USAID
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PROSPECTIVE OFFEROR'S AND APPLICANT'S GUIDE

TO THE

NON-U.S. ORGANIZATION PRE-AWARD SURVEY (NUPAS)

INTRODUCTION

Congratulations on advancing to the next stage of the solicitation process!

In order to assess your capacity to manage USAID funds and your likelihood for compliance with U.S. federal government regulations, USAID will be conducting a Non-U.S. Organization Pre-Award Survey (NUPAS) of your organization. Below, you will learn why we -- the government, require a pre-award survey, how the process works, what the review team evaluates, and how you can best prepare yourself for the survey process.

WHY WE REQUIRE PREAWARD SURVEYS

The NUPAS provides the Agreement Officer (AO) with the information needed to evaluate the ability of your organization to adequately fulfill the terms of an award, and serves as a selection tool to determine a potential partner's responsibility and whether special conditions may be required within your final award document.

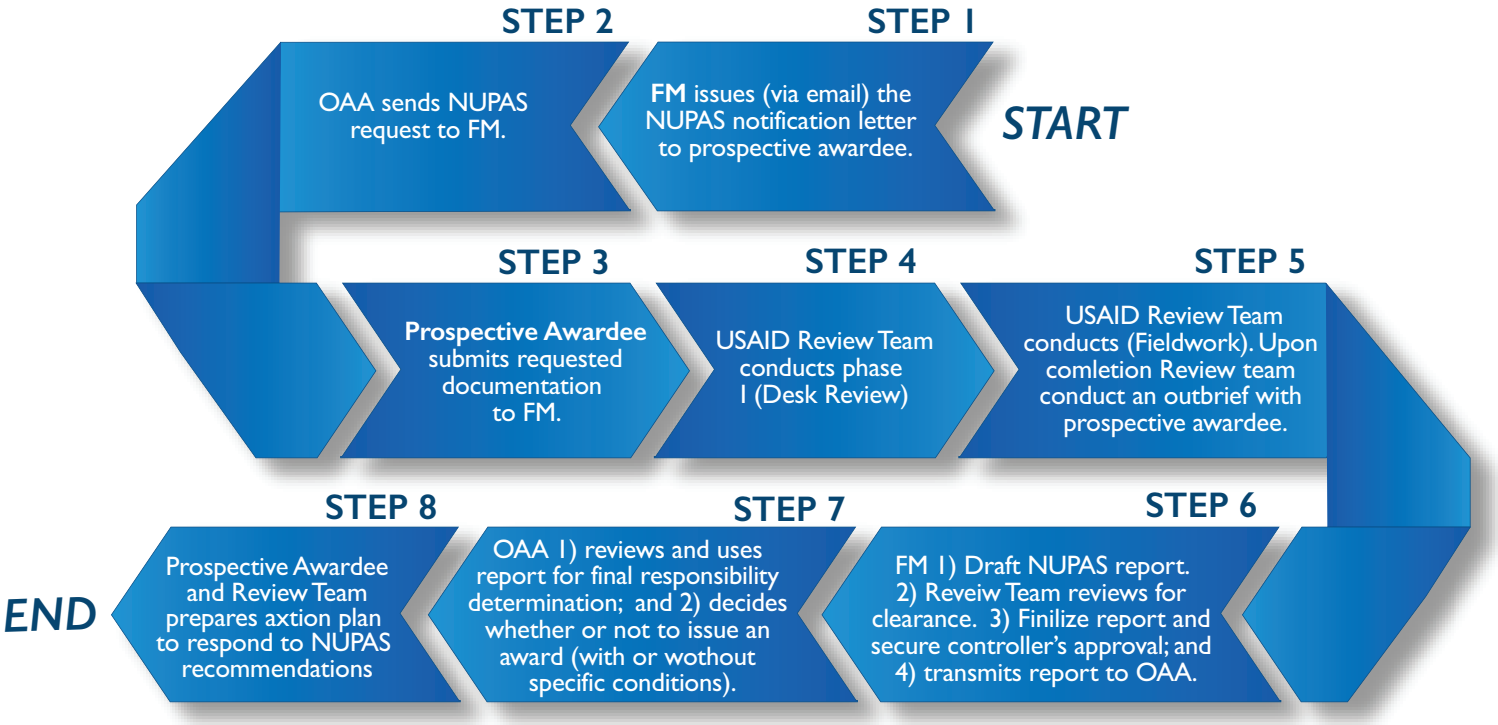
More specifically, the NUPAS has three main objectives:

1. To determine whether your organization has sufficient financial and managerial capacity to manage USAID funds in accordance with U.S. Government and USAID requirements;
2. To determine the most appropriate method of financing to use under the potential USAID award; and
3. To determine the degree of support and oversight necessary to ensure proper accountability of funds provided to your organization.

HOW THE PREAWARD SURVEY PROCESS WORKS

The NUPAS is conducted by a multi-sectoral review team comprised of USAID financial, procurement, and technical experts.

The NUPAS



The process includes 8 basic steps:

STEP 1: The NUPAS process begins with the Office of Acquisition and Assistance (OAA) submitting a request to the Office of Financial Management (FM) to start a NUPAS of your organization.

STEP 2: FM, as the leader of the Review Team, sends your organization a NUPAS notification letter that requests survey documentation, such as your articles of incorporation, legal registration, by-laws, names of depository commercial banks, more recent internal audit report, and written policies and procedures for accounting, personnel, travel, and procurement.

STEP 3: You submit the requested documentation to FM.

STEP 4: The Review Team begins Phase 1: Desk Review. In Phase 1, the Review Team evaluates the submitted documentation to assess whether your organization contains any obvious issues and deficiencies that should be remedied prior to award.

STEP 5: Upon the completion of Phase 1, the Review Team schedules a site visit at your organization in order to conduct a more thorough evaluation of your systems, practices and procedures in Phase 2: Fieldwork.

STEP 6: FM drafts the NUPAS report and circulates it to all Review Team members for clearance. The Controller then reviews the NUPAS report and upon her approval, submits the report to OAA.

STEP 7: OAA uses the NUPAS report to assist in determining whether to issue an award without specific conditions, to issue an award with specific conditions, or to refuse to issue an award based on your organization's financial, technical, and administrative risk assessment.

STEP 8: In collaboration with OAA and FM, you draft a strategy on how to remedy the risk factors identified in the NUPAS and whether the issues must be mitigated prior to or post award through specific conditions included in the award.

WHAT THE REVIEW TEAM EVALUATES

A NUPAS can focus on any and all aspects of your business operations—from technical capability to financial stability, from organizational structure to internal policies.

Listed below are the factors that are most frequently the focus of the NUPAS:

(1.) LEGAL STRUCTURE: Are you a local organization?* Is your organization legally registered to operate in the host country? Does your organization have a formal vision? Does your organization have clearly defined roles and responsibilities for your board of directors or governing board?

(2.) FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEMS: In which commercial banks does your organization have its accounts? How often are bank accounts reconciled? Do you have a reliable double entry accounting system? Does your organization keep appropriate supporting documentation for accounting entries? Who authorizes and records payments? Do you have documented policies that safeguard the payment process? Does your accounting unit have a clear understanding of direct costs, indirect costs and cost allocation principles? Where do you safeguard important financial documents? How do you track your sources of funding? Do you have annual audits of your accounting records? Do you have policies in place for closing audit findings and recommendations?

(3.) PROCUREMENT SYSTEMS: Does your organization have procurement policies that are in accordance with the host country standards? Do you have policies in place to require competitive procedures for procurement of goods and services? Who is responsible for purchases? Do all employees have a clear understanding of conflict of interest and ethics practices?

(4.) HUMAN RESOURCES SYSTEMS: Does your organization have Human Resource policies that reflect best practices? Does your organization maintain individual personnel files with original records? Do you have an organizational chart? Do all key employees have written job descriptions? What is your formal benefits/compensation plan? Do employees maintain timesheets to reflect actual time worked? Are wages, salaries, overtime, etc. approved by management? Do you have documented travel policies and are they monitored for compliance?

(5.) PROJECT PERFORMANCE MANAGEMENT: Do your key management personnel have the knowledge and experience needed to fulfill the award requirements? Does your organization possess the technical expertise to satisfy the project purpose? Do you have a documented project management system? Are you capable of complying with the award monitoring and evaluation plan and/or quality assurance requirements? Does your organization have an internal project monitoring team?

(6.) ORGANIZATIONAL SUSTAINABILITY: Has your organization developed a funding strategy that will help you to diversify and grow your sources of funding? What is your experience in developing, monitoring and using cash flow projections? Do you consistently make payments to creditors and employees when due? Does your organization have any debts? If so, how do you plan to liquidate those debts? Does your organization have the capacity to fulfill the level of effort necessary to implement the project? Do you have the required systems in place for quality growth?

CONCLUSION

The NUPAS will help determine whether your organization's financial management and internal control systems are adequate to manage, control, account for, and report on the uses of potential USAID funds, thus protecting the U.S. Government's interests. In addition, the NUPAS provides you with an opportunity to provide evidence that you can successfully fulfill the terms of the award, and, if any deficiencies are identified during the NUPAS, that you can correct the issues in time to meet the award requirements.

A CHECKLIST TO USE IN PREPARING FOR THE NUPAS

Before the Review Team arrives, ask and answer these questions in order to best prepare for the NUPAS:

- ❑ Have you chosen a management official to speak for your organization?
- ❑ Is that management official completely familiar with your offer/application as well as the terms of the solicitation?
- ❑ Have you made plans to escort the survey team through your organization?
- ❑ Have you gathered pertinent financial documents—a profit and loss summary, a balance sheet, a cash flow chart, and so forth?
- ❑ Do you have an accounting system that the Review Team could review?
- ❑ Have you gathered your legal structure and registration documentation? Organizational chart? Key personnel job descriptions?
- ❑ Have you gathered your procurement policies, procedures, and practices documentation?
- ❑ Have you gathered your organization's policies on the roles and responsibilities of your Board of Directors?
- ❑ Have you gathered your human resources policies and procedures?
- ❑ How will you demonstrate your company's technical capability or the development of such a capability to fulfill the award requirements?
- ❑ Are technical experts available to answer questions from the Review Team?
- ❑ Do you have any other information or data that the pre-award survey team would find useful?

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* This requirement does not apply where competition has not been limited to local entities. Do you qualify as a Local Organization? When competition is limited to local entities (see USAID ADS 303.3.6.6(b)(2)), whether an awardee meets the Agency's definition of "local" organization must be considered in determining the potential awardee's eligibility for an award.

To be considered a "local" organization, an entity must:

- Be organized under the laws of the recipient country;
- Have its principal place of business in the recipient country;
- Be majority owned by individuals who are citizens or lawful permanent residents of the recipient country or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of a recipient country; and
- Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the recipient country. The term "controlled by" means a majority ownership or beneficiary interest as defined above, or the power, either directly or indirectly, whether exercised or exercisable, to control the election, appointment, or tenure of the organization's managers or a majority of the organization's governing body by any means, e.g., ownership, contract, or operation of law. "Foreign entity" means an organization that fails to meet any part of the "local organization" definition.

Government controlled and government owned organizations in which the recipient government owns a majority interest or in which the majority of a governing body are government employees, are included in the above definition of local organization. When competition is limited to regional (indigenous) organizations, the definition can be expanded to include regional organizations that meet the following criteria:

- Be organized under the laws of a country in the region served by the platform;
- Have its principal place of business in the region;
- Be majority owned by individuals who are citizens or lawful permanent residents of the region or be managed by a governing body, the majority of whom are citizens or lawful permanent residents of the region; and
- Not be controlled by a foreign entity or by an individual or individuals who are not citizens or permanent residents of the region. This requirement does not apply to non-U.S. recipients in which competition has not been limited to local entities.