

USAID/INDIA
SEMINAR ON ACTIVITY PLANNING, MONITORING AND CLOSE-OUTS
Friday, February 15, 2008

Presentations

Session 1: Budget Process

- ❖ US Foreign Assistance Reform- New Budget Process
- ❖ USAID/India Budget Outlook

Session 2: Partnerships and Leveraging

- ❖ New approaches for development

Session 3: Activity Monitoring

- ❖ Post award administration
- ❖ Financial reporting
- ❖ Valid Upward Adjustments
- ❖ Pipeline analysis and Forward funding guidelines
- ❖ Review of un-liquidated obligations
- ❖ Financial review

Session 4: Audit

- ❖ Performance Audit
- ❖ Financial Audit (RCA and A-133)

Session 5: Activity Close-Out

- ❖ Final reporting and Property disposition
- ❖ Contractor Performance Reports

Session 6: Communications and branding

- ❖ Communications and branding



This Session Includes:

- U.S. Foreign Assistance Reform
- New Budget Process
- Budget Outlook



U.S. Foreign Assistance Reform

“America’s foreign assistance must promote responsible sovereignty, not permanent dependency.”

– Secretary Rice, January 19, 2006



Reform Objective - *A Strategic, Coherent Approach to Achieving Our Goals*

- **U.S. foreign assistance has significantly increased in recent years.**
- **However, the structure of foreign assistance risked incoherent policies and ineffective programs and even wasted resources.**
- **Foreign assistance reform focuses on one goal: “Help build and sustain democratic, well-governed states that will respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system.”**
- **The reform intends to provide a comprehensive foreign assistance strategy to measure success and report to all stakeholders.**



A New Strategic Framework

The new framework is built around five priority objectives that, if achieved, support our overarching goal by helping move countries toward self-sufficiency and strengthening strategic partnerships.

The priority objectives are:

- *Peace and security* – preventing, mitigating, and recovering from internal or external conflict;
- *Governing justly and democratically* – making governments accountable to their people by controlling corruption, protecting civil rights, and strengthening rule of law;
- *Investing in people* – including appropriate expenditure on health and education;
- *Economic growth* – including reduction in barriers to entry for business, suitable trade policy, fiscal accountability;
- *Humanitarian assistance* – emergency relief and rehabilitation



Strategic Direction: Country Categories

The framework includes five categories to make common goals clear. Each of the 155 countries currently receiving U.S. foreign assistance is best defined by one of the following five categories:

- ***Rebuilding countries*** – states in or emerging from and rebuilding after internal or external conflict (Iraq, Afghanistan, Nepal, Haiti);
- ***Developing countries*** – states with low or lower-middle income, not yet meeting performance criteria (Egypt, Pakistan, Jordan, Bangladesh, Cambodia);
- ***Transforming countries*** – states with low or lower-middle income, meeting performance criteria (India, Brazil, Philippines, Sri Lanka);
- ***Sustaining partner countries*** – states of importance where U.S. support is necessary to sustain partnerships, progress, and peace (Israel, South Africa, Mexico);
- ***Restrictive countries*** – states of concern where there are significant governance issues (Burma, Cuba, Venezuela, Zimbabwe).

Country Categories

Country Category	End Goal of U.S. Foreign Assistance	Graduation Path
Rebuilding	Stable environment for good governance, increased availability of essential social services, and initial progress to create policies and institutions upon which future progress will rest.	Advance to the Developing or Transforming Category
Developing	Continued progress in expanding and deepening democracy, strengthening public and private institutions, and supporting policies that promote economic growth and poverty reduction.	Advance to the Transforming Category
Transforming	Government, civil society and private sector institutions capable of sustaining development progress.	Advance to the Sustaining Partnership Category or graduate from foreign assistance
Sustaining Partnership	Continued partnership as strategically appropriate where U.S. support is necessary to maintain progress and peace.	Continue partnership or graduate from foreign assistance



Office of the Director of U.S. Foreign Assistance (F)

- A new leadership structure
 - One entity – F – is responsible for foreign assistance budget planning and implementation across State and USAID.
- The intent is to enable the USG to:
 - Increase coherence;
 - Leverage resources for greater impact;
 - Improve communication with stakeholders; and
 - Share best practices.



The Operational Plan

- Detailed proposal for activities and partners to be funded and results to be achieved.
- Instrument for collecting standardized data about foreign assistance programs.



Performance Accountability

- F
 - Reporting to Congress and the public
- Country Level
 - Country performance
 - F reviews annually to adjust country budget levels
- Partner Level
 - Funding linked to specific results/targets.
 - Operating Unit reviews performance regularly
 - Partners submit regular progress report to CTOs
 - CTOs visit field to assess progress and verify reports



BUDGET PROCESS

- The USAID budget process begins with the Mission Strategic Plan (MSP) guidance.
- It continues through the:
 - Mission Budget Request per the MSP
 - Senior Reviews with the Secretary of State
 - Budget Submission to the Office of Management and Budget (OMB)
 - OMB Passback/Reclama
 - Congressional Budget Justification
- Then, it continues with the passing of the appropriation law and transfer of the appropriated funds.
- Foreign Assistance budget process follows the same cycles used by other federal agencies.



These cycles are:

- ❖ **Formulation**—Produces the annual foreign assistance budget request for Office of Management and Budget (OMB).
- ❖ **Justification**—The Agency presents the Congressional Budget Justification (CBJ) to Congress, defends its annual budget request by responding to Congressional inquiries, and participates in the decision-making process leading to passage of an annual appropriation.
- ❖ **Implementation**—The Agency executes its operating year budget (OYB) throughout the year by monitoring obligations/expenditures and performance.

FY 2010 Budgetary Process

	STEP	DESCRIPTION	TIME PERIOD
Formulation	1	The Office of Director of U.S. Foreign Assistance (F), State and USAID Regional Bureaus, and Think Tank coordinate to develop Mission Strategic Plan (MSP) Guidance.	February 2008
	2	Operating unit prepares the MSP which describes the Mission's key goals/intended results and the FY 2010 budget requirements to achieve those.	March 2008
	3	State and USAID regional and Pillar Bureaus use the MSPs to set Budget Control Numbers for each operating unit and submit their recommendations to the Assistance Working Groups.	April – May 2008
	4	Assistance Working Groups and F make their budget allocation decisions which are reviewed by the Senior Leadership Team.	June – July 2008
	5	The Senior Leadership Team Budget Reviews recommends final budget allocation levels for each geographic area by operating unit for discussion in the Senior Reviews with the Secretary of State.	August 2008
Justification	6	Based on Secretary's decisions, F coordinates the foreign assistance budget submission and submits to OMB.	September 2008
	7	OMB reviews the budget request and after negotiations and settlement, final passback levels are provided to F for submission of budget request to the Congress.	October – December 2008
	8	F coordinates the preparation of the Foreign Operations Congressional Budget Justification (CBJ) with Operating Units/Bureaus.	February 2009
	9	Full Congressional Committees bring appropriation bills to House/Senate floor who ultimately pass a Conference Bill.	September 2009
Implementation	Law	Bill is signed into law by President.	October 2009
	10	F with inputs from the State/USAID Regional and Pillar Bureaus revises budget allocations according to Conference Bill.	November 2009
	\$	Operating Units receive funds.	January 2010



U.S. Foreign Assistance Budget for India (\$ Million)

	<u>FY 07 Actual</u>	<u>FY08 Planned</u>	<u>FY 09 Request</u>
Econ. Growth	5.71	5.00	0
Health	93.42	83.35	73.57
Energy/Environment	5.63	0.55	0.90
Education/Equity	4.33	0	0
Peace & Security	2.61	3.92	3.30
TOTAL:	111.70	92.82	77.77

Note: FY08 & FY09 levels are subject to change based on Administration priorities/actual appropriation



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Q & A



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Public Private Partnerships for Transformational Development

*Mainstreaming New Development
Assistance Models and Leveraging
Private Resources*

February 15, 2008



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India's Development Challenge

- A booming economy with an annual growth rate of 8% but 700 million Indians still live in extreme poverty.
- Two thirds of the population engaged in farming yet the agriculture economy has stagnated in recent years.
- Half of all children drop out of school before the 8th grade.
- A serious lack of reliable supplies of clean energy and water.
- 20% of the world's maternal deaths and 25% of the world's children's deaths are in India.
- Disaster-prone with four natural disasters in the last six years.
- Declining USAID resources.



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USAID's Global Development Alliance (GDA)

The GDA works to enhance development impact by mobilizing the ideas, efforts and resources of the public sector with those of the private sector and NGOs.

USAID's GDA is an innovative approach that:

- Responds to a new global environment and new challenges.
- Extends USAID's reach and effectiveness in meeting its development objectives.
- Leverages additional resources for development impact.
- Fosters cooperation between USAID and new partners.

Although alliances and partnerships are not new in USAID, the GDA represents a more intentional and concerted approach to them, and with a goal to integrate the model in USAID practice.



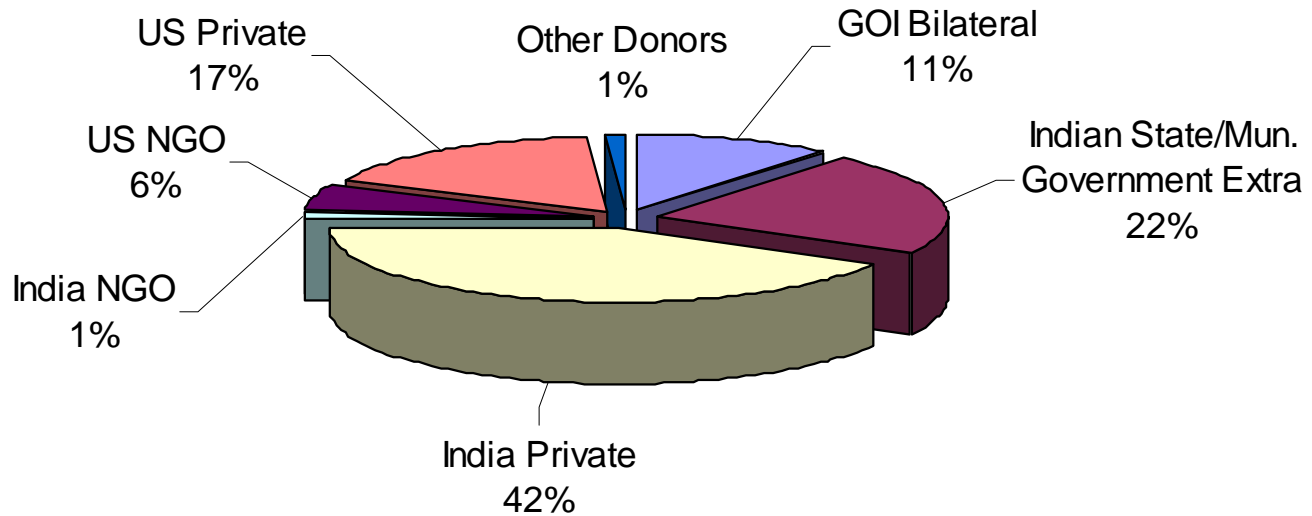
Why Partnerships?

- Enhance efficiency and effectiveness through a reliance on comparative advantages and a rational division of labor.
- Provide multi-actor, integrated solutions.
- Move from a lesser - win situation among multiple actors to a compromise and potential win - win situation.
- To open decision - making processes to promote a broader operationalization of the public good and ensure sustainability.
- We do not have a choice – USAID resources are scarce and we must engage the private sector more strategically in public-private partnerships to advance our development agenda.



- In the period 2002-2005, USAID/India used \$238 million to leverage nearly \$1.2 billion – a ratio of roughly 1:5.
- Over 50% of the funding USAID/India leveraged came from the private sector; 42% from the Indian private sector and 17% from the US.

Where We Directly Leveraged 2002-2005





What Have We Learned?

- Seed funding and technical assistance can be used to tremendous effect in a number of critical sectors.
- Partnerships formed with USAID provide credibility, quality control, transparency and risk sharing that increases the GOI's and private sector's willingness to invest their resources in joint ventures.
- The leveraging of USAID and private resources gives USAID a seat at a number of policy tables to help India direct its growing budgetary resources to high impact interventions that create jobs, expand services and strengthen governance.
- USAID can play a lead role in exploring and creating new partnership models and sharing best practices. In so doing, we can achieve impact at a national scale.



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Examples of Successful Partnerships

- Quality Education and Skills Training (QUEST) Alliance
- The Technology Tools for Teaching and Training (T4) Project
- The Small Enterprise Assistance Fund (SEAF)
- The Green Business Center and New Ventures India
- Numerous projects in the health sector



What Does USAID Bring to Partnerships?

- Long-term country presence with commitment to development.
- Financial resources.
- Working relationships with the GOI, State governments and with U.S. and local firms and NGOs.
- Knowledge of the country and political and economic contexts.
- Expertise in project management, including monitoring and evaluation and in technical matters related to development.
- Ability to undertake policy, social, economic and investment research.



Role of NGOs in Public - Private Partnerships

- NGOs can play an essential role in public-private partnerships.
- Broker alliances between public and private sectors.
- Arrange for participation of communities in development activities.
- Build local community capacity for advocacy and social action.
- Serve to bridge government and commercial sectors in the development of PPPs.
- Provide an important sense of legitimacy for partnerships, as NGOs can ensure that humanitarian, community-based interests will be represented.



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New Business Models for Private Sector Companies

- Development is now everybody's business. Companies doing business in India that rely on global supply chains for competitive advantage know the value of a positive environment wherever they source and produce goods.
- Companies are realizing that they can no longer just be concerned with managing their business operations.
- Many companies in India are seeking out opportunities to link their business investments with community



Chief Characteristics of USAID's GDAs

- Joint definition of a development problem not likely to be solved by a single actor.
- Sharing of resources, risks, and results in pursuit of an agreed objective and of the solution to the problem.
- Use of innovative approaches that exploit the comparative advantages of each partner.
- Leveraging of resources, both financial and in-kind. Minimum of a 1:1 match and with 25% coming from the private sector.

- Be proactive and creative – think “Out-of-the-Box”
- Build on existing partnerships
- Identify areas where there is an existing business interest
- Fill a technological or market need



Preconditions for Success: A Partnership Checklist

- **Common cause.** The issue to be addressed is important to all partners. It is clear why forming an alliance is a good solution.
- **Belief in partnerships as a strategy.** Prospective partners believe that cooperation can achieve more than going it alone. Partners are willing to treat each other as equal partners.
- **Presence of a convener.** At least one prospective partner has the standing to call the other partner member to the table.
- **Principled behavior.** USAID aligns itself with entities whose interests are compatible with USAID's and whose practices do not pose reputations for risks for the partnership or USAID.
- **Resources.** Financial and human resources to support the partnership are available.
- **Willingness to explore opportunities.** Partners are willing to take risks together that individually they might be unwilling to take and to work together creatively in doing so.



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References:

USAID Office of Development Partners (ODP)

Tools for Alliance Builders

2008 Annual Program Statement (APS)

www.usaid.gov/gda

Daniel Miller

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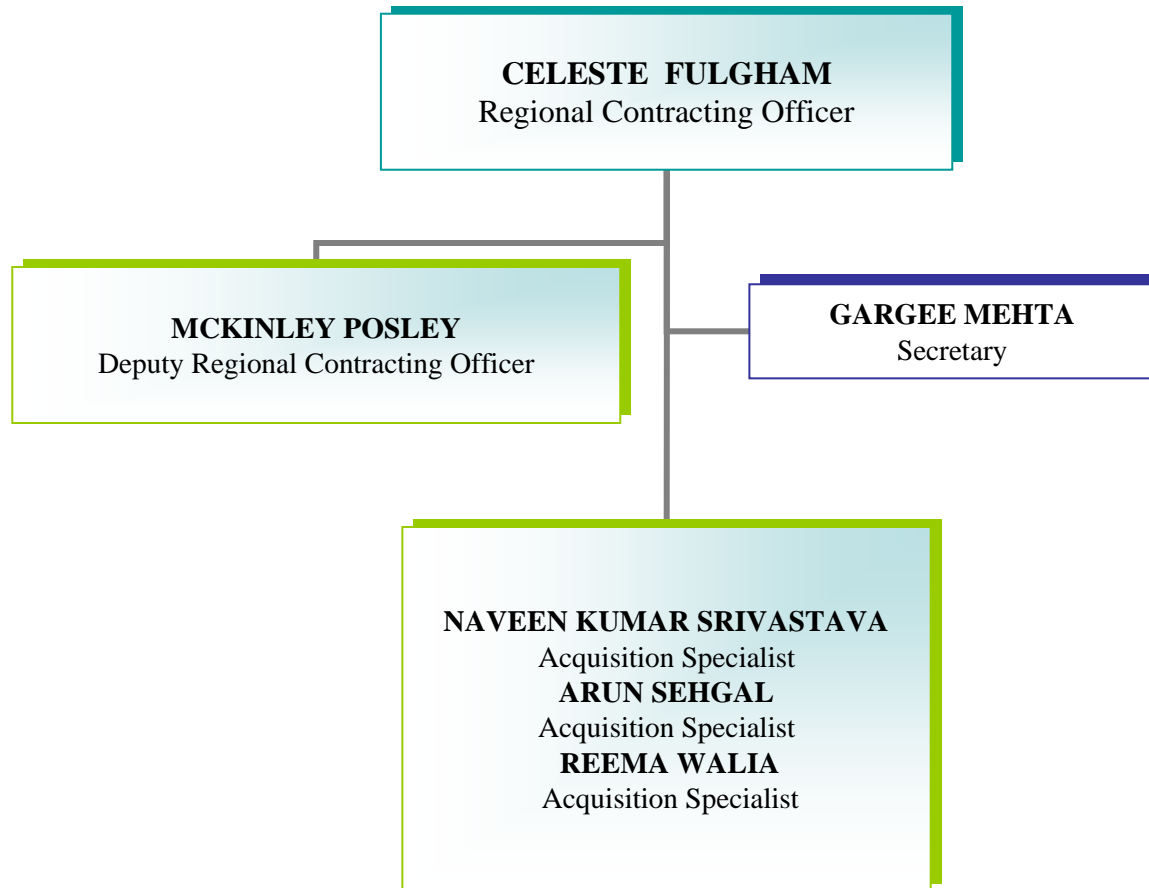


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Post Award Administration



Regional Office of Acquisition & Assistance





Nomenclature

- Agreement Officer – grants/cooperative agreements, PASAs
- Contracting Officer – contracts and task orders



Nomenclature cont..

- Grant/cooperative agreement – recipient (assistance)
- Contract/task order – contractor (acquisition)
- ROAA – Regional Office of Acquisition and Assistance (RCO)



CO/AO Approval Process:

- All requests for CO/AO approval must be sent through the CTO
- There is no need to copy the CO/AO or A&A Specialist
- Ideally, the request cover letter will be one page long with concurrence and date lines for the CTO and approval and date lines for the CO/AO
- In the request please refer to the specific section of the award that requires CO/AO approval.
- If the CTO concurs with the request it will be forwarded to ROAA for action



Foreign Exchange Loss

The US \$ amount obligated in the award governs the funds available to spend. Recipients are responsible for tracking the INR expenditure rate against the total amount obligated. Partners should NOT expect to receive budget “top-ups” for exchange rate loss.



Implementing Partner Notices

These are notices posted to USAID/India's website for the purpose of communicating a common message to our partners.

All implementing partners should have received a modification to their award yesterday notifying of this new means of communication.

All notices are incorporated by reference, as applicable. Partners are responsible for checking the website on a periodic basis to stay informed.



Website for IPN:

http://www.usaid.gov/in/working_with_us/ipn.htm

Two have been posted so far:

08-001 - Tax Exemptions

08-002 – 2008 Holiday Schedule for American
Embassy

working on IPNs for property disposition and vehicle
waiver



You are here >> [Home](#) >> [Working with us](#) >> [Implementing Partner Information](#)

Implementing Partner Information

Implementing Partner Notices

USAID India has following notices for our implementing partners:

You will need the Acrobat Reader to view certain files on this page. [Download](#) Acrobat Reader.

Date	Notices
January 22, 2008	IPN - 08-001 Tax Exemption
January 22, 2008	IPN - 08-002 2008 Holiday Schedule for American Embassy

Search USAID/ India website

- Business and Grant Opportunities
- Vacancies
- Impl. Partner Information

[Working with us >>](#)

January 28, 2008



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FINANCIAL REPORTING

- Regulatory / Non-Regulatory
- Internal / External



FINANCIAL REPORTING

- Reporting requirement under 22 CFR 226 as stipulated in the respective Assistance/Acquisition instrument
- Fund Accountability Statements (FAS)
 - Based on Cash Vs. Accrual Basis
 - Certification under Perjury Act
 - Subject to Audit
 - Reports status of Reasonable, Allocable and Allowable expenditure incurred/accrued for an organization



FINANCIAL REPORTING FORMS

- SF-1034 – Public Voucher for purchases and services, other than personal
- SF-269 – Financial Status Report
- SF-269A – Financial Status Report (for non-construction costs)
- SF-270 – Request for Advance or Reimbursement
- SF-272 – Report of Federal Cash Transactions (used when funds are advanced to recipients)



PAYMENT MECHANISMS

- Direct Re-imburement
 - Cost Re-imburement
 - Advance mechanism
- Payment through Washington
 - Bank Letter of credit (Advances for US based grantees)
 - Cost Re-imburements



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FINANCIAL REPORTING REQUIREMENTS UNDER DIFFERENT TYPES OF INSTRUMENTS

- Contracts
- Grants/Co-operative Agreements



CONTRACTS

- **DISBURSEMENT**
 - SF 1034 (Public Voucher)
 - Contractor's Certification
 - Budget line item - Expenditure details
 - Per diem and airfare details

- **SUBJECT TO PROMPT PAYMENT**
 - Payment within 30 days after receipt of a proper invoice



GRANTS/CO-OPERATIVE AGREEMENTS

- **DISBURSEMENT**
 - SF 270 (Request for Advance/Reimbursement)
 - SF 1034 (Public Voucher) with certification (also acceptable in cases of Cost-reimbursement Agreements)
 - SF 272 (Report of Federal cash transactions) incase of LOC payments
 - Budget line item-wise expenditure details including details of cost share
 - Per diem and airfare details

- **QUARTERLY FINANCIAL STATUS REPORTS**
 - SF 269A (Financial Status Report)- Short Form
 - SF 269 (Financial Status Report)- Long Form

- NOT SUBJECT TO PROMPT PAYMENT**



ADVANCES UNDER GRANTS/CO-- OPERATIVE AGREEMENTS

- Advance is provided to grantee to carry out activities.
- Advance is provided when grantee does not have resources to operate on a cost reimbursement basis.
- Advance Mechanism: Periodic
 - Initial advance is liquidated before subsequent advances are provided.
 - Advances are based on average expenditure trend/burn-rate.
 - Advances are released based on the current immediate disbursing needs (generally 30 days) requirements.



BUDGET LINE ITEM - VARIATIONS

- Budget line item variation requires prior written approval of the Agreement Officer under the circumstances enumerated in 22 CFR 226.25 for US organizations or the Standard Provision entitled “Revision of Award Budget” for local NGOs.



BUDGET LINE ITEM – VARIATIONS

- Some common justifications for budget realignment are:
 - To change the scope, funding allocated or objectives of the project
 - The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.
 - Additional funding requirement
 - Transfer of funds from direct cost to indirect cost & vice versa
 - Contracts or sub-awards which were not approved earlier
 - Other reasons as mentioned in 22 CFR 226.25 or Standard Provision



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BUDGET LINE ITEM - VARIATIONS

- Under Contracts, in general, if working within the scope of the award, approval for specific budget line item revisions are not required.



ACCRUALS REPORTING !!!!

Accrual : The accounting recognition of the value of goods and/or services received during a given period, for which payment has not been made

- Quarterly Submission
- Basis of calculation :
 - Best available information on expenditures
 - Vouchers on hand
 - Services provided during the quarter (vouchers not yet received)
 - Shipping documentation
 - Average expenditures for the last few months
 - Best estimates based on known events



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Q & A !!



Upward Adjustments of Obligations

- A valid Upward Adjustment is an increase in the funding amount of an obligation that was made in a prior fiscal year that does not result in additional goods or services being provided.
- Examples – Provide additional funding for: change in overhead rates, exchange rate losses (not an entitlement).



- Funds for valid upward adjustments are provided by USAID/Washington from the Mission's deobligations of prior years' funds.
- Obligation of additional funds for upward adjustments require award amendment by the Mission Contracting/Agreement Officer.



Forward Funding

- Forward funding is the availability of funds to support future expenditures for a specified time period after a planned obligation.
- A balance must be achieved between providing adequate funds for activities and the need to limit obligations to only required needs (expenditure estimates must be well-planned).
- We should not forward fund obligations for more than 12 months beyond the end of the fiscal year in which the obligation takes place.



Pipeline

- Pipeline = Cumulative Obligations – Accrued Expenditures
- Accrued Expenditures = Disbursements + Accruals



Length of Pipeline in Months

- If estimated expenditure data are available:

$$12 \times \frac{\text{FY 2007 Pipeline}}{\text{FY 2008 Estimated Expenditures}}$$

- If estimated expenditure data are not available:

$$12 \times \frac{\text{FY 2007 Pipeline}}{(\text{FY05 Expenditures} + \text{FY06 Expenditures} + \text{FY07 Expenditures}) / 3}$$



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REVIEW OF UN-LIQUIDATED OBLIGATIONS



1311 Review

- Is a review of un-expended balances to determine validity
- Excess funds must be de-obligated and released for re-programming



Review Process

- **WHY:**
Regulatory Requirement
- **WHO DOES IT:**
Activity manager and RFMO jointly
- **WHO APPROVES IT:**
Contracting Officer for Program funds; Executive Officer for OE



Review Process (Contd.)

Section 1311 Review Process

- **WHEN:** Quarterly
 - Program funds intensive review must be completed by end of June
 - OE funds intensive review by July 30 for current year and Sept 30 for prior years



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Primary Responsibilities

- Mission Director
- Regional Financial Management Office (RFMO)
- Contracts Officer/Executive Officer
- Obligation/Activity Managers



Mechanics of Identifying Excess or unneeded Funds

- Performance monitoring
- Accruals reporting
- Periodic reviews
- Pipeline and burn rate reports



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Situations Resulting in Excess Funding

- Activity budget exceeds what is necessary
- Implementation delays
- Excessively slow progress
- Change in scope
- Residual balance at activity completion



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Reprogramming of De- obligations

- Strategic Objective Agreement
- Appropriated for specific use
- Urgent Agency funding requirements
- Bureau/Mission need



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Pre-award Assessments & Post-award Financial Reviews



Pre-Award Survey

The Agreement Officer requests a survey to help make the responsibility determination (**ADS 303.3.9**) that the recipient has the necessary management capacity to implement the activity.



Pre-Award Assessment

- Who requests for it?
Agreement Officer requests for this assessment mostly for local grantees to make responsibility determination
- Scope
 - Adequacy of Internal Controls
 - Institutional capacity
 - Accountability
 - Potential High risk areas



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Pre-Award Reporting

- Clear recommendation
- Qualified recommendation



Special Award conditions

- More detailed or frequent financial reports
- Technical assistance to recipient

These conditions are intended to be for a limited time period



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Post Award Financial Review

Review of an entity's financial policies, procedures, systems and controls to determine if the entity has acceptable financial management systems and controls to account for USAID funds



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Objectives

- Compliance with agreement terms and conditions
- Adequacy of Internal Controls
- Allowable, Allocable and Reasonable costs



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Mutual Benefits of Financial Review

- Preventive measure
- Not an audit but a review to help and advise areas for improvement
- Build institutional capacity



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Who can ask for it

- Mission
- Cognizant Technical Officer (CTO)
- Agreement Officer



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Review coverage

- Personnel
- Travel
- Procurement
- Finance
- Property
- Cost Share



Personnel

- Organizational chart
- Personnel Policy
- Recruitment of Staff- Procedure/Rates
- Selection of Consultants- Procedure/Rates
- Key personnel approval
- Timekeeping policy



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Travel

- Travel Policy
- Travel Authorization/Request
- International Travel Approval
- Fly America Act
- Advances
- Per Diem
- Travel Report



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Procurement

- Procurement Policy
- Procedure for procurement of
 - Equipment
 - Sub awards/Grants
 - Services like travel/courier/security etc.
 - Any other procurement



Finance

- Procurement/Disbursement functions
- Approval Process
- Bank Authorized Signatories
- Advances & its liquidation
- Petty Cash payments
- Bank Reconciliations
- Cash in hand



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Property

- Assets Approval
- Recording
- Labeling
- End use check
- Disposition



Cost Share

- Type of Cost Share
- Valuation
 - Equipment
 - Voluntary services
 - Travel
 - Others
- Documentation
- Reporting



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Financial Review Report

- Documentary evidence for future
- Questioned costs
- Follow up on findings and resolution within 3 months of the issuance of the report



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THANK YOU!



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AUDIT MANAGEMENT

(Governed by ADS 591 & 596)

Anjali Aneja
RFMO, New Delhi



AUDIT

- An independent review and examination of records and activities
- The OIG (Office of Inspector General) is responsible for conducting and supervising audits related to USAID programs and its operations.



AUDIT TYPES

- Performance Audit
- Financial Audit of Grants & Contracts
 - Agency-contracted audit (ACA)
 - Recipient-contracted audit (RCA)—for non-profit organizations
 - A-133 US based non-profit organizations
 - Cost incurred audit—for profit organizations (DCAA)
 - Close-out Audit



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PERFORMANCE AUDIT

- Carried out by the OIG, an assessment of:
 - Program Effectiveness and Results
 - Economy and Efficiency
 - Compliance with legal or other requirements



PERFORMANCE AUDIT (CONTD.)

- Independent assessment of the Performance of
 - An Organization
 - A Program
 - An Activity or a Function
- In order to
 - Provide information to **improve public accountability**
 - Facilitate **decision-making** by parties
 - Initiate **corrective action**



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FINANCIAL AUDIT

- An assessment to determine whether the USAID funds have been **accounted for and used as intended** and in compliance with applicable laws and regulations



FINANCIAL AUDIT – ACA

- Agency-contracted audit (ACA)
- USAID contracts and pays for the audit
- The OIG monitors and reviews draft and final audit reports



FINANCIAL AUDIT – RCA

- Recipient Contracted Audit (RCA)
 - For governmental and non-governmental recipients
 - By independent audit firm (approved by the OIG)
- SOW (Scope of Work) to be approved by USAID
- Audit Reports are submitted to RIG/Manila for review and issuance through USAID/India



RCA - GUIDELINES

- Applies to governmental & non-governmental non profit prime recipients - grants, contracts, cooperative agreements
- Expenditures of \$300,000 or more during recipient's fiscal year
- Audit by OIG-approved independent accounting firm and based on **OIG Guidelines** for Financial Audits contracted by recipients



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RCA – GUIDELINES (CONTD.)

- If recipient is a **foreign organization**, the audit is generally conducted by a local CPA firm or by the host government's audit agency
- Audit report must be issued by auditing firm within 9 months following end of audited period



RCA - REPORTING

- Opinion on
 - **Fund Accountability Statement**
 - **Financial Statements**
- Reports on
 - **Internal Controls**
 - **Compliance**
 - **Computation of Indirect Costs**
 - **Cost Sharing Schedule**
 - **Prior Audit Recommendations**



OMB CIRCULAR A-133

US BASED NON PROFIT ORGANIZATIONS

- If recipient is US-based and expended \$500,000 or more in federal awards within its fiscal year, the audit must be conducted in accordance with OMB Circular A-133 by an independent CPA firm
- Audit Reports are submitted to the Federal Audit Clearing House, M/OP and OIG



INCURRED COST AUDIT - DCAA

- Generally conducted by the Defense Contract Audit Agency (DCAA)
- Conducted for profit organizations, regardless of amount of annual expenditures
- Conducted to determine
 - Allowability, Allocability, and reasonableness of claimed costs
 - Allowability of direct costs and recommend appropriate indirect cost rates



CLOSE - OUT AUDITS

- To be conducted after receipt of a final voucher for expenditures incurred under an award for all instruments in excess of obligation of \$500,000
- As a general rule, the annual incurred cost audit serves the purpose of a close-out audit
- RCAs of non-profit organizations conducted in accordance with OIG Guidelines is an acceptable close-out audit



AUDIT PROCESS

- Entrance Conference
- Field Work
- Exit Conference
- Draft Audit Report
 - Auditee's response due within 30 days of receipt of draft or timeframe specified by OIG
- Final Audit Report



AUDIT RECOMMENDATIONS

- Monetary
 - Questioned costs are either unallowable, ineligible or unsupported
- Non-monetary
 - Management Inefficiency such as
 - Weak internal controls
 - Non-compliance with agreement terms
 - Non – compliance with regulations and existing policies/procedures



QUESTIONED COSTS

- Unallowable
 - Non-compliance of a provision of a law, regulation, contract, grant or cooperative agreement
- Ineligible
 - Unreasonable
- Unsupported
 - Inadequate or lack of appropriate documentation



ADDRESSING AUDIT RECOMMENDATIONS

- Management Decision - Appropriate course of action to resolve audit findings (within 30 days of issuance of the report by RIG)
 - Determination on allowability of questioned costs
 - Issuance of Bill for Collection or demand for payment
 - Establishing/improving procedures



ADDRESSING AUDIT RECOMMENDATIONS

- Final Action - Closure of Audit Recommendation from Washington
 - Voucher offset, collection, legal decision for non-recovery, write-off
 - Completion and documentation of procedural action (within one year of management decision)



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QUESTIONS



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THANK YOU!



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Close Out of USAID Awards



AUTHORITY

- FAR 4.804 - Closeout of Contract Files**
- FAR 42.708 - Quick Closeout Procedure**
- OMB Circular A-110, D.71 – Closeout Procedures**
- 22CFR 226.71 – Closeout Procedures**
- Contract Information Bulletin 90-12**



Closing a USAID-Funded Activity

Two basic “good management” steps are required to successfully close an implementing activity:

- **A pre-close out plan**
- **Adherence to the plan**



Pre-Close Out Plan

- Multi-sectioned report of important close out areas
- Timeline for each section
- Assignment of staff responsible for each step of close out



Pre-Close Out Plan must include the following:

- Action Plan For All Staff
- Action Plan for all Activities
- Action Plan for Disposition of Property
- Action Plan for Final Report and Funds Accountability Statement
- Action Plan for Final Voucher



Action Plan for Staff

1. Inform all staff of impending closure
2. Meet with staff as a group to discuss work expected to be completed by closure
3. Set realistic goals with staff
4. Set timeline for releasing staff
5. Share timelines with all staff
6. Other suggestions



Action Plan for Activity

1. Inform activity participants of closure
2. Meet with participants as a group to discuss work expected to be completed by closure
3. Set realistic goals with participants
4. Set timelines with participants
5. Share timeline with all participants
6. Other suggestions



Action Plan for Disposition of Property

1. Submit an inventory of all residual non-expendable property titled to the U.S. Government and/or residual property with a purchase price of \$5,000 titled to the recipient under a grant or cooperative agreement or \$500 for a contract or task order, which was furnished / acquired with USAID funds. Sample format on next slide.
2. Identify to whom property will become titled after the award ends (USAID, Indian Government, NGO)
3. Submit form and a cover letter to CTO requesting transfer of the property to the new authority .



FINAL DISPOSITION OF PROPERTY

Organization Requesting Transfer:

Date:

Award Number:

Country:

Organization Manager:

Date:

Signature

<i>Serial Number</i>	<i>Item</i>	<i>Description</i>	<i>Purchase Cost</i>	<i>Date of Purchase</i>	<i>Current Value if Known</i>	<i>Full Name and Address of Group Receiving Transfer of Property</i>



Property Regulations:

- Contracts/Task Orders: AIDAR 752.245-71
- Grants/Cooperative Agreements:

Standard Provision on Title to and Use of Property for local NGOs

22CFR226.30-37 for USPVOs



Action Plan for Final Report

The final report is the approved format for quarterly progress reports. To the maximum extent practical follow your quarterly progress report format. **For Level of Effort contracts, make sure you include the LOE expended to date.**



Action Plan for Final Report

- Cover Page that clearly identifies the USAID award number, title, duration, location and sub-partners (if any).
- Table of contents with each section of the report numbered
- Succinct history of award that tracks original program description/scope of work and material programmatic modifications



Action Plan for Final Report.....

Build your report around your high-level objectives as set forth in your program description/scope of work and as tracked in your quarterly progress reports.



Action Plan for Final Report.....

For each high level objective, please address

- Methodology / approach to implementation
- Constraint(s) encountered and solution(s) for overcoming
- Lesson(s) learned that can be applied to future activities



Action Plan for Final Report....

For each objective (with any logical sub-level outcomes / outputs), please report in matrix form:

- Life of Project Target(s)
- End of award cumulative achievement
- Analysis of significant variance (+/- 10 percent)... the analysis could very well be tied back into a constraint and/or lesson learned



Action Plan for Final Report....

Sub-Awards

List all sub-awards in terms of organization's name; technical service delivery area(s); and primary locale(s) of activities.

Report the total value of each subaward and total amount paid to the subawardee.

Confirm that for each subaward the final audit has been completed; all outstanding issues have been satisfactorily resolved; the subaward has been officially closed; and the subawardee has been paid in full.



Action Plan for Final Report Funds Accountability Statement

Provide a final Funds Accountability Statement Reconciliation (by major line items)

Format must include:

- Final Approved budget line items
- Total line item expenditures up to Jan 31, 2008 (to include cost share)
- Balance remaining for each major line item
- Projected expenditures by month and line item until end of award (to include cost share)



Action Plan for Final Vouchers

1. Final voucher due up to 90 days after end date of agreement
2. Incurred expenses after end date will NOT be reimbursed
3. If a grant or cooperative agreement and there is an outstanding advance, a check for all remaining funds must accompany final voucher.
4. Mark the voucher as final voucher



USAID Report Timelines

For those awards with an end date of 9/30/2008:

March 1, 2008 Pre-Close Out Plan due to CTO

April 1, 2008 Request for Property Disposition due to CTO who will forward to Contracting/Agreement Office for concurrence (this does not apply to field support awards)

July 1, 2008 Draft Outline of Final Report due to CTO



USAID Report Timelines

Due up to 90 days after close out date –
Final Report and Funds Accountability Statement
Reconciliation to CTO

Due up to 90 days after close out date –
Final Voucher and Refund (if applicable) to CTO



ROLES & RESPONSIBILITIES

ROAA

- Coordinates all post award correspondence documentation.
- Determines if audit is required.
- Where applicable, requests OAA/W for negotiation of the final NICRA.
- Obtains Contractor's Release of Claim (AID form 1420-40) for inclusion in the file.



ROLES & RESPONSIBILITIES

CTO

ENSURES:

- Performance was completed, accepted and all the required reports submitted as stipulated in the award.
- Goods were delivered, inspected and received.
- Coordinates with awardee to ensure ALL residual non-expendable property owned by the US Government was accounted for.
- Awardee has submitted final inventory of all residual non-expendable property.
- Completion statement cleared.



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ROLES & RESPONSIBILITIES

CONTROLLERS

TO CONFIRM:

- Total amount obligated/committed.
- Total amounts expended/disbursed.
- Collection of ALL advances/Bills for Collection.
- Receipt and recording of final voucher.
- Final resolution of audit recommendations.
- Reconciles letter of credit balances with AID/W.
- Clear final award completion statement.



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Q&A ??



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Contractor Performance System (CPS) **WORLD WIDE SYSTEM**



What is NIH/CPS?

- The National Institutes of Health (NIH) [Contractor Performance System](#) (CPS) is a multi-agency USG system that is a shared file used to collect, maintain, and disseminate contractor performance evaluations for Federal departments/agencies.



What is NIH/CPS? contd

The CPS is an Internet based system for capturing, maintaining, and disseminating contractor performance evaluations on:

- quality of products/services,
- cost control, timeliness,
- business practices, and
- customer satisfaction

throughout the Federal Government's acquisition offices worldwide.



Web Addresses

- **Contractor Performance System**
http://cps.od.nih.gov/CPS_Information7.html
- **PPIRS Home Page**
<http://www.ppirs.gov/>



Evaluation of Contractor Performance

Contracts (except PSC's), Task Orders and Blanket Purchase Agreement Orders which exceed **\$100,000** must be evaluated:

- at least annually (for contracts exceeding one year in duration) and



/ continued

- on completion of activities, as required by FAR 42.1502, except as provided in FAR 42.1502(b) and AIDAR 742.15.
- More frequent evaluations may be conducted if the Contracting Officer (CO) and Cognizant Technical Officer (CTO) determine them to be in the best interest of the activity.
- CPRs are not conducted for grants and cooperative agreements.



Past Performance Report

Among other things, Contractor Performance Reports (CPRs) are used to support future contract award decisions and therefore are designated as “Source Selection Information” and must be handled in accordance with FAR 3.104.



ROLES:

Contracting Officer (CO): Initiates new evaluations, works with CTO to rate and comment on Contractor's performance, controls evaluation throughout the process and finalizes evaluation.



/ continued

- CTO: Responsible for ratings and comments on Contractor's performance. Works closely with the CO and/or with the Acquisition Specialists. Rating must be supported by a narrative and documentation to assist the CO in making a determination prior to sending the report to the Contractor.



What is Evaluated?

- Contractor's record of conforming to specs and standards of good workmanship
- Contractor's record of containing and forecasting costs
- Contractor's adherence to contract schedules



What is Evaluated? contd

- Contractor's history of reasonable and cooperative behavior and commitment to customer satisfaction
- The contractor's business-like concern for the interest of the customer



How is Scoring Done?

VERY IMPORTANT!!

Scoring is done on a scale of 0-5 with a score of 5 given for outstanding performance.

Contractors that satisfy the terms and conditions of the contract will receive a 3 (good). Any scores above or below must be supported by narrative justifying a higher or lower mark.



Data Collected

- **Ratings and Comments for:**
 - Quality of Product or Service
 - Cost Control
 - Timeliness of Performance
 - Business Relations
- **Comments on Subcontractors**
- **Comments on Key Personnel**
- **Customer Satisfaction**



Summary of the CPR Evaluation Process

- The CO identifies the actions due for interim and final performance evaluations.
- The CO completes the contract data and assigns the report to the CTO.



/ continued.....

- The CTO reviews the contract data, rates and comments on the contractor's performance.
- The CO must supplement or revise the CTO's assessment as appropriate.



/ continued.....

- The CO makes the Contractor Performance Report available to the contractor (via Internet or mail) for review and comment.
- The contractor has at least 30 days to provide the CO with comments, rebutting statements or additional information.



/ continued

- The CO has the discretion to allow the contractor additional time.
- The CO must consider the contractor's input submitted and revise the Government ratings and comments if he/she deems it appropriate.



/ continued

- If the contractor submits a response that results in a disagreement between the parties involved in the evaluation, the matter must be referred to a level above the CO.
- The official at this level must review the case and make a decision in writing within 15 days of receipt of the contractor's response.

This decision is final.



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Q & A ??



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BRANDING, MARKING AND COMMUNICATIONS

Close-Out Partners' Seminar

February 15, 2008



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Branding and Marking

- Why We Do It
- General Rules
- Frequently Asked Questions
- Resources for Learning More



Why is Branding and Marking Important?

- Foreign Assistance Act of 1961, section 641, requires that all programs under the Foreign Assistance Act be identified appropriately overseas as "American Aid."
- One of the three "D's" -- Diplomacy, Defense and Development
- Telling the "Good News Story"
- Seven Times Before it Sticks



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Potential Logos



USAID

அமெரிக்க மக்களின் நன்கொடை



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General Rules

- All assistance must be marked with the USAID logo (with a few exceptions)
- Contractors should mark with the USAID logo exclusively
- Grantees and Cooperative Agreement holders should co-brand
- Public-Private Partnerships should include branding and marking plans
- All partners should have Branding and Marking plans



Frequently Asked Question

- We Mark Our Assistance – Not the People
- Business Cards – NO USAID LOGOS for partners or grantees
- No marking of project offices required
- Construction sites **AND** the final building/bridge must be marked
- Government partners logos are appropriate



Resources

- Your Contract, Grant or Cooperative Agreement
- Your CTO
- Revised and expanded ADS chapter on Branding and Marking issued 01/10/07. [ADS Chapter 320](#) provides extensive guidance on the implementation of USAID's branding and marking requirements.
- USAID Graphics Standards Manual*
- USAID general website – www.usaid.gov
- USAID India website, Implementing Partners Information – www.usaid.gov/in
- USAID India Communications Office

*The USAID Graphic Standards Manual was written *before* the finalization of ADS 320. Inconsistencies between the GSM and the ADS chapter exist. ADS 320 should be used in the case of inconsistencies.



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Contact Your USAID Communications Officer when:

- Planning an event
- You get good press
- You get bad press
- You have a success story
- You have photos of an event
- You have a question
- You have a new newsletter



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Thank you!