



**USAID** | **ZAMBIA**  
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# Grants Manual

## Zambia Local Impact Governance Activity

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## ACRONYMS

ADS	Automated Directives System
APS	Annual Program Statement
CO	Contracting Officer
COR	Contracting Officer's Representative
COP	Chief of Party
DAI	DAI Global, LLC
DCOP	Deputy Chief of Party
EOI	Expression of Interest
FOM	Field Operations Manual
GEC	Grant Evaluation Committee
GUC	Grants Under Contract
MEL	Monitoring Evaluation and Learning
NGO	Non-Governmental Organization
NOFO	Notice of Funding Opportunity
OCP	DAI US Office of Contracts and Procurement
RFA	Request for Application
SAM	System for Award Management
TAMIS	Technical and Administrative Management Information System
TIP	Combatting Trafficking in Persons
UEI	Unique Entity Identifier
US	United States
USAID	United States Agency for International Development
USD	United States Dollar

## **I. INTRODUCTION**

### **PURPOSE OF LOCAL IMPACT GOVERNANCE ACTIVITY GRANTS UNDER CONTRACT MANUAL**

This Grants Under Contract (GUC) Manual for the Local Impact Governance Activity project comprises the policy and procedures governing the implementation of grant agreements under the Local Impact Governance Activity. The policies and procedures are adapted from DAI's standard policies to the specific requirements of the Local Impact Governance Activity contract and the programmatic objectives of the activity. They are in full compliance with all required rules and regulations, including ADS 303 and ADS 302. This manual defines grant eligibility criteria and describes the procedures that will be used to manage grants throughout the grant cycle, including solicitation and evaluation of applications, disbursements, monitoring of results, and closeout requirements.

### **LOCAL IMPACT GOVERNANCE ACTIVITY FIELD OPERATIONS MANUAL AND GUC MANUAL ACCESS AND FORMAT**

All DAI projects use a Lotus Notes database for all project policies, procedures, work instructions, forms and templates that cover all aspects of project operations, compliance, and technical execution. This internal database is customized for the country and project during start-up and becomes the project Field Operations Manual (FOM). It also includes chapters on the project mission and objectives, project organization and roles and responsibilities, project compliance, office and equipment administration, technical execution, project systems, project financial management, human resources management, procurement and inventory management, travel and events logistics, project security and safety, grant management, and infrastructure management.

The Local Impact Governance Activity FOM has already been created, and the DAI US team has begun customizing the manual for the project. This initial customization is projected to be completed by month six of the project. It will be updated on a regular basis to reflect the evolution of project staffing, objectives, and changing United States Agency for International Development (USAID) or DAI/corporate requirements. By housing the manual in Lotus Notes, it allows all staff to immediately access the most up-to-date version of each policy, procedure or template. It also tracks the full revision history of each document and captures the timestamped digital approval of the DAI staff at the project or corporate level authorized to allow a modification of policy, procedure, work instruction, form or template. This system has served DAI and its projects very well in the past, both as a powerful document during audits and for knowledge capture.

This GUC manual, once finalized and approved, will be housed in the Local Impact Governance Activity FOM. As a result, the format of the GUC manual as presented here is organized in a way consistent with the structure of the FOM. It consists of an overall grants policy and three procedures:

- Policy 12: Governing Policy on Management and Implementation of Grants
- Procedure 12.1: Solicitation and Award of Grants
- Procedure 12.2: Grantee Management and Reporting

- Procedure 12.3: Closing Out Grants

For the purposes of this submission, some of the more granular elements of the manual (e.g., forms and work instructions) are omitted, as is Procedure 12.4: Customizing and Updating the Grant Manual and Grant Management Section, which are simply instructions and guidelines for customization. As a result, the manual presented in the following pages is effectively an excerpt from a larger document. There will be references within this submission to 'external' elements, such as the FOM chapter on procurement or internal DAI guidance (work instructions) on grant implementation. The corresponding links will only work within the Lotus environment.

By presenting the Local Impact Governance Activity GUC manual in a manner that can be integrated with the rest of the project's policies and procedures instead of a standalone document, this manual and any modifications are maximally accessible to Local Impact Governance Activity staff, that all changes are tracked and approved per DAI's governing policies on project implementation, and most importantly, this document can be adapted as necessary to the project's evolving needs.

# **POLICY 12: GOVERNING POLICY ON MANAGEMENT AND IMPLEMENTATION OF GRANTS**

## **I. PURPOSE AND SCOPE**

- 1.1. The purpose of this governing policy is to provide a comprehensive statement of DAI's contractual, financial, and administrative management policies for implementing a grants program and to describe the system and documentation put in place to implement these policies.
- 1.2. Much of the material in this section relates to implementing grants under funding from USAID. While at times some regulations are specific to USAID, the material can form the basis of a grant program under a different donor.
- 1.3. This section of the manual pertains to the actual implementation of the grant program by project staff with specific guidance on how the process works. The project also provides a DAI US-reviewed Grants Manual to USAID normally as a deliverable or condition of the award.

## **2. ROLES AND RESPONSIBILITIES**

- 2.1. The Technical Staff is responsible for defining the grants program to meet the stated project goals and objectives, implementing this policy and the following procedures, and ensuring that all steps (contractual, financial, and procurement) meet DAI's established practices.
- 2.2. The Grants Staff includes the Grants Manager and Grants Assistant who are responsible for overall implementation, ensuring compliance with all procedures, and maintaining all documentation.
- 2.3. The DAI US Office of Contracts and Procurement (OCP) is responsible for approving all templates, the Grants Manual as a deliverable and the Grants section of the FOM, providing guidance to the field staff, and approving all grants with values above the Chief of Party's delegated authority, in accordance with DAI's policies and procedures.
- 2.4. Management Systems Team is responsible for customizing the Technical and Administrative Management Information System (TAMIS) grants module to meet the implementation needs of the project.
- 2.5. The Chief of Party (COP) is responsible for ensuring compliance to this policy and that DAI field staff are trained on this policy and supporting procedures.

## **3. POLICIES AND OBJECTIVES**

### **GRANT POLICIES**

- 3.1. The project shall implement a grants program only under the written authorization of USAID as stated in the contract or through a written modification of the contract or approval notice from the Contracting Officer (CO).

- 3.2. Under United States (US) Government agreements, DAI shall follow all applicable laws, statutes, and regulations that govern the use of grants under contracts and cooperative agreements. Similarly, the project shall flow down to the grant agreements all mandatory standard provisions according to the type of grant and/or the recipient organization.
- 3.3. DAI ensures through compliance with these laws and regulations, that all costs are reasonable, allocable, and allowable, and the best use of US Government and taxpayer funds.
- 3.4. USAID will be significantly involved in establishing grantee selection criteria and approving the selection of the grant recipients.
- 3.5. The following table outlines the approval thresholds for grants under Local Impact:

DESCRIPTION	APPROVAL
Fixed Amount Awards (FAA) and In-Kind Grants up to the amount established in the COR's designation letter	Contracting Officer's Representative (COR) approval
FAA and In-Kind Grants over the amount established in the COR's designation letter	Contracting Officer (CO) approval
Cost Reimbursable (CR) Grants – Any Dollar Value	Contracting Officer (CO) approval
Cost modifications increasing the value of the grant by 10% or more from its original value	COR approval for FAA and In-Kind grants up to the amount established in the COR's designation letter CO approval for FAA and In-Kind grants over the amount established in the COR's designation letter, and CR grants at any dollar value
Significant changes to the grant scope of work	COR approval for FAA and In-Kind grants up to the amount established in the COR's designation letter CO approval for FAA and In-Kind grants over the amount established in the COR's designation letter and CR grants at any dollar value
Period of performance extensions	COP approval for extensions under 3 months (all grants) COR approval for extensions 3 months and beyond (all grants)

DAI's grant approval request shall summarize the award selection process, identifying the potential recipient(s), cost reasonableness and the program description of the selected applicant.

- 3.6. USAID retains the ability to terminate the grant activities unilaterally in extraordinary circumstances.
- 3.7. Consistent with USAID's approach, DAI encourages unrestricted competition of grant awards by seeking applications from all eligible and qualified entities and evaluating all applicants fairly and equally, unless there is a strong programmatic rationale to restrict eligibility that outweighs the benefits of a competitive process (see Work Instruction 12.6).
- 3.8. Upon signing an agreement with a recipient organization, the project recognizes that it is entering into a partnership for the attainment of mutually acceptable goals of the organization, DAI and

USAID. The project shall demonstrate respect for the recipient organization and ensure that the grant is administered in a fair and transparent manner.

- 3.9. The project shall ensure that the most current mandatory provisions and certifications as per ADS 303 are included in all grant agreements.
- 3.10. Activities may include international travel or the purchase of equipment in grant budgets if the applicable standard provisions for those types of activities are attached to the grant award. If purchase of equipment involves restricted goods, USAID approval is required.
- 3.11. Field Grant Advances are billable to USAID only if tracked effectively in the monthly project snapshot and administered and reconciled in accordance with Work Instruction 12.15: Cash Disbursements for Grants.

#### GRANT PROGRAM OBJECTIVES

- 3.12. All grants shall be fully consistent with the project's strategies and priorities. The project shall ensure adequate coordination with implementing partners and other donor-funded interventions to avoid duplication of effort and maximize potential effectiveness.
- 3.13. To the maximum extent possible, grants shall be designed to contribute to achieving overall project results by making an impact on the Zambian system of governance. In this way, grants shall contribute financially to promote and facilitate achievement of expected project results, and do so in a manner complementary to other, non-financial project contributions, e.g., volunteer labor or space. The grants program is designed to provide this financial support while leveraging local resources and those of other donors.
- 3.14. The Local Impact grants program has the following objectives:
  - 3.14.1 Citizens improve their collective skills to effectively assess service-delivery needs and performance, and constructively engage with government.
  - 3.14.2 The sub-national governance system becomes more responsive to citizen needs, generates and accountably expends revenue and improves service-delivery outcomes.
  - 3.14.3 The program generates learning and facilitates problem solving that supports the development of an effective, financially viable sub-national governance system for devolved services, capable of being scaled up throughout Zambia.
- 3.15. The following are examples of activities that may be supported by grants funds. These categories and activities are illustrative only. Variations are likely to emerge in actual practice, in keeping with the needs and opportunities that arise during project implementation.
  - 3.15.1 Training traditional leaders in gender equality and involving them in gender awareness activities in their communities.



3.15.2 Spurring private sector-led innovation in support of transparency (government-citizen communication technology) and mobile payments solutions.

3.16. Grants shall be structured, timely, and quantified. Additionally, grants:

3.16.1. May be awarded for variable amounts and for variable periods.

3.16.2. May come under one or multiple categories of assistance.

3.16.3. May cover all or only a portion of specific activities or costs.

3.16.4. May be used to cover operational or administrative costs of an organization (e.g., salaries, honoraria, consulting fees, stipends, travel and per diem, data collection, analysis, communication and document preparation, workshops, conference participation, equipment, and other costs as may be approved)

3.16.5. May not be for construction activities.

3.17. All grants shall meet the following minimum criteria:

3.17.1. Grants may be awarded on both a solicited and unsolicited basis.

3.17.2. Meet at least one of the objectives and principles noted above in 3.14.

3.17.3. Contain expected outcomes and results consistent with and linked to the project's objectives.

3.17.4. Be submitted by an eligible organization, listed in 3.18 below.

- Grants will primarily be given to local organizations but may also be given to third-country or US organizations. Local entities must be legally registered and recognized under the laws of the Government of Zambia.
- Proposals from individual citizens will not be reviewed.
- Fixed Amount Awards, Simplified Grants, and Standard Grants will not be issued to partner government entities.

3.17.5. Be submitted by an applicant that will obtain a Unique Entity Identifier (UEI) , as necessary. A UEI is required for non-US applications applying for grants in the amount of \$25,000 USD or more. UEI is required for US applicants regardless of the grant amount. The award of a grant is contingent upon the grantee providing a UEI to DAI. Organizations who fail to provide a UEI will not receive an agreement, and DAI will select an alternate awardee.

- 3.17.6. Be submitted by an applicant that is registered in the System for Award Management (SAM) and continues to maintain an active SAM registration with current information at all times during which it has an active grant or an application or plan under consideration by DAI.
- 3.17.7. Be submitted by an applicant that is not debarred or suspended from receiving US Government funds and does not appear on:
- The System for Award Management List as a debarred or suspended organization;
  - The Specifically Designated Nationals and Blocked Persons List maintained by the US Treasury for the Office of Foreign Assets Control; or
  - The United Nations Security Designation List.
- 3.18 Eligible organizations include but are not limited to: for-profit enterprises, not-for-profit Non-governmental Organizations (NGOs), civil society organizations, community groups, media, and educational and training institutions.
- 3.19 Ineligible organizations include political parties, groupings, or institutions or their subsidiaries and affiliates; organizations that advocate or promote anti-democratic policies or illegal activities; faith-based organizations whose objectives are for discriminatory and religious purposes, and whose main objective for the grant is of a religious nature; an entity that has been found to have misused USAID funds in the past; an entity included in any supplementary information concerning prohibited individuals or entities that may be provided by USAID; an entity whose name appears in SAM with an active exclusion; and an organization that refuses to sign all required certifications and assurances.

#### **4. POLICY IMPLEMENTATION**

- 4.1. All grant manuals, grant agreement templates, and the grants management section of the FOM shall be approved by OCP and, if required, by USAID prior to award and implementation of any grants.
- 4.2. All projects shall use DAI's TAMIS for management of their grants program.
- 4.3. The following diagram illustrates the grant making process and the key procedures DAI has in place to implement these grant management policies.



- 4.4. The staff and partners implementing the project shall maintain high standards of ethical conduct in the solicitation, negotiation, award, implementation, and oversight of Local Impact activities.

## PROPOSAL MANAGEMENT

- 4.5. It is DAI policy to require all grants to be awarded competitively unless an exception is authorized. The competition requirement is met when an announcement is published according to Procedure 12.1 outlined in this manual. Recommendations for awards are made following an impartial review and evaluation of all applications.
- 4.6. It is DAI policy to ensure maximum competition by seeking applications from all eligible and qualified entities. Establishing a two or more-tiered level of competition (e.g., prequalification round) is in keeping with this policy, if applications are reviewed in a fair manner at each level. Competition may also be limited to local or regional organizations for appropriate projects.
- 4.7 Categories of Applications and Review Procedures
- 4.7.1 Applications for grants shall fall into one of three categories:
- Applications solicited through public notification for a specified program or support activity;
  - Applications solicited directly from pre-selected potential grantees (e.g., NGOs, etc.) for a specific activity; and
  - Unsolicited applications for grants that support the broad objectives of the project, shall be reviewed on an ongoing basis.
- 4.7.2 All grants shall require an application and will undergo a documented review and approval process. All grant solicitations and applications, whether funded or rejected, shall be retained on file.

- 4.7.3 All information received from applicants shall be considered proprietary and held in strict confidence by those individuals who review it to protect the integrity and privacy rights of the grant applicant.
- 4.8 DAI examines and documents any potential awardee to ensure that the organization has adequate management, financial and internal controls systems to ensure implementation of and compliance with their grant agreement.
- 4.9 The project screens all potential grant activities for potential environmental impact and strives to incorporate gender issues as a cross-cutting theme in its grants program.

#### GRANT AWARD MANAGEMENT

- 4.10 The project shall not award any grant to a US NGO that exceeds \$250,000 USD. This limitation does not apply to grant awards to non-US NGOs or for-profit enterprises.
- 4.11 Once the Grants Manual, the grant agreement templates, and the grants section of the FOM are approved, grant agreements within the Chief of Party's delegated authority, may be administered without DAI US approval, in accordance with DAI's policies and procedures.
- 4.12 Grants shall be awarded to NGOs (international, national, and local), universities, community-based organizations, cooperatives/associations, and other civil society partners.
- 4.13 The project shall customize each grant agreement template at the start of the grants program in collaboration with the DAI US Contracts Administrator. The project may issue the following types of grants, up to their respective maximum as outlined in the Work Instruction. The project shall not modify or alter the approved grant templates, including mandatory provisions and certifications, without first consulting the DAI US Contracts Administrator. The project shall only issue in-kind grants to partner government entities. The types of templates and grants are:
- Fixed Amount Award Grant Template
  - In-Kind Grant Template
  - Standard Grant Template
  - Simplified Grant Template
  - Fixed Amount Award with In-Kind Grant Agreement Template
- 4.14 All grants awarded under the project's grants program shall include the following standard clause: "The Contractor/Recipient is reminded that U.S. Executive Orders and U.S. law prohibits transactions with, and the provision of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of the contractor/recipient to ensure compliance with these Executive Orders and laws." This provision shall be included in all sub-contracts/sub-awards issued under this subcontract/agreement.

- 4.15 The grantee shall also be required to sign the certification regarding terrorist financing and may be required to sign other certifications, such as the certification regarding the prohibition assistance to drug trafficking. Support of international travel or the purchase of equipment having a useful life over one year and an acquisition cost of \$5,000 USD or more may be authorized if the applicable Standard Provisions for those types of costs are attached to the simplified grant format.
- 4.16 It is USAID policy that English shall be the official language of all award documents. If an award or any supporting documents are also provided in a foreign language it must be stated in each version that the English language version is the only official version (see ADS 303.3.20).
- 4.17 The project shall monitor the performance of each grantee and report to USAID on the achievement of grant outputs and/or milestones. The project shall maintain a file for each grant awarded.
- 4.18 The project shall comply with inventory management policies and procedures for procuring non-expendable and expendable items on behalf of grantees, or those purchased directly by the grantee under their grant agreement, which can be found in:
- Policy 9.0: Governing Policy on Procurement and Inventory Management
  - Procedure 9.6: Inventory Management
- 4.19 For work performed outside the US, FAR clause 52.222-50, Combatting Trafficking in Persons (TIP), shall be incorporated into sub-award agreements. Sub-awardees for agreements over \$550,000 USD must create a TIP compliance plan, certify it annually, and must receive materials and orientation appropriate for their level of capacity. A copy of all grantee TIP compliance plan certifications shall be maintained on file as per the Project Record Map.

#### WRAPPING UP THE GRANT

- 4.20 DAI shall not award any grant for a period that extends beyond the estimated completion date of the project. All grants should be completed three months prior to the close of DAI's contract, to allow for an orderly close-out.
- 4.21 All interest and other refunds by award recipients hereunder shall be made to a special, non-commingled, interest-bearing account established by the project (Separate Account). The project has no beneficial interest in any funds in the Separate Account. Funds in the Separate Account shall be paid annually to USAID, as directed by the Contracting Officer's Representative (COR). At the end of the contract, any funds remaining in the Separate Account shall be returned to USAID and any interest shall be refunded to the US Government.
- 4.22 DAI and USAID shall reserve the right to terminate a grant, in whole or part, or suspend payments, should the grantee become insolvent during the performance of the award or should the grantee not meet their responsibilities as set forth in the grant agreement.
- 4.23 USAID has the right to terminate the grant activity (activities) unilaterally in extraordinary circumstances.

- 4.24 USAID reserves the right to conduct financial reviews or audits, and to otherwise ensure the adequate accountability of organizations expending its funds. The project's grant files shall contain the essential documents to demonstrate that the grant was successfully completed, an inventory of all equipment and goods purchased under each grant, and that funds were spent prudently with all costs justified.
- 4.25 Pursuant to the Standard Provision entitled Accounting, Audit, and Records (March 2021), if the grantee expends more than \$750,000 USD in all USAID awards (either directly or through another USAID contractor or recipient) and excluding fixed price contracts and fixed amount awards in federal grant funds in the grantee's fiscal year, the grantee shall conduct an annual audit, the cost of which may be paid from the grant. To comply with these guidelines, the project will, when necessary, include "audit costs" in the approved grant budget. The project may also retain the services of an auditing firm to conduct these audits. The grantee must grant timely access to USAID, the USAID Inspector General, and the Comptroller General of the United States, or any of their authorized representatives, to any documents, papers, or other records of the grantee and any subgrantee, which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. This includes timely and reasonable access to the recipient's personnel for the purpose of interview and discussion related to such documents.

## **5. GUIDANCE**

This section describes guidance to aid in the understanding and implementation of this policy and does not include mandatory requirements.

- 5.1. For guidance on whether an activity is more appropriately acquired through a grant or procurement, see Designing and Selecting Appropriate Implementation Mechanisms.

## **PROCEDURE 12.1: SOLICITATION AND AWARD OF GRANTS**

### **I. PURPOSE AND SCOPE**

- 1.1. This procedure implements the policies related to the solicitation and award of grants as stated in Policy 12: Governing Policy on Grants Management.
- 1.2. This procedure describes the entire process for issuing application notifications, reviewing and evaluating applications, and determining awards for grants.
- 1.3. The overall purpose is to ensure competition in the award of grants unless an exception is authorized and also to fulfill any requirements as set forth by USAID.

### **2. ROLES AND RESPONSIBILITIES**

- 2.1. The Grants Staff are responsible for working with applicants from the application phase through grant award phase by documenting and processing the grants.
- 2.2. The Grants Manager is responsible for overseeing the process, drafting and issuing the Notices of Funding Opportunity (NOFO) in the form of Request for Application (RFA) and/or Annual Program Statement (APS) and/or Expression of Interest (EOI), ensuring documentation in TAMIS of all information for each grant, and submitting proposed grantees to USAID if required and issuing the awards.
- 2.3. The Finance and Operations Director is responsible for overseeing the compliance of the entire grant-making process.
- 2.4. The COP or Deputy Chief of Party (DCOP) is responsible for reviewing the draft NOFO for applicability to the program and submitting requests to the COR for NOFO approval, reviewing of applications and ensuring that applications conform to project objectives.
- 2.5. The DAI US Contracts Administrator is responsible for approving the final NOFO before submission for COR approval and submitting requests for grant concurrence to USAID when CO approval is required. The DAI US Contracts Administrator shall approve grants per DAI's Schedule of Authorities.
- 2.6. The COP approves of grants as per the Project Schedule of Authorities and signs off on the final grant agreement and is responsible for ensuring compliance to this procedure and training for project staff. The COP submits requests for grant concurrence to USAID when COR approval is required.

### **3. PROCESS**

3.1 One process through which LI anticipates that a potential grantee will apply for and receive a grant is through an APS or Expression of Interest (EOI). This process will be reviewed and adapted over time to ensure the most efficient and effective competitive selection processes are used.

- LI develops a two-stage APS or EOI to communicate to the market LI's general interest.

- Prospective LI partner submits a concept note in response to the APS or EOI and is selected through a competitive process. The concept note stage is a two-stage process. A selection committee will evaluate concept notes based on approved selection criteria published in the APS or EOI. Approved concept notes will be invited to move on to stage two for co-development.
- A successful applicant then undergoes a series of collaboration meetings with LI's technical team to co-design the intervention. The co-design process will yield higher quality submissions and mitigate barriers to entry for organizations with less robust proposal development skills, and will give LI tremendous flexibility in creating a final relationship with partners.
- The COP determines a grant is the most appropriate mechanism for achieving the technical objectives. Not all concept notes will be funded using a grant mechanism.
- Prior to awarding grant funding, LI shares an RFA with the applicant, who submits a full application per the terms of the RFA.
- The full application is reviewed by a selection committee and accepted if it meets the eligibility and selection criteria set forth in the RFA, it is not competed against other applications in the second stage.

3.2 Another process that LI may use to identify a potential LI grantee is through its general technical activities.

- The potential grantee will be encouraged to apply through the APS or EOI or LI can directly co-design an intervention with the potential grantee.
- In the process of co-designing the intervention, the COP determines that a grant is the most appropriate mechanism for achieving one or more of the technical objectives.
- The potential grantee is then encouraged to apply through an RFA and is selected through a competitive process, or meets the requirements for a Justification for Restricted Eligibility.

3.3 LI may also develop a one-stage NOFO in the form of an RFA when the program statement is specific and targeted to a technical or geographic area with a specific time frame.

RESPONSIBILITY	ACTION
<b>SOLICITATION PROCESS</b>	
Grants Manager	<ol style="list-style-type: none"> <li>1. Develop a NOFO (RFA, APS, or EOI) in collaboration with USAID and DAI US based upon the project's needs.               <ol style="list-style-type: none"> <li>1.1 The NOFO must clearly indicate whether the funding opportunity is open to all entities.</li> <li>1.2 If eligibility is restricted, the NOFO must state the type of entities that are eligible and the rationale for why restrictions of eligibility is considered necessary.</li> <li>1.3 The period of performance of any grant shall not exceed the period of performance of the Local Impact contract.</li> </ol> </li> </ol>
DCOP	<ol style="list-style-type: none"> <li>2. Review and approve draft NOFO (RFA, APS, or EOI).               <ol style="list-style-type: none"> <li>2.1. Submit to DAI US Project Team Director for guidance or advice if the project is having difficulty designing the NOFO.</li> <li>2.2. Submit to USAID for review if USAID requires input and/or consultation.</li> </ol> </li> </ol>
DAI US Contracts Administrator	<ol style="list-style-type: none"> <li>3. Review final NOFO and send to USAID for COR approval.</li> </ol>
COP	<ol style="list-style-type: none"> <li>4. Send final NOFO to USAID for COR approval.</li> </ol>



RESPONSIBILITY	ACTION
Grants Manager	<ol style="list-style-type: none"> <li>5. Set up a Selection Committee for application review if the program requires multiple or consensual decision/review.               <ol style="list-style-type: none"> <li>4.1 Determine selection criteria for the committee to use in their evaluation.</li> </ol> </li> <li>6. Issue NOFO (RFA, APS, or EOI) to the public through appropriate media channels (e.g., websites, radio, print advertisement)               <ol style="list-style-type: none"> <li>6.1. The project meets DAI's competition policy for grants when an announcement is published.</li> <li>6.2. All NOFOs must be available for receipt of applications of a reasonable amount of time no less than 30 days unless there are exigent circumstances supported by a written determination. DAI should provide longer response periods for sizeable activities or more detailed applications in order to ensure high quality applications. Stage two of full and open NOFOs and NOFOs with restricted eligibility may indicate receipt of applications are due within a shorter, reasonable amount of time.</li> </ol> </li> <li>7. Set up a NOFO folder.</li> </ol>

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EVALUATION PROCESS

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Grants Staff	<ol style="list-style-type: none"> <li>1. Receive and review applications by documenting the information in TAMIS. For each application received, a separate form is created in TAMIS.               <ol style="list-style-type: none"> <li>1.1. Enter all contact information and grants details as outlined on the form for each applicant.</li> <li>1.2. Check applicants in SAM as indicated on the form.</li> <li>1.3. Log in the applications using the date they are received.</li> <li>1.4. Review the applications and all supporting materials for completeness as listed in NOFO.</li> <li>1.5. Notify applicants of receipt and next steps (rejection, review, needs more information) by creating a letter in TAMIS.</li> </ol> </li> <li>2. Prepare Application Competition Records in TAMIS.</li> </ol>
Grants Manager	<ol style="list-style-type: none"> <li>3. Approve Application Competition Records in TAMIS.</li> </ol>
Grants Staff	<ol style="list-style-type: none"> <li>4. Ensure all Selection Committee members or individuals involved in making the decision to award a grant on a non-competitive basis have signed and dated the <i>Confidentiality and Disclosure of Relationships</i> form certifying that the individual has no relationship that could affect their impartial and objective evaluation. DAI will also follow the requirements stated in ADS 302.3.4.13 (C) (6) and FAR clause 52.203-16, Preventing Personal Conflicts of Interest.</li> <li>5. Forward NOFO and applications to the Selection Committee members for evaluation.               <ol style="list-style-type: none"> <li>5.1. Notify Selection Committee members of review deadlines.</li> </ol> </li> </ol>
Selection Committee	<ol style="list-style-type: none"> <li>6. Review and score applications and recommend potential grantees.               <ol style="list-style-type: none"> <li>6.1. Create a score card in TAMIS and rate the application according to the pre-determined criteria.</li> <li>6.2. Print and attach a score card to the application, if any reviewer does not have access to TAMIS.</li> </ol> </li> </ol>
Grants Staff	<ol style="list-style-type: none"> <li>7. Summarize Selection Committee ratings and ensure Selection Committee ratings are saved in the record on TAMIS.</li> <li>8. Notify applicant of decision using the letter templates in TAMIS. There are three options as described below:               <ol style="list-style-type: none"> <li>8.1. Accept the application and inform applicant it moves forward for further review and the applicant will be contacted by a staff member. At that stage, proceed to Step 9.</li> </ol> </li> </ol>

RESPONSIBILITY	ACTION
	<ul style="list-style-type: none"> <li>8.2. Reject the application and provide explanation to the applicant as to why the application was rejected. <ul style="list-style-type: none"> <li>8.2.1 Terminate the application by changing the status of the application in TAMIS to "Rejected."</li> <li>8.2.2 Generate termination letter using the TAMIS template.</li> </ul> </li> <li>8.3. Request more information from the applicant to clarify their application, and upon receipt, the application will be reviewed again. <ul style="list-style-type: none"> <li>8.3.1 Generate letter requesting more information from applicant.</li> <li>8.3.2 Upon receipt of requested information, return to Step 4 above.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>9. Conduct cost analysis of applicant budgets. If necessary, staff shall negotiate the budget to ensure that costs are realistic and reasonable. See Guidance for additional information. <ul style="list-style-type: none"> <li>9.1. Review each cost element for reasonableness and allowability. The extent of the cost analysis will vary among grant types and is determined based on the nature of the program, experience with the applicant, and the amount and type of costs involved.</li> <li>9.2. Determine the applicant's understanding of the financial aspects of the proposed program and the applicant's ability to perform proposed activities with the funds requested (e.g., are enough funds budgeted?).</li> <li>9.3. Evaluate the means by which the applicant's plans will accomplish the program objectives with reasonable economy and efficiency.</li> <li>9.4. Determine if any costs are restricted or unallowable per DAI's agreement with the client (e.g., vehicles, computer equipment, and fertilizer) as these items may require additional approvals.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>10. Conduct pre-award responsibility determination of each applicant to ensure they have the capacity to implement a grant. <ul style="list-style-type: none"> <li>10.1. Attach all questionnaires to the Financial Management Checklist in TAMIS.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>11. Complete Environmental Review of grant, if necessary. <ul style="list-style-type: none"> <li>11.1. Create the Environmental Review form in TAMIS and complete all fields.</li> <li>11.2. Forward to project's designated Environmental Compliance Officer or DCOP/Technical for review.</li> <li>11.3. Update TAMIS upon receipt of concurrence from the Environmental Compliance Officer or DCOP/Technical.</li> <li>11.4. Ensure that any environmental mitigation efforts or reporting requirements are included in the grant agreement.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>12. Assist applicants fine tune their applications, particularly if the Selection Committee raised specific issues or questions. <ul style="list-style-type: none"> <li>12.1. Revise goals, objectives, and results if needed.</li> <li>12.2. Review and adjust the budget if any issues arose during the cost analysis.</li> <li>12.3. Adjust the proposed plans if there are any mitigating environmental issues and describe how they will be addressed.</li> <li>12.4. Review and document the cost share the grantee proposed in their application.</li> <li>12.5. Create a Branding Strategy and Marketing Plan that complies with branding and marketing requirements set forth in the contract's approved Branding Implementation Plan and Marketing Plan.</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>13. Prepare Memorandum of Negotiation in TAMIS. <ul style="list-style-type: none"> <li>13.1. Document the cost analysis, pre-award determinations, and negotiation process and provide any other relevant details on points agreed upon in a Memorandum of Negotiation.</li> </ul> </li> </ul>
Grants Manager	14. Approve Memorandum of Negotiation in TAMIS

RESPONSIBILITY	ACTION
Grants Staff	<p>15. Prepare Request for Concurrence form in TAMIS if USAID needs to approve the grant award. If USAID approval is not required, proceed to Step 16.1.</p> <p>15.1. Consult the DAI US Contracts Administrator to determine what documentation must be submitted to USAID. Generally, the Program Description and Budget are required, rather than the entire grant agreement. See Guidance for additional information.</p> <p>15.2. Send the Request for Concurrence and all supporting documentation to the DAI US Contracts Administrator for review and submission to USAID. Once approved by the DAI US Contracts Administrator, proceed to Step 16.</p>
COP/DCOP Technical	<p>16. Request concurrence from USAID by providing the required documentation as determined by the DAI US Contracts Administrator.</p> <p>16.1. If USAID does not require approval, the COP or their designee shall approve the package of information.</p>

#### AWARD PROCESS

Grants Staff	<p>1. Convert the applicant's application to a grant upon receipt of written approval from USAID, or COP approval if USAID approval is not required.</p> <p>1.1. Update TAMIS by changing the status of the grant and converting the application to a grant by assigning a grant number.</p> <p>1.2. Generate grant agreement documents in TAMIS upon receipt of written concurrence (or TAMIS concurrence if allowable) from USAID.</p> <p>1.3. Generate rejection letter if grant is not approved by USAID.</p>
Grants Manager	<p>2. Review and approve grant agreement documents, ensuring that the correct grant format is used, and the required standard provisions and certifications are attached.</p>
COP	<p>3. Sign the grant agreement.</p>
Grants Staff	<p>4. Forward the signed grant agreement to the applicant for signature and update applicant status in TAMIS.</p>

#### 4. RECORDKEEPING

The required records that must be maintained in the course of executing this procedure are provided in the Project Record Map. The detailed requirements and checklist tools are provided in Work Instruction 12.0: Grants File Checklist.

#### 5. GUIDANCE

This section describes guidance to aid in the understanding and implementation of these instructions and does not include mandatory requirements.

- 5.1. It is fairly standard that there will be multiple grants awarded at one time or on a rolling basis. If there is only one grant available to be awarded, the process must take that into account.
- 5.2. Only those applications which are fairly certain to be awarded should undergo any pre-award audits or reviews. These audits and reviews take time and therefore used only for those grantees that are worthy.

5.3. Often the Program Description and Budget are the only documents required as part of a new grant concurrence request to the client, not the entire grant agreement. Based upon the grant concurrence requirements described in the prime award/contract or other requirements communicated by the client, the documents submitted for concurrence may vary. Additionally, the USAID CO or COR may ask for additional information. Only required and necessary documentation should be submitted to USAID when requesting grant concurrence.

5.4. Best practices during solicitation and award of grants include:

- A two-stage NOFO is most appropriate when the technical team wants to identify new grantees and solicit a wider range of solutions and innovations. It is a usually a two-stage process with a competitive concept note stage to evaluate potential grantees, follows by co-design and a full application stage.
- A one-stage NOFO is best to use when the technical team has a specific idea of what it wants to accomplish and needs an organization to provide more details on solutions.
- Issue thoughtful NOFOs, either RFAs and/or APSs and/or EOIs. Complete both RFAs and APSs if possible. RFAs can be specific and targeted to a particular technical or geographic area with a specific time frame. An APS is helpful as it can stay open all year and allow for new grant entrants and introduce opportunities to test out a new idea. Having a well thought out solicitation process sets the tone for the project and grantee expectations.
- Explain the proposal process to potential grantees at an applicant meeting much like USAID does for large awards. This allows applicants to ask questions and provides DAI an opportunity to outline the application process and expectations, due dates, and what types of awards organizations can expect.
- Have clear templates for applicants to use, especially budget forms. The forms should reflect the information that will be needed for reporting to USAID and completion of TAMIS records.
- Budgets should not be a single column for the entire period. Budgets should break down lump sum costs so that it can be easily understood by both DAI and the grantee. This allows DAI to analyze the budget for cost reasonableness.
- Choose an appropriate award mechanism (Standard, In-Kind, Fixed Amount) based on the organization's abilities. Neglecting this may set the grantee up for failure and create a future problem for DAI.
- Don't make awards too complex by:
  - Making one grant dependent on another grantee's work, no matter how much you want to tie work together.
  - Creating unachievable milestones or results. Milestones and results must be achievable, verifiable, and measured. DAI must analyze an organization's capabilities to achieve the desired results.

- Allowing grantees to make a third-tier award unless they are an experienced international or local NGO. In this structure, DAI does not have control or oversight of the third tier's work, so this should be avoided as much as possible. Prioritize which grants go first. If you need to get seeds in the ground and crops in the field by a certain time, award those grants first before marketing or nutrition grants which are less time sensitive.
- Avoid grants that are heavy on equipment and vehicles. These types of costs need to be scrutinized very carefully and justified, unless these items are critical to achieving results. Be mindful about any required USAID approvals.
- Avoid grants where organizations plan to hire additional staff to carry out the activities. To be sustainable, the grantee must be prepared to maintain staff levels when funding is reduced. The grant budget should be analyzed to see what is actually necessary, and all roles must be defined in terms of what benefit they bring to the work.

## **PROCEDURE 12.2: GRANT ADMINISTRATION, MANAGEMENT, AND REPORTING**

### **I. PURPOSE AND SCOPE**

- I.1 This procedure implements the policies related to administering and monitoring a grant as stated in Policy 12: Governing Policy on Grants Management.
- I.2 This procedure describes the end-to-end process of administering and managing a grant from the award to the point of close.
- I.3 The overall purpose is to ensure compliance in administering and managing awards and the successful implementation of the grant.
- I.4 Grants management and reporting encompasses all dealings between the project and the grant recipient from the time the award is made until the end of the project. The specific nature and extent of the management shall vary from award to award. It can range from reviewing and analyzing performance reports or performing site visits to more technically developed involvement for high-risk recipients.
- I.5 All grants are subject to audit. Pursuant to the Standard Provision entitled Accounting, Audit and Records (October 2017), if the grantee expends more than \$750,000 USD in federal grant funds in the grantee's fiscal year, the grantee shall conduct an annual audit, the cost of which may be paid from the grant. To comply with these guidelines, the project will, when necessary, include audit costs in the approved grant budget. The project may also retain the services of an auditing firm to conduct these audits.
- I.6 Site visits are an important part of effective award management. Joint site visits by project technical staff and USAID are encouraged, since they can often be a more effective review of the project. A brief report highlighting the findings of a field visit will be completed and included in the grant file.
- I.7 Grants are subject to the provisions established and included in each award.

### **2. ROLES AND RESPONSIBILITIES**

- 2.1 The Grants Staff shall serve as the focal point for the grantee and are responsible for the ongoing financial and programmatic administration of the award.
- 2.2 The Grants Manager shall oversee the implementation of the award through the review of reports, correspondence, site visits, etc. The Grants Manager shall serve as the point of contact for all official communication dealing with grant administration. The Grants Manager shall provide for the continuing oversight by appropriate project staff of the financial management aspects of the award through reviews of reports, correspondence, site visits or other appropriate means. The Grants Manager or their designee shall determine that the award does not contain administrative approvals that conflict with the grant provisions, stated regulations and policies. The Grants

Manager or their designee is responsible for processing all award agreements modifications, suspension and termination actions and maintaining complete grant records in TAMIS.

- 2.3 Technical Staff shall assist in the monitoring of the grantees where appropriate and review the milestones and outputs produced.
- 2.4 The Monitoring, Evaluation and Learning (MEL) Specialist shall work with the Grants Staff and the grantee on reporting and collecting required data for project reporting and success stories.
- 2.5 The Procurement Officer is responsible for any direct purchasing by DAI on behalf of the grantee.
- 2.6 The Accountant is responsible for reviewing and recording the advances and expenses for grantee.
- 2.7 The COP is responsible for ensuring compliance to this procedure and that staff are trained on this procedure and supporting instruction.

### 3. PROCESS

RESPONSIBILITY	ACTION
Grants Staff	<ol style="list-style-type: none"> <li>1. Arrange an orientation meeting with the winning applicant upon approval by the authority stated in the Project Schedule of Authorities and, if required, USAID (see Guidance).               <ol style="list-style-type: none"> <li>1.1 Invite all project staff involved in the process to attend (e.g., Technical Staff, Grants Manager, the Procurement Officer, and Accountant).</li> <li>1.2 Clarify the roles and responsibilities of project staff who will administer the grant and interface with the applicant. Briefly define the normal relationship between the Technical Staff and the Grants staff, and any additional staffing arrangements specific to that grant.</li> <li>1.3 Review all documents and terms of the agreement with the applicant and answer any questions.</li> <li>1.4 Review all financial issues; request for funds, earned income, procurement, reimbursement, reporting and records (see Guidance for common reporting requirements).</li> <li>1.5 Review all administrative issues related to implementing the grant: reporting, publications, grievances, termination, property, etc.</li> <li>1.6 Review disposition of property under the grant (see Guidance 4.2)</li> <li>1.7 Review the Branding and Marking Plan as determined in the application stage.</li> <li>1.8 If applicable, review TIP compliance requirements.</li> </ol> </li> <li>2. Have the applicant sign and return the grant agreement.               <ol style="list-style-type: none"> <li>2.1 Change the status of the grant in TAMIS to “Active.”</li> </ol> </li> <li>3. Open a grantee file for hard copies and potential audits of the grant (e.g., binders, files, etc.). During implementation, all staff shall follow the established filing system.</li> <li>4. Update the grant record tab in TAMIS by scanning the grant agreement cover sheet with signatures and paste it into the space provided. It’s not required scan the whole document into TAMIS.               <ol style="list-style-type: none"> <li>4.1 Create a Grant Profile in TAMIS (see Guidance).</li> </ol> </li> <li>5. Update TAMIS by recording the milestones and/or outputs for the grant which are in the grant agreement documents. Each output or milestone shall be entered individually.</li> </ol>

RESPONSIBILITY	ACTION								
	6. Develop a MEL plan for the grant in conjunction with the Technical Staff and the MEL Specialist and enter the information in TAMIS. 6.1 Enter the criteria and indicators to evaluate the grant. 6.2 Forward the plan to the Grants Manager for review.								
Grants Manager	7. Approve the MEL plan and notify the Grants Staff and the MEL team								
Grants Staff	8. Forward a copy of the grant budget to the Accountant for payment control. 9. Review all planned disbursements and requisitions in the grant agreement and budget and enter them in TAMIS. Follow the instructions below according to the grant. (If the grantee is a US-based NGO, see Guidance.) 9.1 If the grant is a Simplified Grant without a grant advance, no entry is required as it is cost reimbursable. Proceed to Step 10. 9.2 If the grant is a Simplified Grant with a grant advance, see the table below. 9.3 All DAI procurement policies and procedures are followed for In-Kind grants. <table border="1" data-bbox="456 747 1425 1073"> <thead> <tr> <th data-bbox="456 747 781 810">Fixed Amount Award</th> <th data-bbox="781 747 1105 810">In-Kind</th> <th data-bbox="1105 747 1425 810">Standard &amp; Simplified Grant</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 810 781 1073">Schedule disbursements in TAMIS based upon the timeline for all milestones/outputs as agreed upon in the award and as detailed on the "Activities and Outputs" tab during Step 5.</td> <td data-bbox="781 810 1105 1073">Enter the requisition(s) for goods or services in TAMIS. Any special procurement plans/instructions not included in the requisition shall be sent to the Procurement Officer.</td> <td data-bbox="1105 810 1425 1073">Enter any approved advance amount as a scheduled disbursement in TAMIS. Prepare the advance for the grantee following Financial Management Procedure 7.5 Field Advance Management.</td> </tr> </tbody> </table>			Fixed Amount Award	In-Kind	Standard & Simplified Grant	Schedule disbursements in TAMIS based upon the timeline for all milestones/outputs as agreed upon in the award and as detailed on the "Activities and Outputs" tab during Step 5.	Enter the requisition(s) for goods or services in TAMIS. Any special procurement plans/instructions not included in the requisition shall be sent to the Procurement Officer.	Enter any approved advance amount as a scheduled disbursement in TAMIS. Prepare the advance for the grantee following Financial Management Procedure 7.5 Field Advance Management.
Fixed Amount Award	In-Kind	Standard & Simplified Grant							
Schedule disbursements in TAMIS based upon the timeline for all milestones/outputs as agreed upon in the award and as detailed on the "Activities and Outputs" tab during Step 5.	Enter the requisition(s) for goods or services in TAMIS. Any special procurement plans/instructions not included in the requisition shall be sent to the Procurement Officer.	Enter any approved advance amount as a scheduled disbursement in TAMIS. Prepare the advance for the grantee following Financial Management Procedure 7.5 Field Advance Management.							
Grants Manager/Grants Staff/MEL Specialist/Technical Staff	10. Monitor the grantee according to the approved MEL Plan noted in Step 7. 10.1 Follow up on outputs and grant progress through site visits, calls, email, etc. 10.2 Ensure payments were issued and requisitions filled. 10.3 Confirm receipt of funds and/or goods and services by grantee. 10.4 Document all monitoring activities by creating a Comment Form in TAMIS. Attach any reports, emails, etc. to the Comment Form to detail all relevant actions/communications. 10.5 If the grantee requests an amendment, follow Work Instruction 12.13 Amendments to Grant Awards. 10.6 If the grantee has a grievance which is not readily remedied through direct discussion (e.g., work stoppage, complaint of treatment or process) follow Work Instruction 12.14 on Grievances and Early Termination of Grants. 10.7 If the grantee is underperforming, unable or unwilling to fulfill grant requirements, or violating the terms of the agreement, follow the Work Instruction 12.14 on Grievances and Early Termination of Grants.								
Grants Staff	11. Receive and review grantee request for payment or request for reimbursement. 11.1 Check all receipts and documentation submitted by the grantee against the budget and implementation plan for simplified or standard grants. Obtain milestone approval from the Technical Lead for fixed amount award grants. 11.2 Follow up with the grantee on any questions or comments concerning receipts, milestones, or documentation. 11.3 Prepare a Request for Payment. <ul data-bbox="570 1822 1425 1873" style="list-style-type: none"> <li>• Download, or collect, all supporting documents attached to the TAMIS grant record and save them in a single file in the P Drive or SharePoint. It's possible these</li> </ul>								



RESPONSIBILITY	ACTION
	<p>documents are already saved in the P Drive or SharePoint subfolder corresponding to this grant.</p> <ul style="list-style-type: none"> <li>• Open a document combining tool (such as Adobe Pro or Nitro Pro) and use the feature for “combining” documents.</li> <li>• Organize the backup documents in the following preferred order: <ul style="list-style-type: none"> <li>○ Signed grant award document and any amendments;</li> <li>○ All grant approvals; and</li> <li>○ Competition and negotiation documents.</li> </ul> </li> </ul> <p>Note: if this is not the first payment request against the award, all backup documentation must be included in the electronic backup documents, even if they were included in the first payment. This is not true of hard copies.</p> <ul style="list-style-type: none"> <li>• Combine these documents regardless of file type (Word, PDF, Excel) into a single PDF using the “combine” function of the software and name it “Backup Documentation Grant Payment Request #X.”</li> <li>• Open the scanned document and check the quality of the electronic document. If any pages do not meet the following requirements, it must be rescanned: <ul style="list-style-type: none"> <li>○ Pages are all easily readable;</li> <li>○ Pages are not cut off, missing, or blackened fully or partially; or</li> <li>○ Original paper copy looks the same as the scanned image, and all information from the paper copy is available in the scanned image.</li> </ul> </li> <li>• Provide this single PDF file to the Accountant.</li> </ul> <p>11.4 Submit electronic payment request for approval, as per the Project Schedule of Activities.</p> <p>11.5 Collect all hardcopy documents that support the grant request for payment. These are documents that were created, received, or signed in hardcopy format. It is not necessary to create hardcopy documents from documents that were created, received, or signed electronically. This means that the hardcopy set of backup documents may not contain all the same documents that are contained in the electronic set. Organize these in the same order as Step 11.3.3 above.</p> <p>Note: For any subsequent payments against a multiple payment award, the hardcopy set must only include an easy-to-find reference to the first payment Voucher Number, or payment Request Number, which must be listed on the Payment Request Form. There is no need to include hardcopies of all the original documentation again.</p> <p>11.6 Provide hardcopy document set to the Accountant. There is no need to keep a duplicate copy in hard copy of these documents in the Grants Office. Once these originals are submitted to Finance, electronic copies found in TAMIS are the only records that must be kept by the Grants Team.</p> <p>11.7 When settling a grantee’s advance, follow the instructions in the financial management procedure, 7.5 Field Advance Management.</p> <p>11.8 If issuing an additional advance, return to Step 9 above, and continue the procedure from that point.</p> <p>11.9 If this is the final grantee payment, do not pay. Proceed to Procedure 12.3 Closing Out Grants.</p> <p>12. Resume ongoing monitoring of the grant as outlined in Step 10.</p> <p>12.1 Pay attention to end dates and manage budgets closely at the advanced stages of the grant.</p>
Grants Manager	13. Update the COP and Technical Staff on the grantee’s status, noting any successes or delays in grant implementation, problems with payments, requests for reimbursements, or leverage contributions. The frequency and format of the updates are normally determined by USAID, contained in quarterly or monthly technical reports.
Grants Staff	14. Notify the grantee 30 days prior to the end date of the agreement.

RESPONSIBILITY	ACTION
	I4.1 Inform the grantee that all activities shall cease on the end date and no reimbursements shall be paid for costs incurred after this date.
	I4.2 Instruct the grantee to begin preparing the final report and that it shall be due on the end date of the agreement.
	I4.3 Inform the grantee that they have 30 days after the end date of the agreement to prepare and submit their final financial report. Remind the grantee that no costs incurred during preparation of this report shall be reimbursed as it is after the end date of the agreement.
	I5. Monitor the grant closely and stay in contact with the grantee during the final weeks of implementation.
	I6. Receive and review the final report from the grantee.
	I6.1 Log the report into TAMIS.
	I6.2 Review the final report against the approved milestones and outputs.
	I6.3 Contact the grantee regarding any discrepancies or missing documentation.
	I7. Issue the final grant amendment, which can be in the form of an amendment or contained in the closeout letter which contains the final grant value.
	I8. Conduct a file audit using the Grants Checklist to confirm that the documentation found in TAMIS is complete. If any documents are missing, find, scan, and attach them.
	I9. Change the status of the grant in TAMIS to "Completed." Continue with the closeout process following the procedure below.

#### 4. RECORDKEEPING

The required records that must be maintained in the course of executing this procedure are provided in the Project Record Map. The detailed requirements and checklist tools are provided in Form I2.0: Grants Documentation Checklist.

#### 5. GUIDANCE

This section describes guidance to aid in the understanding and implementation of these instructions and does not include mandatory requirements.

- 5.1 Project staff should hold an orientation meeting for the winning applicant before the applicant signs the grant agreement. All terms and conditions should be fully explained to avoid any major differences or disagreements in the future. This also provides the applicant a chance to decline the award if they are uncomfortable with the terms and conditions.
- 5.2 The final responsibility for adequate completion of the grant requirements shall rest with the grantee. There is little involvement in the grant implementation by project staff other than monitoring and evaluation of the activities, finances, and outputs. Project staff may provide general assistance at the request of the grantee, but this is not a contract and therefore there is less control of the grantee's methodology, management, and decisions.
- 5.3 COP/DCOP should clearly define technical team member's roles and responsibilities in grant administration, management, and reporting.

- 5.4 If the project is granting to a US-based NGO, payments are made from DAI US. Grants Staff should contact the DAI US Associate to execute any payments.
- 5.5 Grant profiles are a general overall statement of the grantee and the work undertaken. Throughout the life of the project, even after a grant has closed, the project will make use of it for success stories, reports or general information for USAID. Local Impact should discuss this upfront with grantees. The technical teams should ensure all public reports redact any confidential information.
- 5.6 Best practices for grants management and reporting include:
- 5.6.1 Minimize financial risk to DAI by considering the following:
    - For non-US organizations, all grants should be issued in local currency unless USD is the operating currency. This means that all budgets should be in the local currency and the grants will be issued in local currency. This will avoid problems with foreign exchange during implementation.
    - Disbursements, whether advances and/or reimbursements should be made in the same currency that the grant is issued. The project should not alternate between payments in local currency and USD.
    - All payments should be processed through TAMIS to maintain proper tracking. This includes any payments from the DAI US Office.
    - Advances to a grantee should never exceed more than two months operating costs.
    - Monitor burn rates closely to ensure that the grantee is on track to meet the milestones and objectives of the award.
  - 5.6.2 Have a kick-off meeting with each grantee to explain the award document in detail, emphasizing timing and dates and amounts.
  - 5.6.3 Stay in regular communication with grantees to foster good working relationships. In addition to continuous monitoring of a grant, a collaborative approach to grants management is critical. The project needs a strong reporting system and a robust monitoring and evaluation process that project staff will implement.
  - 5.6.4 Keep track and remind the grantee of upcoming and/or critical milestones. The project needs to balance controlling a grantee (it is not a subcontract) and allowing the grantee to perform within the parameters of the award.
  - 5.6.5 Process payment requests quickly but verify documentation. Do not fall behind in this work as Local Impact is responsible to the grantee as well as the DAI US Office to manage funds properly.
- 5.7 It is recommended that the project uses a variety of mechanisms to monitor grantee performance, including evaluating end-of-activity results, conducting site visits of activities underway, and reviewing periodic reports.

5.8 All grantees will be subject to regular and periodic monitoring visits and reporting requirements. The specific requirements will vary based on the type of grant, and will be detailed in the grant agreement. All grantees must submit a grant completion report on activities and expenses supported by the grant. Preferably, quarterly expense and activity reports in addition to a final expense and activity report must be submitted to DAI, or as otherwise specified in the grant. The grant agreement will specify the frequency of reports required for a given grant. In addition to financial and management reports, recipients may also be required to submit the following:

- Quarterly progress report: Quarterly progress reports that describe the progress towards achievement of the objectives and results by milestone. Quarterly reports include outputs, summary of major accomplishments, unexpected or unplanned outcomes/activities, and financial reports showing previous quarter cumulative expenditures and next quarter projected expenditures.
- Grant completion report: The grantee is obligated to submit to DAI the grant completion report, including both the technical completion and financial reports. The project reserves the right to withhold final payment pending submission of an acceptable grant completion report.

Depending on the grant activity and grantee's capacity, exceptions to submitting reports may be made by the Grants Manager after consultation with the technical team and COP. In these situations, the reporting requirements may be waived, or the project may assist the grantee in producing the quarterly and/or completion report.

5.9 Grantees will be required to adhere to USAID regulations, including requirements to maintain records for a minimum of three years to make accounting records available for review by appropriate representatives of USAID or DAI. All grantees are subject to USAID audit.

5.10 DAI must closely monitor overruns in cost/expenditure categories or main line items. If major budget shifts are anticipated or observed, it is prudent to issue a modification to ensure proper monitoring and to avoid overruns. Under certain circumstances, and with DAI's approval, the grantee may shift budget line items.

5.11 A separate bank checking account must be used for depositing and expending the disbursed funds. The account name must be the official name of the grantee. No other funding shall be deposited into this account and no other expenditures shall be paid from this account.

## PROCEDURE 12.3: CLOSING OUT GRANTS

### 1. PURPOSE AND SCOPE

- 1.1. This procedure implements the policies related to closing out a grant agreement stated in Policy 12: Governing Policy on Grants Management.
- 1.2. This procedure describes the end-to-end process of closing a grant from the completion of all activities to auditing and closing the grant file.
- 1.3. The overall purpose is to ensure compliance in documenting the completion of grant awards.

### 2. ROLES AND RESPONSIBILITIES

- 2.1. The Grants Staff is responsible for ensuring that the grantee has completed all requirements for closeout and performs the required audit of files.
- 2.2. The Grants Manager shall oversee the proper closure of each award.
- 2.3. The Technical Staff shall review all final outputs from the grant awards.
- 2.4. The MEL Specialist and MEL Staff shall assist in the final reporting of each grant award.
- 2.5. The Procurement Officer shall confirm that all goods and services were paid for and received.
- 2.6. The Accountant shall confirm that all payment requests were paid, and advances were cleared for grantees.
- 2.7. The COP/DCOP is responsible for ensuring compliance to this procedure and that staff are trained to this procedure and supporting instructions.

### 3. PROCESS

RESPONSIBILITY	ACTION
Grants Staff	<ol style="list-style-type: none"><li>1. Begin drafting final evaluation report on the grant highlighting particular successes and/or lessons learned. Work with the Technical Staff and MEL Specialist to compile all information.</li><li>2. Create a Closeout Form in TAMIS.<ol style="list-style-type: none"><li>2.1. Begin auditing the Master Grant File while simultaneously proceeding through Steps 4 to 11 of this procedure.</li></ol></li><li>3. Contact the Procurement Officer to confirm that all requisitions are completed and closed.</li></ol>
Procurement Officer	<ol style="list-style-type: none"><li>4. Contact all vendors and service providers.<ol style="list-style-type: none"><li>4.1. Confirm that all final goods and services were delivered.</li><li>4.2. Collect any outstanding invoices and submit for payment.</li><li>4.3. Review and update the inventory list for In-Kind disbursed grants in TAMIS.</li></ol></li><li>5. Notify Grants Staff that all procurement activities are complete and TAMIS is updated.</li></ol>

RESPONSIBILITY	ACTION
Grants Staff	<ul style="list-style-type: none"> <li>6. Receive and review the Final Financial Report from the grantee. <ul style="list-style-type: none"> <li>6.1. Log the report into TAMIS.</li> <li>6.2. Review the Final Financial Report against the approved budget and the remaining funds.</li> <li>6.3. Review all of the receipts and back-up documentation.</li> <li>6.4. Contact the grantee regarding any discrepancies or missing documentation.</li> <li>6.5. Enter any final disbursements and/or reconciliation of advances in TAMIS.</li> </ul> </li> <li>7. Forward the Final Financial Report and documentation to the Accountant.</li> </ul>
Accountant	<ul style="list-style-type: none"> <li>8. Review the Final Financial Report and all documentation. <ul style="list-style-type: none"> <li>8.1. Audit all advances and disbursements to grantee in the accounting system.</li> <li>8.2. Prepare the final disbursement for the grantee if required.</li> <li>8.3. Ensure that all advances that have been billed to USAID are reconciled.</li> </ul> </li> <li>9. Notify Grants Staff when all documentation is in order and ready for final payment upon clearance from the Grant Manager per Step 15.</li> </ul>
Grants Staff	<ul style="list-style-type: none"> <li>10. Finalize the Grant Evaluation Report with final inputs from Technical Staff and MEL Specialist.</li> <li>11. Finalize the audit of the Master Grant File.</li> <li>12. Notify the Grants Manager that the grant is completed and forward the Grant Evaluation Report and the Final Financial Report for review.</li> </ul>
Grants Manager	<ul style="list-style-type: none"> <li>13. Review and approve the reports. <ul style="list-style-type: none"> <li>13.1. Follow up with Grants Staff, Technical Staff, or MEL Specialist on any revisions or clarifications.</li> </ul> </li> <li>14. Perform a final audit of the Master Grant File. <ul style="list-style-type: none"> <li>14.1. Notify Grants Staff that everything is in order and the grant can be closed.</li> <li>14.2. Notify Grants Staff of any missing or incomplete documentation that is required to close the grant. Set a deadline for completion of the file.</li> </ul> </li> </ul>
Grants Staff	<ul style="list-style-type: none"> <li>15. Notify the Accountant that documentation is complete, and final disbursement can be processed accordingly.</li> <li>16. Send the request to close the grant to the COP and forward any supporting documentation, including the Grant Evaluation Report. <ul style="list-style-type: none"> <li>16.1. Include the final amount expended on the grant and attach any final reports and/or evaluations.</li> </ul> </li> </ul>
COP/DCOP	<ul style="list-style-type: none"> <li>17. Approve the request to close the grant.</li> </ul>
Grants Staff	<ul style="list-style-type: none"> <li>18. Prepare Grant Closeout Letter for grantee upon receipt of COP approval to close the grant.</li> </ul>
Grants Manager	<ul style="list-style-type: none"> <li>19. Review and approve Grant Closeout Letter.</li> </ul>
COP/DCOP	<ul style="list-style-type: none"> <li>20. Sign the Grant Closeout Letter.</li> </ul>

RESPONSIBILITY	ACTION
Grants Staff	<ul style="list-style-type: none"> <li>21. De-obligate any unspent funds and update TAMIS.</li> <li>22. Forward the Grant Closeout Letter to the grantee.</li> <li>23. Update the grantee profile in TAMIS with a summary of successes and lessons learned.               <ul style="list-style-type: none"> <li>23.1. Circulate grantee profile to internal technical staff for application to subsequent grants or technical work.</li> </ul> </li> <li>24. Submit any reports or publications to DAI US.</li> <li>25. Set the grantee status to “Closed” in TAMIS.</li> </ul>

#### 4. RECORDKEEPING

The required records that must be maintained in the course of executing this procedure are provided in the Project Record Map. The detailed requirements and checklist tools are provided in Work Instruction 12.0: Grants Documentation Checklist.

#### 5. GUIDANCE

This section describes guidance to aid in the understanding and implementation of these instructions. It does not include mandatory requirements.

- 5.1. Per the language of the standard USAID grant agreement, USAID reserves the right to conduct financial reviews or audits, and to otherwise ensure the adequate accountability of organizations expending US Government funds. The grant files shall contain the essential documents to demonstrate that the grant was successfully completed and that funds were spent prudently with all costs justified.
- 5.2. Best practices for closing out grants include:
  - 5.2.1 Grants should be closed out three months prior to the end of the project.
  - 5.2.2 Follow closeout procedures carefully and ensure that the proper documentation is on file. Understand the difference between a “closed” grant (interim stage) and a “closed out” grant (final step).
  - 5.2.3 Hold a closeout meeting with the grantee to capture lessons learned and where things may be improved. This is not only for the grantee, but also for project staff to improve their processes and management of grants.