



Cognizant Technical Officer (CTO) Designation - Grant Administration

A Mandatory Reference for ADS Chapter 303

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**Cognizant Technical Officer (CTO) Designation –
Grant Administration**

TO: _____ (Individual Nominated by the Requiring Office)

And _____ (Alternate Nominated by the Requiring Office)

FROM: _____, Agreement Officer (AO)

SUBJECT: Grant Administration Authorities

DATE: _____

REF: Grant Number _____ with _____

You have been nominated to be the designated representative to provide technical and administrative oversight of the referenced assistance award. In this letter, I formally accept this nomination and designate you the cognizant technical officer (CTO) for the award. As the CTO, you are required to **work as part of a team with me** (or my successor agreement officer) to ensure that USAID exercises prudent management over its assistance funds. This letter and the relevant sections of Automated Directives System (ADS) Chapter 303 ("Grants and Cooperative Agreements to Non-Governmental Organizations") state the specific duties, authorities, and limitations that accompany this designation. Your familiarity with ADS 303, 22 CFR 226 entitled "Administration of Assistance Awards to U.S. Non-Governmental Organizations", and Contract Information Bulletins (CIBs) or Acquisition and Assistance Policy Directives (AAPDs) issued periodically that affect your duties as CTO is critical to your carrying out your responsibilities successfully. You are to maintain frequent liaison and direct communications with the recipient, but you must understand that the nature of the relationship is that of supporting their public purpose, not obtaining the recipient's technical assistance or services for USAID.

Properly discharging your duties and responsibilities as a CTO minimizes your risk of facing disciplinary action. The areas in which you must be particularly cautious involve contracting authority and financial management, when your improper actions could indicate gross negligence.

In Grant Administration, this involves exceeding your authority as a CTO and taking actions that are beyond your authority as delegated in this letter. If you have any questions in this area, contact the AO for advice BEFORE you take any action.

In Financial Management, your risk increases when you act in a manner that is other than what would be expected of a reasonable individual. At a minimum, a reasonable individual would be expected to:

- take reasonable steps to assure that the recipient has submitted all required program and financial reports;
- make logical decisions from the information they have available (even if it isn't totally complete); and
- document and provide justification for the action. (The documentation need not be formal or extensive, but it should be easily understood by an auditor or other third party individual reviewing it.)

I. RESPONSIBILITIES

As CTO, your first responsibility is to read the entire grant and thoroughly acquaint yourself with its purpose, terms, conditions, and the respective roles and responsibilities of the recipient, the agreement officer (AO) and the CTO in ensuring the grant accomplishes its purpose. You should also periodically review the grant to maintain your familiarity with its terms and conditions.

The following summarizes your CTO responsibilities:

A. **Monitoring.** You are responsible for monitoring the recipient's progress in achieving the objectives of the Program Description in the subject award and for verifying that the recipient's activities being funded by USAID under the referenced award conform to the terms and conditions of that award. For example, U.S. organization recipients that expend \$500,000 or more in Federal funds during a fiscal year must obtain a single or program-specific audit conducted for that year in accordance with OMB Circular A-133, and non-U.S. organization recipients that expend more than \$300,000 or more in USAID funds during a fiscal year must also obtain an annual audit, in accordance with ADS 591.3.2.1.

B. **Grant Revisions.** You are responsible for making a written recommendation to the AO when any changes to the Program Description, technical provisions, and/or any other term or condition of the award are necessary, along with a justification for the proposed action.

C. **Financial Management.** Although the responsibility for making payments and accounting for funds and balances rests in the Office of Financial Management (M/FM) or overseas Controller, you must administer financial management responsibilities by

- Ensuring that all funding actions comply with USAID's forward funding guidelines (ADS 602, Forward Funding of Program Funds).
- Reviewing the recipient's request for payments or financial reports and providing or denying your administrative approval if required by the procedures in ADS Chapter 630, Payables Management.

- Monitoring the financial status of the award on a regular basis to ensure that the level of funding is the minimum necessary.
- Developing accrued expenditures on a quarterly basis in accordance with ADS 631, Accrued Expenditures, and instructions from M/FM or the mission controller. Please note that you are to do this using information on hand and must not interpret this requirement as authority for requesting any additional financial reports from the recipient.
- Reviewing and documenting the review (for example, signing and dating a copy of the financial report) of financial status reports for U.S. organizations with letters of credit and periodic advance payments to monitor financial progress.
 - Contacting the recipient for further explanation if questions arise regarding the appropriateness of expenditures, and
 - Contacting the agreement officer if not satisfied with the recipient's explanation.
- Initiating a request to the agreement officer to deobligate funds if at any point it is apparent that the amount of available funds is more than will be necessary to complete the grant activities (see ADS 621 Obligations and Internal Mandatory Reference “Deobligation Guidebook”)
- Monitoring recipient compliance with the requirement for them to obtain any host country tax exemptions for which they are eligible; and
- Upon completion of the work under the award, reviewing any unliquidated obligation balance in the award and working with the agreement officer to deobligate excess funds before beginning close-out actions (see ADS 621 Obligations and Internal Mandatory Reference “Deobligation Guidebook”).

D. Security. You must coordinate with the Office of Security (or its designee) to obtain necessary security clearances and appropriate identification for the recipient and designated personnel if the grant is classified in accordance with ADS Chapter 567 (“Classified Contracts, Grants, Cooperative Agreements, and Contractor/Recipient Personnel Security”). If this grant is unclassified but requires recipient employees to have building passes to enter either the USAID Headquarters building or a Mission or Embassy overseas, you are responsible for coordinating with your Bureau or Office Administrative Management Officer, Mission Executive Officer, or other individual responsible for requesting passes (see ADS 567). You are also responsible for notifying the Office of Security whenever any recipient personnel no longer need a building pass.

II. ADMINISTRATION

A. Communications. ADS section 303.5.17 contains the policies and procedures for our joint administration of grants and cooperative agreements. Agreement officers are the mandatory control point of record for all official communication that would constitute an amendment to the award; therefore, please ensure that you provide me, within two

business days after you transmit it to the recipient, a copy of any communications between you and the recipient that may lead to an amendment to the award or that may affect the recipient's rights or responsibilities under this grant. You are responsible for reviewing all performance and financial reports for adequacy and responsiveness and for requesting that I take the necessary action when these reports are not submitted, are inadequate, or indicate a problem.

B. CTO Files. As the CTO, you have an important responsibility for establishing and maintaining adequate CTO files. These files are your primary tools for carrying out your duties and responsibilities as the CTO for this grant and must document actions you take as CTO. Inadequate files will impede your or your successor CTO's ability to manage the grant and therefore may jeopardize the program for which it was awarded. These files will also help successor CTOs to understand your actions as CTO and the reasons behind such actions, as well as to have adequate files for audit purposes. You are responsible for ensuring that the files contain the following, at a minimum:

- A copy of this CTO designation letter;
- A copy of the grant and all of its amendments;
- A copy of all correspondence between the CTO and the recipient;
- The names of technical and administrative personnel assisting the CTO;
- A copy of records of CTO approvals, invoices and other financial documents, initialed to demonstrate CTO review, and other administrative paperwork and correspondence;
- The basis for the CTO's accrual estimates (see ADS 631 Accruals, section 631.3.1 and Additional Help – Accrual Documentation);
- A copy of financial documentation to support their activities in the financial management area such as the SF-269 (ADS 630.3.3.4); and
- Budget pipeline analysis documentation.

III. LIMITATIONS

A. Scope of Authority/Avoiding Unauthorized Commitments. Your authority does not include making any changes in the Program Description, the terms and conditions of the award, or the total estimated budget. I must caution you that actions you take or directions you give beyond the authorities provided in this memorandum or in ADS 303 may create unauthorized commitments under the award. Any such unauthorized actions can lead to serious disputes and legal action that unnecessarily tie up Agency personnel and resources. In the worst case, you may be subject to disciplinary action if it is determined that the unauthorized commitment is a violation of the Anti-Deficiency Act, 31 U.S.C. secs. 1341- 1351, which also provides for criminal penalties.

B. Re-delegation. You may not re-delegate the authorities or responsibilities contained in this memorandum to any other person. As you carry out your CTO duties, you may ask others to assist you, but such assistance has limits. For example, you may ask others to conduct fact-finding or make recommendations to you regarding actions you may take as CTO. However, anyone assisting you must not take any action that directly affects the recipient's rights or ability to carry out the program for which the grant was awarded. The ultimate responsibility for any actions taken, by you or others assisting you, remains with you.

Exception: In your absence, and only in your absence, (See ADS 303.3.17(g)), _____ is hereby authorized to act on your behalf. If this individual is not available to carry out your CTO responsibilities during your absence, notify the AO as soon as possible and recommend a substitute who can be designated as CTO for the duration of your absence. To ensure minimal disruptions, please notify the recipient and the AO as soon as possible when you will be unavailable to discharge your CTO responsibilities for a period of more than two weeks.

C. Duration of CTO Designation. This designation will remain in effect for the life of the award unless the AO rescinds it in writing or you resign this position. If you cannot fulfill your responsibilities as CTO for any reason (e.g., transfer to another post), please notify the AO as soon as possible in order to ensure the timely designation of a successor.

IV. TRAINING

Only individuals who have successfully completed the "Phoenix Accruals On-Line Training" course are eligible to be designated as a CTO.

USAID has a CTO Certification Program with formal classroom courses. The specific requirements are outlined in **USAID General Policy Notice entitled "Cognizant Technical Officer (CTO) Training and Certification Program," issued September 29, 2005 (Notice 0983).**

You must make reasonable efforts to obtain training and become a certified CTO as soon as practicable and in compliance with USAID regulations or policy as specified by the Office of Human Resources (HR). The Training and Education Division of HR has an internal website that lists courses, schedules, how to register, and other important certification information, at <http://inside.usaid.gov/M/HR/lsd/ctocert.html>. To determine your certification status, you may contact the CTO Training Coordinator in the Training and Education Division in the Office of Human Resources (For Internal Use only - see Point of Contact on the CTO Certification Program Web page at <http://inside.usaid.gov/M/HR/lsd/ctocert.html>

V. STANDARDS OF CONDUCT AND CONFLICTS OF INTEREST

As an employee of the Federal Government, you must respect and adhere to the principles of ethical conduct set forth in Title 5 of the Code of Federal Regulations, Part 2635—Standards of Ethical Conduct for Employees of the Executive Branch. (see 22 CFR 2635). You must notify the AO immediately of any suspected fraud, bribery, conflict of interest, or improper conduct on the part of the recipient or any member of its staff.

As a CTO, you are responsible for protecting the U.S. Government's interests, while supporting its reputation for fair and equal dealings with all partners, including grant recipients. Therefore, if you have any direct or indirect financial interests in violation of 18 U.S.C. 208 and/or 5 CFR 2635.401 and 5 CFR 2635.501 that may place you in a position where there is a conflict between your private interests and the public interest of the United States, you must immediately inform your supervisor, the agreement officer, and the Assistant General Counsel for Ethics Administration (GC/EA, see <http://inside.usaid.gov/A/GC/EA/> for more information) of this conflict so that appropriate action may be taken. As CTO, you must avoid the appearance of such conflict in order to preserve public confidence in the U.S. Government employee's conduct of business. Furthermore, you agree to be aware of the post-employment restrictions on former USG employees, including Personal Service Contractors, found in 18 U.S.C. 207 to detect possible violations.

ACKNOWLEDGEMENT

Your signature below confirms that you

- (1) Accept this appointment, and
- (2) Agree to comply with all duties, responsibilities, and limitations outlined in this letter, particularly those pertaining to conflicts of interest by agreeing to conduct business dealings to avoid conflicts of interest and in a completely impartial manner.

After signing below, either return this original memorandum (and retain a copy) or return a copy (and retain the original) to me within ____ days. I will send a copy to the recipient as well as to the others indicated below.

AGREEMENT OFFICER SIGNATURE

DATE

I HEREBY ACCEPT THIS APPOINTMENT AND ACKNOWLEDGE MY DUTIES AND RESPONSIBILITIES:

COGNIZANT TECHNICAL OFFICER SIGNATURE DATE _____

cc: _____, Alternate CTO
_____, Paying Office or Mission Controller
_____, Recipient
_____, CTO's supervisor
_____, Recipient

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