



RESEARCH TRIANGLE INSTITUTE
IMPLEMENTING THE DISTRICT DEVELOPMENT SUPPORT PROGRAMME (DDSP) FOR
PRIMARY EDUCATION

GRANT MANAGEMENT PROCEDURES MANUAL

20 May 1999

PREPARED BY
THE GRANT MANAGEMENT UNIT

Grant Management Procedures Manual Template

GRANT MANAGEMENT PROCEDURES	1
1 Objective	1
2 Scope	1
3 Overview	1
3.1 Background	1
3.2 Annual Programme Conceptualisation	2
3.2.1 Allocation of funds	2
4 The Grant Cycle	3
4.1 Conceptualisation	4
4.1.1 Overall Approach	4
4.2 Solicitation	4
4.2.1 Eligibility	4
4.2.2 Public Notice	5
4.2.3 Request for Application (RFA)	5
4.2.4 Competition requirements	7
4.3 Selection and Screening	7
4.3.1 Initial Screening	7
4.3.2 Grants Review Panel	7
4.3.3 The Review Process	7
4.3.4 Clarification and Follow-Up Issues	8
4.3.5 Short-listing of High Scoring applicants	8
4.3.6 Pre Award Procedures	9
4.3.7 Pre-Award Survey Team	9
4.3.8 Finalisation of Selection	9
4.3.9 Financial Responsibility and Accountability	9
4.3.10 Accounting Systems	10
4.3.11 Property Control Systems	11
4.3.12 Procurement System	11
4.3.13 Personnel and Travel Policies	11
4.3.14 Debarment and Suspension	11
4.4 Award	11
4.4.1 Negotiation	11
4.4.2 Final Documentation Submission	12
4.5 Grant Approval	12
4.5.1 Finalisation of the Grant Agreement	12
4.5.2 Special Award Conditions	13
4.6 Implementation	13
4.6.1 Briefing	14
	2

Grant Management Procedures Manual Template

4.6.2	Monitoring _____	14
4.6.3	Reporting and Payment _____	15
4.6.4	Periodic Advances _____	15
4.6.5	Audits _____	16
4.6.6	Evaluation _____	16
4.6.7	Amendments to Grant Agreements _____	16
4.7	Close Out _____	17
5	Record Retention _____	17
6	Validity _____	17

ATTACHMENTS:

Attachment A: Sample Grant Agreement and attachments

Attachment B: Sample Request for Applications and Announcement and attachments

Attachment C: Guidelines for Pre-Award Evaluations

Attachment D: Grant Approval Form

Research Triangle Institute (RTI)
Implementing the
District Development Support Programme (DDSP)
For Primary Education

GRANT MANAGEMENT PROCEDURES

1 Objective

The objective of this manual is to provide a framework of management procedures for grants awarded through the Research Triangle Institute (RTI) as part of the District Development Support Programme (DDSP) for Primary Education. The manual forms part of the contractual obligation of RTI to ensure that guidelines and principles are established and grant recipients implement their programme in accordance with USAID/SA regulations in a manner that contributes to USAID/SA's strategic objectives.

2 Scope

This document sets guidelines and principles based on USAID regulations and requirements by which all grants awarded through RTI will be managed. It contains detailed information on the design, award, management, monitoring and close out of all new grants to Non Governmental Organisations (NGOs). It also provides examples of standard formats and documentation that will form the basis of each grant agreement.

3 Overview

3.1 Background

In September 1995 USAID and the Government of the Republic of South Africa signed a Primary Education Bilateral Agreement. The Agreement commits USAID to continued support to the reconstruction of primary education in South Africa by providing resources to the National Department of Education and to departments of education in four focus provinces viz.: Northern Cape, Northern Province, KwaZulu Natal and the Eastern Cape.

RTI and its partner organisations were awarded a five-year contract¹ in January 1998 to implement specific components of the Bilateral Agreement.

Under the contract, RTI and its partners will implement a programme made up of three components:

- 1) Technical Assistance
- 2) Training
- 3) Grant Management: To award a total of \$15 Million US Dollars in grants to NGOs to provide services to provincial education departments.

The DDSP was designed in conjunction with National and Provincial education authorities to ensure that USAID/South Africa's contribution makes a positive

¹ Reference: USAID Contract No.674-0314-C-00-8009-00

difference to primary education in the country. It involves working within a limited geographic area at levels in the education system that directly supports the schools. Thus, most of the support through this programme will focus on primary education and be concentrated at district, circuit and school levels.

RTI has established offices in Pretoria to manage the USAID contract. The Pretoria office is staffed by technical, administrative and grants management personnel who are responsible for managing and supporting the implementation of the contract.

3.2 Annual Programme Conceptualisation

The primary objective of the DDSP is to effect positive changes at the school level through the development of internal capacity within the education system and to initiate and sustain system-wide reform leading to improved quality of learning and teaching in schools. Particular emphasis is placed on bringing about holistic change at the district and school level through whole school and district development.

Specific programme activities to achieve this objective are proposed each year in an Annual Work Plan² prepared by RTI in consultation with provincial and national education officials and stakeholders, and USAID/South Africa. The objectives and focus of these programmes form the basis for the development and awarding of grants.

3.2.1 Allocation of funds

The US \$15 million available for grants under the RTI contract has been allocated to the selected four provincial departments by the National Department of Education. The allocation of funds took into account the following three factors³

- 1) Population, where the rural share is given 50% more weight to target poverty
- 2) Education enrolment and population in age groups 5-17 are averaged
- 3) Management, where each province receives an equal share

The purpose of applying a weighted formula was to distribute the funds in an equitable manner based on need.

Table 1 below illustrates the Provincial allocation of Grant funds:

² The context in which this document is presented is based on the Proposed RTI Annual Work Plan 1998-1999.

³ Letter from USAID, Education Team Leader to Department of Education, dated 21 May 1998 re Allocation of Funds.

TABLE 1 (In SA Rand)

Province	RTI Contract
KwaZulu Natal	25,875,000
Eastern Cape	22,425,000
Northern Province	18,750,000
Northern Cape	7,950,000
TOTAL IN SA RANDS	75,000,000

Exchange Rate - US\$1.00 - R5.00

All grants awarded will be made in South African Rands. It should be noted that the initial allocation of grant funds was based on an exchange rate of US\$1.00 - R5.00. If the exchange rate fluctuates over the life of the contract the provincial allocations may be adjusted accordingly.

Table 2 illustrates the estimated number of grants to be awarded under the RTI contract. These figures will be reviewed by RTI and USAID/South Africa on an annual basis taking into account defined needs, implementation strategy, experience with previous RFAs, and remaining funds. In no case will the total value of grants awarded exceed US\$15 million.

TABLE 2: Estimated number of grants to be awarded by RTI

Grant Amount (US\$)	Estimated Number of Grants
\$100,000 - \$500,000	13
\$500,000 - \$1,000,000	9
Total Estimated Grants	22

No grant award will extend beyond the completion date of the RTI contract with USAID.

4 The Grant Cycle

The Grant Cycle involves the following stages:

- **Conceptualisation:** Defining the purposes / nature of the programme and developing a Request for Application (RFA)
- **Solicitation and Eligibility:** Publicly soliciting applications for grants and determining eligibility
- **Selection:** Reviewing applications, selecting potential Grantees, conducting pre-award reviews of financial and technical capacity of the potential Grantee
- **Award:** Negotiating the terms of the grant award
- **Grant Approval:** Finalisation of Grant Agreement
- **Implementation:** Implementing and monitoring the grant

- **Close out:** Evaluating and closing out the grant

4.1 Conceptualisation

4.1.1 Overall Approach

The initial phase of the process involves conceptualising the programmatic objectives that will be achieved through the grant. The purpose of each grant will be to address specific needs within a provincial education system. When requested, RTI will provide support to provincial education departments in the conceptualisation process. In all cases the identified need must be relevant to the objectives of the DDSP, be allowable within the context of the RTI contract, be approved by RTI and USAID/SA.

4.2 Solicitation

RTI will publish a Request for Applications (RFA) in order to satisfy the requirement for public notice, as well as to provide a mechanism for advertising competitive assistance programmes.⁴

4.2.1 Eligibility

Only South African non-governmental non-profit organisations, which are legally registered entities with established on going programmes directly related to the activities described in the relevant RFA, will be eligible for grant award(s).

The following recipients are ineligible for a grant award (s):

- South African NGOs that are not legally registered
- Organisations which are wholly or partially owned by government or government agencies.
- Any entity whose name appears on the "List of Parties Excluded from Federal Procurement and Non-Procurement Program"
- Any public international organization such as WHO, UNICEF, CARE, etc
- Any entity whose country of origin/nationality is not South Africa or the United States
- Any entity affiliated with the RTI or any of its directors, officers or employees
- Any otherwise eligible entity whose participation in, or benefit from other activities supported by RTI could create a perception of conflict of interest

In the case of an unregistered PVO which RTI believes might be able to undertake useful grant activities to further the project, RTI may encourage the organisation to register as a PVO with USAID, on the understanding that RTI makes no promise, actual or implied, that the organisation shall thereafter receive a grant.

⁴ Reference: ADS 303, USAID5.4 Public Notice and Advertising

All final decisions on grant eligibility will be determined by RTI in consultation with USAID.

4.2.2 Public Notice

For each grant award cycle, a public announcement will be prepared by RTI to solicit proposals once the criteria for award and the number and size of awards have been determined. RTI will co-ordinate with USAID/SA on the development of the announcement.

The announcement will include:

- A statement to the effect that the programme is authorised in accordance with the US Foreign Assistance Act
- The RFA number
- A description of the DDSP
- The objectives of the current RFA and results to be achieved
- A general description of the programme indicating provincial priorities (as applicable)
- Eligibility and non eligibility requirements of applicants
- Value of funds available
- The period of performance
- Information on where to obtain a copy of the RFA and other relevant information
- The due date for submission of proposals

The announcement will be submitted to USAID/SA for review and approval.⁵

In accordance with ADS 303.5.4.b the public announcement will be published no less than 30 days before applications are due.⁶

The announcement will be published in the local media deemed appropriate, as well as posted on the appropriate local internet distribution network e.g. Edufax, etc. The announcement will also be distributed to the National Department of Education, relevant Provincial Department(s) of Education and RTI Provincial Technical Directors. Copies of the announcement may also be mailed or faxed to NGOs known to be substantially involved in the required focus area.

A log containing details of all NGOs to whom the announcement has been sent will be maintained.

4.2.3 Request for Application (RFA)⁷

The RTI Grants Management Unit will develop an RFA with input from the RTI Technical Unit and the relevant provincial departments. The RFA will contain all elements of the public announcement and will include:

- A summary of the requirements

⁵ Refer to "Sample of *Public Notice for a Request for Applications*"

⁶ Reference: ADS 303, USAID5.4 Request for Applications

⁷ Reference: ADS 303, USAID5.5 - Requirements for Competition

- The eligibility criteria
- A general description of the proposed programme
- How the award will be administered, (-the Mandatory and Standard Provisions will apply)
- An estimate of funds available and number of awards to be issued
- A Cost sharing element, required or suggested, as applicable
- Budget submission forms
- Instruction-guide for preparing the proposal stating the required number of copies, the mode of submission, the place of submission and the process for seeking clarification, deadline for submission of application and the mode and place of submission
- The technical and financial criteria which will be used to evaluate applications and to select successful applicants
- Expected reporting schedule
- Reference to the required certification and representations
- Expected duration of USAID support or the period of performance
- Consequences of late submission
- Point of contact, including name, title, address and phone number
- Statement to the effect that USAID reserves the right to fund any or none of the applications submitted and
- Any other relevant information

USAID/SA will review and approve all elements of the RFA including: a) content b) eligibility and selection criteria c) the amount of the proposed grant award(s); d) number of grants to be awarded and e) the nature of the grant activities.

The Request for Applications will be distributed to all interested NGOs and a list of the organisations will be maintained.

If RTI and USAID/SA determine that further clarity is required on the content of the RFA, RTI will arrange a meeting of all interested applicants. The meeting will be held approximately four weeks prior to the closing date of the application. This will ensure that all applicants have sufficient time to address any questions they may have concerning the RFA.

Thereafter, any further questions will be received and addressed in writing within a period not exceeding two weeks after the clarification meeting. Any information given to a prospective applicant in response to a question concerning the RFA will be furnished to all prospective applicants as an amendment to the RFA, if the lack of such information would be prejudicial to other applicants.

The proposal submission deadline will include a specific time and date no later than four weeks after the last day of the public notice announcement. Submissions received after that time and date will not be considered.

Applications must be submitted in hard copy only. One original and five copies of the Technical proposal and one original and three copies of the Financial proposal will be submitted in separate envelopes.

4.2.4 Competition requirements

All applications must be received by RTI by the deadline stipulated, must be presented in the proposal format and must clearly address the issues defined in the RFA. Competition in the awarding of grants shall be used to the maximum practicable extent. The requirement for competition will be considered to have been met if two or more eligible potential recipients submit an application in response to an RFA.

Non-competitive awards are not envisaged under the RTI but should they be required, the approval of USAID/SA will be sought and the procedures outlined in ADS 303 and the RTI contract will be followed.

4.3 Selection and Screening

4.3.1 Initial Screening

Upon receipt of the applications, RTI will review them to ensure that they meet the basic eligibility criteria. Only those applications that meet the criteria, are received by the deadline and are presented in the proposal format will be forwarded to the Grants Review Panel.

All potential recipients will be subject to a Past Performance Scrutiny. RTI will contact a representative sample of references and solicit their evaluation of the potential recipient with respect to planning and implementation of programmes. Any negative reports will be referred back to the potential recipients in writing for a response. This information will be included as part of the overall assessment of past performance which RTI will submit to the Grants Review Panel for their consideration in making a final selection.

4.3.2 Grants Review Panel

A Grants Review Panel will be formed to evaluate the applications. The RTI Project Manager and Grants Manager will select members of the Panel in consultation with USAID/SA. The final list of members will be submitted to USAID/SA for approval. The Panel will review the applications, based on their technical and financial merits.

The Technical Review Panel will at a minimum comprise;

- RTI representative(s), RTI-partner representatives, USAID representative(s), representative(s) from the Department of Education, and other relevant experts

The Financial Review Panel will at a minimum comprise;

- RTI financial representative(s)
- A financial expert with experience in USAID financial reviews

4.3.3 The Review Process

The two Panels will be responsible for ranking applications based on the selection criteria described in the RFA.

In the event of a conflict of interest in relation to an application, the affected Panel member must excuse him/herself from all discussions related to that application. A conflict of interest arises if the person, or their spouse, partner

or child works for, or is negotiating to work for, or has a financial interest (including being an unpaid member of a Board of Directors) in any organization which submits an application under the Panel's review; or if the member believes that for any reason they cannot review the application in an unbiased, objective and independent manner.

At the first meeting of the Panels, a chairperson will be selected by Panel members and rules and procedures adopted. An RTI staff member will act as Secretary to the Technical Review Panel and provide administrative support. This session will be held prior to consideration of the applications. The first meeting will provide information on:

- Ethical issues related to the Review
- The grants component of the RTI contract
- The objectives of the RFA
- The evaluation criteria and how they are to be applied
- Working with a sample application and how the scoring system will be applied
- Administrative and logistical issues; and
- Any other issues

At the beginning of discussion on each application, the Chairperson will ask each Panel member to sign a statement to the effect that there is no conflict of interest related to the application under discussion. If this is not the case, then the member will be instructed to excuse him/herself from the Panel.

During the review process, each member of the technical and Financial Panels will individually assign ratings using the various criteria. These ratings will then be discussed at a plenary and a composite Panel rating will be developed. Based on this rating a list of applicants within the competitive range will emerge and a provisional selection made.

RTI will prepare a written evaluation on behalf of the Technical and Financial Review Panels for each application including numerical rating, a short narrative explanation for scores for each of the established criteria and a recommended grant amount. This report will be approved by the Chair of the Panel and circulated to all Panel members.

4.3.4 Clarification and Follow-Up Issues

During the review of the applications, the Panel may raise certain questions for clarification or issues of concern. These questions and issues will be recorded, and RTI will follow up with the potential recipients in writing to solicit a written response.

The Panel members will be advised of the response to queries and a final decision will be made on the grants to be awarded.

4.3.5 Short-listing of High Scoring applicants

The Technical and Financial Panels will review the scoring of each applicant, and a short list of a minimum of 2 or 3 organisations will be determined.

All unsuccessful applicants will be notified in writing of the Panel decision. These applicants will have the opportunity to send a written request, within 10 days, for additional information if there are issues they would like to have addressed. RTI will explain in writing the basis for the decision, as appropriate.⁸ Such response will be addressed within 30 days of receipt of correspondence from unsuccessful applicants.

4.3.6 Pre Award Procedures

In order to comply with the Pre-Award Responsibility Determination (ADS 303.5.9) RTI will determine whether the applicant has the capacity to adequately comply with USAID management requirements. RTI will also determine if the potential Grantee possesses the necessary management competence to plan and carry out the proposed programme and that it will practice mutually agreed methods of accountability.

4.3.7 Pre-Award Survey Team⁹

A Pre-award Survey Team will be established to carry out technical and management review of the short-listed applicants. The team will consist of, as a minimum: The Grants Manager and/or the Deputy Grants Manager, the Deputy Financial Grants Manager.

4.3.8 Finalisation of Selection

A Pre-Award Survey report will be presented to the Panel that will then make a determination of the highest-ranking applicant and make the final selection accordingly.

Once the final selection has been made an in-depth Financial Survey will be conducted of the selected Grantee.

4.3.9 In-depth Financial Survey: Responsibility and Accountability

The formal Financial Survey will determine whether:

- The proposed programme description and financial plan are sufficient
- The applicant has adequate financial resources, or the ability to obtain such resources, as required during the performance of the award
- The applicant has the ability to comply with the award conditions taking into consideration all existing and prospective recipient commitments
- The applicant has a satisfactory record of performance with respect to planning and implementing programmes
- The applicant has a satisfactory record of integrity and
- The applicant is otherwise qualified to receive an award under applicable laws and regulations, which includes a Certificate of Compliance.¹⁰

⁸ Reference: ADS 303, USAID5.7a – Notification; and ADS 303, USAID5.7b – Request for Additional Information.

⁹ Pre-award survey form Attachment C

¹⁰ Reference: The “Certificate of Compliance” (“self certification”) as detailed in the Supplementary Reference “Procurement Reform – Documentation Requirements for Non-Profit Recipients

4.3.10 Accounting Systems¹¹

RTI representative will review and report to the Panel with respect to the potential Grantee on the following:

- The Organisation's books, records, programme documentation and other materials related to the grant are maintained in accordance with generally accepted accounting principles
- The accounting records are, at a minimum, adequate to show
- The ability of the Organisation to supply full details (supplier or vendor, amount, nature and date) of all costs incurred under a grant
- The ability of the Organisation to supply full details of receipt and use of goods and services acquired under the grant
- The cost of the programme supplied from other sources
- The ability of the Organisation to supply full details on overall progress of the programme
- The financial system has the ability to maintain procedures that will minimise the time elapsing between the transfer of funds and their disbursement
- The systems are adequate to maintain all documentation for a three year period
- The organization has adequate financial resources required to complete the grant activity and to provide the required level of matching funds
- The accounting and banking system can maintain grants separately from all other organization funds
- The organization has adequate and effective internal controls, including monitoring adherence thereto
- The organization has completed statutory audit(s), issued the audit report(s) and signed annual financial statements for the past three years
- The organization is willing and able to establish and maintain systems to:
 - Ensure compliance with the cost principles of OMB A-122
 - Monitor compliance with the Grant Agreement terms
 - Ensure that reporting deadlines are met
 - Monitor compliance with counterpart funding requirements
 - Ensure that questioned costs arising from recipient audits are followed up and resolved

A USAID financial expert may be involved in the in-depth review as required.

¹¹ Reference: Cost principles for Non-Profit Organisations, Circular A-122 Revised August 29, 1997, Office of Federal Financial Management and Attachment C.

The financial Survey will also look at the following four items.

4.3.11 Property Control Systems

For grants involving the purchase of commodities, the potential Grantee's records must demonstrate property control systems and a programme for orderly maintenance of USAID property.

4.3.12 Procurement System

The potential Grantee's procurement system meets acceptable standards (if the procurement element is worth more than 50% of the agreement or worth more than \$250,000).

4.3.13 Personnel and Travel Policies

Potential Grantee personnel and travel policies are written uniformly, are enforced, and result in personnel and travel costs that are reasonable in accordance with the applicable cost principles.¹²

4.3.14 Debarment and Suspension

Grantees shall comply with the non-procurement debarment and suspension as defined in Standard Provisions, Attachment 3, entitled "Debarment, Suspension and other Responsibility Matters", which restricts sub-awards and contracts with parties that are debarred, suspended or otherwise excluded from or ineligible for participation in the programme or activities.¹³

A detailed report of the Financial Survey will be written, concluding with a statement on the responsibility for the organisation. In the event of an award being made, the report will also note any modifications to the proposal which are required and any modification in the organisation's management and financial systems which should be instituted and monitored as part of the Grant Agreement. A copy of the report will be furnished to the potential Grantee and to the Grants Review Panel. In the event that the award is not made, the same procedure will be followed for the next highest-ranking application.

4.4 Award

4.4.1 Negotiation

Once the Financial Review is completed the final grant programme and budget will be negotiated with the selected applicant. The Negotiated Overhead Rate will be sent to USAID for approval including the supporting documentation. Any changes in the grant programme as a result of the pre-award technical, management and financial surveys will be mutually agreed upon.

The grant programme budget should include funding elements, which are reasonable and allowable in accordance with applicable cost principles of

¹² Reference: Cost principles for Non-Profit Organisations, Circular A-122 Revised August 29, 1997, Office of Federal Financial Management.

¹³ Standard Provisions – Debarment and Suspensions

OMB A-122. An overhead rate for the Grantee will also be negotiated, and the level of cost sharing/matching funds required by the Grant will be determined. The largest reasonable and possible financial contribution by the applicant will be negotiated. Twenty five percent (25%) financial participation will be the reference point, but where reasonable and possible, larger participation rates will be sought. If necessary, lower rates will be justified.

4.4.2 Final Documentation Submission

The selection of the Grantee, the nature of the grant activities and the amount of the proposed grant will be submitted to USAID/South Africa for final review and approval prior to award.¹⁴

4.5 Grant Approval

4.5.1 Finalisation of the Grant Agreement

A grant agreement format will be developed by RTI and submitted to USAID/SA for approval. Each grant award will contain the following elements:

- Grant Letter – describing the overall purpose, objectives, goals and anticipated grant activity with a discussion on the background to the grant activity. This will include a description of how the grant activity will address a specific issue. The grant letter will also list the overall amount of the grant award, the period for the grant and the terms of the grant;
- Programme Description including the indicators to be used for reporting on project results.
- Schedule – an implementation schedule, clear benchmarks and indicators for monitoring and evaluation, a clear listing of intermediate and final deliverables, and the financial and technical reporting requirements;
- Grant Budget – a line item budget by programme category, including salaries, travel, commodities, other direct and indirect costs, the costs that will be covered by the grant, and those costs that will be covered by the Grantee. Bank information for the transfer of funds will also be obtained;
- Mandatory standard provisions and any applicable required-as-applicable standard provisions;
- Additional RTI provisions as necessary (forms and templates for reporting etc)
- Evaluation - Evaluations will be conducted in accordance with monitoring and evaluation plan in the grant agreement. The Grantee will draft a terms of reference for RTI approval and will contract an independent evaluator to carry out the evaluation. Evaluation reports will be submitted to RTI for review. Monitoring by RTI will include follow up on any evaluation observations or recommendations.

¹⁴ Refer to Guidelines for Grant Approval Form

The Grant Agreement will be signed by the RTI Project Manager and Grants Manager and countersigned by two authorised representatives of the Grantee.

4.5.2 Special Award Conditions

If an applicant or recipient has a history of poor performance; is not financially stable; has a management system that does not meet the standards prescribed in this part; has not conformed to the terms and conditions of a previous award; or is not otherwise responsible; the RTI and/or USAID may impose additional requirements as needed, provided that such applicant or recipient is notified in writing as to:

- the nature of the additional requirements;
- the reason why the additional requirement is being imposed;
- the nature of the corrective action needed;
- the time allowed for completing the corrective actions; and
- the method for requesting reconsideration of the additional requirements imposed.

Any special conditions will be removed once the conditions that prompted them have been corrected.

4.6 Progress Reporting

The Grantee shall monitor the performance under the grant and ensure that time schedules are being met, projected work units by time periods are being accomplished and other performance goals are being achieved. This review shall be made for each programme, function or activity of the Grant Agreement.

The Grantee must submit an annual work plan for each of the years of the award. The work plan shall be presented within 45 days of the commencement of each 12 month period.

An annual report on activities and results accomplished is a further requirement and is to be made available by the end of each of the yearly 12 month periods. This shall be presented within 90 days of commencement of the next 12 month period.

The Grantee shall submit a report containing the following:

- Description of programme activities (to date)
- Description of implementation and management, and
- Supporting information and documentation
- Actual accomplishments with goals established for the period. If the outputs of the programme can be readily quantified, such quantitative data should be related to cost data for computation of unit cost.
- Reasons why established goals were not met.
- When appropriate, analysis and explanation of cost overruns or high unit costs.

Reporting will be done on a quarterly basis. The Grantee shall submit quarterly reports in the frequency described below;

- A quarterly report for the first three months and an activity plan for the next three months. The report shall be submitted within 30 days of the end of the 3 month period; thereafter
- A second quarterly report or semi-annual report. This report will cover the second quarter activities showing the linkage between the second and the first quarterly report. The deadline for receipt of the report is no later than 30 days after the end of the period;
- A third quarterly report, with an activity plan for the next three months will be due after the 9th month of the activities of the programme year. This should be submitted within 30 days at the end of the 3 month period in the third quarter; and
- An annual report. The annual report will cover an overall report of the year's activities. The deadline for receipt of this report is no later than 90 days at the end of the reporting year.
- Final Reports. Deadline for receipt of this report is no later than 90 days after the end of the project.

The requirement for the 1st and 3rd quarterly report will be determined on a case by case basis.

The Grantee will also ensure that the appropriate programme evaluation, monitoring and financial systems are in place and that RTI and USAID have complete access to all relevant project data.

The Grantee shall deliver to RTI, prior to implementation, copies of relevant materials, products or deliverables as specified in Attachment 2, "Programme Description".

4.7 Implementation

RTI encourages a post-award orientation with the Grantee to clarify the roles and responsibilities of Grantee officials who will be administering the grant.

4.7.1 Briefing

At the beginning of each grant award, training and technical assistance will be available to relevant staff in the Grantee organisation on any of the mechanisms that have been implemented or agreed upon. Follow-up training and technical assistance may be provided depending on the organisation's staff turnover, problems, which are identified as the programme is implemented.

4.7.2 Monitoring

RTI will monitor the Grantee programme and its compliance with all USAID grant requirements, Mandatory and 'required as applicable' Standard Provisions – such as semi-annual progress reports, audits, evaluations, and completion of disbursement vouchers. A monitoring plan will be drawn up for each grant and for the grants programme as a whole, specifying the schedule for delivery of reports, payment requests, site visits, meetings, evaluations and audits. The purpose of the monitoring plan will be to measure and evaluate the Grantee's progress in achieving objectives and to assist the Grantee in complying with USAID requirements.

Site visits will be carried out to monitor implementation progress based on at least one visit per Grantee or sub-grantee per year, and the schedule submitted to USAID/SA for approval. A report on each site visit will be prepared summarising what was observed against what was reported, and identifying any problems and solutions. These reports will be provided to the Grantee and to USAID/SA.

Various communications and information systems will be assessed to determine the most effective and cost efficient manner of keeping Grantees and other stakeholders informed about issues related to the management of the grant and progress achieved under the grant. These systems could include the publication of a regular newsletter, the introduction of a help-line to deal with Grantee problems as they emerge, the preparation and circulation of reports summarising results, and lessons learned, etc. The information provided could include summaries of the Grants Management Annual Reports, monthly financial updates, changes in USAID policy related to grants management, etc.

4.7.3 Reporting and Payment

RTI will ensure that progress reports and completion of disbursement vouchers are received in the required format. The type and frequency of reporting will be determined and established in the Grant Agreement. An original and two copies of each report will be required. The deadline for receipt will be no later than 30 days after the end of the specified period for quarterly and semi-annual reports, and 90 days for annual and final reports.

4.7.4 Periodic Advances

Advances shall be limited to the minimum amounts needed to meet anticipated disbursement needs (generally 30 days) and shall be scheduled so that funds are available to the Grantee as close as administratively feasible to the actual disbursements by the Grantee for programme costs. Advances made by the Grantee to sub-grantees or consortium, or the Grantee's field organisations shall conform substantially to the same standards of timing and amount as apply to cash advances by RTI to the Grantee.

Payments will be made as follows:

At the close of each month the Grantee shall submit to RTI one (1) original and two (2) copies of the following forms entitled;

- "Request for Advance" Voucher (includes Cash Status Report)
- "Cancellation of Advances" Voucher
- Bank Reconciliation report,

An initial advance to cover anticipated costs for a period of 2 months will be made. At the end of the first month, a "Request for Advance" Voucher will be submitted to RTI by the Grantee. To facilitate the disbursement, it is advised that the Advance and the Cancellation vouchers be submitted simultaneously.

The Grantee may submit a set of Vouchers on a quarterly basis (i.e. submission of three "requests for advance" vouchers, one for each month in the upcoming quarter). At the end of each month the Grantee shall submit a "Cancellation of Advances" to liquidate the advances of the previous month.

The advance should be limited to the minimum amounts needed to meet anticipated disbursements needs as reflected in the "Request for Advance".

4.7.5 Audits¹⁵

[For amounts less than \$300,000]. It is required that the annual statutory audit reviews the following; activities allowed or unallowed; allowable costs/cost principles; eligibility and matching costs.

RTI and/or USAID/SA shall retain the right to conduct a financial review, require an audit, or otherwise ensure adequate accountability of organisations expending USAID funds, regardless of the audit requirements.

Or

[For amounts \$300,000 and above]. If the Grantee expends \$300,000 or more per year under the grant, an annual USAID audit will be conducted. The Grantee will select an independent auditor (from a list approved by USAID) to conduct audits and will be provided with a copy of the "*Guidelines for Financial Audits Contracted by Foreign Recipients*". The audit will be a financial audit in accordance with the guidelines and generally accepted auditing standards and will determine whether the grant funds have been used in accordance with the Grant Agreement.

A copy of the audit will be submitted to RTI within 30 days after completion of the audit, and not later than 13 months after the close of the Grantee's fiscal year. RTI will review the report to ensure that it complies with the audit requirements, and will ensure that appropriate corrective actions are taken on the recommendations contained in the audit report.

Audit recommendations will be resolved within six months after issuance of a final report and the negotiated settlement on audit recommendations documented in writing. Resolution of monetary findings will be done through a final decision on the allowability of questioned costs.¹⁶ A bill for collection to recover sustained disallowed costs will be issued.

4.7.6 Evaluation

Evaluations will be conducted in accordance with monitoring and evaluation plan in the grant agreement. The Grantee will draft a terms of reference for RTI approval and will contract an independent evaluator to carry out the evaluation. Evaluation reports will be submitted to RTI for review. Monitoring by RTI will include follow up on any evaluation observations or recommendations.

4.7.7 Amendments to Grant Agreements

Written amendments of a minor or administrative nature which do not change the obligated amount or the purpose of the grant, and are satisfactory to the Grantee will be made by RTI and the USAID Contracts Officer advised. Any amendments that modify the programme description, and/or impacts on the budget will be made with the prior approval of the USAID Contracts Officer.

¹⁵ References: OMB Circular A-122; 22 CFR 226; ADS 303; ADS 591, RCA Guidelines (July 1998)

¹⁶ Handbook 13, Chapter 1, Appendix 1F – Resolution of Costs Questioned in Audit Reports

Amendments will be made by formal modifications to the basic Grant Agreement or by means of an exchange of letters.

4.8 Close Out¹⁷

All grants will be closed out in accordance with USAID guidelines and close out documentation submitted to USAID. A meeting will be held with the Grantee to review and determine that all grant activities and audits have been completed in accordance with the agreement, and that any financial and technical reports that are due will be submitted within 90 days of completion of the grant. The grant budget will be reconciled to ensure that the Grantee refunds the balance of unobligated fund that was advanced. Any property which has been acquired using grant funds will be accounted for and disposition thereof will be made according to USAID regulations. Grants will be evaluated on the basis of their contribution to the defined objectives.

5 Record Retention

RTI will act as custodian for USAID of all records relating to grants and will preserve all records with respect to its grant making including the deliberations of all Grant Review procedures and grant administration. Copies of all reports received from Grantees will be forwarded to RTI North Carolina. USAID will have full access to all RTI documents, and records with respect to its grant management responsibilities. If there remains any issues still pending with respect to the Grant beyond the 3year period, the Grantee will retain all records pertaining to the grant until such time that all issues are resolved. RTI and/or USAID/SA and/or its representatives may audit the documentation retained by the Grantee.

6 Validity

This Grants Management Procedures Manual has been developed in compliance with USAID ADS Chapter 303 and any amendments thereto as of October 1998 and contract USAID Contract 674-0314-C-00-9008-000 and is applicable for the duration of the RTI Contract. It is subject to amendment based on a) changes in USAID policies and procedures in relation to Grants and Co-operative Agreements and b) practical implementation which may demand amendment of an element or elements of this Procedures Manual. Amendments will be drafted by RTI and approved by USAID/SA.

7 Conflict of Interest

A conflict of interest exists when an RTI-DDSP employee or any member of his/her immediate family has any financial or other interest in the potential organization to be engaged or funded by RTI-DDSP. If a real or apparent conflict of interest exists, the employee shall not participate in the evaluation process or influence any decision related to the awarding of the grant or subcontract.

Under such circumstances, the RTI-DDSP employee shall recuse himself/herself from the evaluation, selection and from decisions related to the award of the grant or subcontract. In the administration or management of grantees or subcontractors, under no circumstances

¹⁷ MPI Operating Procedures, September 9, 1997: OMB Circular A-110.

shall the RTI-DDSP employee, who has a conflict of interest, take any decision in relation to the concerned organization whereby there are financial implications.

The following example illustrates the above:

- A) The spouse of an RTI-DDSP employee works for a potential grantee. This relationship was timeously disclosed to RTI-DDSP prior to the evaluation and awarding of the grant. The RTI-DDSP employee completely recused herself from the evaluation and award process involving that organization.

- B) The organization concerned was awarded a grant by RTI-DDSP. In the administration of that grant, the following procedures have been implemented:
 - a. The RTI-DDSP Chief of Party makes all decisions, financial and programmatic, related to the concerned grant and signs all written correspondence to that organization.
 - b. The RTI-DDSP Chief of Party solicits comments, suggestions, and recommendations from staff members related to decisions regarding that organization.
 - c. To allow the concerned RTI-DDSP employee to perform effectively in her position, she receives and is copied on all written correspondence pertaining to that organization.
 - d. As with other grants/ subcontracts, the RTI-DDSP employee concerned liaises telephonically/ e-mail with that organization and copies all RTI-DDSP staff.
 - e. The RTI-DDSP employee concerned attends project meetings/ training as required related to the project, makes input and provides general information where necessary.
 - f. The RTI-DDSP employee concerned comments on reports/ documentation produced by the project.

SIGNATURES:

For Research Triangle Institute

for USAID/South Africa

Project Manager

Cognisant Technical Officer

DATE:

DATE:

Grants Manager

Contracts Specialist

DATE:

DATE: