Accelerating Support to Advanced Local Partners II (ASAP II)

Subaward Management Training

October 2023

SUBAWARD MANAGEMENT TRAINING

Welcome

Introductions

◦ Name

◦ Organization

◦ Position

◦ What you are most interested in learning in this training

Ice Breaker

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

1. Compliance Requirements

2. Types of Subawards and Subcontracts

3. Planning Subawards

4. Evaluating and Selecting Applicants

5. Pre-Award Survey and Risk Management

6. Issuing Subawards

7. Subaward Reporting

8. Subaward Monitoring

9. Financial Management

10. Fraud Management

11. Closeout

12. Post test

13. Certificates

Pre-test

Session 1: Compliance Requirements

1. Learn about the different types of USG Rules and Regulations

2. Learn 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 flow-downs for subawards

6. Learn requirements for organizations to have a Subaward Management Manual

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.

Definitions

Subcontract: (Acquisition)

When a USAID prime <u>contractor</u> 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 <u>Cooperative Agreement</u> 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)

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-II/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

Standard Provisions for
Non-U.S. Nongovernmental Organizations

A Mandatory Reference for ADS Chapter 303

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

Refresher on Mandatory Standard Provisions (MSP)

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
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

Required as Applicable Provisions (RAA)

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

RAA (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 Anti-Trafficking Activities on Lack of Support for Prostitution
21. Eligibility of Subrecipients of Anti-Trafficking Funds
22. Prohibition on the Use of Anti-Trafficking Funds to Promote, Support, or Advocate for the Legalization or Practice of Prostitution
23. Voluntary Population Planning Activities – Supplemental 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 to Non-Local Entities
28. Contract Provision for DBA Insurance under Recipient Procurements
29. Contract Award Term and Condition for Recipient Integrity and Performance Matters
30. Reserved
31. Never Contract with the Enemy

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."

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

Session 2: Types of Subawards and Subcontracts

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

USAID Assistance: Cooperative Agreements or Grants

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

ADS 303
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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)

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Contract: Cost Reimbursement

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

Contract: Firm Fixed Price

- Contractor has full responsibility for performance costs and resulting profit (or loss). Most of the risk is on the contractor.
- Everybody must agree on fixed price at inception.
- Use when deliverables and price can be negotiated with a high degree of certainty.
- Deliverables must be completed regardless of cost, even if it is more or less than the contract states.

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.

Contract: Cost Plus Fixed Fee

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

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, which the contractor exceeds at their own risk.
- Used when there is no requirement for deliverables (best effort to achieve goals on contract).

Contract: IDIQ

Indefinite Delivery/Indefinite Quantity (IDIQ)

IDIQs are contracts that do not specify delivery or quantity a 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).

USAID Assistance: Cooperative Agreements or Grants

1. Cost Reimbursable Subaward
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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.

Cooperative Agreement or Grant:
In Kind Grant

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

They are non-cash subawards but must be set up and monitored according to the requirements set forth in the procedures.

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

Financial reports are not required.

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.

Sole Source

If the project requires performance from a single source because the services or expertise needed are not available from other sources, the prime must justify that sole source by identifying the need for the specific services and why the selected subcontractor is the only source available to fulfill them.

The justification should include:

1. Specific description of the supplies or services required/needed.

2. Statement of facts that show unique qualifications of subcontractor to meet those needs.

3. A description of why the anticipated costs are fair and reasonable.

4. Any other information supporting the justification of sole source.

Rules and Roles

Prime:

Develops strategy and proposal

Selects sub partners; checks not debarred or suspended

Responsible for overall compliance and performance

Responsible for monitoring and reporting

Serves as point of contact for USAID

Subaward:

Expands the capacity of the team to achieve objectives

Contributes to monitoring, evaluation, learning, and reporting

Submits financial reports

Does not have a direct relationship with USAID

All USAID Award Rules for the prime apply to the sub

Do NOT use a subaward when…

1. The agreement provides for 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 to procure the goods or services

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

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 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?

5. **Roles and responsibilities:** Coverage of all aspects of program description

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

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 a pre-award survey
5. Pre-award authorizations and conditions

RFP Planning Timeline

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

Poor planning can delay work and create 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

Steps to Prepare the RFP

1. Determine the scope of work, timeline, and budget available.

2. Determine the award-phase decision-making roles and process, including the person(s) responsible for each decision, development of a review committee, and who will correspond with and notify applicants.

3. Develop the request.

4. Publish/advertise the request, such as posting it on social media or in a way that it is accessible to the public.

5. Host a question-and-answer (Q&A) period during the response period—the more details provided up front, the more time saved later.

Recommended Sections in a Request for Proposal (RFP)

I. Brief Project Overview

II. Your Organization's Background

III. Project Goals & Target Audience

IV. Scope of Work & Deliverables

V. Budget

VI. RFP Instructions

VII. Eligibility Criteria

VIII. Evaluation Criteria

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.

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?

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.

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.

RFP Sections Continued

VII. Eligibility Criteria

• Criteria should clearly state the type(s) of organizations required to apply, the targeted geographical reach, and other eligibility restrictions.

• Include a pre-and post-award conflict of interest (COI) disclosure clause, where applicants are encouraged to report any possible COI they are aware of that may give them an unfair competitive advantage when competing for award.

• The prime must propose ways to deal with such disclosure without disqualifying the applicant.

Budget for RFP

The RFA or RFP needs to guide on the required categories that subsequently inform budget line items:

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 activities as per work plan
7. Indirect costs; operation and overhead costs
8. Cost share/matching cost
9. NICRA or a de minimis rate of 10%
10. Budget notes

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

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

Budget Notes

Example of Budget Notes:

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.

FRINGE BENEFITS

If a fringe benefit rate has not been so approved, the offeror must propose a rate, and the budget narrative must explain how the rate was determined and provide 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.

Budget Notes

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.

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.

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

The Budget Narrative must include the purpose of the equipment and the basis for the estimates.

Budget Notes

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.

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.

COST SHARE

Provide a strategy for meeting and or exceeding the minimum ten percent cost share requirement on the sub-award.

Budget Notes

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.
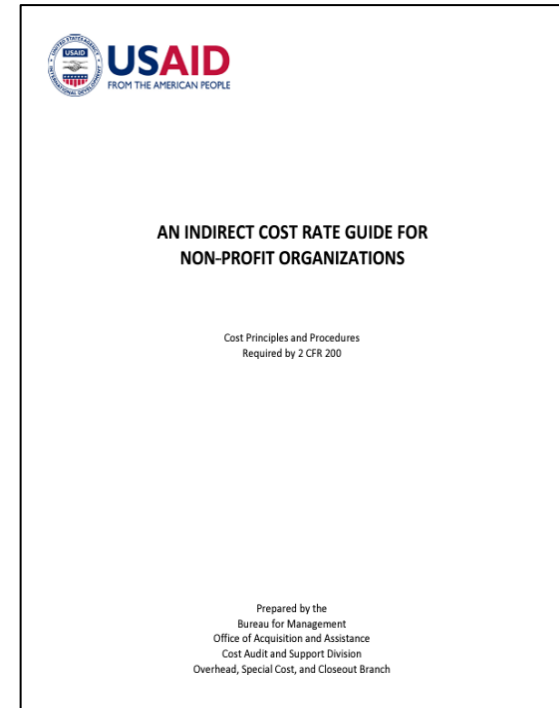
Indirect Costs

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

USAID
FROM THE AMERICAN PEOPLE

AN INDIRECT COST RATE GUIDE FOR
NON-PROFIT ORGANIZATIONS

Cost Principles and Procedures
Required by 2 CFR 200

Prepared by the
Bureau for Management
Office of Acquisition and Assistance
Cost Audit and Support Division
Overhead, Special Cost, and Closeout Branch

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

10 % De Miminis

- 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

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**

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.

Topics for Evaluation

1. Organizing the Evaluation

2. Required Certifications

3. Subaward File

Select Subrecipients

1. List all offerors/proposals/bids.

2. Have members of the review committee sign COI and non-disclosure agreements.

3. Distribute proposals and rating documents based on selection criteria in the RFP, with a response (including scores) deadline.

4. Review each proposal for compliance with the application instructions: (a) are all sections completed, (b) are all requested documents (e.g., budget) attached, and (c) are all required certifications signed, as necessary?

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.

Review Committee

1. The review committee will evaluate all competitive applications and proposals based on the criteria included in the solicitation to ensure that the proposed activities support the prime's objectives.

2. Conflict of interest and non-disclosure forms should be signed by each person involved with the solicitation.

3. Review committee members will be chosen based on their technical capacity to evaluate the proposed activity. The review committee will always include senior project management, though committee members may not be the same for each subaward. In addition, the committee will comprise an <u>odd</u> number of voting members.

4. Evaluation will be conducted and scored against appropriate selection criteria. The evaluation process may entail interviews, site visits, background research, and budget reviews to ensure that proposed activities and costs are reasonable and allowable, and that prospective awardees understand the financial requirements of the activity and possess the ability to participate as proposed.

5. In some instances, the awardee may be required to modify or clarify the application; in these cases, activity staff will work with the applicant to revise the proposal.

Cost and Price Analysis

The prime is responsible for conducting and properly documenting a cost and price analysis when selecting a subrecipient, both when competitively bidding and when using a sole source. Cost and price analysis must be performed each time a subrecipient is proposed or selected, in accordance with the UG.

When performing a Cost and Price Analysis:

1. Review and compare quotes.

2. Compare cost/price to similar services available in the marketplace/industry.

3. Ensure that the subrecipient has provided a copy of their indirect cost rate agreement or factored in the 10% de minimis.

4. Evaluate costs for reasonableness, allocability, and allowability.

Cost Analysis (the review of separate elements of cost and supporting data; required for cost-reimbursement subawards). • Review each cost element and supporting information • Determine whether each cost is necessary and reasonable • Evaluate cost trends and reasonableness of estimates • Evaluate the application of audited and negotiated F&A rates, labor rates, etc.

5. Compare proposed subrecipient costs against: • Actual costs previously incurred by subrecipient • Previous cost estimates from the subrecipient or other subrecipients for similar items • Other cost estimates received in response to the solicitation, or • Independent estimates by technical personnel.

- Price Analysis (the review of the entire contract price without looking at individual items of cost; appropriate when there is adequate price comparison). Required for fixed-price subawards. • Used to evaluate the total price under fixed price awards • Review the full price of the subaward without evaluating individual cost elements • Evaluate based on price comparisons, competitive bids, published price lists • Compare with cost estimates, market research, historical data/experience

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.)

Subaward File

1. Request for proposal

2. Documentation of evidence for competition (e.g., copy of newspaper advertisement, website, social media postings)

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

Session 5: Pre-Award Survey

Learning Objectives:

1. Explain how to perform a pre-award survey
2. Become aware of NUPAS Plus assessment tool
3. Understand the pre-award assurances to be considered/obtained by the prime 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

Prime's Responsibilities

The prime recipient remains responsible for the work that is sub awarded.

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

The recipients must that 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."

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

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 with increased funding.

International primes have developed their own pre-award survey.

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

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.

Insert link to NUPAS+

Assessment Scale

Scoring individual ele

| 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.

NUPAS Plus: Finances

#	CATEGORY	PROCEDURE	1 **INADEQUATE CAPACITY** **Key Deficiencies** **Significant Weaknesses** **Not Remediable Before Award** **High Risk**	2 **WEAK CAPACITY** **Some Deficiencies** **Significant Weaknesses** **Not Easily 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) **STRONG CAPACITY** **No Deficiencies** **No Significant Weaknesses** **Low Risk**
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 he 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	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 funded.	All planned operational costs are adequately funded.

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**

Percentage of Scores by Local Partners

Legend: % Inadequate Capacity | % Weak Capacity | Adequate Capacity | % Strong Capacity
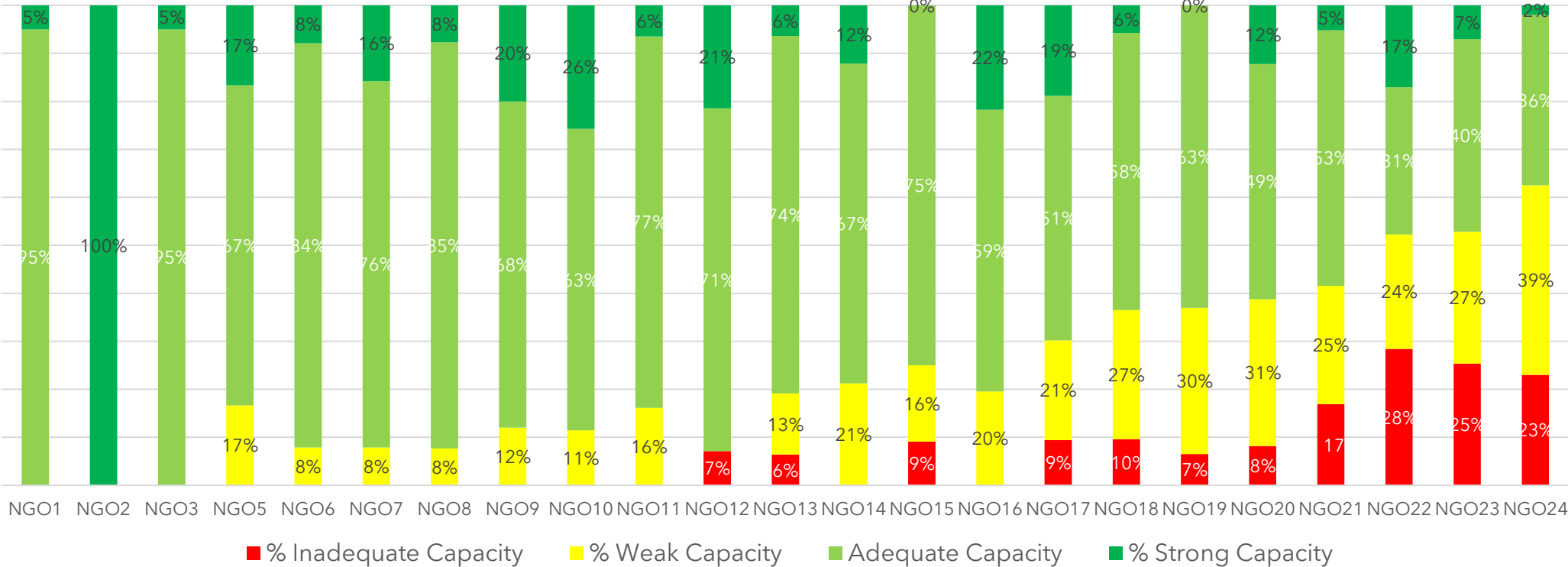
Definition of Risk Management

Risk:

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

Risk Management:

An internal management process to achieve reliable financial reporting, safeguard assets, and comply with relevant laws and regulations. It includes:

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

Risk Management

1. Assemble a comprehensive list of risks, both threats and opportunities.

2. Examine risks to help prioritize risk response. Consider both the likelihood of the risk and its impact on the mission. A matrix may be used to assess identified risks.

3. Determine the level of risk your organization is willing to take.

4. Select a treatment response for risk that includes acceptance, avoidance, reduction, sharing, and 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.

Sub Risk Assessment

Uniform Guidance requires risk assessments for subrecipients.

Factors to review and consider:

1. Sub's prior experience with similar awards

2. Previous audits

Levels of Risk

High Risk Recipients

Organizations that have not met most of the requirements as per the selection and evaluation criteria pose high risk to the organization if selected. However, this does not necessarily imply that these organizations cannot be selected.

Medium Risk Recipients

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

Low Risk Recipients

Organizations that meet most of the requirements, demonstrating the ability to comply with award terms and conditions with few exceptions. Such organizations may still be subjected to special award conditions (SACs) and require frequent monitoring at the discretion of the prime or be given standard reporting requirements with minimal supervision and monitoring by the prime.

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, require monthly reports and conduct frequent site visits

Capacity Development of Subs

The Pre-Award 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 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.

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 Pre-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.

Award Notification

Primes must notify all bidders whether they were selected, or not.

Primes hold "kickoff" meeting with successful applicants to review the agreement and all requirements.

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

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 plan an organization-wide policy review for alignment and subsequent reform within 60 days.

NGO must provide proof of reconciliation with 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.

Mandatory Flow Downs

- 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

- 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

Award Amendments and Modifications

Modifications:

- Categories: unfunded and funded

- Scope and modifications

- Budget and modifications

- Extensions

- Administrative

Prior Approval Needed for:

- Changes in scope or objectives

- Changes in key personnel (if included in the proposal stage)

- Move of participant support funds to other categories

- Issuing subawards

- Changes to approved cost share

- Need for more funds

- Transfer of funds between direct and indirect cost lines

- Transfer of funds from construction to other cost categories, or vice versa

Documents to Share with Sub

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

1. Approved agreement with clear terms and conditions of the award, proposal, and project, including reporting requirements, types of reports (financial and programmatic), frequency of reporting requirements, reporting period and due dates, and reporting contents and Special Award Conditions, if applicable.

2. Final technical proposal approved, with project description or scope of work and detailed budget approved.

3. Guiding document on operations from donor, such as relevant applicable ADS, 2CFR200, etc.

Donor Approval

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

Requirements to obtain approval are outlined in the "substantial involvement" section of the award document.

Annual Workplan

Subs must prepare annual work plans for the prime to approve.

The work plan must align with the subaward and the prime's award.

Activity Monitoring Evaluation and Learning Plan (AMELP)

This is 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 that will be used to measure overall progress over time.

The AMELP lists the performance indicators with annual targets.

The AMELP should explain how data and information will be collected, analyzed, and used; and the cost effectiveness of such activities.

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

Subs Required Reports

1. Financial reports

2. Cost share

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

Program Income

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. It 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
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

Financial Reporting

Direct Project Expenses are:

Costs identified with implementing project activities

Indirect/Shared Costs are:

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

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:

The Negotiated Indirect Rate Cost Agreement is a rate negotiated individually between an organization and the US Government to cover indirect costs.

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 and the subrecipient.

Reporting Cost-Share:

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

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.

•The prime should guide the sub on the dates/frequency and reporting line to submit tax reports.

•The prime must include this reporting requirement in all applicable sub-agreements, including subawards and contracts.

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

Performance Progress Reports

1. Subs are required to submit progress reports with data on a quarterly or monthly basis 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 subs to enhance meeting deadlines and obtain any needed clarifications.

4. Special, unplanned reports occur that require a quick response and input from the subrecipient.

5. Primes should provide subs with feedback, so they understand how they contribute to the prime's activities.

USAID 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 projects 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, websites/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.

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, 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:
- "public communication" in which content has not been approved by USAID must contain a disclaimer
- two copies of all program and communications materials produced under an award must 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 implements program activities that require developing an EMMP, the prime is responsible for ensuring timely preparation and submission to the AO.

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

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.

Types of Subaward Monitoring

Program Monitoring

Financial Monitoring

Compliance Monitoring

Data Reviews

Audit Reviews

Corrective Action Plans

Onsite Monitoring

Prime's responsibilities:

• Performance monitoring

• Context monitoring

• Data verification

• Learning to inform design and implementation

• Checking compliance against subaward requirements

Planning Onsite Visits

Plan for site visits throughout the award

Schedule a visit and avoid schedule conflicts

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

Offsite 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 onsite is necessary

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 subs
3. Other prime recipient financial management responsibilities
4. Disbursement methods
5. Payment by cash advance
6. Payment by cost reimbursement

Disbursements and Reimbursement Requests

- The disbursement process and method vary from one agreement to the other.

- 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 the pre-award assessment or associated risks.

Prime Recipient Responsibilities for Disbursements to Subrecipients

- Attest to 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.

- Monitor utilization of funds.

Other Prime Recipient Financial Management Responsibilities

2 CFR 200.332:

• Review 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.

• Follow up and ensure that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award.

• Issue a management decision for applicable audit findings that **only** pertain to the Federal award.

Disbursement Methods

- Disbursement to the subrecipient can be made through cash advance or reimbursement.

- The subaward agreement should outline the payment/disbursement method (**Advance/Cost reimbursement**).

Payment by Cash Advance

- Efficient payment terms and conditions are critical to ensuring that funds are <u>available to the subrecipient as needed</u> 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 <u>approved program or project.</u>

- 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

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.

Cost Share

Example	Supporting Documentation
Volunteer Services	Signed Timesheets with rate calculation on the time should be valued
Donated Supplies	Letter of Donation with valuation
Donated Equipment	Letter of Donation , market value, independent evaluation and accounting policy for depreciation
Employee services from another organization	Signed Timesheets with rate calculation on the time should be valued
Other	
Other	

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.

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

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 the abuse of entrusted power or influence for personal or political gain. Whether corruption is perpetuated by public officials or external actors, its defining characteristic is the exploitation of power and access to subvert the public good in service of narrow personal, economic or political interest.

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.

Transforming the Fight Against Corruption: USAID's Approach
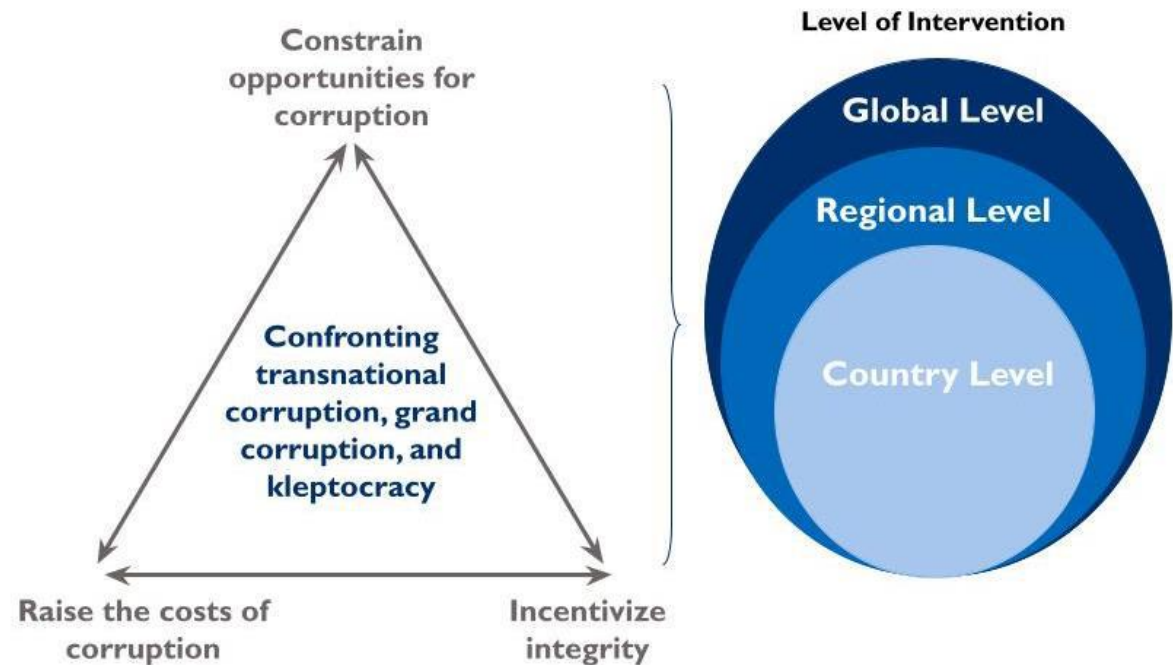
Types of Fraud

1. Asset misappropriation
2. Bribery and 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 that shows 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.

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 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

6. Negative work environment for employees and clients

7. Damage to reputation

8. Loss of life (e.g., if a health and safety inspector is bribed during a health and safety audit/review, deficiencies in 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 committing fraud:

- Addiction problems

- "Wheeler-dealer" attitude

- Complaints about inadequate pay and/or lack of authority

- Control issues – is unwilling to share duties and rarely takes vacations or sick days (this may be due to realizing that their illegal acts may be uncovered by someone)

- Excessive pressure from within organization (e.g., to reach unrealistic targets, individuals may tend to circumvent internal controls)

- Irritability, suspiciousness, secretiveness, or defensiveness (as their conscience may start to trouble them)
- Lifestyle outside the 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 a Whistleblower policy— a confidential reporting mechanism for employees to make complaints directly (internally/externally)
3. Require employees to sign a Conflict of Interest (COI) 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 a robust escalation policy and an effective feedback loop
6. Emphasize the protection of the whistleblower

Reporting Fraud

Local partners are required to report fraud when they suspect it

OIG Hotline Portal

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 (OIG), with a copy to the cognizant Agreement Officer, all violations of criminal law involving fraud, bribery, or gratuity violations potentially affecting the 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 criminal law involving fraud, bribery, or gratuity violations potentially affecting the award.

Note: In the case of a subrecipient, reporting should go to the prime and OIG.

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. Closeout requirements for subs
5. Prime's record retention
6. Final outline of closeout plan
7. Voucher and reporting submission and reconciliation
8. Equipment disposition
9. Record retention
10. Closeout audit
11. Award Completion Certificate/Closeout letter

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

Prime's Role in Closeout

- Ensure that closeout procedures are included in the subaward and support the closeout requirements.

- Provide orientation and support to subs as they go through closeout.

- Ensure the accuracy and completeness of all final closeout documents.

- Reconcile financial records and submit final disbursement or collect reimbursement.

- Send a 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.

Closeout Planning

Subs close out before the prime (preferably two to three months earlier)

Ensure that subs are aware of the closeout procedures in their agreement. For example:

Submit closeout plan six months before end of award

Disposition plan

Cost share report

Final report

Outline of Closeout Plan

The content of the sub's closeout plans should meet the needs of the prime's closeout plan:

1.   Key closeout dates

2.   Closeout management

3.   Background on project

4.   Financial matters
     - Current status
     - Timeline for financial report
     - Anticipated balances

5.   Inventory disposition

6.   Technical Responsibilities through closeout

7.   Personnel

Example: https://pdf.usaid.gov/pdf_docs/PA00TQ14.pdf

Sub Closeout Requirements

Key requirements to coordinate with 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 state whether each subrecipient achieved its goals and targets. Subs need to explain any shortfalls.

Financial Close Out — Subs must conclude their final expenditures and complete their final financial report in time for the prime to meet their financial reporting deadline.

Inventory Report — Subs are required to complete a final inventory report.

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

Final Voucher and Reporting Submission and Reconciliation

Primes 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 was achieved.

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.

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.

Final Evaluation Report

Documentation Required

At the end of the evaluation process, the lead should finalize the final evaluation report, which should contain:

- Comprehensive detailed description of the RRP solicitation methodology and evaluation process

- Decisions made

- Tools used for grading (ranking/rating) applicants

Note: When awarding a fixed amount award, the procedures in **ADS 303.3.25**; **ADS 303saj**, fixed amount award to non-governmental organizations; and **ADS303mak**, fixed amount award entity eligibility checklist should be used instead.

Closeout Audit

Closeout audits are only required if the amount exceeds $750,000.

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 with the sub.

Technical Completion: "With reference to the 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 spent per ledger (Prime)		

Signatories: Prime and Sub

Post-test

Certificate Ceremony

Congratulations! You have successfully completed the ASAPII Subaward Management Training Course.

QUESTIONS?

Code of Conduct

Primes and subs must maintain high levels of ethical conduct in selection, award, implementation, and oversight.

Conflict of Interest: Any interest, financial or otherwise, direct or indirect, which is or appears to conflict with project implementation

Bribery and Kickbacks: Acceptance of money, fees, commissions, credit, gifts, or gratuities

Gifts, Meals, and Hospitality: Acceptance of gifts, goods, cash, services, transportation, or other favors from current or future subawards, suppliers, or vendors