 - Example: Insider trading. Your friend works at a company and tells you to purchase shares as the company is embarking on a new venture and its value will increase (the friend had knowledge of internal affairs and abused this knowledge).
- **To obtain something of value/gain (money, services, property, etc.)**
 - Example: An employee may misrepresent achievements (e.g., presenting colleagues' achievements as their own) to get promotions/bonuses.
- **To avoid payment or a loss of services**
 - Example: An organization must pay a vendor for services but inform the vendor that due to cash flow problems, immediate payment is not possible. The next moment, the organization purchases an expensive asset, in cash.

Types of Fraud

- Asset misappropriation
- Bribes and incentives/corruption
- Fraud on financial statements

Impact of Fraud

1. Loss of assets (equipment, money, other resources), by way of penalties/fines, closure of business (and employees losing their jobs)
2. Inaccurate or incomplete financial reporting (misrepresentation of financial information to make it look like the financial affairs of a company are in order)
3. Non-compliance with laws or regulations
4. Ineffective operations
5. Poor quality of product or service (if inputs/raw materials in a manufacturing process are acquired by way of dishonest means, the product will be of poor quality)
6. Negative work environment for employees and clients

7. Damage to reputation (if an organization is widely recognized - known internationally or throughout a country, reputational damage can severely harm operations)
8. Loss of life (e.g., if a health and safety inspector is bribed during an audit/review, deficiencies in a manufacturing process may not be identified, and lives may be lost)

Why Do People/Employees Commit Fraud?

- Rationalizing: In an organization, one may reason that if someone commits fraud and gets away with it, why can't they? Also, employees may say that they commit fraud to supplement their low salaries.
- Pressure: Living above one's means (e.g., having too many financial commitments and not being able to meet those commitments with existing income. Sometimes there is pressure to keep up with the lifestyles of friends. There may also be addiction problems (mentioned in the red flags section below, such as gambling, drugs, etc.)
- Opportunity: Lack of adequate and effective internal controls, or collusion (e.g., if two or more persons collude to override internal controls for personal gain)

Fraud Red Flags and Specific Indicators

1. Addiction problems (drugs, alcohol, gambling)
2. "Wheeler-dealer" attitude (doing anything to achieve a result, which may include lying, or misrepresenting facts)
3. Complaint about inadequate pay and/or lack of authority
4. Control issues: an unwillingness to share duties. Rarely takes vacations or sick time (which may be due to realizing that one's illegal acts may be uncovered by someone)
5. Excessive pressure from within the organization (e.g., to reach unrealistic targets, individuals may tend to circumvent internal controls)
6. Irritability, suspiciousness, secretiveness, or defensiveness (if one's conscience kicks in)
7. A lifestyle outside the norm for their means (maintaining a lifestyle that does not appear to correspond to one's position and level of income)
8. Past employment-related or legal problems
9. Too "consistent" in achieving goals/objectives (there are normal fluctuations in achieving objectives; there may be an explanation, but it should be investigated)
10. Financial difficulties (e.g., not being able to repay loans)
11. Unusually close association with vendor/customer

Internal Controls and Fraud

A robust Internal Control system is central (line of defense) to detecting and preventing fraud:

1. Creating a Control Environment
2. Performing Fraud Risk Assessments
3. Designing and Implementing Anti-Fraud Control Activities
4. Sharing Information and Communication

Fraud Risk Assessment

Assessing fraud risk is the process of identifying and understanding risks and weaknesses in controls that present a fraud risk to an organization.

1. What fraud prevention training does your staff receive? How often?
2. What deviations from organizational internal control policies have been authorized for your organization? Why?
3. What internal controls are employed at your organization to identify corruption, fraud, waste, abuse, and theft?

Best Practices for Subawards on Fraud

1. Conduct regular fraud awareness training.
2. Develop a whistle-blower policy – a confidential reporting mechanism for employees to make complaints directly (internally/externally).
3. Have employees declare any Conflict of Interest and update periodically.
4. Conduct reference checks for employees and vendors, including regular OFAC and SAMS checks.
5. Develop clear and open communication lines between all facets of the organization (including a robust escalation policy and an effective feedback loop).
6. Emphasize the protection of the whistle-blower.

Reporting Fraud

In writing and a timely manner, subawards must disclose to the USAID Office of the Inspector General or pass-through entity all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award. Failure to disclose these can result in any of the remedies described in (2 CFR Part 200.113).

M26. Mandatory Disclosures (November 2020)

M22. Pilot Program for Enhancement of Grantee Employee Whistleblower Protections (September 2014)

M28. Conflict Of Interest (August 2018)

MODULE 12: CLOSEOUT

Session 11: Topics for Closeout Plan

Learning Objectives:

1. To understand closeout procedures
2. To understand the importance of early planning for closeout.

Topics for Closeout Plan

1. End of Project
2. Prime's Role in Closeout
3. Closeout Planning
4. Sub Closeout Requirements
5. Prime's Record Retention
6. Outline of Closeout Plan
7. Final Voucher and Reporting Submission and Reconciliation
8. Equipment Disposition
9. Record Retention
10. Closeout Audit
11. Award Completion Certificate/ Closeout Letter

Talking Point:

- This section provides an overview of subgrants close-out procedures, including planning, procedures for financial reconciliation (as part of the final voucher preparation), requirements for equipment disposition, post-close-out requirements (as per auditor's recommendations), and access to records.

End of Project

The funding period, or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions, has expired

OR

The total award amount has been expended

AND

The recipient has complied with all applicable terms and conditions of the award

Talking Points:

- The end of the subaward should be clearly indicated in the subaward.
- Six months before the end date, the prime should include the topic in monitoring visits and discussions.
- For the prime to meet its own closeout requirements, it needs to ensure that the sub understands and complies with all requirements.

Prime's Role in Closeout

Ensure closeout procedures are included in subaward and support the Primes closeout requirements

Provide orientation and support to subs as they go through closeout

Ensure accuracy and completeness of all final closeout documents

Reconcile financial records and submit final disbursement or collect reimbursement

Send Closeout letter

Prime's Record Retention

Conduct an internal audit of the subcontract files to ensure that documentation is complete.

The files must include procurement documents, originals of the signed subcontract, modifications, invoices, and copies of deliverables.

Signed document confirming subcontract closeout.

Talking Points:

- It is important to work closely with subrecipients during closeout, for two reasons.
 1. The prime is responsible for ensuring that subs comply with all financial and other requirements under the prime's award, including post-award requirements. Therefore, it is vital to make sure that subrecipients understand and meet their requirements.
 2. When handing over activities to subrecipients, the close-out period is critical to the successful transition of the program. Make sure that sufficient resources are available to complete this transition so that the subs will be prepared to manage activities on their own. It is a good idea for subrecipients to close out 30 to 60 days before the end of the organization's period of performance and not implement activities during this time.

Closeout Planning

Subs closeout before the Prime (recommend two to three months)

Ensure subs are aware of the closeout procedures in their agreement

Example of closeout procedures in subaward

- Submit closeout plan six months before end of award
- Disposition Plan
- Cost share report
- Final Report

Talking Points:

- Three to six months before the closeout date, the subrecipient needs to submit a closeout plan to the prime.
- The prime needs to evaluate the plan and communicate any corrections needed to the subrecipient (e.g., if timelines for closeout seem unrealistic).

Outline of Closeout Plan

The content of the Subs closeout plans should meet the needs of the Primes Closeout Plan

1. Key Closeout Dates
2. Closeout Management
3. Background on Project
4. Financial Matters
 1. Current status
 2. Timeline for financial report
 3. Anticipated balances
5. Inventory disposition
6. Technical Responsibilities through Closeout
7. Personnel

Talking Point:

- Review slide

Sub Closeout Requirements

Some key requirements you may want to coordinate with your subs include:

Closeout Plan - Subs should submit a closeout plan before the last quarter of their award

Final Performance Reports - Subs must contribute to the final report, including data. The final performance report should say whether each subrecipient achieved its goals and targets. If a subrecipient fell short, it needs to explain any shortfalls.

Financial Close Out - Be sure your subrecipients make their final expenditures and complete their final financial report in time for you to meet your financial reporting deadline.

Inventory Report - Subrecipients are required to complete a final inventory report

Records - Subrecipients are required to maintain the same documentation as primes. Work with your subs to make sure they know what documentation they must maintain and for how long.

Source: <https://www.fh360.org/sites/default/files/media/documents/essentialguide.pdf>

Talking Points:

- Policies should cover final payment, formal closeout, an inventory of project assets, and determining whether any publications and materials were produced.

- It is important to produce a close-out letter after all formalities as agreed in the close-out plan were executed and have the letter properly signed by the designated official at the prime and subrecipient level.

Discussion: Ask participants if they know the requirements of the prime’s closeout plan. Ask participants what experiences they have learned in closeout procedures.

Final Voucher and Reporting Submission and Reconciliation

Prime's should maintain a cumulative register of advances and liquidations (Record of Advances/Liquidations as per the below template), from the start till the end of the project/agreement.

Ensure there are no outstanding invoices and reports

Calculate balance due or owed

Verify whether cost-share requirement achieved.

Talking Points:

- Financial Reconciliation Practices:

The prime should maintain a cumulative register of advances and liquidations (Record of Advances/Liquidations, as per the template below) from the beginning to the end of the project/agreement—and should perform reconciliation between the following documents:

- Monthly, quarterly, and annual financial reports submitted by the subrecipient.
- Record of Advances (as per the above example).
- Bank statements of the prime (for advances made to the subrecipient), as well as bank statements of the subrecipient (for the same advances received).
- General Ledger (drawn from the subrecipient’s accounting system) and liquidation reports submitted by the subrecipient during the agreement.

The procedures mentioned above may result in a surplus/deficit of total amounts advanced, and subsequent recovery/reimbursement may need to be implemented.

Verify whether the subgrantee has achieved the required cost-share requirement. Normally, during cost-share reporting (refer to section 12 (a) (i)), the subgrantee has a duty to inform the prime of any challenges as soon as possible during the performance of the award.

If the subawards do not achieve the required cost share requirement, the prime may have the following options for recourse:

- Require the deficit to be paid back after closeout.

- Subtract the deficit from future funding if the program is extended beyond the original period of performance. (For current projects, this can be done by modifications to the original agreement.)

Talking Point:

- The prime should maintain a cumulative register of advances and liquidations (Record of Advances/Liquidations as per the below template), from the start till the end of the project/agreement.

Equipment Disposition

As per M7 (e) of the Standard Provisions:

Upon completion of this award, the recipient must submit to the AO a property disposition report of the following types of Property, along with a proposed disposition of such Property.

1. All equipment that has a current fair market value per unit at the end of this award of \$5,000 or more.
2. New/unused supplies with an aggregate current fair market value at the end of this award of \$5,000 or more.
3. Real or intangible property, of any value.

Talking Points:

- As per M7 (e) of the Standard Provisions:

“Upon completion of this award, the recipient must submit to the AO a property disposition report of the following types of Property, along with a proposed disposition of such Property.

- (1) All equipment that has a current fair market value per unit at the end of this award of \$5,000 or more.
- (2) New/unused supplies with an aggregate current fair market value at the end of this award of \$5,000 or more.
- (3) Real or intangible property, of any value.”

Subaward Record Retention

According to M1 (d) of the Standard Provisions:

1. Subs must retain documentation to support charges to this award for **three years** from the date of submission of the final expenditure report
2. If country-specific rules are more stringent, then they must be followed
3. An up-to-date document retention register should be kept and cross-referenced to the actual location where they are kept.
4. Access must be granted to the Inspectors General and the USAID Comptroller

Talking Point:

- Sufficient and appropriate controls should be in place to manage records (e.g., policies and procedures, Records Retention Register).

According to M1 (d) of the Standard Provisions, “The recipient must retain documentation to support charges to this award for a period of three years from the date of submission of the final expenditure report in accordance with the Standard Provision, “Accounting, Audit, and Records.”

If country-specific rules are more stringent (e.g., require a retention period of more than three years), these requirements should be followed.

Access to Grantee Records

The prime recipient, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity that are pertinent to the award, to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents. The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Pass-through entities must not impose any other access requirements upon non-Federal entities.

Primes must keep all records for three years or longer if the country requires it.

Closeout Audit

Closeout audits are only required if the amount is more than \$750,000

Talking Points:

- A closeout audit is an audit for an award that concluded during the period audited.
- NB! Closeout audits are only required when total federal funding exceeds \$750,000 (USAID specific).

Award Completion Certificate/Closeout Letter

After receiving all final documents, Primes send a final closeout letter or certificate of completion to end the contractual relationship.

Technical Completion: "With reference to technical proposal, award objectives and verifiable results are complete (with the exception of...)"

Financial Plan:

| Total Approved Amount | Total Advanced/ Reimbursed | Total Liquidated/ Spent | Variance | Action Required |
|-----------------------|----------------------------|-------------------------------|----------|-----------------|
| Budget amount | Total Amount disbursed | Total Spend per ledger(Prime) | | |

Signatories: Prime and Sub

Talking Points:

- When the sub has completed all the requirements, including the Final Progress Report, and has reconciled data and finances, Prime issues a Closeout Letter to end the contractual relationship.

ADDITIONAL REFERENCE MATERIAL ON CLOSEOUT

This section includes USG terminologies for Trainers to quote or share.

SUBGRANT CLOSEOUT POLICIES AND REQUIREMENTS

Policies should cover aspects such as final payment, formal close-out, an inventory of project assets, and determining whether any publications and materials were produced.

It is important to produce a close-out letter after the execution of all formalities agreed to in the close-out plan. The letter should be properly signed by the designated official at the prime and subrecipient levels.

CLOSEOUT PLANNING

1. Six months before the closeout date, the sub needs to submit a closeout plan to the prime.
2. The prime needs to evaluate the plan and communicate any corrections to the sub (e.g. if timelines for closeout seem unrealistic).

The following aspects need to be addressed during closeout:

1. Management Effectiveness

Demonstrate how management met the needs of the project. Highlight the significance of approved changes to the baseline, their impact on the project, and how they were managed. Compare baselines to actual and describe discrepancies. Identify and discuss specific issues that challenged the project/project team. Consider areas like cost, schedule, scope, quality, risk, issue, change, communication, implementation and transition, regulatory compliance, and overall project team performance.

2. Lessons Learned

Summarize project lessons learned, including the cause of issues, the reasoning behind corrective action/s chosen, and other types of lessons learned. Identify and discuss specific issues that challenged the project team/s.

3. Administrative Closure

Summarize project administrative closure activities, such as procedures to transfer the project products or services to production and/or operations, as well as stakeholder approval for all deliverables; confirmation that the project has met all sponsors, clients, and other stakeholder requirements; verification that all deliverables have been provided and accepted; validation that completion and exit criteria have been met; regulatory compliance items.

4. Contract Closure

Summarize project contract closure activities, such as formal closure of all contracts associated with the completed project.

5. Information Distribution and Archive

Summarize the data archived in the project repository. The type of information archived will differ depending on the scope and type of project. Consider items such as contracts and proposals, business cases, charters, scope statements, schedules, budget estimates, project management documents, surveys, status reports, checklists, and emails.

(Source for points 1 – 5 above: Partially from CDC/UP)

6. Final Voucher and Reporting Submission and Reconciliation

Financial Reconciliation Practices

The prime should maintain a cumulative register of advances and liquidations from the start till the end of the project/agreement. The following template may serve this purpose.

| Name of Subrecipient: | | | | | |
|---|------------|---------------------------------|----------------|-------------|---------------------|
| Currency: | | | | | |
| Record of Advances/Liquidations | | | | | |
| Cooperative Agreement Number: | | | | | |
| Advance-Liquidation Reconciliation | | | | | |
| Period | Date | Description | Advance | Liquidation | Outstanding Advance |
| Oct-12 | 26/10/2012 | ADVANCE PAYMENT, NOV 2012 | 2 600 000.00 | | 2 600 000.00 |
| | 31/10/2012 | ADVANCE LIQUIDATION, OCT REPORT | | 228 361.54 | 2 371 638.46 |
| Nov-12 | 06/11/2012 | ADVANCE PAYMENT, DEC 2012 | 1 298 378.96 | | 1 298 378.96 |
| | 30/11/2012 | ADVANCE LIQUIDATION, NOV REPORT | | 259 067.25 | 1 039 311.71 |
| Dec-12 | 04/03/2015 | ADVANCE PAYMENT, JAN 2013 | | | - |
| | 31/12/2012 | ADVANCE LIQUIDATION, DEC REPORT | | 323 062.47 | (323 062.47) |
| Jan-13 | 14/01/2013 | ADVANCE PAYMENT, FEB 2013 | - | | - |
| | 26/01/2013 | SURPLUS FUNDING OCT-DEC12 | (2 587 887.70) | | (2 587 887.70) |
| | 31/01/2013 | ADVANCE LIQUIDATION, JAN REPORT | | 599 533.22 | (3 187 420.92) |

A reconciliation should be performed between the following documents:

- Monthly, quarterly, and annual financial reports submitted by the subrecipient.
- Record of Advances (as per the above example).
- Bank statements of the prime (for advances to the sub), as well as bank statements of the sub (for the same advances received).
- General Ledger (drawn from the subrecipient's accounting system) and liquidation reports submitted by the subrecipient during the agreement.

The procedures mentioned above may result in a surplus/deficit of total amounts advanced, and subsequent recovery/reimbursement may need to take place.

Match Requirement Verification

This step is used to verify whether the subgrantee has achieved the required cost-share requirement. During cost-share reporting (refer to section 12 (a) (i)) the subgrantee normally must inform the prime of any challenges, as soon as possible during the performance of the award.

If the subawards do not achieve the required cost share requirement, the prime may have the following options for recourse:

- Require the deficit to be paid back after closeout.
- Subtract the deficit from future funding if the program is extended beyond the original period of performance. (For current projects, this can be done via modifications to the original agreement).

7. Equipment Disposition

Equipment Disposition Details: As per M7 (e) of the Standard Provisions: “Upon completion of this award, the recipient must submit to the AO a property disposition report of the following types of Property, along with a proposed disposition of such Property.

- (1) All equipment that has a per unit current fair market value at the end of this award of \$5,000 or more.
- (2) New/unused supplies with an aggregate current fair market value at the end of this award of \$5,000 or more.
- (3) Real or intangible property, of any value.”

8. Post Close-Out Audit Report Actions

A closeout audit is an audit for an award that concluded during the period audited. Closeout audits require additional scope of the audit services, including (but not limited to):

- Review unliquidated advances to the subrecipient and pending reimbursements by the prime.
- Ensure that the subrecipient has returned any excess cash to the prime.
- Review the final share of costs in accordance with the terms of the agreement, if applicable.
- Ensure that all assets (inventories, fixed assets, commodities, etc.) procured with program funds are disposed of in accordance with the terms of the agreements.

The auditors will determine whether an annex to the Fund Accountability Statement (FAS), showing the balances and details of final inventories of nonexpendable property acquired under the awards, is presented fairly in all material respects related to the financial statements. This inventory must indicate which items were titled to the prime and which were titled to other entities. These closeout audit procedures will be performed for any award that expires during the period audited.

For closeout audits of awards with a life-of-project budget for cost-sharing or matching contributions, the auditors will review the cost-sharing or matching schedule to determine if the recipients provided such contributions in accordance with the terms of the agreement. If actual contributions were less than budgeted contributions, the shortfall will be identified in the appropriate column of the cost-sharing or matching schedule.

NB! Closeout audits are only required when the total federal funding received exceeds \$750,000 (USAID specific).

SUB GRANT RECORDS ACCESS AND RETENTION

Audits

M2 (b) (1) states: “The recipient must have an annual audit, consistent with 2 CFR Part 200, Subpart F, for any recipient fiscal year in which the recipient expends a combined total of \$750,000 or more in all federal awards, either directly or through another contractor or recipient, excluding fixed price contracts.

(Note the use of the word “recipient” in the above paragraph; this has the same sense as subrecipient if they receive Federal funding).

Record Retention Requirements

According to M1 (d) of the Standard Provisions: “The recipient must retain documentation to support charges to this award for a period of **three years** from the date of submission of the final expenditure report in accordance with the Standard Provision, “Accounting, Audit, and Records.”

If country-specific rules are more stringent—e.g., require a retention period of more than three years—these should be followed.

NB: An up-to-date document retention register should be kept and cross-referenced to the actual location where documents are kept.

Access to Grantee Records

The prime recipient, Inspectors General, Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity that are pertinent to the award, to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents. The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Pass-through entities must not impose any other access requirements upon non-Federal entities.

Access to Records in Negotiated Agreements

The type of access is decided on at the negotiation stage. Sensitive/Intellectual Property may be excluded from the “access” requirement by the prime recipient.

ANNEX: TEMPLATES (add links)

1. Pre-and Post-Training Exercises
2. Test Scores
3. Summary Budget
4. Detailed Budget
5. Pre-Award Authorization Letter
6. Risk Management Register
7. VAT Tracking Log
8. VAT Report
9. Reporting Calendar
10. EMMP Template
11. Site Visit Checklist
12. Financial Reconciliation Practices
13. Training Agenda
14. Pre-and Post-Training Exercises
15. Test Scores
16. Training Certificate
17. Conflict of Interest Certification
18. Subaward Financial Compliance Checklist
19. Delegation of Authority Policy
20. Delegation of Authority Matrix
21. Award Completion Certificate
22. Fixed Amount Subaward
23. Cost Reimbursable Subaward

1. PRE AND POST-TEST FOR SUBAWARD MANAGEMENT TRAINING

Name:

Score out of ten:

Date for Training:

Country:

1. What are the primary sources for USG Rules and Regulations for managing a non-US NGO to manage USG funds? (tick all the apply)
 - a. Code of Federal Regulations
 - b. Federal Acquisition Regulation
 - c. Mandatory Standard Provisions for Non-US NGOs
 - d. United Nations Rules of Procedure
 - e. Automated Directive System for Commercial Activities
2. What is the difference between Acquisition and Assistance:
 - a. Acquisitions obtain goods and services, and Assistance funds another party to implement programs that contribute to the greater good.
 - b. Acquisition funds another party to implement programs that contribute to the great good and Assistance in obtaining goods and services
 - c. They are both the same
3. What are the different types of Cooperative Agreements? (tick all that apply)
 - a. Firm Fixed Price
 - b. Fixed Amount of Award
 - c. Cost Reimbursable Subaward
 - d. In-Kind Grants
 - e. Grant under contract
4. What are indirect costs?
 - a. Costs that directly support the NGO's project activities.
 - b. Costs that do not come directly to the NGO
 - c. Costs incurred for common purpose benefitting more than one costed objective
5. What is the definition of MTDC?
 - a. Management Tracker for Direct Costs
 - b. Multiple Tasks Directly Coordinated
 - c. Modified Total Direct Costs
6. What factors should be considered when selecting a sub-recipient? (tick all that apply)
 - a. Technical capacity
 - b. Staff are relatives
 - c. In-country registration
 - d. Available Budget
7. What is a reasonable amount of time from issuing a Request for Proposal to a Fully Executed Contract?
 - a. 30 days
 - b. 50 days
 - c. 100 days
 - d. 150 days
8. What does NUPAS stand for:
 - a. National Unallowable Project Activity Survey
 - b. Non-US Organization Pre-award Survey
 - c. National Unplanned Pregnancy Advisory Service
 - d. Non-UN Organization Pre-award Survey
9. What are SACs?
 - a. Standardized Administration for Compliance, a resource for compliance materials

- b. Special Award Conditions applied to a new award
 - c. Strategic Acquisition Center, a forum to release Requests for Proposals
- 10. When should the Closeout Plan be submitted?
 - a. Three months before the end of the project
 - b. Six months before the end of the project
- 11. Hampton Gambia Cooperative Agreement indicates a total USAID estimated amount of \$40 million and an obligated amount of \$4 million. USAID will be liable for reimbursing Hampton Gambia for costs up to \$40 million.
 - a. True
 - b. False
- 12. The Mandatory Standard Provision “USAID Eligibility Rules for Procurement of Goods and Services” applies to commodities or services that the recipient provides with private funds as part of a cost-sharing requirement.
 - a. True
 - b. False
- 13. The Chief of the Party has raised a procurement requisition to purchase 100 motorcycles for use by community health workers under the USAID activity (project). Based on online market research, each motorcycle is estimated to cost Kshs. 100,000 (US\$ 1,000). According to the Grants and Compliance Manager, “a motorcycle is below the threshold for equipment, and we should therefore proceed with the procurement in line with our organization’s procurement policy.” Do you agree with the Grants and Compliance Manager?
 - a. Yes
 - b. No
- 14. Neema Hospital, a subaward, is planning to undertake construction within its facilities and is contemplating using USAID award funds to finance part of this activity. A Compliance Manager would agree that construction includes all the following except:
 - a. Installing partitions at the field office to accommodate additional project staff.
 - b. Upgrading the plumbing system at a water treatment facility.
 - c. Painting the project office.
 - d. Enlarging the health dispensary’s TB clinic to enhance aeration.
- 15. The Security Manager has requested the purchase and installation of CCTV cameras in one of the field offices to enhance security. According to the Grants and Compliance Manager, ‘CCTV cameras do not fit the description of Surveillance Equipment and are therefore not ineligible commodities; we should therefore proceed with the procurement’. Do you agree with the Grants and Compliance Manager?
 - a. Yes
 - b. No
- 16. Prior approval by the Agreement Officer (AO) is required for all international travel under a Cooperative Agreement.
 - a. True
 - b. False
- 17. During the monthly senior management meeting, the following decisions were made and approved. Please select which items must receive prior approval from the Agreement Officer (AO) before incurring the expense:
 - a. Transfer funds from the indirect cost line item to absorb increases in direct costs
 - b. Replace one of the key personnel specified in the award.
 - c. Transfer \$600,000 from the ‘other direct costs’ cost category to ‘equipment and supplies costs’
- 18. What internal controls are needed to prevent fraud (tick all that apply)
 - a. Creating a Control Environment
 - b. Performing Fraud Risk Assessments
 - c. Designing and Implementing Anti-Fraud Control Activities
 - d. Sharing Information and Communication
 - e. Signing annual Conflict of Interest Statements

2. TEST SCORES

Record the scores for each participant. A score of 75% for the post-test must be achieved to obtain a certificate. If the score is below 75%, return the test to the participant and allow them to resubmit.

| Pre and Post Test Scores | | | |
|--|-------------|---------------|---------------|
| Name: | | | |
| Dates: | | | |
| Question | Answer Key | Score | |
| | | Pre- Training | Post-Training |
| 1 | A, B, C | | |
| 2 | A | | |
| 3 | B, C, D | | |
| 4 | C | | |
| 5 | C | | |
| 6 | A,C, D | | |
| 7 | C | | |
| 8 | B | | |
| 9 | B | | |
| 10 | B | | |
| 11 | B | | |
| 12 | B | | |
| 13 | B | | |
| 14 | C | | |
| 15 | A | | |
| 16 | B | | |
| 17 | A, B, C | | |
| 18 | A,B, C, D E | | |
| Total Score | 18 | | |
| 14 or more correct answers to receive a certificate | | | |

3. COMPLETION STATUS

| Session Title | Completion Status | |
|--|-------------------|------------|
| | Complete | Incomplete |
| Session 1: Subaward Management and Compliance | | |
| Session 2: Types of Subawards and Subcontracts | | |
| Session 3: Planning for Subawards | | |
| Session 4: Evaluating and Selecting Applicants | | |
| Session 5: Pre-award Survey | | |
| Session 6: Issuing the Subaward | | |
| Session 7: Subaward Reporting | | |
| Session 8: Subaward Monitoring | | |
| Session 9: Financial Management | | |
| Session 10: Fraud Management | | |
| Session 11: Closeout | | |

4. TRAINING CERTIFICATE

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Name]

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ADDITIONAL REFERENCE MATERIAL

1. ASAP II has resources for local implementing partners in English, French, and Portuguese that can be downloaded from: [https://www.intrahealth.org/ASAP II-resources](https://www.intrahealth.org/ASAP-II-resources)
2. Many other resources are available to LIPs; a good place to start is <https://www.workwithusaid.org>.
3. ADS Chapter 303 Grants and Cooperative Agreements to Non-Governmental Organizations
4. Standard Provisions for Non-U.S. Nongovernmental Organizations A Mandatory Reference for ADS Chapter 303
5. ADS Chapter 302 USAID Direct Contracting
6. ADS Chapter 636 Program Funded Advances
7. 2CRF 200 (Only relevant sections): Subpart E—Cost Principles, Subpart F—Audit Requirements; Subrecipient Monitoring and Management-2CFR 200: 330-337
8. Standard Provisions for Non-U.S. Nongovernmental Organizations, A Mandatory Reference for ADS Chapter 303
9. Fixed Obligation Grant (FOG) Entity Eligibility Checklist: A Mandatory Reference for ADS Chapter 303
10. https://www.usaid.gov/sites/default/files/documents/1866/checklist_required_elements.pdf
<https://www.usaid.gov/sites/default/files/documents/1868/303mak.pdf>
11. Grants and Cooperative Agreements to Non-Governmental Organizations, ADS Chapter 303; <https://www.usaid.gov/sites/default/files/documents/1868/303.pdf>
12. <https://www.usaid.gov/site-search/federal%20acquisition%20regulation...>
13. Mandatory Standard Provisions for U.S. Nongovernmental Recipients
<http://www.usaid.gov/policy/ads/300/303maa.pdf>
14. Mandatory Standard Provisions for Non-U.S. Nongovernmental Recipients:
<http://www.usaid.gov/policy/ads/300/303mab.pdf>
15. All ADS documents. <https://www.usaid.gov/ads/policy/300/aidar>
16. Fixed Amount Awards to Non-Governmental Organizations an Additional Help Document for ADS
17. Chapter303:https://grants.complianceexpert.com/sites/grants/files/201802/Session%208%20Subrecipients%20and%20Contractors_Handout%204.pdf
18. <https://ecfr.io/Title-02/pt2.1.200>
19. <https://www.gao.gov/greenbook>
20. <https://www.coso.org/Pages/default.aspx>
21. <https://oig.usaid.gov/complainant-select>
22. <https://oig.usaid.gov/report-fraud>
23. https://oig.usaid.gov/sites/default/files/2018-08/OIG%20Fraud%20Prevention%20and%20Compliance_7.9.18.pdf