USAID | NEPAL
FROM THE AMERICAN PEOPLE

Local Organization

Pre-Award Survey
An Overview

February 24 & 27, 2012
US Embassy
Kathmandu, Nepal

A. Purpose:

To evaluate a prospective recipient's potential ability to perform under a USAID award.

- Performed at the request of the Contracting/Agreement Officer.
- Results in a determination of eligibility to receive an award.

B. Objectives:

- Determine *whether the organization has sufficient financial and managerial capacity to manage USAID funds in accordance with U.S. Government and USAID requirements, and*

- Determine *the degree of support and oversight necessary to ensure proper accountability of funds provided to the recipient.*

- Does not determine *if an organization is technically capable of executing the award.*

C. Applicability:

- Contracts equals to or >$500,000 – Mandatory.
- Contracts <$500,000 – Discretionary but for new organization, the assessment is generally carried out.

- Grants if :
  - Did not receive Federal Awards in the last 5yrs;
  - Agreement Officer is uncertain about the recipient capacity to perform.

D. Scope:

- Examples of Documents Needed

1. Legal Structure
2. Accounting/Financial Systems
3. Procurement Systems
4. Human Resource Systems
5. Program Performance Management
6. Organizational Sustainability

USAID | NEPAL
FROM THE AMERICAN PEOPLE

➢ *Examples of Documents Needed*

- Articles of Incorporation
- Current Organizational Chart
- Employees' CVs & position descriptions
- Personnel, Compensation Plan & Travel Policy Manuals
- Accounting/Financial, Internal Control Manual
- Audited Financial Statements for last 3 years
- Actual & proposed indirect cost rate computations (if available)
- Procurement Policies & Procedures Manual

1. Legal Structure

- Compliance with Registration and other Legal Requirements
- Legal Structure
- Governance
- Control Environment

2. Accounting/Financial System

- Bank and Accounts
- Payment – Segregation of Duties
- Financial Management Personnel
- Accounting Cycle
- Bookkeeping System
- Chart of Accounts, Ledger
- Financial Reporting
- Audit and Reviews
- Analysis of Budget to Actuals
- Financial Record Management

3. Procurement Systems

- Procurement policies, procedures and practices
- Procurement and Sub Awards
- Compliance with policies and procedures

4. Human Resources Systems

- Overall HR Policies and Procedures
- Payroll Systems
- Labor Activity System
- Travel Policies and Procedures

5. *Program Performance Management*

- Technical Evaluation Criteria
- Program Management Capacity

6. *Organizational Sustainability*

- Absorptive Capacity
- Cash Flow Management

USAID | NEPAL
FROM THE AMERICAN PEOPLE

E. A Few Common Findings

Accounting/Financial Management:

- Payment vouchers were not supported by invoices/receipts;
- Payments were made without payment vouchers;
- All payments were made by cash/petty cash;
- There were no proper separation of duties;
- Bank reconciliations were not performed;
- Income receipts were not supported by receipt vouchers;
- There were no standard recording and tracking of cost share etc.

USAID | NEPAL
FROM THE AMERICAN PEOPLE

E. A Few Common Findings Contd.

Procurement Management:

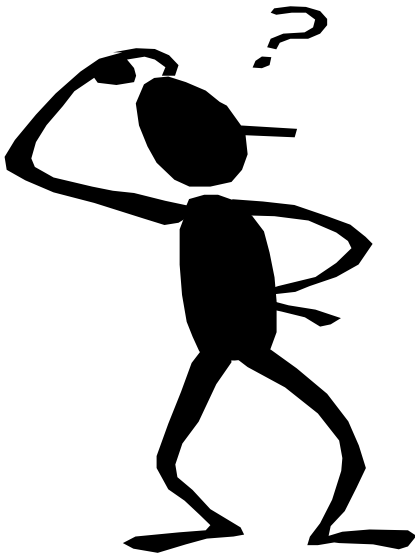
- Procurement policies were not in place;
- Purchase request forms were not used;
- Procurement was made without prior approval;
- Quotations were not obtained as required by the policy.

Human Resource Management:

- Human Resource policies were not in place;
- Travel Authorization Forms were not prepared (i.e. travel occurred without prior approval).

USAID | NEPAL
FROM THE AMERICAN PEOPLE

What if the System does not meet USAID's standards?



USAID | NEPAL
FROM THE AMERICAN PEOPLE

F. Options

Determined on a case by case basis

- Recommend improvements in the systems and follow-up until they are brought up to standard.
- Shift Method of Financing from cash advance to the reimbursement method.
- Fixed Obligation Grant if program can be structured into Milestones. (Similar to Fixed Price Contract).
- Apply Special award conditions with high risk grantees if necessary.