Implementation

compliance

travel

procurement

monitoring and evaluation

excluded parties list

Chapter 5: Running an Effective and Compliant Program

5.1 Overview

Running an effective U.S. Government (USG)-funded HIV/AIDS program requires:

- meeting or exceeding your targets;
- providing quality services that have a measurable, positive impact on communities;
- being part of the wider HIV/AIDS response in the country, through referrals and sharing experiences;
- creating innovative programs that adapt to changing needs;
- establishing sustainable responses that build the capacity of communities and local implementers;
- spending funds wisely;
- timely reporting;
- complying with regulations in your Cooperative Agreement; and
- building a strong staff and project team.

Skip Ahead

- Financial Management
- Procurement
- Travel
- Use of USG-Funded Property
- Requesting Modifications to Your Agreement
- Monitoring and Evaluating Progress
- Learning and Sharing

This chapter refers to the terms of your Cooperative Agreement several times. USAID partners can refer to Annex III of this guide for detailed information on common standard provisions in USAID Cooperative Agreements. HHS partners can find similar references to common public policy requirements that govern HHS awards in Annex IV.

In this chapter, we break down these management tasks into two broad categories: administrative management (5.3) and technical program management (5.4).

Administrative management includes requesting and disbursing USG funds (5.3.1.1), complying with procurement (5.3.2) and developing a travel policy (5.3.3).

Technical program management includes monitoring and evaluating (5.4.1) and learning and sharing (5.4.2) within your organization and among partners.

Objectives

- Learn the administrative management requirements of USG-funded agreements, especially in finance, procurement, property management, and travel.
- Examine the basics of managing your award funding and documentation, including modifications to your agreement and changes to your budget.
- Understand requirements and best practices related to technical program management.

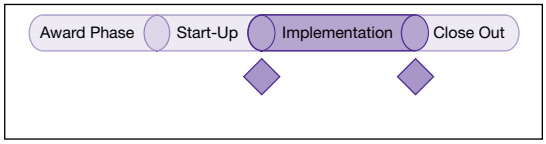
Key Terms and Acronyms

- **Activity Manager or "Field Activity Manager"**—For NPI, the USG representative designated to serve as an organization's in-country point of contact. This person may be from any of the USG agencies involved with PEPFAR implementation in your country.
- **Authorized Class of Service**—Unless travel falls under certain exceptions, air travel purchased with USG funds requires the customary standard commercial airfare (economy class or equivalent).

- **Burn Rate**—The rate at which you spend your award funds on a periodic basis, typically monthly.
- **Cost Share**—The portion of project or program costs not covered by the USG. This may be in the form of cash or in-kind contributions.
- **Direct Costs**—Goods and services specifically purchased for the exclusive benefit of one project that are charged to that project.
- **Excluded Parties List**—A database of various organizations that are not eligible to receive USG funds. Recipients are responsible for using this online database to check vendors prior to making any purchases.
- **Fiscal Year**—A fiscal year (or financial year, or sometimes budget year) is a period used for calculating annual ("yearly") financial statements in businesses and other organizations. It may or may not correspond to the calendar year, which is January 1 through December 31. The USG fiscal year covers a 12-month period that begins October 1 and ends the following September 30.
- **Fly American Act**—A provision that applies to all USG funded travel and requires the use of U.S. flag air carriers, with a few exceptions.
- **FMO**—Your funding agency's Financial Management Office.
- **Incidental Expenses**—Expenses incurred during travel, such as gratuities and tips for services, laundry, toiletries, etc.
- **Indicator**—A specific data point you track to monitor program progress. There are standard PEPFAR indicators, in-country standard indicators, and your own program-specific indicators.
- **Indirect Costs**—Costs that are required to carry out a project but are difficult to attribute to a specific project, such as electricity or administrative support staff. If a NICRA (Negotiated Indirect Cost Rate Agreement) is established, include the rate and how it is calculated. Also state whether the NICRA is the provisional or final rate. (For more information on indirect costs and NICRA, see USAID document http://www.usaid.gov/business/regulations/BestPractices.pdf.)
- **In-Kind Contribution**—Noncash resources contributed to a project; may include volunteer services, equipment, or property.
- **International Travel**—Any travel between two countries.
- **Key Personnel**—Key Personnel refers to project positions as well as to the individuals who fill the particular slots. Typically, positions identified in the Cooperative Agreement as Key Personnel are those leadership slots considered essential to the successful implementation of the overall project.
- **MOU**—Memorandum of Understanding.
- **M&IE**—Meals and Incidental Expenses.
- **NICRA**—Negotiated Indirect Cost Rate Agreement (a rate negotiated individually between an organization and the USG to cover indirect cost).
- **Notice of Award (NoA)**—The common term for HHS awards, it applies to both grants and Cooperative Agreements.
- **Obligated Amount or Obligation**—The amount the USG has committed to the program. There is no guarantee that the USG will reimburse the recipient for any spending above the obligated amount.
- **Origin**—Where an item was originally grown or manufactured.
- **Per Diem**—The maximum amount of money that the USG reimburses per day to cover lodging and meals and incidental expenses when traveling in connection with your program.

- **Pipeline**—The amount of funds obligated but not yet spent. This is calculated by adding up all of the funds spent to date and subtracting that amount from the total obligation to date.
- **Program Income**—Funds earned by the program for the benefit of the program itself. For example, program income comes from charging fees for services or from the sale of commodities. It is also earned by selling equipment purchased with program funds that is no longer needed. PEPFAR programs rarely include program income. ***Note:*** *Program income is different from income-generating activities in which the program's beneficiaries keep any income earned.*
- **Shared Costs**—Goods and services benefiting multiple projects and for which a vendor cannot invoice each project separately; therefore, the costs are charged to each benefiting project based on a pre-approved formula.
- **Significant Rebudgeting**—Moving funds between budget categories above a certain threshold set by your funding agency.
- **Source**—Where you procure an item or a service, regardless of where it was originally grown or manufactured. This is generally the location of the vendor.
- **Standard Budget Categories**—Nine standard categories the USG suggests all awardees use, including Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contractual, Construction (sometimes replaced with "program costs" for non-construction projects), Other, and Indirect Costs (NICRA).
- **Substantial Involvement**—The right the USG retains to maintain some control over an assistance project funded through a Cooperative Agreement. This right usually includes the ability to approve workplans, budgets, Key Personnel, monitoring and evaluation plans, and subrecipients. The areas of substantial involvement are specified in the agreement.
- **Total Estimated Cost**—This is the total projected cost of your project included in your agreement. Think of it as the ceiling for your award.

5.2 Getting Started



One of the unique aspects of the USG's approach has been to allow organizations the freedom to design and manage their programs and subrecipients while maintaining a cohesive, coordinated response to the epidemic.

Cooperative Agreements allow the USG to retain **substantial involvement** in your project. This means it has the right to approve workplans, budgets, Key Personnel, monitoring and evaluation plans, and subrecipients. By retaining this right, the USG tries to ensure that your program is tied to the overall host government's strategy. At the same time, Cooperative Agreements also allow your organization to innovate. By enabling your organization to design its own implementation model, form its own partnerships and adopt strategies that fit the culture and context, the USG gives you the autonomy to carry out effective projects and deliver quality services to your beneficiaries.

Accountability is essential to the health of your organization and to implementing an effective program. That means everyone—from the executive director to a receptionist and

even volunteers—acts in accordance with the organization's values to accomplish its mission and avoids taking shortcuts that could compromise the organization's goals. In addition, managing an effective USG-funded HIV/AIDS program comes down to balancing the desire to be creative in your approach to addressing the needs of communities and simultaneously ensuring that your program fits into the country's priorities and links to other in-country programs.

This chapter discusses how to find that balance and successfully operate your program under the Cooperative Agreement mechanism. By knowing and understanding what your organization can and cannot do with your award, you can maximize your program's effectiveness and powerfully influence the lives of your beneficiaries.

5.2.1 Five Tips for Ensuring Compliance

1. *Know your agreement and get help if needed.*

   Your agreement is full of details. Read it and make sure you understand it. Make sure your management team members are familiar with the specific sections relevant to them.

   If you need help understanding or meeting the demands of your agreement, seek help. Your Agreement Officer's Technical Representative (AOTR) or Agreement Officer (AO) can help answer questions. If necessary, you can request technical assistance or hire a consultant to help set up management processes and systems that meet your award requirements (see Annex II for explanations of some common agreement terms).

2. *Keep your agreement documentation up-to-date.*

   Over the life of your award, changes may occur that affect the terms of your agreement, including changes in funding, targets, geographic coverage, and Key Personnel. Be sure to get the appropriate approvals and document changes and keep all documentation readily available. There will probably be changes in personnel over the life of your award (both within your organization and on the USG side), making it vital that you keep well-organized documentation on all decisions and changes affecting your award.

3. *Understand which boundaries are flexible.*

   To promote innovation and give you the power to respond to changes on the ground, you have a certain amount of flexibility to manage your award. However, there are limits to this flexibility, including limits on programmatic, budget, personnel, and partnership changes. Sometimes you will have to get permission from your AOTR, AO, or in-country Activity Manager to implement changes, and sometimes there will be boundaries you simply cannot cross. This chapter will help you learn these boundaries so you can adapt while remaining in compliance with your award provisions.

4. *Compliance is for subrecipients, too.*

   In addition to being responsible for keeping your own organization in compliance, prime partners are responsible for making sure subrecipients meet their requirements. Work with your subrecipients to ensure they understand what is required of them and use this as an opportunity to build their capacity as well.

5. *Do not lose sight of the beneficiaries.*

   In trying to comply with all of your award's requirements, it can be easy to lose sight of the ultimate purpose of your award: helping beneficiaries. Providing them with quality services is your first order of business in complying with the terms of your agreement.

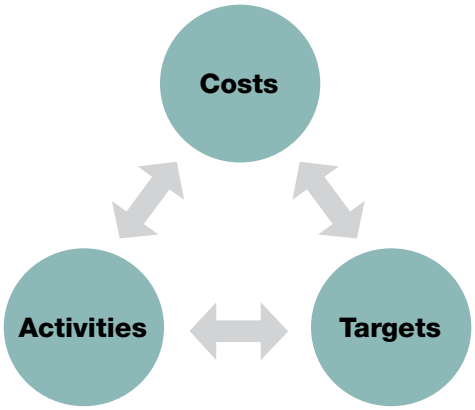
5.2.2 Your Implementation Model

As described earlier, the USG does not prescribe specific approaches to carry out PEPFAR programs, but rather encourages partners to develop, refine, and share their unique models for service delivery. The model you use to implement your programs should combine both administrative and technical program management to achieve the expected outcomes. Keeping your organization's implementation model running efficiently is the essence of a program manager's day-to-day job.

Although every organization's model is different, there are three key elements (picture in Figure 21) common to all models:

- what you are doing (specific activities in certain geographic areas);
- what it takes to make it happen (resources, costs, and other inputs); and
- expected outcomes (results and targets).

Figure 21—Key Elements of an Implementation Model



These three elements tie directly to your workplan activities, budget, and targets. In your model, these elements are intricately linked together. Changes in budget, for example, affect your targets or force you to modify your activities.

Over the life of your program, you and your team should be constantly improving your model. As you learn from both formal evaluations and day-to-day experiences, you will tweak your activities and perhaps discover better and less expensive ways to reach more people with your services.

5.3 Administrative Management

Administrative management functions enable a program to run smoothly and comply with the terms and conditions of your agreement. These include several routine functions, such as

- Financial Management (5.3.1)
- Budget Adjustments (5.3.1.6)
- Procurement (5.3.2)
- Travel Management (5.3.3)
- Property Management (5.3.4)
- Agreement Modifications (5.3.5)

5.3.1 Financial Management

5.3.1.1 *Requesting and Disbursing USG Funds*

The USG disburses funds to grantees by advancing funds or reimbursing partners for expenses incurred. Many partners are permitted to request funding advances, and may request reimbursements as well, if they use their own funds to cover project-related expenses.

In This Section

Initially, you may be limited to requesting funding advances one month at a time. Each request must be for the amount you estimate you will spend in the upcoming 30-day period. You are not allowed to request or hold on to any extra "contingency funds." However, if a particular planned procurement is delayed, you can carry over those funds until the following month. If an activity is cancelled by mutual agreement with the funding agency, you can spend the funds on another activity in your approved workplan.

You request funds by filling out either Standard Form (SF)-270—Request for Advance or Reimbursement (commonly referred to as SF-270) or Standard Form-1034—Public Voucher for Purchases and Services Other Than Personal (SF-1034). You should check your agreement or talk to your AOTR/Program Officer (PO) to find out which one to use. The forms should be submitted to your funding agency's financial management office (FMO). If you have multiple awards with the USG, you must fill out a separate SF-270/SF-1034 for each award. Though individual agency policies may vary, in general, you must complete the form and submit it no later than a week before the month in which you need the funds. The amount of time between submitting the form and receiving the money varies among agencies, but generally you can expect funds within a few weeks.

When you have demonstrated over time that you spend the funds you request efficiently, and that you are neither spending too quickly nor too slowly, you may be able to request funds quarterly. Your AOTR/PO and FMO will determine this by reviewing the data from your SF-270.

Another USG form—the SF-425—must be filed to report how your organization is spending its award and to track how much cost share your organization has contributed. (See Chapter 6.3.1). The SF-425 is due quarterly to the FMO and is separate from the SF-270 Request for Advance or Reimbursement.

Estimating Advances

When estimating your request, do not merely divide your annual budget by 12 months; instead, calculate specifically what you think you will spend in the upcoming month. You may divide some elements of your budget evenly among months (for example, salaries), but some, such as purchases of nonexpendable equipment, may happen all in one month (for example, at the beginning of a project). Consider the funds that you have currently and confirm the remaining amounts that subrecipients may have as well before you make any requests are made.

Partners who are implementing with subrecipients should work together to manage funding requests and spending smoothly, so no one runs out of money. To do this, ask subrecipients to provide monthly or (when approved) quarterly funding estimates. You also may wish to institute a process with subrecipients for advances and reimbursements similar to the one you follow for the USG.

5.3.1.2 How to Fill Out the SF-270

While you use the SF-270 to request advances or reimbursements from the USG, your agency's process may differ slightly from that outlined below. Always defer to the instructions from your FMO.

Begin by downloading a PDF version of the SF-270 at http://www.whitehouse.gov/omb/grants/sf270.pdf.

To take advantage of some of the form's features, including auto-calculations, be sure you have the latest version of Adobe Reader, which you can download for free at http://www.adobe.com/products/acrobat/readstep2.html.

The form consists of two pages. The first contains three primary sections—the top portion for information about your grant and your request; the middle section, where you can calculate your advance or reimbursement; and the third section, used only for requesting advances. The second page contains instructions and a place for you to sign.

Top Portion

While most of the top portion is relatively straightforward, here a few tips that will help you fill out the key boxes (refer to Figure22).

Figure 22—Top Portion of SF-270

REQUEST FOR ADVANCE OR REIMBURSEMENT (See instructions on back)		OMB APPROVAL NO. 0348-0004	PAGE OF PAGES
		1. TYPE OF PAYMENT REQUESTED (1a) a. "X" one or both boxes ☐ ADVANCE ☐ REIMBURSEMENT b. "X" the applicable box ☐ FINAL ☐ PARTIAL (1b)	2. BASIS OF REQUEST ☐ CASH (2) ☐ ACCRUAL
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED		4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY	5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST
6. EMPLOYER IDENTIFICATION NUMBER	7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER	8. PERIOD COVERED BY THIS REQUEST FROM (month, day, year) (8)	TO (month, day, year)

- **Box 1(a)**—The type of payment requested will be an advance or a reimbursement. Generally, you will be requesting an advance for your monthly installments.
- **Box 1(b)**—For all requests other than the final request at the end of your grant, select partial payment.
- **Box 2**—The basis of the request depends on the type of accounting system you are using. Most NPI recipients use a cash basis.
- **Box 8**—The "period covered by this request" should be one calendar month (for example, FROM July 1, 2009, TO July 31, 2009), unless the FMO directs otherwise.

After completing the top portion, you must determine whether you need to fill out the full calculation area in the middle of the form or the simplified calculation area for advances at the bottom.

Fill out the full calculation area for an advance and reimbursement or if you have any **program income** (see the box at right).

If you are not requesting a reimbursement and do not have program income, skip down to the Advances Only portion of the form, described below.

Program Income—Program income is money the program earns for itself. It comes from charging fees for services or the sale of commodities. Program income is also earned by selling no-longer-needed equipment purchased with program funds.

Note: *Program Income is different from income-generating activities, in which the program's beneficiaries keep any income earned.*

Calculation Area

The primary calculation area (shown in Figure 23) includes three columns across the top (a–c) and a total column. Fill out your funding request across these columns only if you have separated out headquarters (HQ), subrecipient, or country costs in your approved annual budget in this way. Doing this helps your AOTR track your requests and spending against your budget, though this is generally not something the FMO requires. If your budget is organized into more than three categories, ask your AOTR what categorization would be most helpful.

The calculations (rows labeled a–j) are explained in Figure 23.

Figure 23—Calculation Area of SF-270

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED				
PROGRAMS/FUNCTIONS/ACTIVITIES ►	(a) HQ	(b) Subrecipient	(c)	TOTAL
a. Total program outlays to date (As of date) May 31,2009	$ 10,000.00	$ 7,500.00	$	$ 17,500.00
b. Less: Cumulative program income	0.00	0.00		0.00
c. Net program outlays (*Line a minus line b*)	10,000.00	7,500.00	0.00	17,500.00
d. Estimated net cash outlays for advance period	3,000.00	5,250.00		8,250.00
e. Total (*Sum of lines c & d*)	13,000.00	12,750.00	0.00	25,750.00
f. Non-Federal share of amount on line e	2,300.00	0.00		2,300.00
g. Federal share of amount on line e	10,700.00	12,750.00		23,450.00
h. Federal payments previously requested	9,100.00	7,500.00		16,600.00
i. Federal share now requested (*Line g minus line h*)	1,600.00	5,250.00	0.00	6,850.00
j. Advances required by month, when requested by Federal grantor agency for use in making prescheduled advances — 1st month				0.00
2nd month				0.00
3rd month				0.00

a. **Total program outlays to date**—All expenditures for your program, including cost share, as of the beginning of the request period. In other words, if your request is for July 1–31, 2009, give the total outlays as of May 31, 2009.

b. **Less: Cumulative program income**—If your program has earned any program income, enter it here.

c. **Net program outlays** (line a minus line b).

d. **Estimated cash outlays for advance period**—How much you will need for the advance period (in our example, July 1–31, 2009); all funding needed (including cost share), regardless of any carryover cash on hand.

e. **Total** (sum of lines c & d).

f. **Non-Federal share of amount on line e**—All past cost-share contributions, plus all cost-share contributions you plan to make during the advance period. (If you are not sure what cost share you may be able to commit to during the advance period, it is fine to put US$0 in your SF-270, as long as you properly account for the actual cost share generated in your next SF-425.)

g. **Federal share of amount on line e**—This is the total amount you have requested from the USG toward this project to date, including funds requested for the advance period. The FM checks this number to ensure it matches the amount from the last SF-270 submitted. It can be checked by adding 11h and 11i.

h. **Federal payments previously requested**—Sum of all of the money you have requested to date from the USG.

i. **Federal share now requested** (line g minus line h)—The result will be the total amount of USG funds you need for the upcoming month (request period), less any unspent USG funds you have on hand.

j. **Advances required by month**—Use the final row only when you request funds quarterly, but receive the funds in monthly installments.

Advances Only

To fill out the alternate computation for advances only (box 12), calculate how much funding you will need for the next month and subtract the amount of any unspent USG funds you have remaining from your previous advance to come up with the amount you are requesting for the period. During the previous period, if you spent more than your previous advance, the unspent funds remaining block may show a negative amount.

Submitting Your SF-270

Once you complete the first page, have the Project Director or other designated certifying authority within your organization sign and date the second page. Then scan and e-mail the form to your FMO at ei@usaid.gov (ei stands for Electronic Invoices), copying your AOTR/PO. HRSA grantees report through the Web-based payment management system. Always make a copy for your file, and then mail the original to your FMO. If you have not heard from your FMO within 10 days, follow up.

5.3.1.3 How to Fill Out the SF-1034

If your organization uses the SF-1034 to request funds and liquidate advances, you should follow the steps outlined below. As with the guidelines for filling out the SF-270, these tips are not meant to substitute for the USG instructions found online or guidance from your FMO, but seek to address the questions of first-time users of the SF-1034.

To apply for an advance, you will fill out three SF-1034s requesting three separate advance payments for the upcoming quarter (one SF-1034 for each month—three month rolling advance). All three should be submitted 10 business days before the beginning of every quarter. This is designed for your organization to maintain a uniform cash flow. To begin the request, mark the top the SF-1034 with "Request for Advance."

Within 15 days of the end of every month, you will submit another SF-1034 for liquidation of the advance, marked at the top with "Liquidation of Advances." This reports the amount of funding (if any) that your organization spent from the advance you received for that month. As no new advances can be made until the recipient submits this liquidation form is received, it is imperative that this form be submitted on a timely basis every month.

The SF-1034 is a single page, of which you should only fill out the top portion (see Figure 24). The rest of the form, along with the spaces you leave blank, will be filled out by your funding agency.

Figure 24—Top Portion of the Standard Form-1034

Standard Form 1034 Revised October 1987 Department of the Treasury 1 TFM 4-2000	**PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL**		VOUCHER NO.
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION	DATE VOUCHER PREPARED		SCHEDULE NO.
	CONTRACT NUMBER AND DATE		PAID BY
	REQUISITION NUMBER AND DATE		
PAYEE'S NAME AND ADDRESS			DATE INVOICE RECEIVED
			DISCOUNT TERMS
			PAYEE'S ACCOUNT NUMBER
SHIPPED FROM	TO	WEIGHT	GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES *(Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)*	QUAN-TITY	UNIT PRICE		AMOUNT
				COST	PER	(1)

- **Voucher No.**—Start with "1" and number consecutively, so that the number changes every time you fill out the form. ***Note:*** *Insert the word "FINAL" if this is the last voucher.*
- **U.S. Department, Bureau, or Establishment and Location**—Insert the names and addresses of the relevant finance office. Details can found in your Agreement.

- **Date Voucher Prepared**—Always remember to include the date you prepared the form.
- **Contract Number and Date**—Insert the contract number and date as shown on your Agreement.
- **Requisition Number and Date; Schedule No.; Paid By; Date Invoice Received; Discount Terms; Payee's Account No.; Shipped from/to; Weight; Government B/L**—Leave all blank.
- **Payee's Name and Address**—Include your organization's name and mailing address as it is written in your Cooperative Agreement.
- **Number and Date of Order**—Leave blank.
- **Date of Delivery or Service**—Insert the month, day and year, beginning and ending dates of the incurrence of costs claimed for reimbursement.
- **Article of Services**—Enter a summary description of the activities that are expected to take place (for the advance) or already did take place (for the liquidation). ***Note:*** *Your funding agency may ask for a more detailed description of the activities.*
- **Amount**—Enter the amount you are requesting (for the advance) or the amount you spent from the advance you received that month (for the liquidation).
- **Payee must NOT use the space below**—Do not type or write below this line.

Submitting SF-1034

Consult your Cooperative Agreement for detailed instructions on how to submit your SF-1034. In general, an organization must submit an original and three copies of the SF-1034 to the payment office indicated in your Agreement.

5.3.1.4 *Keep an Eye on Your Obligation Ceiling*

The time it takes to process your SF-270/SF-1034 is usually only one to two weeks, as long as you have sufficient funds obligated toward your award. If you request funds above your obligation ceiling, it can take as long as one month to modify your agreement to obligate additional funds before the FMO can process your SF-270/SF-1034.

It is in your best interest to monitor your obligation amount closely. As soon as you have expended 75% of your obligation, contact your AOTR/PO and ask that additional funds be obligated.

5.3.1.5 *Monitoring Pipeline and Burn Rates*

One of the responsibilities of your organization's financial manager is to monitor how much you are spending under your award and to make sure there is enough money obligated to cover your upcoming expenses. Two important calculations your organization should track are your pipeline and burn rate. Your AOTR also monitors these figures. Regular communication with your AOTR will prevent you from having to slow down operations while you wait for additional funds to be obligated.

Your pipeline is the amount of funds obligated but not yet spent, the amount of money that is still available to you. You can calculate your pipeline by adding up all the funds you have received and subtracting that amount from the total obligation.

Calculation: Pipeline = Obligation – Total Amount Spent

The burn rate calculates the rate at which you are spending the funds you have received. The basic calculation for your burn rate is the amount you have spent divided by the number of months you have been spending.

Calculation: Burn Rate = Total Amount Spent / Number of Months

Your AOTR will usually use your SF-425 quarterly financial reports to figure out your burn rate, but you may want to use your own financial systems to generate a report that helps you keep track of your actual monthly expenses.

In calculating your burn rate, you may also separate out special one-time expenses, such as vehicles. This will give you a better sense of how much your project will be spending in upcoming months.

Example (see Figure 25):

- NGO X was awarded a Cooperative Agreement for a total of US$1,000. It received an initial obligation of US$10. When the workplan was approved, it received an additional obligation of US$300, bringing the total obligation to US$310.
- NGO X has been operating now for four months and has spent a total of US$145.
- Subtracting the total obligation (US$310) from the total expenditures (US$145) gives NGO X a pipeline of US$165.
- Dividing the amount spent (US$145) by the number of months it has been spending (four) gives NGO X a burn rate US$36.25.

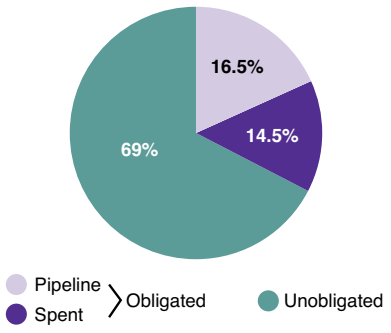
Figure 25—NGO X Award Amount Breakdown

NGO X's USG Award

NGO X's USG Award	
Award Amount	US$1,000
Original Obligation	US$10
Additional Obligation	US$300
Total Obligation to Date	US$310

	Jan	Feb	Mar	Apr	Total
Spending	US$25	US$55	US$35	US$30	US$145

	Calculations	Result
Pipeline	US$310-US$145	US$165
Burn Rate	US$145 / 4	US$36.25
Months Remaining	US$165 / US$36.25	4.5 months



Using the pipeline and burn rate, an organization can also calculate how many months are left before it will need an additional obligation. Divide the pipeline by the burn rate. This is the number of months left before the obligation runs out, assuming that spending stays the same. In the above example, NGO X estimates it will spend the remaining obligation in four and a half months.

Keeping these figures in mind, you will want to monitor your spending to make sure you are not spending too quickly or too slowly. For example, if you have a three-year award, you will want to pace your funding so you can achieve your goals in that time frame.

5.3.1.6 Rebudgeting

Your approved budget is divided among a number of standard budget categories. The USG gives you the flexibility to make adjustments to your budget within those categories (for example, if you budgeted for a photocopier but decided to use the funds to buy a computer printer instead). However, you may only move a limited amount of funds between direct cost categories before you must seek approval from your funding agency. Adjusting your budget above this threshold is referred to as rebudgeting. Your funding agency sets the significant rebudgeting threshold.

Indirect Cost Rebudgeting Restriction

You may not move any funds into or out of the indirect cost category without prior approval.

USAID Rebudgeting Rules

Each USAID award is different; while some define significant rebudgeting as cumulative changes between budget categories that exceed 10% of the total budget over the lifetime of the award, others specify a much lower threshold. To find out the rebudgeting rules that apply to your award, check your Cooperative Agreement or talk to your AOTR.

If, for example, a US$2 million award has a significant rebudgeting threshold of 10%, the grantee can rebudget up to a total of US$200,000 between categories over the lifetime of the award without seeking approval. Above that amount, the grantee will have to seek approval from all budget changes.

These changes are cumulative. In this scenario, if you rebudget US$50,000 in the first year, then US$150,000 in the second year, any additional changes between budget categories in the third year—no matter how small—have to be pre-approved. The Agreement Officer has the option to restrict rebudgeting if the changes are not necessary or reasonable.

HHS Rebudgeting Rules

The U.S. Department of Health and Human Services (HHS) defines significant rebudgeting as when the total transfers among budget categories for the current budget period exceed 25% of the total budget or US$250,000, whichever is less. The budget period is defined in your NoA.

Unlike USAID, this is not cumulative over the life of the award. Therefore, if the threshold for an award is US$250,000 per budget period, the partner can rebudget US$250,000 during the first budget period and US$250,000 during the second budget period.

Seeking Approval

If you are planning budget changes that exceed the significant rebudgeting threshold, or that will significantly alter the activities being undertaken, write a memo to your AOTR and AO requesting the approval and include the following:

- Explain why rebudgeting is necessary (for example, explain unforeseen costs or circumstances).
- Outline all previous rebudgeting under this award.

Right to Limit Flexibility

Your funding agency grants you the authority to change your budget to make program management more flexible. However, if the agency has concerns about your implementation, it reserves the right to impose rebudgeting restrictions at any time.

- Detail where the money is coming from (that is, what costs you will not be expending to free up funds).
- Detail how the rebudgeted funds will be used.
- Explain any effects you anticipate as a result of the rebudgeting, such as changes in targets.
- If applicable, discuss other sources of funds you will be using to make up any deficits.

Once you have reached that threshold, your AO must approve all rebudgeting, regardless of the amount. Therefore, if you need to request approval to rebudget further, try to estimate all the changes you will need to complete your project and request the approvals all at once.

5.3.1.7 *Allocating Shared Project Costs*

An organization with more than one project incurs three categories of expenses:

- Direct project costs—Costs clearly attributed to a specific project, such as a staff person who works solely on a specific project, office space used by project staff, or specific equipment and supplies used only by a single project.
- Shared project costs—Costs required to carry out a project, but difficult to attribute to a specific project, such as electricity or administrative support staff.
- Non-project costs—Legitimate organizational expenses, but costs not related to any specific project or costs that are not "allowable" under USG-funded projects, such as fundraising and entertainment.

Most of your expenses will fall into the direct cost category, while non-project costs are usually self-evident. Costs that may be shared, however, may be the biggest challenge.

Sharing Resources vs. Shared or Indirect Costs

There is an important difference between a resource that may be shared by more than one project and something that is a shared or indirect cost.

A resource that more than one project may share typically falls into the direct cost category. For example, let's think of a professional staff member as a resource that may devote time to more than one project. Since the individual's time is tracked on a time sheet, you will know exactly how many hours were spent working on Project A versus Project B. Therefore, you can allocate the exact number of hours to each project as direct costs.

Another example: If your organization has a vehicle, more than one project may use it for trips. However, every trip should be noted in the vehicle usage log book, so the expenses for each trip can be allocated as direct costs to each project.

A shared or indirect cost, on the other hand, is one that has been incurred for common or joint project need. Examples of common shared office costs are utilities, Internet service charges, and expendable office supplies like paper and paper clips. Unlike the examples above, it is not obvious how much should be charged directly to any one project.

Some organizations have gone through a process with USAID to establish a Negotiated Indirect Cost Rate Agreement (NICRA) and use that to address these kinds of costs. But most organizations do not have a NICRA (or only have a NICRA for headquarters expenses) so they need a method for figuring out how to allocate these kinds of costs.

Sample Formula for Calculating Shared Expenses

Costs that cannot be attributed to one project or another as a direct cost will need to be addressed by establishing a formula. One approach is to use a percentage based on the number of employees on one project verses the total number of employees or the allocation of dedicated office space.

To do this, first figure out what parts of your office are dedicated to a specific project, such as space for staff who work solely on a specific project, and what parts are shared, such as meeting rooms or the reception area. Of the areas that are dedicated to specific projects, calculate the square meters allocated to each project. You can even divide the office space of an individual who splits time based on the percentage she or he allocates to each project. Add up the area dedicated to each project and calculate the percentage dedicated to each project.

For example, let's say a 1,000-square-meter office houses two projects; 800 square meters of office space is dedicated to the projects, while the rest is shared. Of the dedicated space, 600 square meters is for one project, while 200 is for the other project. This means 75% of the overall space is charged to the first project (750 square meters), and 25% for the second (250 square meters). These percentages may be used as the basis for allocating costs for other shared expenses.

There is no single correct method for allocating shared costs, but it should be clear how your organization handles these costs. This helps to ensure that you are using your project funds wisely and that you are distributing costs fairly. And do not forget, as projects and funding streams change, you should adjust your policy accordingly.

Set—and Keep Up to Date—a Shared or Indirect Cost Policy

With these guidelines in mind, set a policy that defines the following:

- what specific costs and resources are considered "shared";
- how your organization will divide shared costs among different projects; and
- when the policy will be revised.

Multiple Offices

If your organization has offices in several different locations, you may want to set some general guidelines and have each office set its own specific policy based on the projects and expenses at that location. The policies should be in writing because during your annual audit, the auditors will review and compare your policy with your practice. Some projects that share offices establish a formal Memorandum of Understanding that includes detailed agreements on additional topics, such as shared assets, payroll, and human resources issues. This is especially common when the separate "project teams" come from different operational units or are from completely different organizations.

Q: Do we need a NICRA?

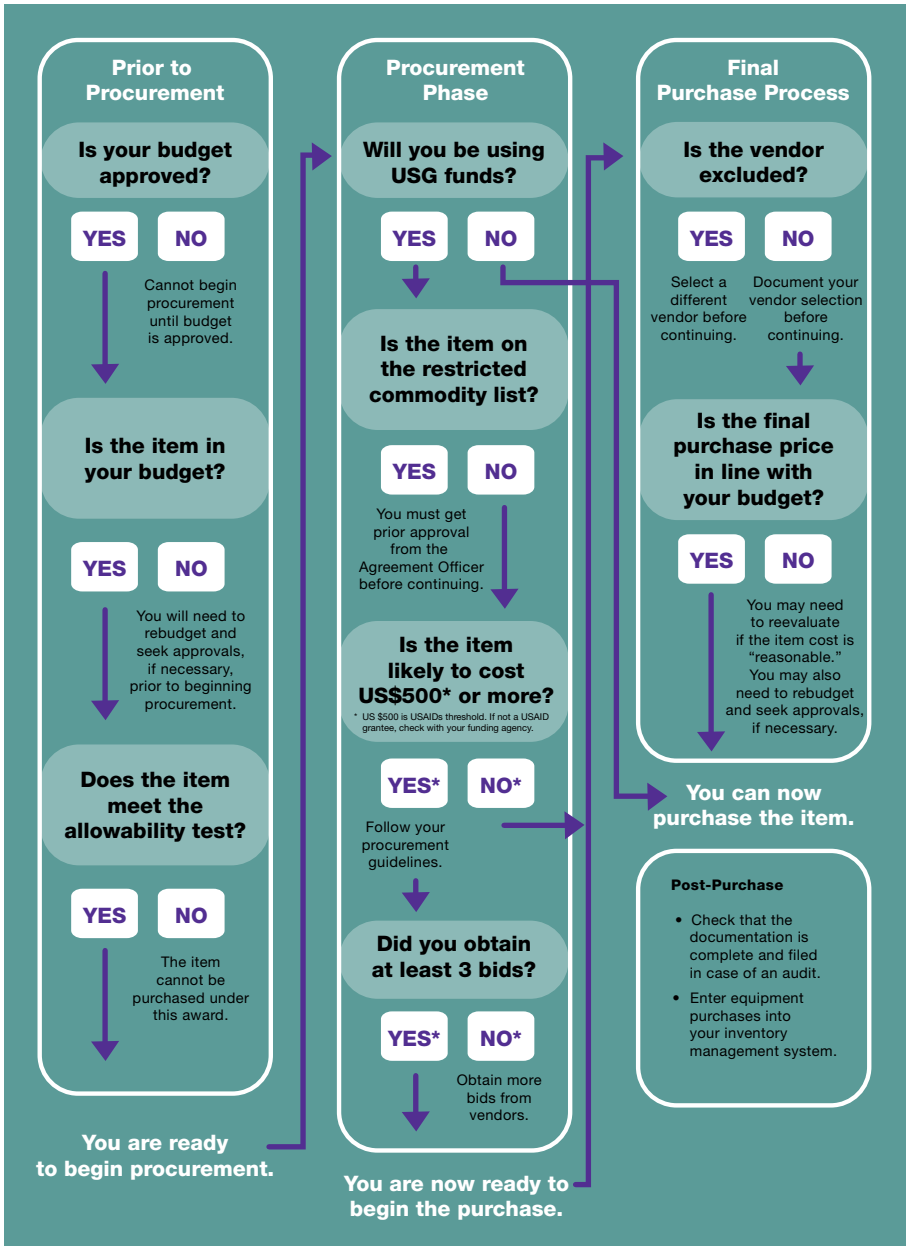
While an organization needs a method for figuring out how to allocate indirect or shared costs, it need not be a NICRA. Some organizations go through the process to establish a NICRA, but most will find that process time-consuming and that another method is more efficient.

5.3.2 Procurement

USG Procurement regulations ensure that recipients use USG money to advance the purpose of the award, spend it wisely and do not use it to purchase items and services in conflict with the public's interest. Therefore, you are required to carefully document your organization's procurement process and make sure that process is in line with USG requirements as outlined in, OMB Circular A-122.

Figure 26 shows a simplified procurement process map. There are even more detailed steps within each of these major steps. Every organization has a threshold above which it requires a special procurement process for soliciting and evaluating bids on large items costing more than this threshold amount.

Figure 26—Phases of Procurement



The diagram breaks down the process into three phases:

- **Pre-procurement**—Before you can procure an item, you must have an approved budget, and the specific item must be in the budget. If it is not, you will need to rebudget. If your rebudgeting amounts to significant rebudgeting, you will need to request approval. If the specific item is in the budget, you must first check that the item passes the allowability test (5.3.2.1) before you begin the procurement.
- **Procurement Phase**—This is the process just before purchasing when you have the funding and begin planning for the specific purchase by soliciting a minimum of three bids, acquiring pricing information, and reviewing different vendors. Your own internal procurement policies guide much of this process.
- **Purchasing Process**—Once you have selected a vendor and settled on a price, you must do a final review, and then you can make the purchase. After the purchase is complete, you need to ensure that your documentation is in place and that you have entered the relevant information into your inventory tracking system, if applicable.

Throughout the entire procurement process, several checks and tests are required to make sure the purchase is allowable. This section outlines these requirements. If you do not have a procurement policy, it is critical that your organization adopt one that incorporates these processes to ensure that all goods and services it procures will be allowable under the award.

Requirements for Subrecipients

Almost all procurement limitations apply to both prime and subrecipients on an award. USAID requires that subagreements between the prime partner and subrecipients with procurements over your organization's designated amount include certain procurement-related standard provisions, including the standard provision entitled "USAID Eligibility Rules for Goods and Services," which outlines policies on restricted goods, ineligible goods and suppliers, and source/origin requirements.

Review your procurement-related clauses closely and make sure that your staff and subrecipients understand the process and regulations.

Procurement—Good Practices

- Establish and follow written procurement policies and procedures.
- Conduct annual procurement planning that includes office and program equipment, supplies, and services.
- Link procurement planning to budget and work planning processes.
- Provide for open competition to the extent possible.
- Obtain quotations, review quotations against established criteria, use evaluation committees, and justify vendor selection.
- Document the procurement process.
- Keep an inventory of all equipment purchased and update it regularly, noting condition and location of items.

Overview of Procurement Regulations

USG funding comes with many stipulations on how USG money may and may not be spent. These include limitations on:

- particular goods and services;
- where the item was manufactured or procured;
- from whom you can purchase goods and services; and
- how you ship them to your project site.

This section covers restricted and prohibited items (5.3.2.2), source and origin restrictions (5.3.2.3), and vendor restrictions (5.3.2.4).

5.3.2.1 Allowability Test

Even though your budget has been approved, it does not mean that all of the line items in that budget are allowable. Before procuring any goods or services under the award, it is important to make sure each item passes the allowability test.

The allowability test poses four questions that are key to determining whether you can purchase an item. These questions apply to all costs associated with the award, including direct and indirect costs.

1. *Is the cost reasonable?* Is the cost comparable to what other organizations are paying for the same item or service? Have you followed your organization's procurement policies with regard to getting bids and reaching a fair price?
2. *Can you allocate the cost to this specific award?* Is the cost required to advance the work under the award?
3. *Is the cost consistent?* Have you been consistent in assigning costs across all the work your organization does, regardless of the source of funding? For example, do you pay the same consultants the same rates for similar activities under your USG-funded awards as you do in projects funded by other donors?
4. *Does the cost conform to the rules and regulations of the program?* Is the cost in compliance with limitations and exclusions contained in the terms and conditions of your award? Have the individuals responsible for the expenditure acted ethically in carrying out the procurement?

For major purchases, document your review of these questions during the procurement. Put the questions on a form, along with a place to fill in the item, budgeted amount, date and who in your organization filled out the form. Record the answers, making any necessary notes, and then file the forms for future reference in case of an audit.

5.3.2.2 Allowable Costs

The most important concept in procurement under USG-funded awards is to understand what costs are and are not allowable. Allowable costs are things you are allowed to purchase or spend money on under your agreement. A number of rules address what is allowed and what is not allowed, including U.S. laws, the policies of the agency funding your award, the regulations governing the program under which you are being funded, and certain additional restrictions that may be in your award.

In Your Agreement

USAID Cooperative Agreements contain procurement-related requirements under the Standard Provisions. In particular, review the standard provisions, entitled "Ineligible Goods and Services" and "Restricted Commodities."

The HHS Notice of Award contains procurement-related requirements under the Public Policy Requirements section.

Depending on the circumstance, a given cost may be determined allowable or unallowable based on whether the cost is necessary to meet activity goals, is reasonable, and is allocable. In addition, recipients are restricted by specific categories, including U.S. laws and funding agency regulations. One way for recipients to keep track of these restrictions is to develop lists of allowable and unallowable items, similar to the document in Figure 27. You can customize this list with specifics from your agency and Cooperative Agreement. You will notice that some items are restricted, meaning they are only allowable with specific written permission (for example, vehicles), while other items are prohibited and you cannot purchase them under any circumstance (for example, alcoholic beverages).

Figure 27—Example of Unallowable Costs

	Category	Regulating Document	Examples of Limitations	Applies To
Policy/Law	U.S. Law	OMB Circular A-122	PROHIBITED: Alcoholic beverages	Applies to all USG funding
	Funding Agency Regulations	USAID ADS HHS Grants Policy Statement	RESTRICTED: Pharmaceuticals, vehicles, and agricultural commodities	Applies to agreements funded by that agency

This list is only the first step in determining whether a cost is allowable, however. If an item you plan on purchasing is not on the unallowable list, you must still determine whether the specific purchase passes the allowability test by examining the specific circumstances of the purchase and your program to make sure the cost is reasonable and relevant to your program.

Restricted Commodities

Restricted commodities are items you may purchase with USG funds, but you need prior written approval (a waiver) from the Agreement Officer (AO) or Grants Management Officer (GMO). The most common restricted commodities include:

- agricultural commodities
- motor vehicles (includes cars, motorcycles, mopeds, etc.)
- pharmaceuticals
- pesticides
- used equipment
- USG-owned excess property
- fertilizer

A waiver may be granted if *all three of the following conditions are met*. (***Note:*** *Even if you meet all three criteria, approval is not automatic; you still need to request approval from the AO or GMO*):

- Item is of U.S. source/origin,
- You have identified the item and incorporated it into the program description or amendments to the award,
- You have incorporated the costs related to the item into the approved budget of the award.

If the AO or GMO approves, she or he will provide written authorization. If you procure the item prior to receiving written authorization, you risk paying for it yourself.

Prohibited Items

The following cannot be purchased with PEPFAR funds under any circumstances:

- military equipment—goods or equipment to meet the cooperating country's military requirements;
- surveillance equipment—such as microphones, transmitters, and recording devices (this does not include general use audiovisual equipment, as long as there is a clear purpose and need for that equipment in your program);
- commodities and services for support of police or other law enforcement activities;
- abortion equipment and services;
- luxury goods and gambling equipment, alcoholic beverages, jewelry, or expensive textiles; and
- weather modification equipment.

Other Types of Restrictions

Other restrictions and prohibitions that are applicable to most USG global health and development funding are in OMB Circular A-122 (http://tinyurl.com/d7l7yr), "Cost Principles for Non-Profit Organizations," which details rules for 56 specific goods and services, and when they may and may not be paid for with USG funds. Review this list and become familiar with the rules that may be relevant to your program.

In addition, further restrictions may come from PEPFAR, your in-country team, or your Cooperative Agreement. The best way to keep track of all restricted and prohibited items is to create a table and fill it out based on the agreements and guidance documents applicable to your program. If you receive funding through multiple grants, you may find different limitations on different funding streams. Be sure to note to which agreement each restriction applies.

Use of Private Funds

When you use private funds to procure goods and services as part of a cost-share requirement, some restrictions are no longer applicable. When your organization commits to cost share as part of the application budget, it must be appropriate for the program. You cannot count private funds used to purchase prohibited items toward your cost-share commitment. For example, alcoholic beverages purchased with private funds cannot be counted as cost share.

Consequences of Misuse of PEPFAR Funds

The USG reserves the right to require you to refund any amount that is not spent in accordance with the terms and conditions of the award (that is, costs not allowable under the regulations). Be sure to keep records for at least three years after you submit your final report, in case of an audit.

5.3.2.3 Source/Origin Restrictions

Two additional procurement restrictions deal with where an item is purchased—referred to as its source, and where it was originally grown or manufactured—known as its origin.

General Source/Origin Restrictions

Different source and origin restrictions apply to different USG agreements. Organizations working within the United States are subject to the Buy American Act, which gives priority to U.S.-manufactured goods and services. This may apply to procurements made by a headquarters office located in the United States that is purchasing goods to be used domestically.

However, since spending for PEPFAR often occurs overseas, different regulations governing foreign acquisitions apply. Certain provisions in the U.S. Federal Acquisition Regulations (FAR Section 25.701) apply to grantees of most USG agencies operating overseas and restrict transactions involving the following countries as of April 2010:

- Cuba
- Iran
- Sudan
- Burma (Myanmar)
- North Korea

FAR regulations that apply to your organization are included in your Cooperative Agreement.

Additional Source/Origin Restrictions for USAID Partners
USAID-funded partners are subject to much more stringent source/origin restrictions than the general FAR restrictions outlined above. USAID partners may be assigned a "geographic code," which designates specific countries from which you are authorized to purchase goods and services. USAID-funded PEPFAR implementers may be assigned geographic code 935, which is found under the Attachment A—Schedule of your Cooperative Agreement.

Geographic Code 935

Geographic code 935 authorizes you to purchase goods and services from anywhere in the world (including the Uinted States and the country in which you are operating), except the following foreign policy-restricted countries as of April 2010:

- Cuba
- Iraq
- Iran
- Laos
- Libya
- North Korea
- Syria

If any component of the item you are purchasing was produced in one of these foreign policy-restricted countries, the item is ineligible for USAID financing.

Rules and Waivers for Specific Restricted Commodities

Under geographic code 935, you may purchase almost all of the goods and services in your budget from almost any country in the world, with the following three exceptions, which must be of U.S. origin:

- agriculture commodities,
- motor vehicles, and
- pharmaceuticals.

This restriction only applies to the origin, meaning you can purchase these goods from any eligible source. In other words, you could purchase a U.S.-manufactured vehicle from a local dealer.

It is possible to request a waiver from your AO to purchase these commodities that have been manufactured or grown outside of the United States; however, you will need to justify the reason for selecting a non-U.S. product.

Expedited Vehicle Procurement Procedure for PEPFAR Grantees

USAID announced a special expedited vehicle procurement procedure (EPP) for purchasing or leasing non-U.S.-manufactured vehicles, which is applicable to PEPFAR-funded programs. (See Procurement Executive Bulletin No. 2008-05 - http://tinyurl.com/c9zjod.)

This special procedure is in effect from February 14, 2008, through February 13, 2013, and applies only to USAID grantees receiving HIV/AIDS funds. USAID grantees with funds from other programs must still follow the standard procedure.

For example, one reason your AO might consider granting a waiver is if a U.S.-manufactured product is not available on the local market, while an equivalent non-U.S. product is. In this case, perhaps the additional shipping costs would dramatically increase the cost to purchase U.S.-manufactured products. Gather and document the estimated costs before contacting your AO.

In some circumstances, your AOTR or AO may still require you to purchase U.S.-manufactured items despite any additional costs. This may be the case with certain pharmaceuticals, especially when there could be a concern about the quality or safety of specific pharmaceuticals manufactured outside of the United States.

Subawards, Other Geographic Codes, and Local Procurement

Implementation of the source/origin and local procurement regulations may be different for subawards under your current award when, for example, the prime recipient is U.S.-based and the subrecipient is based in a different country. Also, in future awards, you may find different rules pertaining to source and origin, and you may be assigned a different geographic code. For a complete explanation of the USAID source/origin rules, including other geographic codes, local procurement rules, and restrictions applicable to subawards, review the ADS Chapter 310—Source, Origin and Nationality (http://www.usaid.gov/policy/ads/300/310.pdf).

5.3.2.4 Ineligible Suppliers/Excluded Parties List

No procurement is allowed from suppliers listed on the Excluded Parties List. The Excluded Parties List is a database of various organizations that, for one reason or another, are not eligible to receive USG funds, even as a supplier. Using this system to check vendors prior to purchasing is part of your responsibility under the Terrorism Financing clause in the Special Provisions section (listed under Attachment A—Schedule) of your Cooperative Agreement, as well as the special provisions of Executive Order 13224 and USAID Eligibility Rules for Goods and Services.

To document that you have checked that your supplier is not included in the excluded parties list, first visit www.epls.gov.

Figure 28—Excluded Party List Web Site Search Page

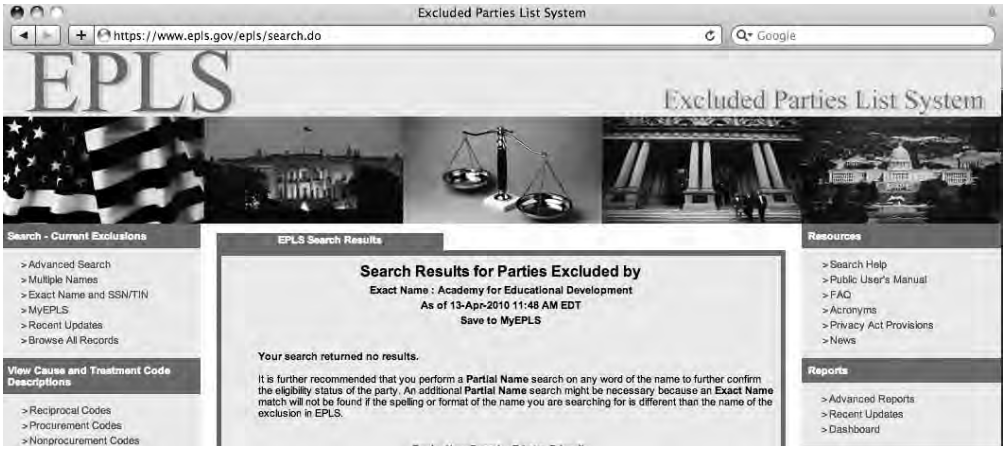
To search a supplier, click on "Advanced Search" in the upper left section of the homepage. After reading the information in the "Important EPLS Advanced Search Information" page and checking the box at the bottom, you should enter the full or partial name of the supplier as instructed, and click "Search" at the bottom of the screen.

If you get an exact match, you must find a new vendor. If you continue with the procurement, the costs will be unallowable and you will need to reimburse the USG.

If you receive a partial match, and it is clearly not the supplier you are considering, then you may want to search again using quotation marks around the name to get an exact match. For example, when searching for So and So Supplier, the database returns a match of John Tse-So Ning in Louisiana. By putting quotation marks around part of the name, such as "So and So," the database returns no results.

If you receive results that you are unsure of, call 1-866-472-3757 or e-mail support@epls.gov for additional help. If you get no matches, then print the page and keep it in your files. This page shows the date and time of your search and the term you searched under.

Figure 29—Excluded Party List Web Site Results Page



5.3.2.5 *Equipment*

Equipment is defined as tangible items with a useful life of at least one year and an individual unit cost of an amount determined by your organization's policies and procedures. The U.S. Government lists a unit cost threshold of US $5,000 to categorize items as equipment. Your organization's threshold can be lower, but it cannot be higher than US $5000. So if you categorize equipment (which has special procurement rules procedures) as items over $1,000, you would list all items separately under the equipment section of the your budget and apply the equipment rules for the procurement and use of these items. This will involve gathering multiple bids as part of the procurement process and including these items in your inventory management system.

For the purposes of your USG award, it will stipulate that you must notify the AO or AOTR when you purchase equipment with a value of $5,000 or more. Please see your award for specific procedures required by the funding agency.

5.3.3 Travel

Travel in country or across borders—whether for a conference, field visit, workshop or other purpose—is often necessary to implement your USG-funded award. To prevent excessive and overly expensive travel, your USG agreement contains a number of rules and regulations you are required to follow when traveling internationally for your project. If your NGO has its own written travel policy, you should also review its directives when making any travel arrangements.

5.3.3.1 Developing a Written Travel Policy

A well-thought-out travel policy defines procedures for authorizing official travel, helps control business travel costs, and provides clear guidelines about the types and amounts of expenses that may be reimbursed. A written travel policy also helps ensure that all employees are treated fairly and equitably.

A travel policy should address:

- Approval
  - The process for an employee to request your organization's approval to travel, including the appropriate form to be completed by the traveler, the amount of time in advance that the form should be submitted, and to whom the form should be submitted. (Remember: In addition to your internal approval process, you must obtain USAID approval prior to international travel).
- Advances
  - How advances of funds to be used for travel will be calculated. For example, some policies state that advances cannot be issued for more than a specific percentage of the total estimated travel costs.
  - When outstanding advances will be reconciled. It is good practice to allow for only one outstanding advance at a time and to establish a deadline (e.g., within two weeks to one month) by which employees must reconcile their advance upon returning from their trip.
- Reimbursement
  - The types of costs that will be reimbursed (e.g., transportation costs, visas, lodging, currency conversion, telephone calls, Internet, etc.).
  - Whether expenses will be reimbursed on the basis of actual receipts or per diem or a combination of the two. If a per diem basis is selected, then a per diem policy needs to be clearly defined for both domestic and international travel.
  - How employees will account for their travel expenses upon returning from their trip. Many NGOs create an expense report template using Microsoft Excel®, that employees fill out after every trip.
- Exchanging Money
  - What rate to use for changing foreign currency to local currency. For example, some NGOs use the in-country exchange rate using official exchange documents as supporting documentation, while others use the exchange rate of a trusted online source, such as www.oanda.com.

NOTE: Once travel rules have been adopted, your organization's policy must be uniformly applied to both USG-funded and other activities, unless the specific contractual agreement under which the travel is being conducted calls for different procedures/ requirements.

What if an organization does not have a written travel policy?

If you do not have a written travel policy, the standard for determining the reasonableness of reimbursement is the regulations published by the U.S. Department of State. Rates are published monthly by country (and cities within a country) at http://aoprals.state.gov/web920/per_diem.asp.

Does a traveler need approval/authorization?

Your travel policy should require that travelers complete and submit a travel request form specifying reasons for the travel, dates, estimated cost, etc., to the supervisor.

May a traveler request a travel advance?

A traveler may wish to request funds in advance of a trip to cover the per diem (or actual expenses, depending on organization policy) and any other business-related expenses. The organizations policy should address the amount of the advance and format for the request (e.g., travel advance form).

NOTE: A common audit finding is that travel advances are not issued according to the organization's own policy.

What is per diem?

A per diem allowance is a daily maximum amount for which a traveler may be reimbursed for each day away from his or her regular workplace on official business. The per diem allowance is usually composed of two parts:

1. Lodging: a ceiling or maximum rate that may be reimbursed for lodging; lodging is almost always reimbursed based on actual cost incurred up to the maximum allowable USG rate. Remember: original receipts must be submitted when requesting reimbursement for all lodging costs.

2. Meals and incidental expenses (M&IE): a fixed daily rate for meals (breakfast, lunch, dinner, and related tips and taxes) and incidental expenses (for example, gratuities and tips, laundry, toiletries).

Below is an example of the U.S. Department of State per diem rates for Botswana accessed from http://aoprals.state.gov/web920/per_diem.asp.

Figure 30—Sample Botswana Per Diem Rates

Country Name	Post Name	Season Begin	Season End	Max. Lodging Rate	M&IE Rate	Max. Per Diem Rate	Foot-note	Effective Date
Botswana	Francistown	01/01	12/31	US$172	US$54	US$226	N/A	12/01/2009
Botswana	Other	01/01	12/31	US$103	US$44	US$147	N/A	12/01/2009

If the city you are going to is not listed under the Post Name, use the "Other" rate (see column 2, above) published for that country.

Travel costs may be charged on an actual cost basis, on a per diem basis, or on a combination of the two (for example, using the actual cost for lodging and a per diem basis for meals and incidental expenses), provided the method is applied to an entire trip and not only to selected days of a trip.

NOTE: *To get reimbursed for lodging and other travel-related costs of US$25 or more, the traveler must save and submit all original receipts and invoices to document the expenses. For meals and personal expenses that fall under M&IE, receipts are not required by the USG, but your organization's per diem policy may require them.*

When is a traveler entitled to the M&IE allowance?

The M&IE allowance is calculated on a daily basis. On the day of departure and on the last day of travel, travelers are entitled only to a percentage (based on your organization's policy or the USG default amount of 75%, whichever is less) of the applicable M&IE rate of the authorized travel location. Employees on local day trips are only eligible to receive an M&IE allowance if the time away exceeds 12 hours.

What if a meal is provided free of charge (for example, by another organization) during the trip?

The M&IE allowance should be adjusted if meal(s) are provided free of charge during one's travel for business purposes. The Web site for calculating reductions to the M&IE for the U.S. State Department per diem rates can be found at http://www.state.gov/www/perdiems/breakdown.html. If you develop your own organizational per diem policy, it should include how the M&IE will be reduced should breakfast, lunch, and/or dinner be provided free of charge. The amount generally should not be adjusted if complimentary meals are provided by common carriers (such as airlines or trains) or hotels (such as when the hotel price includes breakfast).

What if someone travels to a number of different countries (or posts within a country) on the same trip and each has a different per diem rate?

The per diem reimbursement rate is determined based on where lodging is obtained. If lodging is not required, the applicable M&IE rate to be used is the rate for the location. If a traveler visits more than one location in a single day, the location with the highest M&IE rate should be used. If a traveler visits more than one country on a trip, then he or she should use the rate for each country for the days in that country.

What if the actual lodging cost or your M&IE costs exceed the maximum allowable USG rates?

While your organization's policy regarding the maximum amount for which you may be reimbursed may differ from USG policy, it is important to note that if lodging or M&IE exceeds the USG per diem rates established for the location, the traveler will have to pay the excess charge(s). The one exception to this is if you specifically request and receive approval in advance for "actual subsistence" at a higher rate, but this is granted only for special or unusual circumstances.

What if a traveler stays in the home of a friend or a relative?

A traveler who stays in the home of a friend or relative while on official travel may not claim lodging expenses for reimbursement. Hence, where lodging is not required, the applicable M&IE rate to be used is the rate for the location.

Advances should be accounted for shortly after completing of the related trip. Failure to reconcile travel advances may result in the travel advance being deducted from the traveler's pay. (While this is good business practice, it is important that this be handled according to the organization's policy.)

How does a traveler calculate expenses incurred with foreign currency?

In the case of international travel, most if not all of the expenses will be in foreign currency. To calculate these expenses, the traveler must provide appropriate receipts, with the currency rate(s) of exchange applicable for the period of time in country. To obtain the appropriate conversion rate, either use the rate provided at the time of exchange as documented in the exchange receipts or go to a reliable currency exchange Web site, such as http://www.oanda.com/converter/classic or http://www.xe.com. Be sure to document the exchange rate you use by printing out the Web page and submitting it with your expense report.

5.3.3.2 *Travel Planning and Requirements*

Prior Approval Is Essential

Grantees funded by USAID must get prior approval in writing from the AO (unless delegated to the AOTR) before every trip, even if the trip was included in your workplan and budget. While your AO/AOTR may prefer to approve each trip individually, he or she may allow you to submit a list of all the trips to be taken that year in the annual workplan and then approve them all at once.

When requesting approval for international travel, provide the following information:

- dates of travel and return;
- destination country or countries;
- purpose and objectives of trip; and
- cost of trip and name of individual(s) traveling (if required by your AO).

Written approval, which can be a simple e-mail from your AO (or AOTR), should be saved for future reference and included in your documentation. If a travel need arises that you did not incorporate into your program documentation, you may request special approval. Please note that business class travel always must be approved individually by USAID. (See exceptions allowing business class travel in limited circumstances under Economy Seating Requirements.)

Grantees funded by HHS must ensure that their budgets and workplans include detailed information regarding the cost of each trip. Once your workplan and budget are approved, you may consider the trip approved unless the Grant Management Officer (GMO) requests additional information at the time of the trip.

Travel Notification

Neither the USAID Mission nor the U.S. embassy requires Country Clearance for employees or subawardees of USAID recipients. However, if the primary purpose of the trip is to work with in-country USG personnel, you must notify your AOTR and in-country Activity Manager at least two weeks in advance of your travel.

This notice should include your award number, the AOTR's name, the traveler's name, date of arrival, and purpose of the trip. You may send the notice by e-mail, but be sure to save a copy of the notification in your records. The in-country USAID Mission will respond, within five days, only if travel is denied.

While HHS does not require its NPI grantees to notify its in-country donor representative of the traveler's presence in the country, it is good practice to do so.

For all NPI grantees, *where security is a concern* in a specific region, it is a good idea to notify the U.S. embassy of the traveler's presence when she or he has entered the country. This is especially important for long-term postings.

The Fly America Act

The Fly America Act states that you must fly on U.S. flag air carriers or U.S. airline code share on foreign flag air carriers, as long as they travel to your destination, except as follows:

- If no U.S. flag air carrier provides service on a particular leg of the route, you may use a foreign air carrier service, but only to or from the nearest interchange point to connect with U.S. flag air carrier service.
- If the service on a foreign air carrier would be three hours or less and using the U.S. flag air carrier would at least double your travel time, you may fly a foreign air carrier.
- If a U.S. flag air carrier offers nonstop or direct service (no aircraft change) from your origin to your destination, you must use the U.S. flag air carrier service unless such use would extend your travel time, including delay at origin, by 24 hours or more.
- If a U.S. flag air carrier does not offer nonstop or direct service (no aircraft change) between your origin and your destination, you must use a U.S. flag air carrier on every portion of the route where it provides service unless, when compared to using a foreign air carrier, such use would do at least one of the following:
  - increase the number of aircraft changes you must make outside of the United States by two or more;
  - extend your travel time by at least six hours or more; or
  - require a connecting time of four hours or more at an overseas interchange point.

Economy Seating Requirement

For official business travel, both domestic and international, you must use economy (coach) class (unless paid for personally or through frequent flyer benefits). Exceptions that allow you to fly business class include circumstances when:

- Regularly scheduled flights between origin/destination points (including connecting points) provide only first-class and business-class accommodations.
- No space is available in economy-class accommodations in time to accomplish the mission, which is urgent and cannot be postponed (be sure to include documentation of urgency and importance).
- When use of business-class accommodations is necessary to accommodate your disability or other special need as substantiated in writing by a competent medical authority.
- Security purposes or exceptional circumstances as determined by your agency make the use of business-class accommodations essential to the successful performance of the agency's mission.
- Economy-class accommodations on an authorized/approved foreign air carrier do not provide adequate sanitation or health standards.

Please note that while these exceptions exist, they in no way promote the use of business-class travel, which should be used only when such exceptional circumstances are met.

Procurement Documentation

As when procuring any other item or service using USG funds, you must follow USG procurement regulations and carefully document the process you used to purchase airline tickets. This means providing proof that the procurement of tickets was a competitive process and verifying that you traveled to the specified destination by submitting airline boarding passes or ticket stubs.

In addition, if your travel qualifies as an exception to the Fly America Act and you do not fly a U.S. flag air carrier, you must provide a certification and any other documents your funding agency requires. Without these, your funding agency will not reimburse your organization for any transportation costs for that service.

The certification must include:

- traveler's name;
- travel dates;
- the origin and the destination of the travel;
- a detailed itinerary of your travel, name of the air carrier, and flight number for each leg of the trip; and
- a statement explaining why you met one of the exceptions outlined above or a copy of your agency's written approval deeming that foreign air carrier service was a necessity.

File a Trip Report

Following international (and domestic) travel, it is a good idea to write a short report to capture what you have learned and enable you to share it with others easily. There is no set format or protocol for writing a trip report; however, it usually describes where you went, when you went, why you went, who was with you, and what you did and learned.

As you are writing your report, imagine how it will be used by the people who will read it. Here are some simple guidelines:

1. Begin with a short paragraph stating the purpose of the trip (why).
2. Summarize your activities while on the trip. Be concise and factual. Remember, the reader is usually not interested in a detailed, minute-by-minute account of what happened. Instead, write a clear and concise outline of your trip (where, when, who, and how).
3. Point out important information you feel should be highlighted or stressed (what you learned).
4. If appropriate, end by stating any recommendations and any follow-up that should occur.

5.3.4 Use of USG-Funded Property

Equipment purchased through NPI programs remains the property of the USG until it has been vested over to you at the end of the project. You have procured the equipment to implement the program for which you have been funded.

You can use the equipment in the program for which it was acquired as long as you need it, whether or not USG funds continue to support the program. For example, if you purchased a vehicle to be used as a mobile testing unit funded by the USG, you can still use that vehicle for that purpose even after the USG award has ended, as long as you continue your mobile testing program and as long as you have written approval for the continued use of the equipment.

Additionally, throughout your program, you may make USG-funded equipment available for use in other programs if such use will not interfere with work on the program for which you originally acquired the equipment. You must treat rent or other fees charged as program income.

When equipment is no longer needed for the original program, you may use it in connection with other USG-sponsored activities at the direction and approval of the AO in the following order of priority:

- activities sponsored by the original funding agency, then
- activities sponsored by other USG agencies.

When acquiring replacement equipment, you may use the equipment to be replaced as trade-in or you may sell it and use the proceeds to offset the costs of replacement equipment subject to the approval of the AO.

You may not use equipment acquired with USG funds to provide services to non-USG organizations for a fee that is less than private companies charge for equivalent services. In other words, if you purchase a vehicle, you may not let another organization borrow or rent it for less than what it would normally cost that organization to rent a similar vehicle.

Even though the title to the equipment is vested in your organization, you are not allowed to use the property as collateral for a loan without USG approval.

When closing out its award, the organization submits a final disposition plan and inventory that accounts for any equipment and property acquired with USG funds or received from the USG. The decision regarding the right to the property rests with the USG.

Property Management Standards

Your organization should have a written policy for managing property and a system for cataloging and tracking inventory. You are required to track items costing US$5,000 or more purchased with USG funds using this type of system. However, you may choose to use this system for tracking additional items as well, such as computer equipment and other fixed assets with a lesser value that is determined by your organization.

Your property management standards for USG-funded and -owned equipment must include all of the following:

- Accurately maintained equipment records that contain:
  - description of the equipment;
  - manufacturer's serial number, model number, USG stock number, national stock number, or other identification number;
  - source of the equipment, including the award number;
  - owner of the title—your organization, the USG, or other specified entity, such as the host government;
  - acquisition date or date received;
  - percentage of USG funds used to purchase the equipment—for example, if you used a 25% match, then the USG furnished 75% of the cost;
  - location and condition of the equipment and the date the information was reported;
  - unit acquisition cost; and
  - ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensated the USG for its share.
- A physical inventory of equipment containing results that are reconciled with the equipment records at least once every two years (any differences between quantities determined by physical inspection and those shown in the accounting records must be investigated to determine the causes; furthermore, in connection with the inventory, you must verify the existence of, and current use and continued need for the equipment).
- A control system to ensure adequate safeguards to prevent the loss, damage, or theft of the equipment (any loss, damage, or theft must be investigated and documented fully, and you must notify the AO promptly).

- Adequate maintenance procedures to keep the equipment in good condition.
- If you are authorized or required to sell the equipment, you must use proper sales procedures that provide for competition to the extent practicable and result in the highest possible return.

Fixed-asset management software exists, but it can be expensive and complicated to implement. As long as you keep your records organized, updated, and backed up on a disk, keep these data in a simple spreadsheet.

5.3.5 Requesting Modifications to Your Agreement

Over the life of your award, your Cooperative Agreement will be modified with updates, such as additional obligations (or incremental funding), and other program alterations, such as changes in Key Personnel.

Changes Requiring Modifications

Certain changes to your program or budget require prior approval as well as a formal modification to your agreement. Though you may move forward with the change once you receive written approval, it is also important to ensure that these changes are eventually documented in the terms of your agreement through a modification (see "Requesting Changes" below.) The following list includes changes that must be documented in a modification to your agreement:

- **Major Scope Changes**—A change in scope or project objectives or adjusted targets that will require revising the funding allocated among project objectives,
- **Key Personnel Changes**—Changes in Key Personnel specified in the award, including a 25% reduction in time devoted to the project,
- **Additional or Incremental Funding**—Additional funding is needed,
- **Changes to Indirect Costs**—Where indirect costs have been authorized, any plans to transfer funds budgeted for indirect costs to absorb increases in direct costs or vice versa,
- **Adding Restricted Commodities**—The addition of costs to the budget that require prior approval, such as restricted commodities,
- **Reduction in Training Allowances**—The transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense ,
- **Adding/Changing Subpartners**—The recipient intends to enter into a subagreement with another organization to help implement the award, and the partnership was not incorporated into the approved program description and budget.

There are other circumstances when the USG may modify your Cooperative Agreement at its discretion.

Requesting Changes

The first step in modifying your agreement is to discuss the change with your AOTR. If the change makes sense to the AOTR, then you must make a formal request in writing to your AO, copying your AOTR.

Be sure to have at least e-mail approval in hand before acting on a request. If you implement a change that is not approved, you may be required to pay back or cover the costs with private funds.

Modifications to your agreement require extensive paperwork for USG staff. Therefore, the AO may grant approval by e-mail, but then wait to execute the formal modification until a later date. To expedite matters for your AO, if possible, try to assemble multiple modification requests and submit them all at one time. For example, if there is a major change in the scope of work of your program, assemble the requests for a change in budget, a change in the program description, a change in personnel, and a change in targets and send them all together. If you request a modification and receive e-mail approval, but not a formal modification to your agreement, keep track of these items and occasionally remind your AOTR of the outstanding modifications.

5.4 Technical Program Management

Technical program management focuses on ensuring that your team is delivering quality services that meet the needs of the beneficiaries and fulfill the overall goals of your program. The most important tool you have to help manage your activities is your monitoring and evaluation (M&E) system (5.4.1).

The response to HIV/AIDS is continuously evolving, and your organization needs to learn and share (5.4.2) on an ongoing basis. Learning best practices and new approaches may help you address challenges your program faces and improve the quality of services you provide. It is also important for you to share your experiences so other organizations and individuals may benefit from the valuable lessons you have learned.

5.4.1 Monitoring and Evaluating (M&E) Progress

It is simply not possible to manage the technical side of your program effectively without a good M&E system that gathers the right data in an accurate and timely manner. But, having timely, good-quality data alone is not enough. You have to interpret them and use them to make evidence-based decisions to improve your program continually.

Chapter 3 discussed setting up your M&E system. During the planning process, program designers often build in formal program evaluations every couple of years, conducted by external independent evaluators. These evaluations will help you demonstrate that your program is getting results, but they should not represent the only time you are using the M&E data to analyze program performance.

At the very least, you should analyze your data quarterly, ideally working directly with subrecipients, implementers, and a wide range of staff. This is your best opportunity to take a hard look at the data to examine your program performance and consider making adjustments.

Interpreting Data to Make Decisions

As you track progress and report on actual beneficiaries your program has reached, you may uncover significant discrepancies between the targets set in your workplan and the actual numbers you are reaching. Do not panic! This is a normal part of program management, especially for programs implementing newly designed interventions or expanding to a new geographic area with new subrecipients.

Gaining a better understanding of the underlying reasons for target shortfalls and developing a plan to adjust your program and/or reset its targets is an important part of bringing a program to maturity.

Significance of Discrepancies between Targets and Actuals

You should expect discrepancies between targets and actuals. In that case, the project manager must to decide whether a particular discrepancy is "significant" enough to warrant further investigation. Possible action depends on:

- How dramatic the difference is: 10% more or less than expected? Half? More than 50%?
- How close are you to the situation? Are you managing the program directly or through a subrecipient? Is the program in the same country or is it remote?
- How central is the specific program activity with its discrepancy to your overall program? Is it intricately linked to several other activities, or is it a small, stand-alone piece?

Reviewing Targets

If you determine that actual results are deviating significantly from the targets set, you will want to discover why. While there are numerous possible causes, most fall into three areas:

- problems with faulty or mistaken intervention design assumptions;
- poor program implementation; and/or
- data-quality errors.

Different staff members may manage each of these areas: a technical lead for intervention design; a subrecipient for implementation; and an M&E specialist for data quality. The process for reviewing target discrepancies should include all of these people, perhaps led by the program director.

Adjusting Targets Upward

While discrepancies generally refers to shortfalls between targets and actuals, your program may require adjustments if your actuals are significantly higher than your targets. For example, higher-than-expected results could affect budgets or other related activities. Higher actuals also may be an indication that double-counting is occurring. Therefore, pay close attention to unusually high actuals and be prepared to investigate and adjust if necessary.

Adjusting Targets Downward

In some cases, your findings will leave you little choice but to adjust your targets. Because you are contractually obligated to reach those targets, you will have to work with your AOTR to request these changes. In doing so, consider some of the following:

- Will you be reducing your targets for the current year, or reducing your overall targets? Whenever possible, propose solutions to make up current shortfalls in future years.
- Do you have a good reason for reducing your overall targets? A shortage of time is not sufficient. Could an extension to the period of performance without additional funding help you meet your original goals? If the answer is still no, you will want to develop a well-documented, evidence-based reason to support your request to reduce your targets.

When adjusting your targets, try to pinpoint the corresponding assumption(s). For example, let us say your OVC program is underperforming, and you believe, in part, that there are fewer eligible OVC in the catchment area than you assumed is the cause. Gather the data that show this and use them as the basis for the modification request.

In your workplan, you probably tied the proposed targets to your budget. Therefore, when you propose lowering your targets, address the impact on your budget. If you cannot reach the proposed targets in one area, try to see if you can rebudget to increase your targets in another program area. If you have to reduce the total number of targets, the cost per beneficiary inevitably rises and your program looks less cost-effective. If that happens, be prepared for your funding agency to consider reducing funding in line with your reduced targets.

Reviewing targets, making program adjustments, and assessing data quality are natural and necessary parts of the program management process. Each time you refine your program model, applying lessons learned, you strengthen your program. As a result, the next time you implement in a new area or work with a new subrecipient, your assumptions will be better and your targets will be more accurate.

Data Quality

What if your intervention design was sound and its implementation is going smoothly, but there are still gaps between targets and actual performance data? The problem could be with the data themselves, such as:

- undercounting results (for example, if volunteers do not record everyone reached);
- double-counting results (higher-than-expected results can come from counting program beneficiaries multiple times); and
- data entry problems (perhaps the data are being gathered properly, but they somehow are not entered accurately into your system).

Addressing Data-Quality Issues

Address any data-quality issues you discover immediately. For example, if the problem is undercounting, start by ensuring that everyone involved understands the definition of exactly what/who to count for each indicator.

Ensure that your team understands the indicator(s). Sometimes, PEPFAR defines indicators clearly, and sometimes in-country teams set minimum standards. However, in other

cases, your organization is expected to set its own minimum standard for when to count an individual as having been "reached." If everyone on your team is not using the same definition for who meets the threshold to be counted, miscounting the number of beneficiaries may result.

Review the PEPFAR Indicators Reference Guide (http://www.pepfar.gov/documents/organization/81097.pdf) to ensure your definitions are accurate, and check on the existence of any additional in-country standards by consulting your in-country Activity Manager.

If you have reported results to PEPFAR that may have contained errors, contact your AOTR to discuss the issue and find ways to correct past reports.

Intervention Design Assumptions

When you designed your program, you made a number of assumptions. You used these, in turn, to develop your targets and select indicators. Factors you took into account probably included:

- demographic data, including population size, age distribution, and prevalence rates;
- social and cultural factors, such as language, cultural appropriateness, and acceptance; and/or
- program effectiveness estimates, such as estimates of the number of people who will change their behavior or will be open to accepting your services.

In general, the more reliable the initial data used to design the program, the more accurate your targets should be. However, for new programs, or programs expanding into new areas, the underlying demographic data and the social and cultural assumptions may not be as reliable as those for established programs. Therefore, expect discrepancies to arise between targets and actual results.

Implementation Challenges

Sometimes the source of the discrepancies is program implementation rather than design. This could include:

- slower-than-expected program start-up;
- budget problems, such as higher-than-expected costs or delays in securing matching funds;
- human resource problems, such as the inability to find qualified personnel or challenges in recruiting and retaining volunteers;
- training problems, such as an ineffective trainers or ineffective training materials; and/or
- political turmoil, natural disasters.

Developing Solutions

Once you have identified discrepancies, you will want to look for the cause(s) and identify solutions.

If you find multiple reasons for a discrepancy, do not try to address all of them at one time. Focus on the one or two whose resolution will have the greatest impact; in other words, generate the best return on your investment of time, personnel, and resources. If possible, test your changes on a small scale before implementing them program-wide.

If you must adjust your intervention, be sure to put processes in place to test and validate the adjustments. Monitor progress closely and document the changes you make. If you are using an intervention other subrecipients or partners use elsewhere, share your experience so everyone benefits from the lessons learned.

Looking at Program Design

Target shortfalls due to intervention design problems are often the most difficult to pinpoint and can be the most challenging to respond to. Try to rule out all other problems first.

Making Implementation Adjustments

Sometimes, adjusting your implementation strategies can get your program back on track. Consider these tips:

- Test your changes on a small scale first before applying the change to your entire program whenever possible. Give changes a few months to work before trying to speed things up to make up for target discrepancies. You can always request additional time later.
- Document any adjustments, so you will not repeat mistakes.

5.4.2 Learning and Sharing

Learning and sharing should take place at numerous levels within your program, within your organization, and among programs and organizations.

Sometimes, the USG or others in-country facilitate forums that you can attend. But the drive to learn and share within your organization's culture should come from the management team. If you are not actively promoting learning and sharing within your organization, program, and the wider NGO community, then such activity probably will not happen.

Benefits of Learning and Sharing

Sometimes, managers do not promote learning and sharing because they do not know the benefits. They may think it benefits individual employees and other organizations, rather than understanding how it helps their organization. They may fear that if employees learn too much, they will demand higher wages or leave for better opportunities, and that other organizations may use their program designs to be more competitive when seeking future funding.

Your organization will benefit greatly from a robust learning and sharing program that promotes knowledge sharing within your organization, between you and your partners, and with others outside organizations. Here are just a few examples:

- Organizations that have a strong learning and sharing program find it easier to recruit and retain talented personnel. Professionals know which organizations are good to work for, including which ones will help them grow in their careers.
- Organizations that share and document the knowledge of individual employees with other staff avoid experiencing a knowledge vacuum when key staff leave.
- Organizations that share knowledge with subrecipients and implementing community organizations help to create a sustainable response.
- Organizations that are willing to share experiences and learn from other organizations benefit exponentially from the experiences of all of the organizations involved. This enables your organization to be on the leading edge of the HIV/AIDS response, thereby positioning you better to win future awards.

Tips for Promoting Learning and Sharing

- *Learning can be free.* Even if you currently do not have any budget for training, you can promote learning and sharing through informal sharing forums over lunch.
- *Everyone has something to share*. For example, the office computer expert can show everyone how to do more with spreadsheets. The accountant can demonstrate how to develop a good budget. The local volunteer can teach everyone a few words in the local language. Your staff have a lot of knowledge and would love to share it. The key is to tap into that knowledge and create an open, receptive environment.
- *Do not wait for someone else to set up a learning forum*. Take the lead with your partners and other area NGOs to encourage staff exchange visits and other learning opportunities.
- *Include everyone*. Sometimes, more learning is taking place at the upper management levels within an organization, with less taking place at the staff level. However, everyone in your organization can benefit from learning, and most staff are interested in learning new skills, even if they have nothing to do with their current positions.
- *Capture the knowledge*. Whenever possible, capture the sharing experience in electronic format, so you can share it again. This may mean asking the presenter to put together a PowerPoint® presentation that is posted on a shared drive, or it may mean helping staff document processes in simple training manuals. Larger organizations may wish to explore knowledge management software options.
- *Evaluate your current learning and sharing*. Do you have a training budget? Do you already promote sharing? What external forums could you participate in? Ask your staff for suggestions about what training they feel they need or are interested in.
- *Make a plan and set goals*. Learning and sharing is something that your organization might forget about in the future if you do not integrate it into your organization's management plan. Create a simple plan and set goals for the organization. Review your progress at least once a year and make learning and sharing a part of each employee's individual job description and annual performance reviews. Track how many trainings your employees have attended and what training they have provided to others.
- *Explore opportunities online*. The availability of information online and increased access to the Internet are opening up tremendous opportunities for learning through online communities of practice, even for organizations located in the most remote areas. Encourage your staff to search for Web-based communities and share what they find with others.

5.5 Summary

Running an effective and compliant program covers an array of management areas, including both administrative and technical topics. A good program manager will tie all of these together by working with the project team to constantly refine the organization's implementation model and by keeping everyone focused on providing quality services to beneficiaries.

This chapter provided details on the administrative management requirements of USG-funded agreements, especially in finance, procurement, property management, and travel. It also discussed the basics of managing your award funding and documentation, including modifying your agreement and changing your budget, so you can maximize effectiveness. Finally, this chapter outlined requirements and best practices related to technical program management.

A key aspect of managing USG-funded HIV/AIDS programs this chapter did not cover is reporting. Due to the number and complexity of USG reporting requirements, this topic is covered separately in Chapter 6, Reporting: Requirements and Benefits.