WEBINAR
PROCUREMENT AND PROPERTY MANAGEMENT COMPLIANCE ISSUES

28 February 2024

Presented by:
Accelerating Support to Advanced Local Partners (ASAP II)
Subject Matter Expert Trainer

Doug Franke, US CPA
Managing Partner
SustainAbility Solutions PC

- Partner at PwC before founding SSPC
- 42 years of on-the-ground experience with USAID/USG rules
- Yellow Book audit expert
- NGOs/LIPs worldwide are clients
- Only peer-reviewed audit firm in Africa

Doug.franke@sustainabilitysolutions.co.za
+27 82 444 2894
PROCUREMENT MANAGEMENT
### PROBABLE UPCOMING CHANGES TO THE UNIFORM GUIDANCE MARCH/APRIL 2024

<table>
<thead>
<tr>
<th>01</th>
<th>02</th>
<th>03</th>
<th>04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
</tr>
<tr>
<td>Increase the single audit threshold from $750,000 to $1 million and the thresholds for equipment and supplies from $5,000 to $10,000. Sec. 200.313, 200.314 &amp; 200.501</td>
<td>Clarify what Federal agencies approve costs requiring prior approval when the Federal award is issued if the costs were included in the recipient’s proposal and do not require subsequent approval prior to expenditure. Sec. 200.407</td>
<td>Continue to provide Federal agencies with discretion to apply subparts A-E of part 200 to for-profit entities, foreign public entities, or foreign organizations. Sec. 200.101(c)</td>
<td>Change the definition of “Modified Total Direct Costs” to exclude subaward costs above $50,000 rather than $25,000. Sec. 200.1</td>
</tr>
</tbody>
</table>
## Probable Upcoming Changes to the Uniform Guidance March/April 2024

<table>
<thead>
<tr>
<th>Year</th>
<th>Changes Directly Impacting Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
<td>Clarify that recipients and subrecipients must promptly disclose any “credible evidence” of a Federal criminal law potentially affecting the Federal award. Sec. 200.113</td>
</tr>
<tr>
<td>06</td>
<td>Entitle recipients to any unexpected funds under a fixed amount award. Sec. 200.201</td>
</tr>
<tr>
<td>07</td>
<td>Remove the current Simplified Acquisition Threshold ($250,000) for fixed amount awards. Sec. 200.333</td>
</tr>
<tr>
<td>08</td>
<td>Provide additional flexibilities for recipients when interest bearing accounts are not accessible in a foreign country. Sec. 200.305</td>
</tr>
<tr>
<td>09</td>
<td>Allow program income for certain closeout costs. Sec. 200.307</td>
</tr>
</tbody>
</table>
### PROBABLE UPCOMING CHANGES TO THE UNIFORM GUIDANCE MARCH/APRIL 2024

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
</tr>
<tr>
<td>Clarify that recipients do not need approval of individual subrecipients, but only when making subawards of programmatic activities not proposed by the recipient in the application for an award. Sec. 200.308</td>
<td>Eliminate prior approvals for real property, direct costs, entertainment costs, exchange rates, memberships, participant support costs, selling and marketing costs, and taxes. Sec. 200.407</td>
<td>Clarify recipients and subrecipients may notify OMB of any disputes with regards to a Federal agency’s application or acceptance of a federally negotiated indirect cost rate. Para. (c)(2) of Sec. 200.414</td>
<td>Clarify that pass-through entities must accept all federally negotiated indirect cost rates for subrecipients. Para. (d) of Sec. 200.414</td>
</tr>
</tbody>
</table>
## Probable Upcoming Changes to the Uniform Guidance March/April 2024

<table>
<thead>
<tr>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Changes Directly Impacting Recipients</strong></td>
<td><strong>Changes Directly Impacting Recipients</strong></td>
<td><strong>Changes Directly Impacting Recipients</strong></td>
<td><strong>Changes Directly Impacting Recipients</strong></td>
</tr>
<tr>
<td>Raise the <em>de minimis</em> rate from 10% to 15%. Para. (f) of Sec. 200.414</td>
<td>Require subrecipients to certify to pass-through entities that financial information submitted to the pass-through entity is complete and accurate. Sec. 200.415</td>
<td>Remove the requirement for prior approval of fluctuations of exchange rates. No approval is required because an exchange rate has fluctuated and resulted in a necessary charge to available funding. Sec. 200.440</td>
<td>Remove the prior approval requirement for participant support costs or selling and marketing costs. Sec. 200.456 &amp; 200.467</td>
</tr>
</tbody>
</table>
## PROBABLE UPCOMING CHANGES TO THE UNIFORM GUIDANCE MARCH/APRIL 2024

<table>
<thead>
<tr>
<th>18</th>
<th>19</th>
<th>20</th>
<th>21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CHANGES DIRECTLY IMPACTING RECIPIENTS</strong></td>
<td>Include closeout costs upon termination. Sec. 200.472</td>
<td>Allow charging administrative costs specifically associated with the closeout of a Federal award. Sec. 200.472</td>
<td>Require that compliance testing must include a test of transactions to provide the auditor with sufficient evidence to support an opinion on compliance. Sec. 200.514</td>
</tr>
</tbody>
</table>
Co-AG

NoA

SUBPART D .300
POST-FEDERAL AWARD REQUIREMENTS STANDARDS FOR FINANCIAL & PROGRAM MANAGEMENT

MSP ADS 303
HHS/GPS

SUBPART C .200
PRE-FEDERAL AWARD REQUIREMENTS & CONTENTS OF FEDERAL AWARDS

22 CFR 226
45 CFR 74

SUBPART E .400
COST PRINCIPLES

COST PRINCIPLES
OMB A-122
OMB A-21
FAR 31.2

SUBPART F .500
AUDIT REQUIREMENTS

AUDIT
US GAGAS
“YELLOW BOOK”
OMB A-133
COOPERATIVE AGREEMENT

ATTACHMENT A:  SCHEDULE

ATTACHMENT B:  PROGRAM DESCRIPTION

ATTACHMENT C:  NON-US MSPs & RAAPs OR US MSPs & RAAPS

ATTACHMENT D:  MARKING/BRANDING

ATTACHMENT E:  ENVIRONMENTAL
ATTACHMENT A: SCHEDULE

A.1 Purpose of Cooperative Agreement
A.2 Period of Cooperative Agreement
A.3 Amount of Cooperative Agreement and Payment
A.4 Cooperative Agreement Budget
A.5 Reporting, Monitoring and Evaluation
A.6 Title To and Use of Property
A.7 Indirect Cost Rate
A.8 Program Income
A.9 Cost-Sharing (Matching)
A.10 Authorized Geographic Code
A.11 Substantial Involvement Understandings
A.12 Resolution of Conflicts
A.13 Post-Award Agreement Administration
A.14 Special Provisions
A.15 Environmental Compliance and Management
A.16 Standard/Mandatory Provisions
A.17 Branding Strategy and Marking Plan
A.18 Termination
A.19 Disputes
A.20 Management Review and External Evaluation
Standard Provisions for Non-U.S. Nongovernmental Organizations

A Mandatory Reference for ADS Chapter 303
**MUST VERSUS SHOULD EXPLAINED**

ECFR 200.101 APPLICABILITY/UNIFORM GUIDANCE:
884 MUSTS (including appendices)

2 CFR 200 ADS303mab/MANDATORY STANDARD PROVISIONS AND REQUIRED AS APPLICABLE PROVISIONS
315 MUSTs
38 MUST NOTs
WHICH RULES APPLY TO WHO?

USAID – CDC/NIH

U.S. PRIME

APPLY THE 2 CFR 700
2 CFR 200 & U.S. MSPs

or

45 CFR 75 & NEW GPS

U.S. SUBs

GET U.S. MSPs WHICH INCLUDE
2 CFR 200 & 700
45 CFR 75 & NEW GPS

NON-U.S. SUBs

GET NON-U.S. MSPs WHICH INCLUDE 2 CFR 200, 400 ONLY
45 CFR 75 & NEW GPS

NON-U.S. OFFICE
SAME RULES AS HOME OFFICE
WHICH RULES APPLY TO WHO?

USAID – CDC/NIH

NON-U.S. (FOREIGN) PRIME
GET NON-U.S. MSPs WHICH INCLUDE 2 CFR 200.400 ONLY
or 45 CFR 75 & NEW GPS

U.S. SUBs
GET U.S. MSPs WHICH INCLUDE 2 CFR 200 & 700
45 CFR 75 & NEW GPS

NON-U.S. SUBs
GET NON-U.S. MSPs WHICH INCLUDE 2 CFR 200.400 ONLY
45 CFR 75 & NEW GPS
The old rules apply until the Agreement Officer formally modifies your award. (But also consider the Implementing Partner Notices (IPN) Portal requirements M21)

Make sure you still follow any award-specific requirements which would be in Schedule or Attachment A.
QUESTIONS & ANSWERS
Specific USG Rules & Regulations

Standard Provisions:
- M5: Procurement Policies
- M6: USAID Eligibility Rules for Procurement of Commodities and Services
- M11: Recipient and Employee Conduct
- M12: Debarment and Suspension
- M14: Preventing Transactions with, or the Provision of Resources to, Sanctioned Groups and Individuals
- M18: Nondiscrimination
- M24: Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements
Specific USG Rules & Regulations (continued)

Standard Provisions (continued):
- M25: Child Safeguarding
- M28: Conflict of Interest
- M29: Prohibition on Certain Telecommunication and Video Surveillance Services or Equipment
- RAA10: Ocean Shipment of Goods

Electronic Code of Federal Regulations (eCFR):
- 2CFR200.403 Factors allowing Allowability of Costs
- 2CFR200.404 Reasonable Costs
Specific USG Rules & Regulations (continued):

Electronic Code of Federal Regulations (continued):
- 2CFR200.405 Allocable Costs
- 2CFR200.407 Prior Written Approval (Prior Approval)

Considerations for selected items of cost (still ecfr)
- 2CFR200.421 Advertising and Public Relations
- 2CFR200.422 Advisory Councils
- 2CFR200.423 Alcoholic Beverages
- 2CFR200.425 Audit Services
- 2CFR200.432 Conferences
- 2CFR200.438 Entertainment Costs
- 2CFR200.439 Equipment and other Capital Expenditures
Recipient MUST use its own procurement policies and procedures provided they conform to the *(significant)* requirements in this provision and the MSP #6 “Eligibility Rules”.

Must maintain and conduct procurement according to written policies and procedures (but you can designate a reasonable micro-purchase threshold with simple acquisition procedures.

The written procedures must provide, at a minimum:

- When over the micro-purchase threshold, procurement actions must be conducted to provide fair and unbiased competition including:
  - All responsible sources permitted to compete equally
  - Purchase requests to be clear on all requirements to be fulfilled for evaluation
  - Contracts to be made to the responsive offeror that has the most advantageous price, quality and other factors, and
  - The recipient is encouraged to use U.S. small businesses, where practicable.
PROCUREMENT POLICIES
[Part I, M5] Cont…

► Where appropriate, the recipient must determine the most economical and practical means to accomplish program objectives including the necessity of commodities or services, lease or purchase options and reasonableness of costs.

► You must maintain a system for contract administration to ensure that you obtained proper and complete value for money.

► You must avoid conflicts of interest (including bias & unfair competitive advantage). Your standards of conduct must provide for disciplinary actions for violators. Recipient employees must not solicit or accept anything of monetary value from contractors or parties to subawards.

► The developer of a TOR or RFP is excluded from competing for it.

► All potential contractors must have equal access to procurement information.

► You must maintain all procurement records for at least 3 years from the submission of the final expenditure report and for awards over your micro-purchase level also keep:
  ▪ Basis for contractor selection
  ▪ Justification for lack of competition when competitive bids not obtained, and
  ▪ Basis for award (e.g. cost or price)
PROCUREMENT POLICIES

[Part I, M5] Cont…

► Procurement types (e.g. Purchase Orders, fixed price contracts, cost reimbursable contracts etc.) must be appropriate for the particular procurement and for promoting the best interests of the program.

► For contracts under your award you must include all provisions required by this award to be included in contracts including the following provisions:

  ▪ Contracts in excess of your micro-purchase level must contain provisions that allow for administrative, contractual, or legal remedies if a contractor violates the contract terms, and

  ▪ In all contracts for construction or facility improvement greater than $100K, you must observe generally accepted bonding requirements.
This provision is not applicable to commodities or services procured with private or cost-share funds – or Program Income:

**INELIGIBLE COMMODITIES AND SERVICES**

- Military equipment.
- Surveillance equipment.
- Commodities and services for support of police or other law enforcement activities.
- Abortion equipment and services.
- Luxury goods and gambling equipment, or
- Weather modification equipment.
INELIGIBLE SUPPLIERS

Any firms or individuals that do not comply with the requirements in Std. Provision “Debarment and Suspension” (MSP 12) and “Preventing Terrorist Financing” (MSP 14) must not be used to provide any commodities or services funded under this award.
RESTRICTED COMMODITIES

Recipients must obtain prior written approval from the Agreement Officer (or comply with waiver requirements when buying):

- Agricultural commodities
- Motor vehicles
- Pharmaceuticals
- Pesticides
- Used equipment
- U.S. Government-owned excess property
- Fertilizer
SOURCE AND NATIONALITY

Recipients must follow the requirements of 22 CFR 228 when buying USAID-funded commodities and services or obtain prior written approval from the Agreement Officer.

If Geographic Code is not specified, the default code is 937 “advanced developing countries“ (which is a new category so take the time to learn these codes and rules). See ADS 310.

When life of award procurement value is <$250,000 the Geographic Code is 935 “developing countries”.

USAID ELIGIBILITY RULES FOR PROCUREMENT OF COMMODITIES AND SERVICES

[Part I, M6] Cont…
The AO can provide guidance on the eligibility of specific commodities and services.

Not following these rules can lead to disallowance of the entire amount of the purchase.

This provision must be passed down in all subagreements, contracts etc. which include procurement of commodities or services.
The recipient must not transact or conduct business under this award with any individual or entity listed on the Excluded Parties List System (www.sam.gov) unless prior approval is received from the AO. (This is now under the new System for Award Management site).

The list contains individuals and entities that the USG has suspended or debarred for various reasons. Ask your AO for more information.
The Official U.S. Government System for:

**Contract Opportunities**  (was fbo.gov)

**Contract Data**  (Reports ONLY from fpds.gov)

**Wage Determinations**  (was wdol.gov)

**Federal Hierarchy**  Departments and Subtiers

**Assistance Listings**  (was cfda.gov)

**Entity Registration**  Including Disaster Response Registry

**Entity Reporting**  SCR and Bio-Preferred Reporting

**Exclusions**

Already know what you want to find?

Select Domain... e.g. 1606N020Q02
Exclusions

An exclusion record identifies parties excluded from receiving Federal contracts, certain subcontracts, and certain types of Federal financial and non-Financial assistance and benefits. Exclusions are also referred to as suspensions and debarments.

Search Exclusions

Gupta

Show active only
<table>
<thead>
<tr>
<th>Name</th>
<th>Classification</th>
<th>Activation Date</th>
<th>Termination Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ajay Gupta</td>
<td>Individual</td>
<td>Oct 10, 2019</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Anjan Dutta Gupta</td>
<td>Individual</td>
<td>Feb 10, 2014</td>
<td>May 8, 2023</td>
</tr>
<tr>
<td>Salim Esa</td>
<td>Individual</td>
<td>Oct 10, 2019</td>
<td>Indefinite</td>
</tr>
<tr>
<td>Company Name</td>
<td>Status</td>
<td>DUNS</td>
<td>Unique Entity ID</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-----------</td>
<td>------</td>
<td>------------------</td>
</tr>
<tr>
<td>Super Solutions, L.L.C.</td>
<td>Active</td>
<td></td>
<td>(blank)</td>
</tr>
<tr>
<td>Surface Planting Solutions</td>
<td>Active</td>
<td></td>
<td>(blank)</td>
</tr>
<tr>
<td>Synergy Billing Solutions, LLC</td>
<td>Active</td>
<td></td>
<td>(blank)</td>
</tr>
<tr>
<td>Synergy Medical Solutions, Inc.</td>
<td>Active</td>
<td></td>
<td>(blank)</td>
</tr>
</tbody>
</table>
The recipient must not engage in any transactions with, or provide resources or support to, individuals and organizations associated with terrorism. In addition, the recipient must verify that no support or resources are provided to individuals or entities that appear on the Specially Designated Nationals and Blocked Persons list at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx

This is a pass-down provision.
Treasury Data on American Rescue Plan’s Historic Investments in Economic Growth
Specially Designated Nationals And Blocked Persons List (SDN) Human Readable Lists

Last Updated: 02/23/2024

As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" or "SDNs." Their assets are blocked and U.S. persons are generally prohibited from dealing with them. View more information on Treasury's Sanctions Programs.
Sanctions List Search

Specially Designated Nationals and Blocked Persons list ("SDN List") and all other sanctions lists administered by OFAC, including the Foreign Sanctions Evaders List, the Non-SDN Iran Sanctions Act List, the Sectoral Sanctions Identifications List, the List of Foreign Financial Institutions Subject to Correspondent Account or Payable-Through Account Sanctions and the Non-SDN Palestinian Legislative Council List. Given the number of lists that now reside in the Sanctions List Search tool, it is strongly recommended that users pay close attention to the program codes associated with each returned record. These program codes indicate how a true hit on a returned value should be treated. The Sanctions List Search tool uses approximate string matching to identify possible matches between words or character strings as entered into Sanctions List Search, and any name or name component as it appears on the SDN List and/or the various other sanctions lists. Sanctions List Search has a slider-bar that may be used to set a threshold (i.e., a confidence rating) for the closeness of any potential match returned as a result of a user’s search. Sanctions List Search will detect certain misspellings or other incorrectly entered text, and will return near, or proximate, matches, based on the confidence rating set by the user via the slider-bar.

OFAC does not provide recommendations with regard to the appropriateness of any specific confidence rating. Sanctions List Search is one tool offered to assist users in utilizing the SDN List and/or the various other sanctions lists; use of Sanctions List Search is not a substitute for undertaking appropriate due diligence. The use of Sanctions List Search does not limit any criminal or civil liability for any act undertaken as a result of, or in reliance on, such use.

Download the SDN List          Sanctions List Search: Rules for use          Visit The OFAC Website
Download the Consolidated Non-SDN List
### PREVENTING TERRORIST FINANCING

[Part I, M14] Cont...

**Download the SDN List**

**Download the Consolidated Non-SDN List**

**Visit The OFAC Website**

**Program Code Key**

---

#### Lookup

<table>
<thead>
<tr>
<th>Type:</th>
<th>Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>SustainAbility Solutions PC</td>
</tr>
<tr>
<td>ID #:</td>
<td></td>
</tr>
<tr>
<td>Program:</td>
<td>All</td>
</tr>
<tr>
<td>561-Related</td>
<td></td>
</tr>
<tr>
<td>BALKANS</td>
<td></td>
</tr>
<tr>
<td>BELARUS</td>
<td></td>
</tr>
<tr>
<td>Minimum Name Score:</td>
<td>100</td>
</tr>
<tr>
<td>Address:</td>
<td>1229 BALFOUR STREET</td>
</tr>
<tr>
<td>City:</td>
<td>GROSSE POINTE PARK</td>
</tr>
<tr>
<td>State/Province:*</td>
<td>MI</td>
</tr>
<tr>
<td>Country:</td>
<td>All</td>
</tr>
<tr>
<td>List:</td>
<td>All</td>
</tr>
</tbody>
</table>

#### Lookup Results: 0 Found

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Type</th>
<th>Program(s)</th>
<th>List</th>
<th>Score</th>
</tr>
</thead>
</table>

Your search has not returned any results.
United Nations Security Council Consolidated List

- Technical actions
- Composition of the List
- Identifiers and acronyms in the List
- Individuals
- Entities
- Mailing list Subscription
- Search UN Security Council Consolidated Lists

United Nations Security Council Consolidated List

List in alphabetical order
M18: Nondiscrimination

- Not allowed to discriminate (for US citizens or legal residents) on the basis of:
  - Race
  - Color
  - National origin
  - Age
  - Disability
  - Sex

- Commitment by USAID to achieve and maintain a diverse and representative workforce and a workplace free of discrimination.

- Encouragement to recipients, subrecipients and vendors (at all tiers) to implement such policies, subject to local law.
Further Detail per Provision

M24: Prohibition on Requiring certain Internal Confidentiality Agreements or Statements
- Among other implicated parties, contractors must not be bound by any agreement prohibiting whistleblowing.
- If any subrecipients, mandatory inclusion in agreements.

M25: Child Safeguarding
- Ensure compliance with USAID Core Principles
  - When engaging with contractors/vendors, ensure compliance/conformance to USAID and country specific laws.
  - Avoid abuse, exploitation, neglect.
Further Detail per Provision

M28: Conflict of Interest
- Ensure declarations by employees, directors, and other key employees of the organization
- Frequency of declarations important
- Written Standards/Requirements
- Evaluations performed by organization – Due Diligence in terms of M12 and M14

RAA10: Ocean Shipment of Goods
- If applicable
- Enquire from: oceantransportation@usaid.gov before procuring (choice of vendor)
Further Detail per Provision

Electronic Code of Federal Regulations (eCFR)

- Focus on 2 CFR 200.400 through 2 CFR 200.439 (focus on selected codes and subcodes in this range)

- 2 CFR 200.403 Factors affecting Allowability of costs
  - Be necessary for the purposes of the award
  - Conform to limitations/exclusions as per the principles or per those contained in the award.
  - Adequate documentation!
  - Consistently incurred.
  - Incurred during approved budget period – If not, pre-award authorization letter.

- 2 CFR 200.404 Reasonable Costs
  - Generally recognised as necessary for the award.
  - Restraints/requirements (e.g., sound business practices, arm’s length transactions, laws and regulations etc)
  - Market prices for comparable goods or services for the geographic area
  - Individuals involved in, particularly procurement, acted with prudence
  - Deviation of established practices led to increased cost?
2 CFR 200.407 Prior written approval (prior approval)
The following specific procurement related costs:
- Real Property
- Equipment
- Entertainment costs
- Equipment and other capital expenditures
- Goods or services for personal use
Reasonableness and allocability of certain items of costs may be difficult to determine, prior written approval of the cognizant agency to be sought before incurring the expenditure.

Prior approval is specifically required for allowability under certain the following sections:

- §200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph(b)(5)
- §200.306 Cost sharing or matching
- §200.307 Program income
- §200.308 Revision of budget and program plans
407. PRIOR WRITTEN APPROVAL (PRIOR APPROVAL) Cont.…

- §200.311 Real property;
- §200.313 Equipment;
- §200.333 Fixed amount subawards;
- §200.413 Direct costs, paragraph (c);
- §200.430 Compensation—personal services, paragraph (h);
- §200.431 Compensation—fringe benefits;
- §200.438 Entertainment costs;
- §200.439 Equipment and other capital expenditures;
- §200.440 Exchange rates;
- §200.441 Fines, penalties, damages and other settlements;
- §200.442 Fund raising and investment management costs;
407. PRIOR WRITTEN APPROVAL (PRIOR APPROVAL) Cont....

- §200.445 Goods or services for personal use;
- §200.447 Insurance and indemnification;
- §200.454 Memberships, subscriptions, and professional activity costs, paragraph (c);
- §200.455 Organization costs;
- §200.456 Participant support costs;
- §200.458 Pre-award costs;
- §200.462 Rearrangement and reconversion costs;
- §200.467 Selling and marketing costs;
- §200.470 Taxes (including Value Added Tax); and
- §200.475 Travel costs.
Purchase of 6 Pick-Up Trucks under the USAID project at a total cost of USD 210,000, i.e., USD 35,000.00 per vehicle, for the local NGO “ABC”

(Within Simplified Acquisition Threshold)

Requirements:

- Prior Approval obtained (in accordance with 2 CFR 200.407 and M6 (B) (3) (ii)). Must have programmatic purpose
- Type of vehicles justified (i.e. need high ground clearance, be able to transport supplies, extensive dealer network, etc.)

Steps to follow (explained in the following slides):

1. Purchase Request
2. Send Request for Quotations (RFQ’s) to three vendors (in line with the Implementing Partner’s Procurement Policy)
3. Receive Quotations
4. Evaluation of quotations
5. Purchase Order
6. Verification of delivery of goods
1. Purchase Request

ABC NGO
PURCHASE REQUISITION
PROJECT NAME:
SUB-PROJECT: (IF APPLICABLE)

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>UNIT PRICE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Pick-up truck</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

TOTAL N/A

EVALUATION CRITERIA
- HIGH GROUND CLEARANCE
- SUFFICIENT CAPACITY FOR TRANSPORTING GOODS
- EXTENSIVE DEALERSHIP NETWORK/ FOOTPRINT IN COUNTRY

PROJECT ACCT NR

REASON FOR REQUEST

HEAD OF DIVISION APPROVAL

BUDGET VERIFICATION
(FINANCE/PROJECT MANAGER)

DATE OF APPROVAL

DATE OF VERIFICATION

REQ NUMBER: XYZ123
2. Request for Quotation

ABC NGO
REQUEST FOR QUOTATION (RFQ)

DATE:

VENDORS ARE HEREBY INVITED TO FURNISH QUOTES FOR THE FOLLOWING ITEMS:
- 6 X PICK-UP TRUCKS

EVALUATION CRITERIA
- PRICE (25%)
- HIGH GROUND CLEARANCE (MINIMUM 180MM)
- SUFFICIENT CAPACITY FOR TRANSPORTING GOODS (MINIMUM 300 LITRES OF SPACE)
- EXTENSIVE DEALERSHIP NETWORK/ FOOTPRINT IN COUNTRY (AT LEAST THREE DEALERSHIPS IN EACH PROVINCE)

QUOTATIONS NEED TO BE SENT TO THE FOLLOWING EMAIL ADDRESS: admin@abcngo.com
NO LATER THAN XX MAY 20XX.
3. Receive Quotations

Internal Controls:

- Place of receipt (if physical) properly controlled
- Time of receipt (remember deadline stated in RFQ, this is due to ABC’s internal obligations to deliver on program commitments)
- Dedicated email address
4. Evaluation of Quotations

Internal Controls:

- Criteria of assessment: Price, Quality, Other factors (expeditious delivery) MUST BE IN ACCORDANCE WITH CRITERIA OF THE RFQ (STATE IN SAME ORDER AS WITH INITIAL CRITERIA)
- Evaluation panel to consist of a minimum of three members (also not be conflicted), depending on NGO policy.

Consider informing both successful and unsuccessful vendors

- Unsuccessful vendors:
  - Who won
  - Specify which evaluation criteria were not complied with/were more favorable on the successful vendor’s part
  - Formal notification (via email, not phone call) from authorized individual in ABC NGO (e.g., Head of Procurement/same individual who issued RFQ’s)
# 5. Purchase Order

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>DESCRIPTION</th>
<th>UNIT PRICE (USD)</th>
<th>AMOUNT (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>TOYOTA HILUX</td>
<td>35,000</td>
<td>210,000</td>
</tr>
</tbody>
</table>

TOTAL 210,000

DELIVERY ADDRESS: SAME AS ABOVE

AUTHORIZED BY:  

HEAD OF PROCUREMENT

DELIVERY DATE:

PAYMENT TERMS:
6. Verification of Delivery of Goods

Internal Controls:

- Is there a receiving department at organization?
- End-User (original requestor) to certify goods received as in good order and that which was ordered.
- E.g. signing of invoices as proof, as follows:
  
  Received in good order: **Signature**
  
  Position: ___________________________
  
  Department: _________________________
  
  Date: ______________________________

- Inscription in the Fixed Assets Register – Refer to Property Management section
- NB: The same procedure applies to services rendered!
PROPERTY MANAGEMENT
Title to all property vests in the recipient unless award specifies otherwise.

- **Property** means equipment, supplies, real property and intangible property.
- **Equipment** means tangible non-expendable personal property with a useful life of more than one (1) year **AND** acquisition cost per unit of at least $5,000. Recipient can set a lower limit (which it must then follow for all reporting purposes).
- **Supplies** means tangible personal property excluding equipment. A computer <$5K per unit is now deemed supplies.
- **Real property** means land, land improvements, structures etc. including permanent fixtures.
- **Intangible property** includes Intellectual Property such as trademarks, copyrights, patents, etc.
Property Use:

- Property must be used for the program for which it was acquired; and
- Recipient must not provide any third party a legal or financial interest in the property (e.g., through a mortgage, lien, or lease) **without approval of USAID.**

Priority use order for property is no longer needed for the program it was acquired for:

i. Activities funded by USAID.

ii. Activities funded by other United States Government (USG) agencies.

iii. As directed by the Agreement Officer (AO).
Property Maintenance:

Recipient **MUST** maintain the Property in good condition, have management procedures to protect the Property, and maintain an accurate inventory of all Property.

Fixed Asset Register **MUST** include the following:

- Accurate description of the Property
- Serial number, model number, or other identifying number,
- acquisition date and cost,
- location and condition, and
- data on the disposition of any Property (date of disposition, sales price, method used to determine current fair market value, etc.), as applicable.

A physical inventory of Property that **MUST** be taken, and the results reconciled with the equipment records, **at least once every 2 years** during the period of this award.
Property Maintenance (Continued):

- Recipient **MUST** maintain appropriate insurance equivalent to insurance the recipient maintains for its own property.
- Any loss, damage, or theft **MUST** be investigated and fully documented, and the recipient **MUST** promptly notify the AO. (The recipient may be liable where insurance is not sufficient to cover losses or damage.)
Award/Project Completion Procedures:

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.

- 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.

Recipient must dispose of Property at the end of this award in accordance with the recipient’s property disposition report, **unless the AO directs the recipient in writing** within 60 days of the AO’s receipt of the recipient’s property disposition report to dispose of the Property in a different manner.
Award/Project Completion Procedures:
Disposition may include the following:

1) Retaining title with no further obligation to USAID.

2) Retaining title, but compensate USAID for the USAID share, based on the current fair market value of the Property.

3) Transferring title to USAID or a third party, including another implementing partner or the host country government. In such case, the recipient will be compensated for its proportional share of the Property that the recipient financed with its own funds, if any, based on the current fair market value of the Property.
The AO may direct, at any time during this award, that title to the Property vests in the USG or a third party, such as the cooperating country.

In such cases, the recipient must maintain custody and control of the Property, until directed otherwise, and must allow reasonable access to the Property to the title holder.

While in its custody and control, the recipient must follow the maintenance provisions for protection and maintenance of the Property AND provide the AO with an annual inventory of such Property.

AO prior approval required for acquisition of Motor Vehicles and Used Equipment. (M6)
Scenario 1:
TH is a Not-for-Profit Organization that conducts HIV and TB testing under a USAID-funded project. During the year ended 31 December 2021, the organization acquired a fleet of 6 Toyota Hilux under the USAID project at a total cost of USD 210,000, i.e., USD 35,000.00 per vehicle. Assume an acquisition date of 01 January 2021. The Finance Officer updated the organization’s Fixed Assets Register (FAR) with the 6 new motor vehicles as follows:

Fixed Assets Register

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>Quantity</th>
<th>Cost (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor Vehicles</td>
<td>6</td>
<td>210,000.00</td>
</tr>
</tbody>
</table>
## Fixed Assets Register Example

**Complete FAR Example Per M7**

<table>
<thead>
<tr>
<th>Description</th>
<th>Acquisition Date</th>
<th>Location</th>
<th>Condition</th>
<th>Disposal Date</th>
<th>Disposal Proceeds</th>
<th>Disposal FV Method</th>
<th>Vehicle Number</th>
<th>Cost - USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Hilux 1</td>
<td>01 Jan 2021</td>
<td>HQ</td>
<td>Good</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V1 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td>Toyota Hilux 2</td>
<td>01 Jan 2021</td>
<td>HQ</td>
<td>Good</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V2 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td>Toyota Hilux 3</td>
<td>01 Jan 2021</td>
<td>Field Office</td>
<td>Fair</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V3 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td>Toyota Hilux 4</td>
<td>01 Jan 2021</td>
<td>Field Office</td>
<td>Good</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V4 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td>Toyota Hilux 5</td>
<td>01 Jan 2021</td>
<td>HQ</td>
<td>Good</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V5 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td>Toyota Hilux 6</td>
<td>01 Jan 2021</td>
<td>HQ</td>
<td>Good</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>V6 – GP</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>210,000</td>
</tr>
</tbody>
</table>
## Property Disposition Example

### Complete Property Disposition Plan Example – Assets List

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Acquisition Date</th>
<th>Location</th>
<th>Condition</th>
<th>Disposal Date</th>
<th>Vehicle Number</th>
<th>Fair Market Value – USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Toyota Hilux 1</td>
<td>01 Jan 20x1</td>
<td>HQ</td>
<td>Good</td>
<td>31 Dec 20x2</td>
<td>V1 – GP</td>
<td>25,000</td>
</tr>
<tr>
<td>2</td>
<td>Toyota Hilux 2</td>
<td>01 Jan 20x1</td>
<td>HQ</td>
<td>Good</td>
<td>31 Dec 20x2</td>
<td>V2 – GP</td>
<td>25,000</td>
</tr>
<tr>
<td>3</td>
<td>Toyota Hilux 3</td>
<td>01 Jan 20x1</td>
<td>Field Office</td>
<td>Fair</td>
<td>31 Dec 20x2</td>
<td>V3 – GP</td>
<td>17,000</td>
</tr>
<tr>
<td>4</td>
<td>Toyota Hilux 4</td>
<td>01 Jan 20x1</td>
<td>Field Office</td>
<td>Good</td>
<td>31 Dec 20x2</td>
<td>V4 – GP</td>
<td>23,000</td>
</tr>
<tr>
<td>5</td>
<td>Toyota Hilux 5</td>
<td>01 Jan 20x1</td>
<td>HQ</td>
<td>Good</td>
<td>31 Dec 20x2</td>
<td>V5 – GP</td>
<td>25,000</td>
</tr>
<tr>
<td>6</td>
<td>Toyota Hilux 6</td>
<td>01 Jan 20x1</td>
<td>HQ</td>
<td>Good</td>
<td>31 Dec 20x2</td>
<td>V6 – GP</td>
<td>25,000</td>
</tr>
</tbody>
</table>

- **Impaired Vehicle**: 3 Toyota Hilux 3

**Total Fair Market Value**: $140,000
Property Management Policy

Minimum requirements (M7 Guidance)

- Definitions for assets
- Capitalization thresholds (Can be less than USD 5,000 per M7)
- Disposal procedures
- Asset verification procedures (Frequency can be more than two (2) years prescribed by M7)
- Minimum information for FAR
- Insurance guidance
- Maintenance of PPE
THANK YOU

Facilitator:
Doug Franke
Doug.franke@sustainabilitysolutions.co.za
+27(0)82 444 2894
FINAL Q&A QUESTIONS & ANSWERS