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GRANTS MANAGEMENT MANUAL

October 2010

This document was produced by University Research Co., LLC. for review by the United States Agency for International Development (USAID). The views expressed by the authors of this document do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

PREVENSIDA is made possible by the generous support of American people through the U.S. Agency for International Development (USAID) and implemented under Cooperative Agreement No. AID-524-A-10-00003. The program team includes the main recipient University Research Co., LLC (URC), the Center for Research and Health Studies at the University of Nicaragua (CIES) and the Center for Education and Prevention of HIV/AIDS (CEPRESI).

GLOSSARY

AIDS	Acquired Immune Deficiency Syndrome
AOTR	Agreement Officer Technical Representative
CSW	Commercial Sex Workers
GSC	Grants Selection Committee
HIV	Human Immunodeficiency Virus
MARPS	More at Risk Populations
MOH	Ministry of Health
MSM	Men who have sex with men
NGO	Non Governmental Organization
PLWH	People living with HIV/AIDS
PrevenSida	Preventing Transmission of HIV/AIDS from High Risk Groups in Nicaragua
RAAN	Northern Atlantic Autonomous Region
RAAS	Southern Atlantic Autonomous Region
RFA	Request for Applications
STI	Sexually Transmitted Infections
URC	University Research Co., LLC
USAID	United States Agency for International Development
VCT	Voluntary Counseling and Testing

TABLE OF CONTENTS

I. Introduction.....	1
II. Background.....	1
III. Objectives of PrevenSida.....	2
IV. Purpose of the grants program.....	2
a. URC Responsibilities.....	3
b. Grants Solicitations.....	3
c. USAID Involvement.....	3
d. Competitive Award Process.....	3
V. Eligible organizations for grant funds	3
a. Eligibility criteria.....	3
b. Value and Duration of the Grants.....	4
c. Illustrative activities to be funded.....	4
VI. Pre-award.....	5
a. Request for Applications.....	5
b. Orientation Session.....	5
c. Writing a Formal Application	6
d. Financial Grant Application	7
VII. Selection Process.....	8
a. Evaluation Results.....	9
b. Evaluation Criteria	9
c. GSC results report.....	10
VIII. Award.....	10
a. USAID Approval.....	10
b. Role of Grantor.....	10
c. Role of Grantee.	11
IX. Disbursement of funds.....	11
a. Financial Requirements.....	11
b. Disputes and Conflict Resolution.....	12
c. Termination and suspension of the grant.....	12

X.	Post-Award.....	12
a.	Grantee Workshop.....	12
b.	Capacity Building Activities	12
b.1.	Organizational Assessment.....	12
b.2.	Follow up to Program execution, results and impact.....	12
c.	Planning and Budget.....	13
d.	Expenditures procedure for main activities.....	13
e.	Grant Adjustments.....	13
f.	Cash Flow Forecast.....	13
XI.	Accounting Procedures and Policies.....	14
a.	Accounting Policies.....	14
b.	Grants Accounting.....	14
c.	Income	14
d.	Expenses	14
e.	Account Recording and currency	14
f.	Accounting tools.....	14
g.	Bank Account Book.	15
h.	Petty Cash.....	15
i.	Assets.....	16
j.	Requirements for hiring and procurement of goods and services.....	16
k.	Competitive bidding.....	16
l.	Financial Controls.....	17
m.	Finance staff functions.....	17
n.	Fraud Control.....	18
o.	Fraud Minimization.....	18
XII.	Monitoring and Evaluation.....	18
a.	Quarterly reports.....	18
b.	Financial management monitoring.	18
c.	Results monitoring:	18
d.	Evaluations.....	19
XIII.	Final Report.....	19
XIV.	Branding Strategy and Marking Plan.....	20
	Annexes.....	21

I. Introduction

This Grants Manual is intended as a reference document to describe the objectives of the grants program within the PrevenSida project, funded by the United States Agency for International Development (USAID) under Cooperative Agreement Number AID-524-A-10-00003. The manual describes overall objectives of the project, as well as the specific objectives of the grants, and the process of solicitation, selection and management of the grants.

This manual is expected to contribute significantly to the creation of a transparent grant program funded by USAID, and to provide assistance to NGOs in managing resources to achieve the desired results and to manage financial resources in accordance with USAID guidelines.

The grants manual is organized as follows: introduction, overview of the project objectives, purpose of the grants program, eligibility requirements and requests for applications, application and selection process, and management and reporting requirements.

II. Background

Despite the 0.2% HIV/AIDS concentration at the general population level in Nicaragua, incidence has grown rapidly in recent years, with a maximum of two new cases detected each day. The Ministry of Health of Nicaragua (MOH) in Health epidemiological reports for 2009 shows that the epidemic disproportionately affects people between the ages of 25 to 29 years old, men constitute 67% of cases.¹

Of all people living with HIV (PLWHIV), 86% are reported to be heterosexual, 10% are men who have sex with men (MSM) and 3% are bisexual. Seroprevalence in homosexual population recorded in this study was 7.5% and compared to the low prevalence in the general population, it is confirmed that the epidemic prevention and intervention efforts should focus on those more at risk populations (MARPS)².

For over 10 years, nongovernmental organizations (NGOs) have played an important role in the response to HIV, mainly targeting teenagers, MSM, women, sex workers and transport workers, through different approaches. NGOs conduct preventive measures and counseling to promote rapid test for MARPS, comprehensive care, human resources training and psycho-social support for PLWHIV.

Many of these actions have focused on promotion and social mobilization.

¹ Nicaragua HIV/AIDS Epidemiological Situation. National STI/HIV/AIDS Program. 2009. MINSa

² Nicaragua HIV/AIDS Epidemiological Situation. National STI/HIV/AIDS Program. 2009. MINSa

The HIV prevention efforts by NGOs have been visible and have been recognized by society in general. However, during the assessment of the national response in 2008, it was identified that in the territories, NGOs are duplicating efforts and financial resources and the impact of their actions on target groups, has been questioned.³

The base line conducted PrevenSida in November 2010, identified that many NGOs are limited in their structure, organization, financial management capacity and monitoring of their performance, so their results appear to be limited. Moreover, the absence of a network of NGOs with common goals and synergy in their actions, has not allowed them to maximize their capabilities and optimization of diverse funding sources.

In response to the abovementioned, this program will work to increase the capacity of NGOs working on prevention with MARPS to improve their organizational systems and management processes in order to have an even greater impact on prevention efforts.

III. Objectives of PrevenSida

The PrevenSida project will work to increase healthy behaviors in order to reduce transmission of HIV/AIDS among MARPS and the general population. These healthy behaviors include increased use of condoms, reducing the number of sexual partners and increased access to HIV testing and will be measured with the following indicators:

- Increase by 50% (based on baseline) of consistent use of condoms among MARPS in all sexual contacts, including permanent partners, by the end of the program.
- 30% decrease (based on baseline) in the number of multiple partners among MARPS, by the end of the program.
- Increase by 60% (based on baseline) on the use of HIV counseling and testing among MARPS, by the end of the Program.

By working with at least 20 NGOs providing HIV prevention services to MARPS in Nicaragua, PrevenSida will allow NGOs to continue and expand their prevention efforts with MARPS. At the same time improving their institutional capacity and providing them with the necessary tools to have a greater impact, and to develop and maintain internal sustainability. The field work for PrevenSida are those NGOs located in the departments of Managua, Granada, Masaya, Leon, Chinandega, Rivas, Chontales, RAAN and RAAS.

IV. Purpose of the grants program

USAID has provided funding for the PrevenSida project to provide support to the institutional strengthening of NGOs through grants to improve their administrative capacity, fortify their education and prevention efforts, improve their activities to reduce

³ Situation and Response to HIV and AIDS in Nicaragua Diagnosis. Dr. Miguel Orozco. Nicaragua. November 2008.

the stigma and discrimination, and increase the NGOs involvement in the national response to the HIV/AIDS epidemic.

This will enable selected NGOs, for a period of 5 years, to have financial support in their work on HIV prevention, as well as on institutional improvements, since much of their current funding focuses on actions they implement in activities committed with various donors such as the World Fund.

- a. URC Responsibilities:** URC shall define, solicit, manage, document, and report on a grants program for local NGOs and other eligible organizations that can benefit over the contract period. It will be the role of URC to provide all the necessary background information and written instructions, including the evaluation criteria, to potential grant recipients, interested individuals, and members of the Grant Selection Committee (GSC). URC will also assure that all rules and regulations in this manual are carried out in all phases of the grant award process.
- b. Grants Solicitations:** In accordance with the approved grants program provisions detailed in this manual, URC shall solicit applications through announcement, nomination, or recommendation and conduct a competitive selection on grantee(s). Any non-competitive award shall be justified in writing by URC. Prior to award, URC shall ensure that proposed grantees have been determined to be responsible in accordance with procedures outlined in the ADS.303.
- c. USAID Involvement:** The USAID AOTR may be involved in the establishment of selection criteria and approval of the Request for Applications (RFA), and shall provide concurrence with the selection of grantees. USAID retains the right to terminate the grant activity (activities) unilaterally if extraordinary circumstances warrant termination.
- d. Competitive Award Process:** It is USAID's and URC's policy to ensure maximum competition by seeking applications from all eligible and qualified entities. URC will use competition as a practical activity in selecting grant recipients through procedures involving transparent application, review, and selection. All grants shall be awarded competitively unless the USAID AOTR approves an exception.

V. Eligible organizations for grant funds

- a. Eligibility criteria include:**
 - Legally registered entity in Nicaragua and in compliance with established requirements for this type of organization.
 - Demonstrated interest and/or experience in working on HIV-AIDS.
 - With active presence in the departments of the country defined for implementation of the PrevenSida project.
 - Demonstrated ties with local communities within their intervention area.
 - Willingness to work collaboratively with the PrevenSida Project.

- Willingness to comply with all technical and financial requirements for participation in the program, including reporting and documentation of project activities.
- Participation in assessments, trainings, workshops, or other activities is considered important for achieving project goals.

Even though it will not be an eligibility criteria, the counterpart financial or in-kind contribution will be valued positively. All grantees will be encouraged to contribute to cost-share.

- b. **Value and Duration of the Grants:** As part of USAID's support through its project PrevenSida, URC will provide grants and technical assistance. These grants will be in a range of ten thousand dollars to fifty thousand U.S. dollars (U.S. \$ 10,000 to U.S. \$ 50,000). All grants must be completed by the grantee and closed out in collaboration with the PrevenSida project team but no later than 3 months prior to the end of the PrevenSida program.

c. Illustrative activities to be funded

Applicants are advised to develop proposals to include innovative ideas, such as use of new technologies, evidence-based interventions, and gender-based violence.

The following are recommended activities but is not an exhaustive list:

- Service models (e.g. VCT) to reach, engage and meet the needs of most-at-risk populations. The NGO is encouraged to incorporate tailored or innovative approaches that are likely to increase access and remove barriers to services for these populations.
- Behavior change programs including targeted condom distribution for those who practice high-risk sexual behavior
- Linkages through referral networks with other health services

Commercial Sex Workers (CSW):

- Promote consistent and proper use of condoms with both clients and regular non-paying partners/boyfriends/husbands
- Ensure consistent availability of quality male and female condoms and Lubricant
- Violence reduction (both social and structural) in prostitution settings
- Link with relevant social welfare services for the target group and their Families
- Vocational training

Men Who Have Sex With Men (MSM):

- Promote consistent and proper use of condoms with both regular and non-regular partners.
- Ensure consistent availability of quality male condoms and lubricant
- Ensure availability of comprehensive health care services with special emphasis to quality VCT and STI services and provision of or linkages to HIV

treatment and care services.

Institutional Strengthening

- Creating financial administrative manuals
- Having a digital accounting platform or package
- Basic equipment

VI. Pre-award

a. Request for Applications

PrevenSida will issue Request for Applications (RFAs) which will be available to all potential applicants upon request. An advertisement announcing the program will be publicized in the local newspapers. When possible, an intent to issue an RFA will be sent out in advance. A minimum of two weeks will be given to prospective applicants to submit their applications. Applications must reach the project within the set timeframe. Late applications will not be considered. Applicants who submit incomplete applications or incorrect information will not be eligible for award.

A request for Application shall include the following information:

- Deadline for application submission
- Overall goal of the grants
- Eligibility requirements
- Funding duration
- Period of funding
- Number of awards anticipated
- Type of activities to be funded
- Application Instructions and Forms
- Evaluation Criteria
- Point of contact, including name, title, postal and electronic address, web page (if applicable) and telephone number
- Statement to the effect that the Grantor reserves the right to fund any or none of the applications submitted
- Required certifications

b. Orientation Session

PrevenSida will organize meetings/workshops for short-listed applicants to discuss the criteria for the grants and to provide basic guidance and training on how to fill out an application prior to the application deadline. Ideally, the sessions will take place at a central location in order to reduce travel costs for selected applicants.

c. Writing a Formal Application

Technical Grant Application

Cover Page: The cover page should include the following information as listed below.

- Title of proposed grant
- Name of organization (and acronym, if applicable)
- Total Cordoba amount of funding being requested
- Duration (in months)
- Proposed period for starting and ending of the project activity
- Name of organization's chief executive officer
- Organization's address (Please include both mailing address and, if different, an address for courier delivery)
- Organization's telephone number
- Organization's fax number
- Organization's e-mail address
- Name of contact person for the proposal
- Contact person's address (postal, telephone number, fax number, and email address)

Introduction: A summary of the proposed project shall be described, which should include overall technical strategy; key personnel; geographic area; and any partners.

Management Plan: The proposal should describe the organizational structure of the applicant detailing the composition and functioning of the board and executive management. The management plan must show the organizational chart describing the line of authority that will manage the project with a brief statement of the management approach, roles and responsibilities for all staff, local advisors, and long and short-term advisors. The management plan should also outline the organization's capacity to work effectively with relevant host country institutions, non-governmental organizations, and other donors in achieving project results and promoting a sustainable local ownership by the applicant's network.

Technical Approach: The applicant will identify goals and objectives and an overall approach to the design of quality improvement interventions in support of its program, in areas such as:

- Institutional Strengthening,
- HIV/AIDS prevention services,
- Stigma and Discrimination Reduction, and/or
- Improving involvement in the national response to the epidemic.

The grantee organization shall describe the way in which they currently ensure the quality of their services, as well as highlight the deficiencies in quality in which they desire to reduce quality gaps. Expected results shall be expressed in terms of production, generated by the project.

The following is an example of how the applicant can organize this section.

- Background

- Goals and Objectives
- Overall Technical Approach
- Challenges/Constraints
- Key Activities
- Expected Results/Outcomes

Geographic areas and Target Groups: Identify the target population(s) that ultimately should benefit from this project.

Cross-Cutting Themes: The applicant should adequately address the following cross-cutting issues in their application.

- Sustainability: Explain how the applicant will ensure sustainable results of the funded project activities.
- Gender: Explain how the applicant will consider gender issues and promote gender equity within their proposed activities.

Monitoring Plan: The applicant shall submit a detailed work plan monthly activities and dates for submission of results and performance monitoring plan. You must include a list of key indicators.

The monitoring plan of the results should include the following sections: indicator, definition, origin and goal.

d. Financial Grant Application

An applicant should prepare a budget for carrying out various activities. Each activity should include an estimation of execution time, materials required, and associated costs. PrevenSida will provide an excel matrix for development of the financial application.

All costs should be justified based on current market experience or with means for alternative validation. The PrevenSida staff will assist in preparing budgets of NGOs that request it. Because there are regulations for USAID funds execution, budgets from each NGO shall adjust to these regulations.

The general format of the budget should provide:

- Calculate the budget in cords.
- Transportation costs. Number of trips per unit per person cost.
- Per diem per person. Number of people per trip per unit of cost.
- Training. Number of days, number of people attending, cost per day per person for refreshments, cost per person for brochures and other materials, other cost units

In addition to the budget, the applicant must provide the following documentation:

- Bank account information.
 - Bank Address
 - Name of the bank account

- Bank account number

Submission Instructions

The technical application shall be submitted at the PrevenSida project office in hard copy and a digital backup in Microsoft Word or PDF format. This must be sent via email and/or hard copy to the contact person at PrevenSida.

The cost application shall also be submitted at the PrevenSida project office in hard copy and a digital backup of the budget in Microsoft Excel with supporting documentation in Microsoft Word or PDF format. This must be sent via email and/or hard copy to the contact person at PrevenSida. The technical and cost applications will be submitted separately.

After formally receiving the application, the PrevenSida office will record the date on which they are received, the name of the organization, and the signature of the representative of the organization that submitted the application. The PrevenSida office will keep both originals and will make one copy to file. The PrevenSida Director, who receives a copy of the application, must provide the applicant with a letter of receipt to confirm delivery.

In addition to items required in the application, all applicants must submit:

- Certification of the organization.

To apply for funds from the PrevenSida, NGOs must provide the following information:

- Copy of legal documentation of the NGO that ensures their existence and legitimacy to the relevant national authorities (Constitution Act, a copy of the Official Gazette, Certification of the Ministry of State).

VII. Selection Process

The PrevenSida Project will conduct the process of identifying potential individual grant recipients and the review procedures. URC desires transparency in the selection of recipients to receive funds, and throughout the entire management cycle of the grants program. Compliance with US and international regulations will be maintained. A log will be set up to track each phase in the cycle.

PrevenSida shall establish a Grant Selection Committee (GSC) in order to manage the rationalization and voting process. This committee will have 5 members and will be presided by the PrevenSida Project Director. A secretary will be named, in charge of keeping proposals and writing minutes of all meetings.

Decisions of this committee will be made by majority vote of the members participating in the committee, and approved NGOs selection based on the established criteria. Other partners may be invited on an ad hoc basis to provide technical and advisory input.

To maintain the integrity and transparency of the GSC, PrevenSida will ensure that no members of the GSC have conflicts of interest regarding the applicants or the subject matter of the grant in question.

PrevenSida will distribute copies of the applications received at this stage to all GSC members. Members shall also receive a checklist of each NGO and an evaluation criteria sheet.

USAID AOTR must approve all proposed grant recipients before the final award. The evaluation criteria will include: relevance of the technical strategies in relation to the overall objectives of PrevenSida, comprehensiveness of the approach and feasibility of achieving results, cost realism, etc.

The GSC is responsible for recommending a specific grant applicant for funding.

a. Evaluation Results

The main recommendations of the GSC will fall in the following categories:

- Recommended for funding
- Fundable, but needs changes in the technical approach
- Not recommended for funding.

Proposals that meet all requirements and pass the GSC assessment will be submitted to the USAID AOTR for final approval. The AOTR shall receive all technical and financial proposals.

b. Evaluation Criteria

The GSC will evaluate both technical and cost categories to determine whether an application provides the best value.

Criteria	Score
Organization Background/Experience	10
Qualifications and Management of Assigned Staff	10
Technical Approach	35
Management Plan	10
Timetable/Implementation Plan	10
Total technical	75
Cost Application	25
Grand total	100

c. GSC results report

PrevenSida will maintain a record of the GSC process and results. This record will account for how the application was evaluated against the selection criteria and will contain a justification for the final decision of whether or not to fund the proposal. The record will be used upon completion of the review process when the GSC will write an evaluation report to certify that the review and evaluation of all applications was in compliance with USAID policies and regulations and to demonstrate that integrity, transparency and competitiveness of the process was guaranteed.

The selected grantee will be notified in writing within 10 days after final USAID approval. In the event that an application is rejected, the notification shall include a brief explanation detailing why the project was not approved.

VIII. Award

a. USAID Approval

Once a grantee has been selected to receive a grant, PrevenSida will submit the proposed grant document, the detailed budget and the memorandum of negotiation to USAID for approval. Once approval has been granted, the project will process the final grant agreement.

b. Role of Grantor

As the grantor, PrevenSida shall be responsible for the following:

- Provide required post-award approvals, instructions, or guidance;
- Monitor the grantees' performance and progress, on operational and administrative issues;
- Monitor and evaluate impact of grantees activities using the impact indicators and baseline data negotiated into the grant document;
- Monitor the timely submission of progress reports by grantees and ensure that these reports track achievement of commitments and impact data;
- Review the grantees' financial management programs, in order to validate transparency in the use and management of resources as well as the appropriate segregation of funds;
- Provide guidance and follow-up on presentation of timely grantee vouchers and other financial support documents;
- Obtain financial reports and review for compliance with grant financial plan and budget, activities, and work plan;
- Maintain all grant pre-award and post-award files in good order;

- Ensure that the grantees maintain their financial and operational reports in good order, and retain them for three years after final payment;
- Monitor grantee financial or in-kind cost-sharing contributions (counterparts); and
- Perform timely close-out of all expired grants.

c. Role of Grantee

All organizations receiving funding under this grants program must comply with the following:

- Maintain accounting records that reveal the use given to the resources received;
- Develop detailed budgeting execution reports both for resources received and used (implemented activities will be monitored to determine possible changes in the budget);
- Identify all the disbursements by type of resource (labor, purchases, infrastructure, services, materials, etc) and their cost.
- Comply with USAID regulations for procurement of goods, professional services non-eligible suppliers; and
- Meet the reporting and deliverable requirements as specified in the grant agreement.

IX. Disbursement of funds

Disbursement of funds is contingent upon the establishment of a separate bank account for the grant, different from other existent accounts in the NGO. This will contribute to ideal accounting of PrevenSida funds. If the opening of an additional account is not possible, they must guarantee coding that allows for making a difference between various income sources.

The account shall be started and opened with grant funds advanced from PrevenSida. The account details must be provided to PrevenSida. Responsibility of funds management will be agreed on in the negotiation phase.

Funds will be disbursed based on a program activities and approved budget.

a. Financial Requirements

PrevenSida will provide support to NGOs with weak financial systems. The grantees will be responsible for submitting monthly/quarterly financial needs requests and expenditure statements. The requests and statements will be reviewed by the PrevenSida staff, and funds will be wire transferred into the NGOs account. Funds will be disbursed on a cost reimbursement basis, in order to further promote continued program compliance.

PrevenSida, through its staff and consultants, will implement periodic operational audits to assure that policies and procedures are being appropriately applied and to mitigate risk. Grantees are required to maintain all records pertaining to the grant for a period of three

years following the completion of the funded program and shall make these records available to PrevenSida upon request. The PrevenSida project retains the right to carry out an audit of the grantee at any time.

Should mismanagement of funds, negligence, or fraud be detected during an audit, URC will withhold funding until such time as the issue is resolved. If the issue detected cannot be resolved to the satisfaction of either or both parties, no further funding will be provided.

b. Disputes and Conflict Resolution

Disputes resulting from the grant agreement will be resolved through negotiation with the PrevenSida Country Director and the Director of the grantee organization.

c. Termination and suspension of the grant

Grants under this contract are subject to termination or suspension through written notification by PrevenSida. Suspension or termination can occur at any time if the prime contract between PrevenSida and USAID is terminated or suspended for any reason; if anticipated funding is no longer available; or in the case of non-performance by the grantee (i.e., failure to meet program objectives or agreed upon implementation objectives, failure to meet agreed upon financial management procedures or unsatisfactory audit results.) USAID/Nicaragua retains the right to terminate the grant activity unilaterally if extraordinary circumstances warrant it.

X. Post-Award

a. Grantee Workshop

After the selection of the first round of grantee organizations, PrevenSida will hold a 2-3 day workshop with the approved organizations. The purpose of this workshop will be to provide an overview of administrative, financial and technical requirements.

b. Capacity Building Activities

b.1 Organizational Assessment

PrevenSida has an organizational assessment tool (OAT) that will be applied to selected grantees. The OAT will assist PrevenSida to assess capacity of organizations receiving grants and their specific institutional development needs. A capacity building plan will be developed for each grant recipient and technical support provided through training, site visits, phone and email communication. PrevenSida will work in partnership with grantees to strengthen their organizational and technical capacity to ensure that the partners are able to continue their work after the project ends.

b.2 Follow up to Program execution, results and impact

During the grant negotiation phase, PrevenSida will provide technical assistance to develop appropriate and reasonable indicators that fit into the overall monitoring framework of the project. This assistance will also be provided to ensure that proper data collection procedures are being put in place to allow reporting of progress and impact. It is expected that the monitoring system will measure both quantitative and qualitative performance indicators. Each grantee organization is required to collect data and report on results to the project on an agreed-upon timetable. This process will be used to strengthen the capacity for monitoring by each grantee.

c. Planning and Budget

Each organization should develop an action plan and budget for all activities. The budgets are planning tools. They help to express the objectives in financial terms.

In addition to budget planning, budgetary control is another key and necessary tasks. To monitor the budget, actual income and expenditure are compared to the budget planned for each month or quarter.

A report on the change in budget execution should be developed to show the result of the comparison between each line of the budget. This will show the difference between income and expenditure budgeted, and what they actually receive and spend.

d. Expenditures procedure for main activities

- Prepare annual work plan and budget.
- Prepare operational budgets.
- Record the original budget (or revised) for the period.
- Record daily expenses in the Ledger, recording the cumulative expenditure and monitor the remaining budget.

e. Grant Adjustments

The grant recipient may request a modification of the grant by sending justification to the PrevenSida Project Director. To make this change effective, it may require USAID approval. The URC Contracts Department will issue the grant and any modifications to the grant.

f. Cash Flow Forecast

In addition to the budget is necessary to develop a cash flow.

The cash flow will report if the grantee has enough money to pay bills when due. One person, the administrator or financial officer, shall prepare the project's cash flow report.

XI. Accounting Procedures and Policies

The establishment of a procedure and accounting policies is another essential component of any system of financial management. Such procedures and policies provide understanding for new staff and facilitate the organization's internal processes.

The purposes of establishing policies and procedures are:

- Recording all financial transactions
- Monitoring and controlling expenditures
- Meeting the legal reporting requirements
- Ensuring timely and accurate grantee financial reporting and management.

The accounting system should be established on a platform or digital accounting package. If the organization does not have this platform an element in the subsidy fund would be to have a digital accounting system.

a. Accounting Policies

The grantee organization must have the necessary administrative and financial manuals. If the organization does not have these, a possible element to be funded with the grant is the creation of necessary manuals, as well as training of staff that will use them, as part of institutional strengthening.

b. Grants Accounting

The day to day operations should be recorded in the monetary value of goods, services, or the fair market value of donated or received services.

c. Income

Income represent the PrevenSida grants, subscriptions from members and interest earned on bank deposits and investments. Grants, cash donations and interest earned on bank deposits and investments are recognized as income in the period in which they are received.

d. Expenses

The expenses represent expenses incurred directly for program activities. These are acknowledged when payments are made (i.e., when the check or cash is disbursed or paid).

e. Account Recording and currency

The accounts of the grantee must be created to reflect the budget lines per approved program. Moreover, the accounts should be recorded in the national currency: Cordoba.

f. Accounting tools

Ledger. In it, transactions in the monthly income line are recorded, received donations, the

cost of project activity and other transactions involving the assets and liabilities. The purpose of general accounting procedures is to improve the timeliness and quality of information available to grant recipients management. The financial information includes information on assets, liabilities, income, funding and expenses. The general procedures of the book consist of the following activities:

Monthly

- Recording expenses for project activities.
- Recording of payments non-related to the project.
- Recording of grants and other income received during the month.
- Monthly balance Extract
- Identifying and recording daily income for accruals and prepayments (if necessary)
- Preparing final balance.
- Investing the remaining at the end of the month after the closing of the period. This is necessary to avoid overestimation of costs.

g. Bank Account Book

This records transactions in grantees bank accounts and bank incomes and petty cash expenses. The purpose of cash management and disbursements is to ensure that:

- All money received is properly counted and deposited intact in the respective bank accounts. Ideally, a separate bank account should be opened for each donor. If this is not possible, then a separate cost code in the ledger should be maintained.
- There is a separation of responsibility for handling cash /checks and recording.
- All cash transactions are properly captured by the general accounting system.
- All payments are duly verified and approved before payment.
- All payments to creditors are made by check.
- All receipts and supporting documentation are properly sealed with the word "paid" before the check is issued.
- Adequate and timely bank reconciliations are prepared and independently reviewed.

h. Petty Cash

The accounting definition of petty cash funds, refers to an account that expresses in monetary terms and a specific date, the cash balance in bills, coins, chits, expenses support, vouchers and others, related to normal petty cash operations.

In other words, petty cash is a cash fund used for minor expenses and urgent payments, which nature warrants the immediate disbursement, and that because of special circumstances it cannot be paid for by check.

Expenses may be made with petty cash in the following items:

- Photocopies

- Miscellaneous such as tire repairs and oil changes for vehicles, airport taxes and other minor duly authorized expenses, that are necessary to assume with this fund.
- Cleaning supplies

Petty Cash Fund expenditure is a limited procedure. Therefore, the following items cannot be paid for with this fund:

- Purchases that have been made to credit.
- Loan advances to officers and employees.
- Professional services expenses.
- Monetary changes, check cashing or operations different to those the funds are allocated to.

i. Assets

The organization must maintain a manual record of all assets. The purpose of the restraint procedures are used to ensure that:

- The assets of the grantee are protected through recoding data and tracking location and condition.
- All asset movements are recorded in the ledger.

j. Requirements for hiring and procurement of goods and services

The purpose of the hiring procedures is to ensure that:

- Acquisitions are made as far as possible on a practical, open and competitive basis.
- The grantee gets the maximum benefit from the money spent on all procurements of goods and services.
- Goods and services purchased are delivered in the right quantity, required quality and timely manner.

The guiding principles to be followed in the procurement of goods and services are:

k. Competitive bidding: The essence of this principle is that everyone has the chance to compete and win the bid. The market should be defined as broadly as possible.

Transparency: The bid process must include more than one offer. Information on the work to be performed must be easily accessible to all potential competitors. It also means that the basis for the award must be the most logical and fair as possible.

Supremacy of the selection committee: The final decision rests with the selection committee who is comprised of the Project Director, Administrative Director and Grant/Finance Associate. This committee should therefore evaluate potential suppliers and decide on the merits of each. If a selection committee does not exist, the organization must designate a person to be in charge of purchasing decisions and all decisions should be

documented (minutes) to justify them.

Restrictions on hiring and procurement of goods and services:

- No employee, officer, agent or relative of the recipient grantee must participate in the selection, award or administration of a contract.
- No contractor involved in the development or drafting of the specification requirements, work instructions or request for proposal should be considered for such procurements.
- The Director of the Grantee should ensure that grant agreements meet USAID's standards.
- Before bidding, the Director shall determine the need for procurement/employment based on the budgeted activities.

After confirmation that the proposed acquisition is in the budget, the following activities should be carried out:

- Invitation of quotations
- Review and award of quotations
- Signing of the contract
- Monitoring contract performance.

L. Financial Controls

Financial controls are essential to any group or organization. These help an organization to prevent errors and the possibility of theft. The most important thing is that financial controls help protect reputation. Financial controls are the financial and management systems that are designed to protect the property of an organization and minimize the risk of error and theft. The leadership team and managers are in charge of ensuring that there are good financial controls in their institution.

Financial control systems may be:

- **Money and cash control:** A management and recording system for amounts of cash in the organization and its bank accounts.
- **Bank Control:** This system ensures that the bank account is not misused.
- **Budgeting and accounting controls:** These systems provide sufficient information to manage the organization's activities.
- **Procurement and authorization controls:** Ensure that people are different in each stage of the bidding process and procurement decision.
- **Physical controls:** Refers to systems of building and maintenance of equipment in good condition and clear guidance on personal use of assets owned by the organization.

M. Finance staff functions

It is important to ensure that the finance department employees are trained to do their job in a competent and experienced way. The level of staffing depends on the complexity of the activities. Different organizations by rotation and structure require different skills.

N. Fraud Control

It is very important to be vigilant against fraud. Fraud means using deception to get money from an organization, goods or services for personal benefit. Examples of fraud include: alteration or forgery of checks, payment, claiming personal travel expenses not incurred, cash, stock or equipment theft.

Often, records are altered to cover up fraud. Mistakes are not fraud, but if they are not detected and corrected early, they may lead to fraud.

o. Fraud Minimization

The following are the steps that can help minimize fraud:

- Separation of functions. Its aim is to prevent errors and theft by ensuring that one person is not responsible for the entirety of any transaction.
- Make it easy for staff to report suspected fraud to the competent authorities.

XII. Monitoring and Evaluation

a. Quarterly reports

Grantees will be asked to report quarterly during the grant implementation process, providing both fiscal and operational results. PrevenSida staff will visit grantees periodically to provide technical assistance, as well as to assist each grantee in problem-solving.

b. Financial management monitoring

The project will carry out regular financial management reviews and if necessary, financial audits. Assistance will be provided when necessary to ensure that financial management and reporting complies with USAID regulations. On a quarterly basis, the PrevenSida Administrator will conduct site visits to review recordkeeping and financial and operational records.

c. Results monitoring

Responsibility for results monitoring is shared between the NGO and the project. Overall monitoring of the grants program will be done by PrevenSida, which will ensure that the

grants program is managed in compliance with USAID regulations and reaches its desired results. Records of all grant agreements, modifications and financial reports will be kept by PrevenSida.

d. Evaluations

External evaluations can be carried out by the PrevenSida project to measure the level of success of the grants to achieve its desired outcomes.

XIII. Final Report

The final report will include a technical section and a financial section. When required, this financial and technical report statement produced by the grantee will be audited separately.

The technical section of the report should include:

- An introductory summary of project goals and objectives, with a broad overview of project achievements
- A presentation of each project objective with an outline of activities undertaken, an analysis of their contribution towards achieving the objective including both positive and negative aspects of the activities and the program, and a discussion of the difficulties encountered in achieving long-term sustainability of the program. Recommendations of alternatives approaches should be included.
- An evaluation of the progress made toward reaching the overall project goals. Recommendations on changing objectives, activities, institutional arrangements, personnel, etc., should be made, for preparation to the possibility of preparing for a following request for application.
- Recommendations on the realistic long-term sustainability of project efforts. What will be needed in the future to institutionalize the conservation of resources and sustainable development that the project has promoted

The financial section of the report should include:

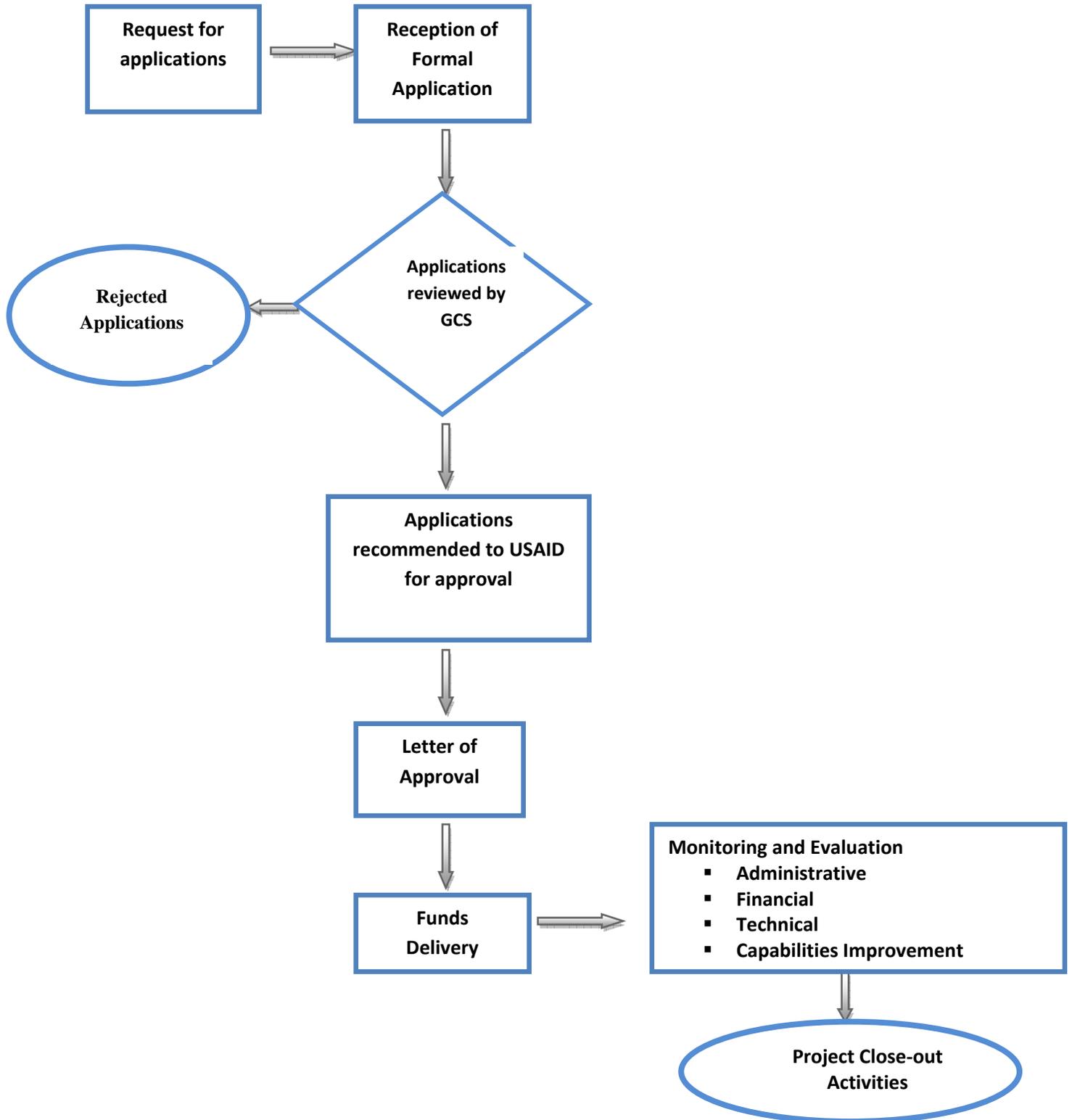
- Narrative summary of the total funds obtained during the project life and funds income cycle.
- Table of disaggregated amounts and annual comparison charts for project income flow.
- Narrative summary on implementation difficulties, solutions and level of improvement achieved in financial and accounting aspects of the grantee.
- Table of performance of funds according to items of signed sub agreement, e.g. salaries, benefits, administrative expenses, operations, etc.

XIV. Branding Strategy and Marking Plan

All grantees will adhere to the Branding Strategy and Marking Plan approved by USAID for PrevenSida. This will be incorporated into the grant agreement.

ANNEXES

Annex A. Grant Process Cycle



Annex B. Table for NGOs Evaluation

<p style="text-align: center;">General Information</p> <ul style="list-style-type: none"> • Name and address • Type of organization 		
EVALUATION CRITERIA	NGO INFORMATION	EVALUATION
<p>A. Organization Background/Experience</p> <ul style="list-style-type: none"> • Areas of expertise • No. of years of experience • Name and description of the latest most important projects executed • Name and description of projects' donors • Description of greater accomplishments • External evaluations and revisions for those projects. • List of greater donors and beneficiaries <ul style="list-style-type: none"> Experience working with governments and NGOs • Brief description of current projects (use separate table) • Geographic Areas of intervention • Description of activities of the Project it is applying for. • Geographic Areas of intervention for those activities • Describe your presence in those areas of intervention • Describe your inter-institutional relationship mainly with MOH, NGOs or other type of organization. 		
<p>B. Qualifications and Management of Assigned Staff</p> <ul style="list-style-type: none"> • Description of your organization's staff • No. of staff to execute the Project • Staff qualifications • Staff experience 		

<p>C. Technical Approach</p> <ul style="list-style-type: none"> • Innovation • Use of new technologies • Monitoring and Evaluation. Indicators • Feasible 		
<p>D. Management Plan</p> <ul style="list-style-type: none"> • Organizational Structure • Lines of authority and responsibility • Link with other organizations 		
<p>E. Timetable/Implementation Plan</p> <ul style="list-style-type: none"> • Project Objectives • Proposed Activities • Milestones and target completion dates • Expected Results • Timeline for implementation 		
<p>F. Financial Application</p> <ul style="list-style-type: none"> • Description of the NGOs system and financial controls • Qualifications of the Financial Manager • Declaration of financial audits • Separation of accounts for projects • Reasonable financial matrix 		

Annex C. Grants Review Sheet

Grants Review Sheet

Name of Project Proposal: _____

Name of requesting Organization: _____

Date of review of the proposal: _____

Name of reviser: _____

Organizational affiliation of reviser: _____

Selection Criteria

- A. NGO Experience: _____ (total score 20)
- B. Qualifications of designated staff: _____ (total score 20)
- C. Technical Approach _____ (total score 40)
- D. Management Plan _____ (total score 10)
- E. Implementation Plan _____ (total score 10)
- Total of Technical Area _____ (total score 100)**
- F. Cost of Proposal _____ (total score 25)
- Total Cost _____ (total score 25)**
- Total technical area and cost _____ (total score 125)**

Comments:

Strengths:

Weaknesses:

Recommendation

_____ Proposal recommended as it was presented.

_____ Proposal recommended for grant award, with the following changes: _____

_____ (please write).

_____ Proposal not recommended for grant award.

(Date and Signature)

Annex D. Grant Commitment Form

Date:

GRANT COMMITMENT FORM

Authorized by

Title

NGO Name

Address

Subject: PrevenSida Grant FY11-00-000

Under contract with USAID No AID-524-A-10-00003 (Nicaragua)

Dear XXXX:

In response to your request for assistance and support with date _____ I have the pleasure of informing you of the approval of your NGO Grant _____, this grant will not exceed the amount of \$_____ as a contribution to your program for _____ during the period from _____ to _____. We understand that your organization will contribute with goods and services valued approximately in \$_____ for the program.

Compliance with this commitment will be based on compliance of tasks and success of indicated bases. (The fund of each grant will be warranted in the percentage of the total amount of the budget for each commitment)

Commitment 1

(Describe in sufficient detail established program milestone, method of USAID verification and associated payment in dollars or percentage of total amount.).

Commitment 2

...

The disbursement must be effective through _____ (it must be similar to the standard of provision of disbursement, it should also include a comment or clarification certifying that the activity has been completed.)

By accepting this donation the XYZ Organization is committed to:

1. Document that reasonable steps were taken to ensure that all purchases under the grant are at reasonable prices from reliable sources;
2. Maintain a complete record of all expenditures from the grant during a period of three years after the expiry of the concession and make the records available for USAID or its representatives for review at any time, and
3. At the request of USAID, USAID will be reimbursed for the funds received by USAID that represent reimbursement of expenses determined by USAID as not complying with the terms and conditions of this grant.

Please sign the original and each copy of this letter to acknowledge receipt of the donation and return the original to the person in charge of the grant.

Respectfully,

Samuel A. Mariam

Vice- President, Contracts and Grants Administration

ACKNOWLEDGED:

XYZ Organization

By: _____
Position: _____
Date: _____
Date of accounting for: _____

Annex E. Progress Report Format.

Technical Format

Quarterly Progress Report

Grant Number:

Period covered by the report:

Date of report submission:

Organization:

This report should summarize the achievements during and at the end of the concession period. It will be necessary to describe the work performed from a quantitative and qualitative view, the achievements should be compared with the objectives, activities and expected results during the specified period. If objectives are not achieved, it is necessary to provide reasons and suggest corrective measures.

2. Final Report

Description of main activities the period of the concession covers;

Comparison of achievements against the objectives, activities and results described in the grant application, if necessary, indicate any change in the organization of activities related to those included in the initial grant application, describe plans for further activity beyond the period of the concession;

Evaluation of grant impact in the target population;

Report on indicators;

Include a sample or a copy of all the products or documentation to help you better understand the achievements and activities performed.

Stipulations for Reporting

All recipients must submit progress reports at regular intervals during and at the end of the concession period. Unless other arrangements have been agreed with USAID or the PrevenSida Director. The signatories of the letter of acceptance of the grant are responsible for the timely submission and content of these reports. These reports will be presented in English

Quarterly progress and financial reports must be submitted in accordance with the timetable established in the sub-agreement. Before receiving additional funds, the grantee must submit reports on the previous period.

The final report should be submitted on September 30th of each fiscal year. The inability to provide reports in time will result in a delay in additional payments or suspension or termination of the grant agreement at the discretion of USAID.

Purpose of the quarterly reports

Technical quarterly reports serve to evaluate progress in implementing the grant and allows the identification of problems to be solved or be taken into account by the program and the project management team. Activity reports provide a permanent record of project's achievements.

Submission of Quarterly Progress Reports

Reports will be submitted to PrevenSida in Spanish. They must be presented as follows:

- Cover (see below)
 - Beneficiary Name
 - Type of Report
 - Period (e.g.: October 1st 2010 - December 31st, 2010)
 - Grant Number
 - Title of the activity or program
 - Submission Date

- Table of Contents
- Key Activities
- Results
- Attachments (if any)

Annex F. Financial Report Format

FINANCIAL INFORMATION FORMAT EXAMPLE

Concession Number:

Period covered by the report:

Date of report submission:

Organization:

Total grant amount agreed at the General Assembly:

Total amount of grant received by the grantee so far:

Statement of Expenditure (USD)

Type of expenses according to Official Budget	(A) Budgeted Amount	(B) Total of Disbursements in this period	(C) Total of previously reported disbursements	(D) accumulated Expenses = (B)+ (c)	(E) Balance = (D) - (a)	(F) Accrued Expenses / Obligations With grant Progress but not disbursed
TOTAL						
Costs Beneficiary Share Contributions (Budget Detail Category as appropriate)						

Payments received to date:

Total disbursements as shown in column (d):

Un-liquidated advances (advances minus actual expenses):

The accumulated obligations not disbursed, as shown in column (f):

The expenditure for the coming period:

Report on:

Certification

Mr. / Mrs. / Ms. _____ of the organization certifies that the current financial report is accurate and complete and that all expenditures are related to the different categories assigned and documented in this donation. I also certify that there are no pending expenditure commitments.

On behalf of the grant recipient

Signature Date

Name of representative

Title

Name of Recipient Organization