

Financial Management for the Project Director

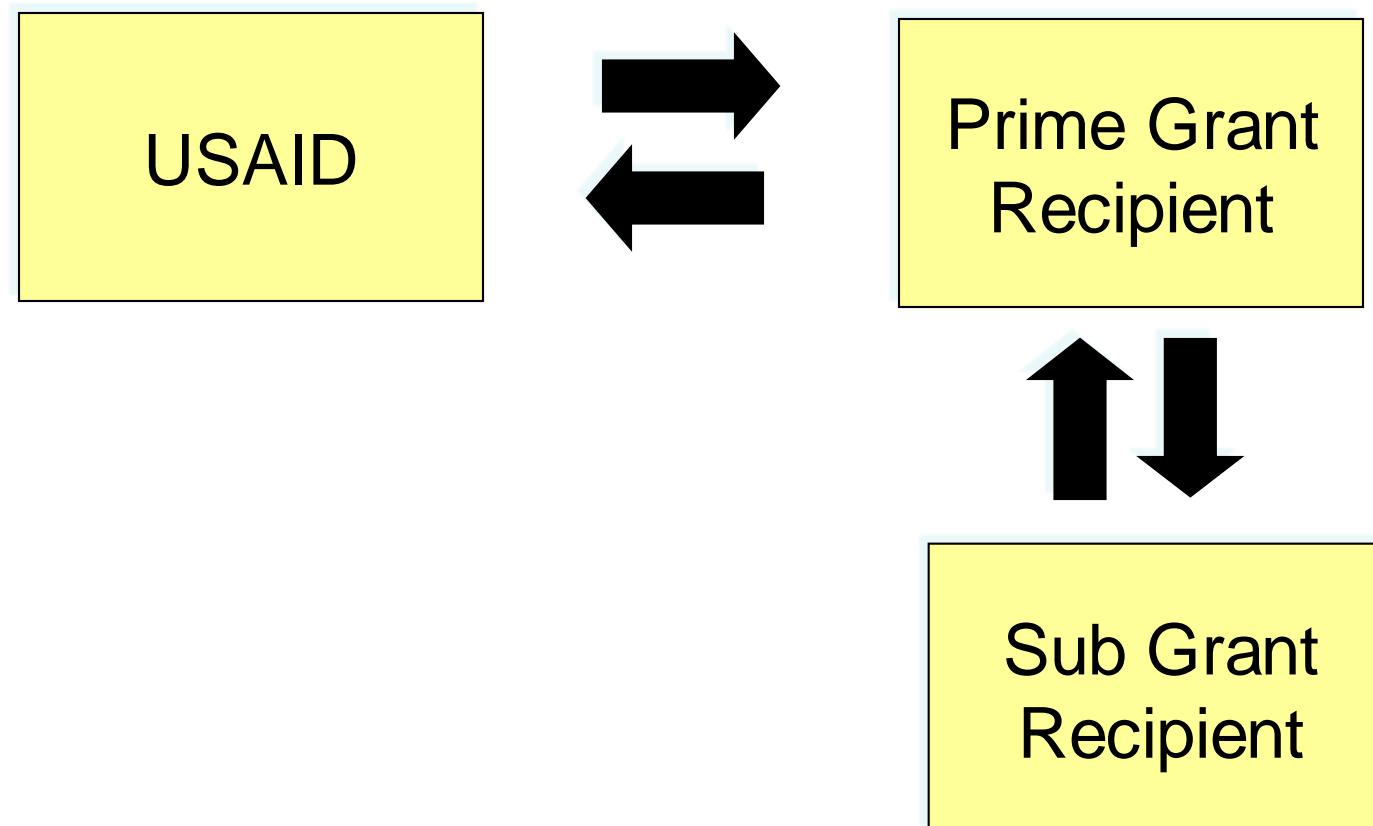
Dec 3, 2018, Almaty, Kazakhstan

The National Academies of
SCIENCES • ENGINEERING • MEDICINE

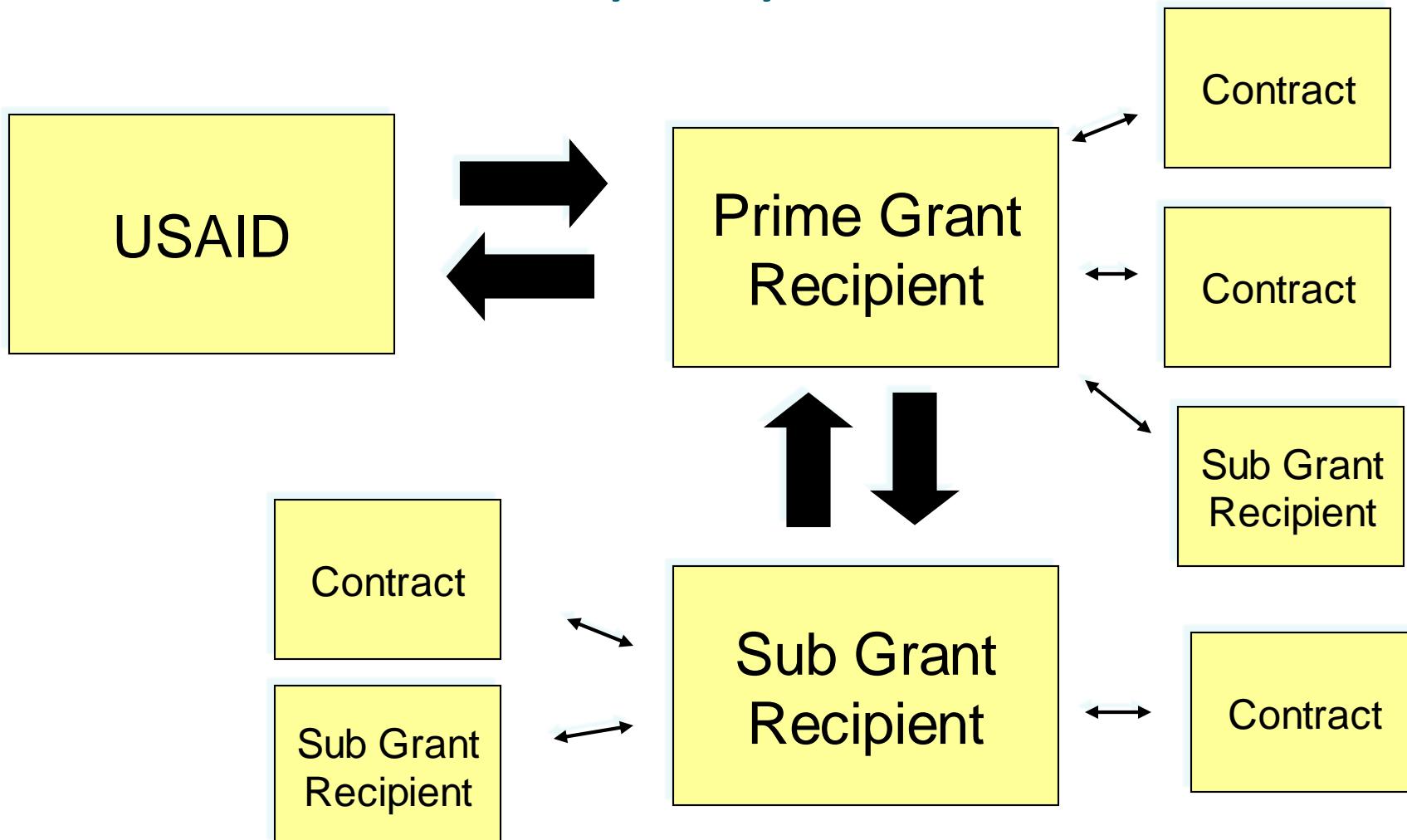


USAID
FROM THE AMERICAN PEOPLE

Who are the Key Players?



Who are the Key Players?



Subagreement Relationships

“Subrecipients, subawardees, and contractors have no relationship with USAID under the terms of this agreement. All required USAID approvals must be directed through the recipient to USAID”

M1 Allowable Costs *Section (b)*

It is the recipient's responsibility to ensure that costs incurred are in accordance with the Cost Principles:

- Reasonable
- Allocable
- Conform to limitations
- Be accorded consistent treatment
- Adequate documentation

M1 Allowable Costs *Section (b)*

Reasonable Costs

- Costs which are generally recognized as ordinary and necessary
- What would the reasonable person do?
- Reasonableness depends on the situation

M1 Allowable Costs *Section (b)*

Allocable Costs

The cost is allocable if it is:

- Incurred specifically for the award or project
- Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or
- Is necessary to the overall operation of the organization, although a direct relationship to any particular project cannot be shown.

M1 Allowable Costs *Section (b)*

Conforming to Limitations

- Conform to standard provisions.
- Conform to award agreement.
- Conform to internal policies and procedures.

M1 Allowable Costs *Section (b)*

Other Considerations for Allowability

- Consistent treatment
- Adequate documentation

M5 Procurement Policies

- What is procurement?
- Whose procurement guidelines should we use?

What are the Minimum Procurement Guidelines?

M5 Procurement *Section (a)*



Written Policies & Procedures

“The recipient must maintain and conduct all of its procurement according to written policies and procedures....”



M5 Procurement *Section (a)*



Establishing a Reasonable Micro-Purchase Threshold

What is a micro-purchase threshold?

How many bids or quotations do I need?

M5 Procurement *Section (a)*



Additional Retention Rules for Awards above the Micro-Purchase Threshold

Retain the following documentation for awards exceeding the micro-purchase threshold:

- Basis for contractor selection
- Basis for award cost or price
- Justification for lack of competition (sole source)

M5 Procurement *Section (a)*

4

Ensure the Price is Fair and Reasonable



M5 Procurement *Section (a2)*



Use the Most Economical
and Practical means to
Accomplish the Goal

M5 Procurement *Section (a3)*



Ensure Goods and Services are
Provided in Accordance with the
Terms



M5 Procurement *Section (a4i)*



A Conflict of Interest: *Bias*

“The recipient must ensure that competitions are not biased in favor of one offeror over another.”

M5 Conflict of Interest: Bias, *cont.*

Ask yourself:

Was there something that was outside of the best interest of the program objectives that influenced my decision?

M5 Procurement *Section (a4ii)*



B Conflict of Interest: *Unfair Competitive Advantage*

“The recipient must ensure that no potential contractor has unequal access to information that may provide that contractor an unfair competitive advantage.”

M5 Conflict of Interest: Unfair Comp Adv. , *cont.*

To promote an open and fair competition, your solicitations should:

- Provide detailed information on what you seek to buy;
- Provide clear instructions to vendors on what to include in their proposals or quotations;
- Clearly state how to submit the proposal;
- Clearly state the deadline date for the proposal;
- Clearly state how each proposal will be evaluated.

All information in the solicitation should be the same for all potential respondents.

M5 Procurement *Section (a4)*



c Conflict of Interest: *Violations*

“The recipient’s standards of conduct must provide for disciplinary actions for violations of such standard by officers, employees, or agents of the recipient.”

M3 Award Amendments & Budget Revisions *Section (b)*

Prior Written Approval Required for the Following Changes

- Changing the scope/objective
- Revising the total award amount
- Revising the period of the award
- Receiving an additional obligation

M3 Award Amendments & Budget Revisions *Section (b)*

Prior Written Approval Required for the Following Changes (cont.)

- Changing key personnel
- Absence of more than three months from, or a 25% reduction in time by the principal project leader
- Transfer funds from the indirect cost line item to absorb increases in direct costs, or vice versa

“Reallocations of Sub-Grant funds greater than 10% of the total annual budget between budget categories shall require the written approval of the NAS Sub-Grant Administrator.”

Transferring Funds among Direct Cost Categories

Direct Charges

- Personnel
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Contractual Services
- Other Direct Costs

Indirect Charges

Transferring Funds among Budget Categories

<u>Budget Category</u>	<u>Year 1</u>	<u>Year 2</u>
Labor	\$62,000	\$64,000
Travel	\$30,000	\$18,000
Equipment	\$10,000	\$7,000
Other Direct Costs	\$16,000	\$19,000
Contracted Services	\$20,000	\$8,000
Total:	\$138,000	\$116,000

REALLOCATING THE BUDGET

Original Budget

Budget Category	Year 1	Year 2
Labor	\$62,000	\$64,000
Travel	\$30,000	\$18,000
Equipment	\$10,000	\$7,000
Other Direct Costs	\$16,000	\$19,000
Contracted Services	\$20,000	\$8,000
Total:	\$138,000	\$116,000

Year 1 Actual Costs

Budget Category	Year 1	Year 2
Labor	\$32,000	\$64,000
Travel	\$60,000	\$18,000
Equipment	\$12,000	\$7,000
Other Direct Costs	\$14,000	\$19,000
Contracted Services	\$20,000	\$8,000
Total:	\$138,000	\$116,000

MOVING FUNDS TO THE NEXT YEAR

Original Budget

Budget Category	Year 1	Year 2
Labor	\$62,000	\$64,000
Travel	\$30,000	\$18,000
Equipment	\$10,000	\$7,000
Other Direct Costs	\$16,000	\$19,000
Contracted Services	\$20,000	\$8,000
Total:	\$138,000	\$116,000

Year 1 Actual Costs

Budget Category	Year 1	Year 2
Labor	\$32,000	\$64,000
Travel	\$60,000	\$18,000
Equipment	\$2,000	\$15,000
Other Direct Costs	\$16,000	\$19,000
Contracted Services	\$0	\$28,000
Total:	\$110,000	\$144,000

M2 Accounting, Audit, & Records *Section (a)*

- Must maintain financial records, supporting documents, statistical records and all other records, to support performance of, and charges to, this award.
- Must comply with generally accepted accounting principles in the US, the cooperating country, or by the International Accounting Standards Board

M2 Accounting, Audit, & Records *Section (b)*

The recipient must make records pertaining to this award for that fiscal year available for review by USAID officials or their designees upon request.

USAID retains the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organizations expending USAID funds, regardless of the audit requirement.

M2 Accounting, Audit, & Records *Section (a)*

- Unless otherwise notified by USAID, the recipient records and subrecipient records that pertain to this award must be retained for a period of three years from the date of submission of the final expenditure report.

M2 Accounting, Audit, & Records

ARTICLE VII - RECORD RETENTION/AUDIT

- (a) Subawardee shall maintain all financial books and records in such a fashion that it can provide sufficient detail to substantiate all expenditures related to Subaward in accordance with ~~Section 2, Mandatory Standard Provisions for Non-US Nongovernment Recipients.~~ Subawardee will make such books and records available to NAS upon request and will maintain those books and records on file, for a period of at least four years after completion of the use of Subaward funds.
- (b) Subawardee shall permit USAID access to Subawardee's financial records and statements as necessary in accordance with Subpart F of the Uniform Guidance.

NAS Requirement: Must keep books and records for at least 4 years after spending the grant funds.

M7 Property *Section (e)*

Upon completion of the award, the recipient must submit a property disposition report of the following types of Property

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

M7 Property *Section (e)*

The recipient must dispose of Property at the end of this award in accordance with the recipient's property disposition report

UNLESS

the AO directs that the Property be handled differently

- must be in writing
- must be done within 60 days

M7 Property *Section (f)*

Property disposition could include:

- The recipient may retain title with no further obligation to USAID.
- The recipient may retain title, but must compensate USAID for the USAID share, based on the current fair market value of the Property.
- The recipient may be directed to transfer title to USAID or a third party....