



USAID
FROM THE AMERICAN PEOPLE

PEPFAR
U.S. President's Emergency Plan for AIDS Relief

WEBINAR
USG RULES AND REGULATIONS:
FINANCIAL MANAGEMENT & COMPLIANCE

Joint Clinical Research Centre

1

JCRC- USAID Uganda Funding History

- JCRC was the first recipient of a PEPFAR grant in Sub Saharan Africa in Dec 2003 – **Non Competitive**
- Subsequent PEPFAR grants from 2010 have been competitive, both Prime and Sub-grantee applications
- As part of USAID Transition to Local Partners, JCRC was recently awarded a 5 year grant as prime in the South Western part of the Country
- Although non-competitive, JCRC still had to present a full and complete responsive technical proposal and cost proposal in response to the RFA– USAID will maintain same standards for local and international organizations

2

Cost Proposal Development

- Scan USAID Forecast and identify which grants your institution is eligible for – if competitive. This is when preparations start
- Solicitation is out/Direct Transition USAID RFA
- Assemble the writing team for both Technical & Financial proposals
- Read the procurement document very carefully -two or three times. Also “Shred the Solicitation” (summarize it) –have to clearly understand what is requested
- Experience – Take 1-2 days meeting to brainstorm and lay strategies and approaches to achieve the expected results- Need a good facilitator
- Determine to Prime or be a sub, depending on what you know from forecast
- Budgeting of course depends on the Technical proposal and development should go hand in hand. There must be regular communication between both teams.

3

Cost Proposal Development

- Need to prepare a Timetable with defined deliverables and responsible persons to ensure Technical/Cost proposals are properly prepared and completed on time
- Develop a checklist with all cost proposal requirements including annexes and appendices.
- Be sure that your subs submit everything required on time according to the proposal development timetable
- Expect that you will need to prepare up to 3 drafts before final Technical and Cost proposals

4

Budgeting for PEPFAR Grants

- Get a full understanding of the Cost proposal templates.
- Gain a full appreciation of the budget limits.
- Prepare cost share requirement if any
- Full Cost proposal should include:
 - A summary budget(breakdown by major budget categories
 - A detailed budget (Breakdown categories by sub category
 - A budget narrative with clear description of all units and unit costs proposed. The unit costs should be evidenced with quotations to justify the rates used and to rule out over pricing of your cost proposal.

5

Budgeting for PEPFAR Grants

- Direct and Indirect Budget items. Determine what to budget under each category
- Costing Principles should be according to USAID rules and regulations – 2CFR 200.400. Allowability, Reasonableness and Allocability. This is key otherwise even after the award you get disallowable costs at verification level
- Equipment vs Supplies: Ensure that all items budgeted for under Equipment meet the definition of Equipment as per USG rules and regulations. – Non Expendable items over \$5,000 -2CFR 200.439. Prepare a procurement plan upon award

6

Budgeting for PEPFAR Grants

- **Personnel costs** – usually contributes a significant % of total Budget
 - Justify all personnel proposed in the project and ensure the timelines are in line with the project life cycle. Key personnel – expected at 100 % LOE throughout the project while other personnel costs can be aligned to the project life cycle and needs
 - Key Personnel CVs should be prepared in the right format as guided by the solicitation/call for proposal and letters of commitment are needed from each key personnel. Before offering the position, references must be checked carefully
 - Salaries proposed for personnel should be aligned to the local compensation plans (LCP) and in line with the personnel current salary rates. (Should request that key personnel share with you their bio data form to guide the negotiations and salary scales to be proposed.

7

Budgeting for PEPFAR Grants

- **Fridge Benefits**
 - Benefits provided by any organization – Should be clearly broken down in the detailed budget.- Insurance, holiday gratuity, severance pay, etc.
 - Fridge benefits should be backed up with the organization’s policy for proper justification of the budget and % costed.

8

Budgeting for PEPFAR Grants

- **Travel Budget**
 - Separate Local from international trips planned for.
 - Local trips should clearly indicate the number of travellers, days and times and the activity to be accomplished.
 - Per diem- Meals, incidental and lodging should be evidenced by the organizational policy.
 - USAID expects that all lodging costs should be fully accounted for with invoices and receipts. Many organizations are found non compliant on this and can therefore end up with disallowed costs.

9

Budgeting for PEPFAR Grants

- **Other Direct Costs:**
 - Only budget for costs that are clearly attributed to the project.
 - Advisable to have a clear separate budget that breaks down the program costs.
 - Exclude – indirect costs from direct costs

10

Budgeting for PEPFAR Grants

- **Total Direct costs vs Total Modified Costs**
 - Separate the Total modified vs Total Direct costs
 - Method of Calculating the indirect costs - 10% de minimus? NICRA? Fixed rate? The USAID RFA provides guidance on this. Read it
 - An opportunity for the organization to contribute to its sustainability.

11

Budget Management; Sub awards

- Establish a clear process of identification of sub awardees including a careful check of their experience, expertise, reputation
- Review the requirements on sub awards in the solicitation.
 - Does it require you to have a Letters of Commitment from sub awardees? Look out for the key wording for this requirement.
 - Prior Approvals in accordance with 2 CFR 200.407
 - Approval of sub-awards in accordance with ADS 303.3.21
 - Evidence of responsibility. Proof that the sub awardee has been assessed through a pre award assessment and therefore fit to be a sub awardee to this proposal.

12

Compliance to USG Financial Reporting Requirements

- Many organizations still fail even after winning the award.
- The following are important considerations:
 - Project implementing teams and oriented through the schedule A of the award
 - Review and train the team on the Financial Reporting Templates. Often the team implementing may not have participated in the preparation of the proposal.
 - Provide clear understanding of all financial reporting templates – Accrual reports, liquidation reports , SF 425, VAT reports etc.
 - Important to ensure that the Key personnel have experience in USAID reporting because there will not be time for learning to take place. Funder expects the team to hit the ground running. Supervisors at Prime’s main office should however check all reports carefully

13

Compliance to USG Financial Reporting Requirements

- Accuracy and timeliness of Financial reporting is key to the success of this project.
- Ensure you have clear financial management systems in place – Including policies and procedures and an accounting system in place to ease the process of generation of financial data.
- You will have to train subs in programmatic and financial reporting to you as the prime
- You have to continually monitor the subs’ work

14

Compliance to USG Financial Reporting Requirements

- Prepare for verifications and Audits on daily basis as you spend project funds.
- Prepare and implement a thorough training for all project staff on USAID rules & regulations and repeat it every year of the project. Place strong emphasis on fraud prevention.
- Establish tight financial and administrative controls in the project

15

**JCRC Sample Financial Report for one of the PEPFAR
Funded Project**

Name of Applicant: JCRC - LUBOVA COE
 P.F. Number: ACCOUNTING SYSTEMS CONTROL IN KAMPALA REGION OF UGANDA UNDER THE PRESIDENT'S EMERGENCY
 Budget FY: OCT-SEP-2019 TO SEP-OCT-2020
 Location of Project: UGANDA
 Currency: UGX

CARE

Budget Table 1-Object Class Expenditures (\$)	A		B		C		D		E		F	
	Realigned Budget	Total Advances	Previous Expenditure (October 2019 to September 2019)	Actual Expenditure (October 2019 to September 2019)	2019 FY Expenditure (October 2019 to September 2019)	Fund Balance (August 2019)	Variance	Reason for (Over/Under Expenditure)				
SALARIES AND WAGES	370,000	100,000	100,000	100,000	100,000	100,000	0					
TRAVEL EXPENSES	110,000	100,000	100,000	100,000	100,000	100,000	0					
OPERATIONAL	10,000	10,000	10,000	10,000	10,000	10,000	0					
OTHER OBJECTS	200,000	200,000	100,000	100,000	200,000	100,000	100,000					
Total	780,000	700,000	510,000	510,000	700,000	100,000	680,000					

FUND RECONCILIATION

Fund Amount Available	780,000
Fund Amount Available (September 2019)	100,000
Fund Available for Disbursement	680,000
Fund Available for Disbursement (September 2019)	100,000
Fund Available for Disbursement	580,000
Fund Available for Disbursement (September 2019)	100,000
Fund Available for Disbursement	480,000

I certify that all expenditures reported are appropriate and in accordance with the terms and conditions of the contract agreement.

PREPARED BY (NAME): _____ REVIEWED BY (NAME): _____ APPROVED BY (NAME): _____
 Position: _____ Position: _____ Position: _____
 Signature: _____ Signature: _____ Signature: _____
 Date: _____ Date: _____ Date: _____

16

Questions and Answers

Thank You

17