

key personnel *standard provisions*
survey findings **Cooperative**
Agreement notice of award
pre-award survey

Chapter 2: Your Award

2.1 Overview

2.2 Getting Started: The Award Phase Begins

2.2.1 Five Key Award Phase Concepts

2.2.2 Award Phase Tasks

2.3 Pre-Award Phase

2.3.1 Pre-Award Survey

2.3.2 Pre-Award Assurances

2.4 Negotiation Phase

2.4.1 Addressing Pre-Award Survey Findings

2.5 Other Pre-Award-Related Activities

2.5.1 Naming Key Personnel and Requesting Changes

2.5.2 Contracts and MOUs with Subrecipients

2.5.3 Subrecipient Requirements

2.6 Understanding Your Cooperative Agreement

2.6.1 Cooperative Agreement Basics

2.6.2 USAID Cooperative Agreement

2.6.2.1 Attachment A—Schedule

2.6.2.2 Attachment B—Program Description

2.6.2.3 Attachment C—Standard Provisions

2.6.3 HHS Notice of Award

2.7 Summary and References

2.1 Overview

As soon as you receive notice that you are a finalist to receive funding from the U.S. Government (USG) to carry out a program, you must finalize the award details and prepare to start your program. There are numerous concepts to grasp. Many may be unfamiliar, especially if you are new to working with the USG and PEPFAR.

This chapter covers the key steps in finalizing your award. You should review it in conjunction with [Chapter 3](#), which covers the start-up phase of your program.

Objectives

- Understand important award-related concepts and the basics of your agreement.
- Learn the key tasks necessary to finalize your award.
- Learn what needs to be in place before starting your program.

Key Terms and Acronyms

- **ADS**—The Automated Directives System ([ADS](#)) encompasses the totality of USAID’s regulatory body. Additionally, it includes suggested but not mandatory procedures and links to examples of best practices. (For the full ADS, go to <http://www.usaid.gov/policy/ads/500/501sae.pdf>.)
- **AO**—Agreement Officer, the USAID official with the authority to enter into, administer, terminate, and/or close out assistance agreements and make determinations and findings on behalf of the agency.
- **AOTR**—Agreement Officer’s Technical Representative, the USAID official responsible for monitoring grantee progress toward achieving the assistance agreement’s purpose and serving as technical liaison between the grantee and the Agreement Officer.
- **Assistance Objective Team**—The USAID group that makes a preliminary determination on the duration and type of funding instrument.
- **Award Amount**—The anticipated estimated amount the recipient will receive over the lifetime of the agreement.
- **Budget Period**—The increment of time that the funding is approved for—often a subset of the entire project period (HHS term).
- **Cost Objective**—Cost limit of an activity within budget limits. A project cannot exceed the cost objective that has been set for it.
- **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.
- **EIN**—Employer Identification Number (also known as a U.S. Federal identification number that identifies a business or nonprofit entity); USAID and HHS use it to facilitate payment for an award.
- **Finding**—The answer to an audit objective that is supported by sufficient, competent, and relevant evidence.

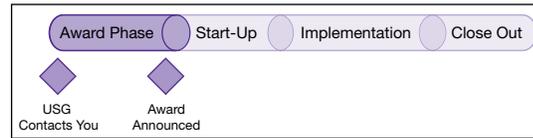
Skip Ahead

- ▶ [Award Phase Tasks](#)
- ▶ [Pre-Award Survey](#)
- ▶ [Pre-Award Assurances](#)
- ▶ [Pre-Award Findings](#)
- ▶ [Designating Key Personnel](#)
- ▶ [Contracts and MOUs with Subrecipients](#)
- ▶ [Cooperative Agreement Basics](#)

- **Generally Accepted Accounting Principles (GAAP)**—A standard framework of guidelines for accounting and financial reporting. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in preparing financial statements.
- **GMO**—Grants Management Officer, the official responsible for business management and other nonprogrammatic aspects of an award (HHS term).
- **GMS**—Grants Management Specialist, assists the GMO by performing day-to-day activities on behalf of the GMO and is usually the primary point of contact for the recipient when dealing with grant-related issues (HHS term).
- **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 online 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.
- **Key Personnel**—Key Personnel refers to project positions and 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 successful implementation of the overall project.
- **MOU**—Memorandum of Understanding. A document describing an agreement between two or more parties, usually less formal than a contract.
- **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.
- **PD**—Program or Project Director, HHS term for the key day-to-day technical contact at the recipient organization.
- **PO**—Program Officer, official at HHS responsible for the programmatic and technical aspects of your agreement.
- **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.*
- **Project Period**—The period of time estimated for the entire project (HHS term).
- **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 Agreement specifies the areas of substantial involvement.
- **Unallowable Costs**—Costs that cannot be reimbursed either because of regulations or because the cost is not reasonable or appropriate.

2.2 Getting Started: The Award Phase Begins

The award phase begins when the USG notifies your organization that it has been selected to receive an award. Generally, the notification comes to the individual designated in the organization's



application from a person in the funding agency's assistance or acquisitions office. This begins a series of events that includes a [pre-award survey \(2.3.1\)](#), [negotiations \(2.4\)](#), and finalizing an award. Some tasks started during this phase must be completed before the award is signed. Other tasks may continue into the start-up phase, such as [addressing pre-award survey findings/conditions \(2.4.1\)](#), but all award-phase tasks must be completed before implementation begins.

Keep in mind that the initial USG contact regarding your application for funding is not a guarantee that you will receive funding. Rather, it means that the review of all the application materials is complete and your application was selected as a finalist. The USG will then investigate your organization further to determine whether it has the systems and policies in place to accomplish the program proposed in the application. This step is called the [pre-award survey \(2.3.1\)](#).

Further, the USG may be interested in funding your organization only if it agrees to make certain changes to your proposal. This is an opportunity to negotiate the specific terms of your agreement with the USG.

Once your organization has undergone the pre-award survey and negotiations have ended regarding the program description, budget, and targets, the USG will make a final decision based on its priorities. Contingent upon the availability of funding, the USG will offer you the award. Before the final notification of an award, the USG can decide not to fund your program based on, but not limited to, the following:

- Pre-award survey findings that the organization is not responsible due to financial, managerial, or ethical defects, which leads the USG to believe that the organization does not have the systems or policies in place to properly manage USG funding or may otherwise not be able to complete the proposed program.
- Your organization and the USG cannot come to agreement on specific aspects of the award, such as irreconcilable budget differences.
- Alternate superior proposal(s) by other competitors were deemed to be a higher priority.
- Unavailability of Agency funding for the project.

It is important to approach the award phase carefully and understand each of the [tasks \(2.2.2\)](#) necessary to finalize your award. This phase can be quick or can take a long time. If you make it this far, you have a very good chance of getting funding, but you should not get your expectations too high. Note that you may also choose to withdraw from the negotiations at any time.

Though nothing is signed yet, your partnership with the USG begins now. You will want to work diligently to provide the information needed to make a final decision. At the same time, you must ensure your organization is not promising something it cannot deliver. If the USG asks you to take on additional work or change your program, it is your responsibility to evaluate that request and determine whether you are capable of delivering. If you feel the request requires more funding or affects targets, be sure to discuss this with your USG counterparts. Both you and the USG want to sign an award that meets USG priorities and describes a project that you are capable of successfully completing on time and on budget.

2.2.1 Five Key Award Phase Concepts

1. *Be Aware of the Differences between Award and Obligation.*

An award has two significant numbers: the *award amount* and the *obligated amount*. The **award amount** is the estimated total amount that is intended to be spent over the life of the project. The **obligated amount** is the amount the USG has committed to the project at the time of the award, which may be the full amount of the award or a portion of the award amount. As needed and as funds become available, the USG will obligate additional funds, assuming your program is progressing smoothly. Throughout the award, it is important to track actual expenditures against your obligation amount to make sure you do not exceed that amount. Please note, the USG is only authorized to provide your organization up to the obligated amount and is not responsible for any expenses incurred over that amount.

Figure 1—Sample Obligation Timeline

The following is an example of a schedule of when an organization might receive obligations over a three-year period based on a US\$1 million award.

	Date	Amount
Initial Obligation	1-Dec-06	US\$100,000
Obligation after Workplan Approval	1-Jun-07	US\$400,000
Year 2 Obligation	1-Jun-08	US\$300,000
Year 3 Obligation	1-Jun-09	US\$200,000
Total Award Amount		US\$1,000,000

2. *Note USG Substantial Involvement.*

The USG has various vehicles through which it channels funds to organizations to carry out different objectives. All NPI funding is channeled through Cooperative Agreements. This funding mechanism allows the USG the right to be *substantially involved* in overseeing the implementation of the program. This means the USG maintains some control over your project, typically including the authority to approve workplans, budgets, Key Personnel, monitoring and evaluation (M&E) plans, and subrecipients. The intention is to give the USG the ability to coordinate the wider HIV/AIDS response, while giving the grantee the flexibility to implement and innovate within the boundaries of the program description. During the award phase, it is helpful for you to begin to understand the amount of flexibility the organization has and what specific items the USG will want to review before implementing of the agreement.

3. Address Pre-Award Survey Conditions.

During the pre-award phase, if the USG uncovers any deficiencies, these have to be corrected prior to implementation unless there is a special clause in the award. Some of these findings may be simple to correct, such as the need to use time sheets. Others may be much more expensive and time-consuming, such as the need to implement a better financial management system. Address the issues raised immediately. Consult your Agreement Officer's Technical Representative (AOTR) when addressing the more difficult issues.

4. Carefully Review the Cooperative Agreement.

There is always a push to have a signed agreement—both from people in your organization who want to have the agreement finalized and sometimes from USG personnel. In the middle of the rush, the USG may request changes to certain aspects of your program, which may affect targets, budget, or other key aspects. Think through these changes and document them. Ideally, these changes can be incorporated into the program description of your Cooperative Agreement before signing. Your organization remains responsible for the Cooperative Agreement you sign.

5. Do Not Start Implementing Yet.

A signed award does not mean “Go!” Several key planning tasks and approvals still need to take place. [Chapter 3](#) covers the start-up phase in detail. Review that chapter, and be sure to manage the expectations of your partners and potential beneficiaries during the award and start-up phases.

2.2.2 Award Phase Tasks

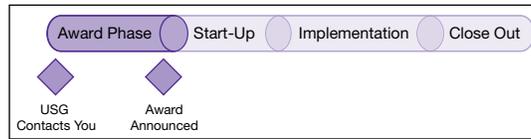


Figure 2—Award Phase Timeline and Task List

Event/Task	Description	Timeline	Reference
◇ USG informs you that your organization has been selected as a finalist.	The assistance and acquisitions office will contact you about your application for funding and inform you that your organization is selected as a finalist. However, the USG has made no funding commitment at this time.	Will begin sometime after the final application deadline	Section 2.3
Pre-award survey	An auditor will review your organization's systems, policies, and capabilities to determine whether you meet the minimum standards to successfully manage USG funding.	Immediately, must be completed prior to award by awarding agency unless pre-award conditions lengthened to correct deficiencies are included	Section 2.3.1
Pre-award assurances	Pre-award assurances are various promises your organization must make to be eligible for USG funding. These are forms that are usually included in your application process. The USG will make sure these are completed prior to award.	Must complete prior to award	Section 2.3.2
Negotiate program details	The USG may request geographic, technical, target, budget, or other changes to your proposal to better align it with USG priorities. You are expected to review these proposed changes and make sure your organization can still complete the project within the budget, targets, and time frame.	Must complete prior to award	Section 2.4
Begin addressing pre-award conditions	If your pre-award survey resulted in any adverse "findings," the USG will ask you to address these.	Immediately	Section 2.4.1
Designate Key Personnel	Key Personnel are individuals specifically listed in your Cooperative Agreement. It is not necessary to list all your staff, just 2–3 key people. Also, it is not necessary to have all Key Personnel decided at award, but you should designate those critical to start-up by the time the award is signed if possible.	Those critical to the start-up phase should be designated by the time the award is signed	Section 2.5.1
Establish sub-agreements, contracts or MOUs with partners	Because of the complexity of requirements under USG funding, you will want to establish formal agreements with the organizations you plan to work with to implement your award.	Must begin prior to implementation	Section 2.5.2
Final USG review	The USG will take a final look at its budget, priorities, and the other finalists for the award, then make a final decision.	Timeline will depend on USG workload and priorities	Section 2.4
◇ Sign and announce award	Successful organizations are notified, and a final version of the agreement is delivered for signature.		Section 2.6
Start-up phase begins	Upon receipt of the finalized agreement, you are expected to begin the planning tasks for the start-up of your award. These tasks are outlined in chapter 3.	Upon signature of the final agreement document	Chapter 3

2.3 Pre-Award Phase

The pre-award phase begins when your organization receives notification that it is a finalist for the award. Being selected as a finalist is a very good sign, but it does not mean your organization has actually won an award. You must complete several more tasks before the USG makes a final decision on whether to fund your program.

Before the specifics of an award are discussed, the USG will likely conduct a pre-award survey and ask you to sign the pre-award assurances, steps the USG takes to make sure that an organization is capable of managing the program conceived in its application and is willing to comply with USG regulations.

2.3.1 Pre-Award Survey

Pre-award surveys check to see whether organizations have the policies, systems, and capabilities to manage USG funding. Although these surveys may cover a variety of issues, including your organization's structure, management, and governance, the focus is often on accounting and record-keeping systems. The reason for this emphasis is simple: no matter what strengths your organization may have, if it cannot manage funds, the USG will not award it assistance.

If the Agreement Officer (AO) determines that a formal survey team must assess a prospective recipient's responsibility, the AO must assemble a team with appropriate expertise. A team may consist of:

- an Assistance Objective Team member;
- the AO;
- the Financial Officer (Bureau for Management, Office of the Chief Financial Officer [M/CFO], or Mission or Regional Controller's Office); and
- one or more representatives of either the Bureau for Management, Office of Acquisition and Assistance, Contract Audit and Support Division, Contract Audit Management Branch (OAA/CAM), or the cognizant Regional Inspector General for Audit, if appropriate.

The survey team reviews the applicant's systems against [standards](http://www.usaid.gov/policy/ads/300/303.pdf) (<http://www.usaid.gov/policy/ads/300/303.pdf>) set out in the ADS and submits its findings to the AO for review and consideration. The AO makes the final determination of the applicant's eligibility for an award.

Pre-Award Survey of Accounting System Adequacy

A Pre-Award Survey for Nonprofit Organization's form is used as the basis for assessing your accounting system.

This form contains a list of criteria the auditor will investigate to determine whether your accounting system meets the minimum standards to be eligible for USG funding.

These requirements include accounting software requirements and requirements for written financial management policies and accounting procedures. The auditor will check whether these things are in place and the organization is actively implementing them.

Following are the 15 questions on the form. In evaluating each item, the auditor will answer “Yes” or “No.” If your system partially meets a certain criterion, the answer will most likely be “No,” and the auditor may provide further explanation in the report.

1. Is the accounting system in accordance with generally accepted accounting principles applicable in the circumstances?

Generally Accepted Accounting Principles (GAAP) are a framework of guidelines for accounting and financial reporting. It includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in preparing financial statements. The auditor will determine whether your overall system “passes” or “fails” when compared to these accepted practices.

2. Does the accounting system provide for:

- *2a—Proper segregation of direct costs from indirect costs?*

Your system and procedures must identify and record direct and indirect costs separately. When a cost is directly attributable to a specific project, it is considered a “direct cost.” If you have multiple projects and have costs that are hard to divide among the different projects, these are considered “indirect costs.”

For example, if you have an HIV-testing program, the test kits would be direct costs. If you have an office that houses staff who work on different projects, the office rent, utilities, Internet access, etc., might be classified as indirect costs. Your accounting system must have the ability to categorize costs in this way, and your organization must clearly define which costs are considered direct and indirect. (For tips on how to allocate shared project or indirect costs, see [Chapter 5](#).)

- *2b—Identification and accumulation of direct costs by contract?*

For those direct costs that are attributable to a specific program, your system should be able to report on what those costs are and total expenditures to date.

- *2c—A logical and consistent method for allocation of indirect costs to intermediate and final cost objectives? (A contract is a final cost objective.)*
- *2d—Accumulation of costs under general ledger control?*

Your system should be able to report on all costs incurred across your organization. These include non-project costs and indirect costs as well as direct costs.

- *2e—A timekeeping system that identifies employees’ labor by intermediate or final cost objectives?*

Your system must include a timekeeping component that connects an employee’s hours to a specific project or activity under a project. This is not just an attribute of your accounting system. Your organization must have a process for employees to complete time sheets and note which hours are attributed to different activities or projects. Just because your accounting system “can” do this, the auditor may not give you a passing grade unless your organization has a written policy and is actively using this process to track employee time.

- *2f—A labor distribution system that charges direct and indirect labor to the appropriate cost objectives?*

Similar to the above, but in addition to recording the time, your system must be able to charge these costs to different projects. This also includes indirect costs. For example, if you have a secretary who provides administrative support to staff working on multiple projects, but his or her time is not easily attributable to one project, this individual's time may be part of your indirect costs.

- *2g—Interim (at least monthly) determination of costs charged to a contract through routine posting of books of account?*

The auditor will look into your policies, procedures, and historical records to see whether you are reconciling your books at least monthly.

- *2h—Exclusion from costs charged to government contracts of amounts which are not allowable in OMB A-122, Attachment B or other contract provisions?*

The auditor will examine your procurement process and policies to see whether you define and identify unallowable costs—those items the USG will not cover, based on the provisions in your Cooperative Agreement. Your reporting system must exclude these costs from being charged to the USG and/or you must have policies in place to prevent those items from being purchased in the first place. (For more on allowable costs, see [Chapter 5](#).)

- *2i—Identification of costs by contract line item and by units (as if each unit or line item were a separate contract) if required by the proposed contract/grant?*

Your accounting system should be able to tie back to the original budget (either the budget in your Cooperative Agreement or your workplan budget) down to the unit level. For example, if your budget proposed that you would purchase 300 test kits at US\$2 each, your system needs to be able to show later the actual cost and quantity purchased.

3. *Does the accounting system provide financial information:*

- *3a—Required by OMB A-110, Standards of Financial Management Systems?*

This question seeks to determine whether your system can provide reports in compliance with the terms of your agreement—especially in terms of reporting on costs and managing the process for disbursing funds properly. (For more on the reporting requirements of your award, see [Chapter 6](#).)

- *3b—Required to support requests for reimbursement payments?*
- *3c—Required to support requests for advance payments?*

When you request advances or reimbursements for your program, you must report the status of spending of funds received to date and the projected funding needs for the upcoming period (one to three months or more, depending on the amount of advance funds the USG authorizes). This criterion evaluates whether your systems are able to report accurately on recent spending and forecast upcoming costs.

4. *Is the accounting system designed, and are the records maintained, in such a manner that adequate, reliable data are developed for use in pricing follow-on acquisitions?*

Your system should be more than a system for tracking your current accounts. The history of cost data your system stores can be an excellent resource for you to estimate costs for taking on additional work. For example, if your project provides health services in a certain district, and the USG is interested in having your organization expand its work into an additional district, you may extract historical data from your system that can help provide reliable cost estimates for that additional work.

5. *Is the accounting system currently in full operation? If not, describe in Section I Narrative which portions are (1) in operation, (2) set up, but not yet in operation, (3) anticipated or (4) nonexistent?*

If you are in the process of upgrading your system when the audit occurs, this is the opportunity for the auditor to note the progress you are making and the estimated timeline for completing the upgrade.

Pre-Award Survey Results

The auditor will provide the USG with a report, based on which the USG will write a letter to the applicant regarding any deficiencies. The applicant will then have an opportunity to respond and clarify any issues. The USG will take the audit into account as one aspect of its final funding decision. A more detailed explanation of how you may want to respond to the pre-award survey is in the section, [Addressing Pre-Award Survey Findings/Conditions \(2.4.1\)](#).

2.3.2 Pre-Award Assurances

Pre-award certifications, assurances, and other statements are promises your organization makes prior to receiving funding from the USG.

These statements are usually included in a form that is signed by your executive director or responsible senior officer of your organization and states that your organization:

- will comply with various regulations and requirements necessary to receive USG funding;
- has the capacity to successfully complete the program; and
- is willing to comply with agency requirements to monitor your program.

Find It Online

SF-424B Assurance of Compliance

<http://apply07.grants.gov/apply/forms/sample/SF424B-V1.1.pdf>

HHS Form 690

Assurance of Compliance
<http://www.hhs.gov/forms/HHS690.pdf>

USAID uses Standard Form-424B (SF-424B) and HHS uses Form 690. In many cases these forms are submitted with the original application. If you did not complete these with your application, the USG may ask a director or other executive in your organization to sign these forms during the award phase. These assurances are also incorporated into the standard provisions in your Cooperative Agreement.

Specifically, these assurances include statements that your organization:

- has the funds or resources necessary to meet any cost-share or match commitment you agreed to;
- authorizes the USG to access and examine all records, books, papers, or documents related to the award;
- has or will establish a proper accounting system;
- has or will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain;
- will comply with U.S. laws relating to nondiscrimination on the basis of sex, race, religion, color, or national origin, among others; and
- will comply with USG audit requirements.

USAID requires that certain standard provisions be included in subagreements but does not require assurance forms from subrecipients. (For more information on [contracts and MOUs with subrecipients](#), see [section 2.5.2](#).)

HHS requires U.S.-based subrecipients who receive funding under grants and Cooperative Agreements to sign assurance forms. The prime recipient is responsible for determining whether those organizations have the required assurance on file and, if not, ensuring these forms are signed and submitted to the relevant office and the funding agency. HHS does not require assurance forms for non-U.S.-based subrecipients (see the HHS [Grants Policy Statement](#), http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc, p. I-33).

2.4 Negotiation Phase

Prior to finalizing the award, your organization will discuss with the USG issues related to your program, including how your organization will receive funding and what administrative issues your organization must address to be eligible to receive the award.

This section outlines each of these tasks and gives some sense of what to expect. Each negotiation is different, so be prepared to be flexible. Also, keep in mind that successfully coming to an agreement with the USG does not necessarily mean you will receive funding.

During the application review process, various technical and in-country experts from the USG will have reviewed your proposed application. These experts may provide suggestions and recommendations to improve your proposed program description or bring it more in line with the specific priorities of the HIV/AIDS program in the country where the organization proposes to work.

During the negotiation phase, the USG may ask you to change certain aspects of your program based on the recommendations of the technical evaluation committee (TEC) or simply make sure the organization's program fits within the program regulations.

The changes the USG might request may include:

- Increase or decrease targets,
- Add, reduce, or change geographic areas,
- Change subrecipients or select a specific subrecipient (reasons for this could include past performance issues with the proposed subrecipient on other USG-funded grants),
- Change proposed Key Personnel (for example, if a proposed individual does not have the necessary qualifications),
- Remove budget items that are not allowed under USG-funded projects,
- Change targeted beneficiary group,
- Select a specific curriculum (for example, if there is one the host government prefers),
- Change activities to something more aligned to approved practices in-country,
- Add or remove specific activities,
- Reduce your budget or specific budget line items to lower costs.

During this negotiation phase, you must carefully work through the suggested changes and think about the following:

- Does the proposed change affect targets?
- Does it affect the budget?
- Does it affect the implementation time?
- Will it require a change in subrecipients?
- Will it require a change in personnel?
- Is there any reason why our organization would be unable to implement the requested change?

For example, an organization proposes to implement a program in a specific village where it is already doing similar activities, but on a smaller scale. In the feedback on the proposal, the USG states that it already has an existing partner in the proposed area, but has identified a gap in a program in another district and asks that the organization implement its program there instead.

Before agreeing to any changes, the organization should research the new area to determine whether it has similar demographics; a bigger population or a higher HIV-prevalence rate might provide the opportunity to reach higher targets. A smaller population may mean it will be a struggle to reach the organization's originally proposed targets. Also, an organization may need to find a subrecipient in that area. Depending on the location, when compared to the one originally proposed, the organization may need to increase or decrease transportation costs.

In some cases, there may be a number of unknowns that make it difficult to respond in the time frame the USG requested. If this is the case, staff at the organization should talk to their AOTR or Program Official (PO). She or he may have data that can help, or, if there is an upcoming deadline to finalize the award, the USG contact may be willing to allow the organization to address its concerns through a modification to the program description after the award is made.

The USG's goal is simple—to reach agreement on a program that both meets the USG's priorities and is achievable given the budget and time frame of the award. Your role is to incorporate the requested changes in your program description, ensuring they are achievable and realistic.

2.4.1 Addressing Pre-Award Survey Findings

Both USAID and HHS conduct pre-award surveys. An organization receives the results of its pre-award survey in a letter that details any “findings” or “deficiencies” with its systems. Where a pre-award survey audit reveals deficiencies, the assistance instrument may include a “Special Award Conditions” provision that says the grantee must address these deficiencies within a certain time after the agreement start date to continue to receive funding. It is possible, however, for the AO/GMO or AOTR/Program Officer to grant you additional time to satisfy this requirement.

As mentioned earlier, some findings may be simple to address, while others may be more expensive and time-consuming to complete. Remember this during the negotiation phase. If the USG lists a particular finding that will require your organization to incur additional expenses, you may ask that the award be adjusted to cover part or all of the cost.

For example, if the USG requires a major upgrade to your accounting system, you may be able to include part of that expense as an indirect cost and have the award cover a share of that cost.

Keep in mind that, until an organization and the USG sign the award, any expenses incurred are the responsibility of the organization, not the USG.

Once the award is finalized, your organization must be proactive and address the findings as quickly as possible. Not properly addressing the pre-award survey findings in the allotted time can result in termination of your award.

When you have corrected all the findings, write the AO to explain what you have done to correct the deficiencies. At that time, the USG may conduct a follow-up project-specific review or ask that the grantee include a review of the deficiencies in the next annual audit. To do this, the organization must furnish the pre-award report to the auditor before she or he conducts your regular annual audit. Your auditor can then include a statement explaining whether the pre-award findings were resolved in the final report. (For more information on conducting an annual audit, see [chapter 6](#).)

2.5 Other Pre-Award-Related Activities

Under a Cooperative Agreement, the USG has clearly defined roles in reviewing and approving certain aspects of your program. Referred to as “substantial involvement,” it may include:

- Approval of Key Personnel
- Approval of Implementation Plan
- Approval of Subrecipients
- Approval of and Changes to the M&E Plan

Each of these areas is discussed in detail in this chapter ([2.6.2.1](#)).

2.5.1 Naming Key Personnel and Requesting Changes

In a solicitation, the USG may designate certain positions on the project team as “Key Personnel.” These positions, identified as leadership slots, are considered essential to successful implementation of the overall project. It is important to note that Key Personnel refers to project positions as well as the individuals who fill the particular slots.

In Your Agreement

The Key Personnel clause is found under the Substantial Involvement section of the Schedule. In USAID agreements, this is generally found in Attachment A, subsection A.9 (b). The clause contains both the terms of the requirement and the list of Key Personnel named in your agreement. In HHS agreements, Key Personnel are usually listed on the first page.

Typically, an organization will identify and propose individuals to fill these Key Personnel positions in its application for funding. If no one is identified in a key position, for example, Project Director, at the time of application, you may designate this unfilled slot as “to be determined” (TBD). In this case, you can continue to recruit for the position. Once you

identify the individual, you can request approval. You should not offer a job or sign a contract without USG approval. If a named individual is no longer available when the award phase begins, then you will have an opportunity to recruit and recommend an alternate for approval.

All changes to the Key Personnel named in your Cooperative Agreement can significantly affect a project, so the AO/Grants Management Officer (GMO) must approve them.

Note to USAID grantees: The AO approves all Key Personnel changes, unless authority has been designated to the AOTR in writing.

When a change to Key Personnel does occur (for example, when a Key Person resigns or is fired), notify your AOTR immediately. In the case of a firing, be sure you have followed your organization's human resources (HR) procedures.

The next step is to conduct a fair and open competition to recruit a replacement. Be sure to follow your HR policies and document the process thoroughly. When you have selected a candidate, you may extend a conditional job offer that states the AO must approve the selection. Do not offer a job or sign a contract without this condition.

Form 1420-17—Contractor Employee Biographical Data Sheet <http://www.usaid.gov/forms/AID142017.doc> (opens as a MS Word document with macros)

Submit a request for approval in writing to your AO and copy your AOTR; include the CV of the individual you wish to hire. If there is a change in the budgeted salary, be sure to let the AO know this as well. If the proposed salary is above or below the budget, it may be a good idea to submit the salary history of the individual you intend to hire. You may choose to use at Standard Form 1420-17 to summarize the information, but it is not required.

Your AOTR will review your selection and forward it to the AO with a recommendation to approve or deny the change. If your AOTR has concerns, he or she may want to discuss them with you before seeking final approval from the AO. Your AOTR is not questioning why you recommend one person and not another; she or he is mainly ensuring the new candidate is qualified and capable of meeting the responsibilities of the particular key position. Your AOTR may also want to make sure the hiring process was fair and in line with in-country standards and practices. And, again, if the proposed salary, rate, or compensation package varies from the budget, your AOTR will likely want to review the candidate's salary history to ensure the change is justified.

Finally, the AOTR must submit a request to modify your agreement to formally document the change in Key Personnel. This formal modification may come at a later date.

Be sure your HR policies note the required forms and approvals, so you can get back on track quickly.

2.5.2 Contracts and MOUs with Subrecipients

During the award phase, you may want to begin the process of formalizing your relationships with subrecipients, especially those on whom you may be relying during the start-up phase to provide significant contributions and input to the project planning tasks.

Similar to designating Key Personnel, you are required to name certain key subrecipients in your award and enter into formal agreements with these organizations. Also, like Key Personnel, you must request approvals to change subrecipients named in your Cooperative Agreement.

What Qualifies as a Subrecipient?

A subrecipient is any organization to which you provide financial assistance in the form of money or property under your USG-funded award. A subrecipient can be under the prime partner or another subrecipient.

The following are not considered subrecipients:

- ▶ a company from which you buy goods and services;
- ▶ payments to individuals (for example, school fees for OVC); or
- ▶ organizations to which you only provide technical assistance or other services but no funding or tangible goods.

This does not apply to all organizations with which you partner. Since organizations adopt different partnership models, there is no simple formula for determining which organizations you name as subrecipients in your award. However, below are some basic guidelines to help you make your decision.

Consider naming an organization in your proposal if . . .

- The organization is critical to the program’s success (that is, without it you would have significant difficulty implementing).
- The organization is receiving a significant portion of the award.
- The organization is playing a broad role in implementing your project, perhaps working in several places or on several different activities.

You probably do not need to name an organization in your proposal if . . .

- The organization is more of a beneficiary, such as a community NGO to which you will be providing capacity-building support or in-kind material support.
- The organization is a contractor providing a specific service, such as training or technical support.

Since changing named subrecipients requires approval, be careful when identifying appropriate organizations in your proposal.

Regardless of whether they are named in its proposal, a grantee should seek to establish a formal relationship with all prospective partners. This may mean entering into a contract or Memorandum of Understanding (MOU), depending on the nature of your relationship.

For organizations you will be supporting, such as small community groups, an MOU is probably sufficient. For “named” subrecipients and recipients providing specific services, such as training or some sort of technical assistance, you must have a legally binding document. Your Cooperative Agreement states that special clauses must be inserted into formal agreements between you and your subrecipients.

Figure 3 summarizes the types of agreements you may want to engage in with different partners.

Figure 3—Types of Agreements and Partners

Type of Agreement/Relationship	Examples
Subagreement —Subrecipients named in your Cooperative Agreement with which you have a formal contractual agreement	<ul style="list-style-type: none"> • Organizations playing a significant role in implementing your program • Organizations receiving a large portion of your award funding • Organizations with which you will be working throughout the award
Contract —Subrecipients not named in your Cooperative Agreement but with which you have a formal contractual relationship	<ul style="list-style-type: none"> • Organizations providing a specific service, such as training or technical assistance • Organizations that play a smaller role in implementing your program, but do receive direct funding • Organizations you work with that may be working for only a short period
Memorandum of Understanding —Organizations with which you have an MOU	<ul style="list-style-type: none"> • Organizations that are more like beneficiaries in that you provide training and technical assistance, but do not necessarily receive direct funding • Organizations to which you provide small, limited amounts of in-kind material support • Organizations with which you partner in a local referral network
No formal agreement —Organizations with which you may not have any type of agreement	<ul style="list-style-type: none"> • Groups of beneficiaries to which you provide services • Host government institutions and other major national or regional service providers, such as hospitals, to which you refer patients

2.5.3 Subrecipient Requirements

There are special requirements you must comply with when part of your USG award goes to a subrecipient. All subs are required to have signed formal agreements; memoranda of understanding (MOUs) or other less-formal arrangements are insufficient.

The USG agency funding an award has an assistance relationship with the prime recipient. Under the agreement, there are various requirements and provisions by which the prime must abide. The agreement specifies or references these.

The prime recipient has a similar relationship with a subrecipient. As the USG does not have a direct relationship with the sub, the prime is responsible for ensuring that all mandatory provisions and important clauses in the award flow down to the sub.

The easiest way to do this is through a subagreement that specifies or references the requirements and practices by which the subrecipient must abide.

The following are major areas a prime partner needs to address when selecting and managing a subrecipient.

Subrecipient Selection Process

- **Selection Process**—A prime will need to use an established selection process and properly document all of its selection decisions. Suggested practices for selecting subrecipients include issuing a Request for Application (RFA) or soliciting bids from organizations that have the skills you are looking for.

- **Pre-Award Assessment**—Prior to making a final selection, evaluate a prospective subrecipient’s financial and management systems and its ability to implement a program. If possible, visit the finalists.
- **USG Approval**—Because of the substantial involvement clause in your Cooperative Agreement, the USG must approve any subrecipient before it can receive funding. If you named a subrecipient (sub) in your original proposal and budget, then it should be approved in your Cooperative Agreement; if not, seek AO approval (via your AOTR).
- **Agreement**—When making a subaward, the recommended agreement is the Standard Grant Agreement, although a Fixed Obligation Grant agreement may be used in certain circumstances. An MOU or other less formal agreement is not a valid means of contracting a subrecipient, because these agreements are not legally binding. Prior to entering into a contractual relationship, ensure that all parties understand the legal obligations involved.

Items Required in Agreements with USAID-Funded Subrecipients

USAID publishes two important documents that are helpful in putting together subagreements:

- ▶ Mandatory Standard Provisions for U.S. NGOs <http://www.usaid.gov/policy/ads/300/303maa.pdf>
- ▶ Mandatory Standard Provisions for non-U.S. NGOs <http://www.usaid.gov/policy/ads/300/303mab.pdf>

1. Choose the relevant document based on whether your subrecipient is U.S.-based or non-U.S. based. Whether your organization is U.S.-based does not matter; it is possible that your subs have a different set of requirements from yours.
2. Include all the “mandatory” provisions in the first section of the document.
3. Include all those sections listed under “Required as Applicable” that are relevant to your sub. Each provision explains when the provision is applicable.

Planning and Implementation

- **Requirements and Regulations**—Check your award to see what provisions also apply to subs, and work with subs to review the requirements and USG regulations related to the type of agreement you use with them (standard or fixed obligation). Examples:
 - **Procurement**—Ensure that subs are aware of cost principles and allowable costs and that they properly document procurement actions.
 - **Marking and Branding**—Ensure that subs understand the marking and branding requirements.
- **Cost Share**—Any cost share a subrecipient contributes may be aggregated and applied toward your cost-share contribution. Therefore, you should work with your sub to record things such as volunteer hours and other in-kind contributions.

Reporting

- **Timelines**—Give your subrecipients deadlines that allow you to receive reports early enough to review and consolidate your reports for submission to the USG.
- **Audits**—Determine whether subs will need to have an outside audit. The threshold for foreign NGOs funded primarily by USAID is whether they receive US\$300,000 or more in a given year. The threshold for U.S.-based NGOs funded by USAID is US\$500,000. HHS-funded subs must have an audit conducted if they receive US\$500,000 or more. This threshold amount includes total funding from the USG—not just the funding subs receive from your organization under your award.

Post-Award

- **Close Out**—Subs must close out financially, complete all required deliverables, and clarify disposition plans for any equipment or inventory purchased with USG funds.
- **Records**—Ensure that subs are aware of what documentation they must maintain and for how long (typically three years after submission of the final report).

2.6 Understanding Your Cooperative Agreement

The award phase ends when you receive a signed Cooperative Agreement from the USG. This document contains the expectations and regulations that govern your award. Everyone on the project management team should read it carefully and thoroughly. The Cooperative Agreement must be reviewed as soon as it is received fully executed, and a copy kept on hand for reference.

2.6.1 Cooperative Agreement Basics

A Cooperative Agreement outlines the relationship between the USG donor agency and an implementing partner to enable the organization to execute a program over a specified period. A Cooperative Agreement may also be referred to as a Notice of Award (NoA), a term HHS uses to refer to both Cooperative Agreements and grant agreements.

For simplicity's sake, this *Guide* refers to all agreements between PEPFAR partners and their respective USG agencies as Cooperative Agreements. Also AOTR is used interchangeably for the HHS Program Officer.

When an organization enters into a relationship with the USG, the organization is bound to follow the rules and regulations in its Cooperative Agreement. Some of these rules are clearly spelled out; others may be incorporated by reference. The grantee must comply with these regulations and can be penalized if it does not.

At the same time, the Cooperative Agreement also protects a grantee. For example, some clauses prohibit the USG from putting unreasonable reporting burdens on a grantee; others state that a grantee cannot be compelled to implement programs against its will. Thus, knowing your rights under your Cooperative Agreement is as important as knowing your obligations.

What is in a Cooperative Agreement?

The Cooperative Agreement outlines the following:

1. How much funding the USG plans to provide to an awardee,
2. What an awardee is expected to accomplish with the funding, and how it plans to do it,
3. How an awardee proposes to spend the money to achieve those goals,
4. The time frame in which the USG plans to provide support to an awardee's program,
5. Who in the awardee's organization is primarily responsible for the program's success,
6. Who in the USG is responsible for assisting and overseeing an awardee's program,
7. What an awardee must do to actually receive the funds,
8. What role the USG may play in executing the program,
9. What obligations an awardee has to the USG during the life of the program,
10. What obligations are owed to the USG after the program is completed,

11. Specific protections and rights the organization retains,
12. Procedures for various interactions between an awardee and the USG,
13. Consequences and contingencies if the organization fails to meet its obligations, or wishes to withdraw from the agreement or the USG cancels the program for other reasons.

Each Cooperative Agreement may be slightly different. You may use the following sections as a general reference source, but note that what is specifically stated in the Cooperative Agreement is the organization’s legal obligation to the USG.

2.6.2 USAID Cooperative Agreement

The USAID Cooperative Agreement has four primary sections:

1. Award Letter
2. Attachment A—Schedule
3. Attachment B—Program Description
4. Attachment C—Standard Provisions

The following outline, based on the standard agreements awarded to NPI partners, explains the contents of each of these sections and generally applies to USAID agreements. There are some variations with each award, especially between agreements with U.S.-based organizations and those with non-U.S. organizations. One important difference between agreements with U.S.- and non-U.S.-based organizations is in the Standard Provisions section. These differences are discussed here briefly, but they are covered more fully in Annex 3, Common USAID Standard Provisions.

Award Letter

The award letter contains the following information of the award:

- **Cooperative Agreement Number**—This number should be referenced in key documents, correspondence, and reports.
- **Award Amount**—This figure represents the total amount USAID estimates it will provide for the life of your project.
- **Obligated Amount**—This is the amount made readily available for an awardee. The initial obligated amount is stated first in this letter. The award letter often contains a statement such as, “USAID will not be liable for reimbursing the Recipient for any costs in excess of the obligated amount.” The letter will then list the initial obligated amount under “Amount Obligated to This Action.” Each obligation increase is accompanied by a modification from the AO specifying the new total obligated amount. The USG is only authorized to provide your organization up to the obligated amount and is not responsible for any expenses incurred over that amount. You will receive copies of these modifications, which can help you track your current obligated amount.

Find It Online

- ▶ USAID ADS Chapter 303—Grants and Cooperative Agreements to NGOs
<http://www.usaid.gov/policy/ads/300/303.pdf>
- ▶ Standard Mandatory Provisions for non-U.S. NGOs
<http://www.usaid.gov/policyads/300/303mab.pdf>
- ▶ Standard Mandatory Provisions for U.S. NGOs
<http://www.usaid.gov/policy/ads/300/303maa.pdf>

- **Agreement Dates**—The effective date, or start date, is the date stated in the letter. The end date is usually stated in the body of the letter.
- **Cost Share**—The letter also lists “Cost-Sharing Amount (Non-Federal).” This amount is the cost share (or the contribution) the recipient organization has agreed to provide for this program. Whether the cost share is in-kind contributions or cash, your organization will be required to meet its cost-share obligation.
- **Agreement Officer**—The AO, the legal representative of the U.S. Government signs the letter to make the award.
- **Payment Office**—The payment office is your key contact for financial reporting and general financial issues.

2.6.2.1 Attachment A—Schedule

Attachment A is the Schedule. We briefly explain each element here and provide links to additional details elsewhere in this document.

- **A.1: The Purpose of Cooperative Agreement**—Reference Attachment B—the program description. This explicitly ties the funding to the program described in your program description.
- **A.2: Period of Cooperative Agreement**—Two sets of dates: the dates for the entire award and the dates for the initial obligated funds.
- **A.3: Amount of Cooperative Agreement and Payment**—The total award amount, the obligation amount, and how payments are to be made. This section also contains an important caveat to your program’s continued funding:
Incremental funds up to the total amount of the agreement... may be obligated by USAID subject to the availability of funds, satisfactory progress of the program and continued relevance of the program objectives.
- **A.4: Cooperative Agreement Budget**—A summary of the total project budget, including the cost share, if any.
- **A.5: Reporting and Evaluation**
—A list of the various reporting requirements for which you are responsible during the life of the Cooperative Agreement.
 - **Financial**—quarterly financial reports (SF-425)
 - **Program reporting**—
(a) annual and semi-annual performance reports, (b) annual workplans, (c) the Country Operational Plan and (d) other in-country reporting requirements
 - **Final report**—the final report to be submitted at the end of the project
- **A.6: Indirect Cost Rate** (if applicable)—Details on the Indirect Cost Rate (or NICRA) for your agreement, including how it is to be calculated and whether it is a provisional or final rate (this clause may not be included if no NICRA has been set).
- **A.7: Title to Property**—Property purchased under this agreement, such as vehicles, that may remain with your organization.

Find It Online

- ▶ 22 CFR 228 - Rules on Source, Origin and Nationality for Commodities and Services Financed by USAID

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=f410ee9353f69d2edc3205ce8572be2b;rgn=div5;view=text;node=22%3A1.0.2.22.27;idno=22;cc=ecfr>

- ▶ ADS Chapter 310 - Source, Origin and Nationality

<http://www.usaid.gov/policy/ads/300/310.pdf>

- **A.8: Authorized Geographic Code**—USAID’s regulations on procurement differ based on the specific geographic area where the project will be implemented. The geographic code in the Cooperative Agreement defines which set of rules will apply to this project. NPI Round 1, 2, and 3 grantees under USAID, HRSA, and CDC are all assigned geographic code 935. This is found under the Schedule Attachment A of your Cooperative Agreement. (For more on [geographic code 935](#), see [section 5.3.2.3](#).)
- **A.9: Cost Share**—The organization’s cost-share obligation. If the organization promised a cost-share contribution to the project, it is required to report the cost-share contribution in the quarterly financial reports.
- **A.10: Substantial Involvement**—“Substantial Involvement” means that USAID has clearly defined roles in reviewing and approving certain aspects of your program, which may include the following:
 - **Approval of Your Implementation Plan**—The workplan describes how the organization will implement its program to reach your objectives. USAID will review the workplan and provide you with feedback. Implementation cannot begin until the workplan receives official approval. Typically, workplans are required annually.
 - **Approval of Key Personnel**—Several positions may be listed in this section of the Cooperative Agreement as [Key Personnel](#), along with the names of the individuals who currently hold each position. (For more information, see section 2.5.1 in [chapter 2](#).)
 - **Approval of Subrecipients**—If your project relies on [subrecipients](#) to help with implementation, the AOTR must approve these partners. If you identified all of your subrecipients at the outset, and they are listed in the agreement, you only need approval if you change subrecipients or add new ones.
 - **Approval of and Changes to the M&E Plan**—The AOTR must approve any change to your proposed targets or other aspects of your M&E plan. For example, if the in-country team suggests you work in a different geographic area, and, as a result, you understand that your targets will change, an approval should be sought before moving forward.
- **A.11: Program Income**—This is the gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes fees for services trainings or other services provided and funds earned from selling equipment purchased with USG funds. Funds raised by selling equipment even after the agreement has ended are still subject to these regulations. Please see the topic on Equipment in the section on Procurement in [chapter 5](#) to review the policies involved in selling items purchased with USG funds. Income-generating activities do not fall under program income if the income generated goes directly to the beneficiaries, not the project.
- **A.12: Special Provisions**—Special provisions include:
 - **A.12.1: Disability**—USAID requires that your organization take steps to ensure that people with disabilities are not discriminated against.
 - **A.12.2: Terrorism Financing**—Your organization must comply with U.S. laws against providing resources to organizations associated with terrorism. This provision also applies to subagreements made under this agreement.
 - **A.12.3: Special Award Condition**—If your pre-award survey resulted in any findings or deficiencies, your organization has a specific amount of time to address those issues.
 - **A.12.4: NPI Capacity Building**—NPI partners can take advantage of technical and organizational development assistance offered as part of the program to the awardees through a designated capacity-building provider. This provision outlines the capacity-building services available to your organization.

2.6.2.2 *Attachment B—Program Description*

The program description is based on the technical application submitted during the funding competition. If any concerns were raised during the technical review, and you were asked to address them during negotiations, you will include your revised program description. You should clearly document any significant changes from that, including changes in targets, budgets, or technical approach, and have USAID approve them in writing before you act on the changes.

2.6.2.3 *Attachment C—Standard Provisions*

Standard provisions are a variety of laws, regulations, and requirements that apply to entities receiving USG funding. Though they are “standard,” the actual provisions you find in your Cooperative Agreement will vary from one partner to the next based on the following criteria:

- U.S.- versus non-U.S.-based organizations have different standard provisions, with some overlap,
- Standard provisions vary among different USG agencies,
- Some standard provisions must be included in all Cooperative Agreements (“mandatory standard provisions”); others are only included if they are relevant to your specific program (“required as applicable standard provisions”).

For a detailed explanation of selected provisions most common and relevant to USAID partners, see Annex 3, Common USAID Standard Provisions.

2.6.3 *HHS Notice of Award*

As mentioned above, the document outlining the provisions for HHS grants and Cooperative Agreements is referred to as the Notice of Award (NoA).

The NoA includes, at a minimum, the following:

1. grant identification number;
2. statutory authority for the award and any applicable program regulations;
3. name of recipient organization;
4. name of the recipient’s Program or Project Director (PD), who is the key day-to-day technical contact;
5. approved project period (period estimated for the entire project) and budget period (period funding is approved for, often a subset of the entire project period) with start and end dates;
6. amount of USG funds authorized (obligated amount);
7. amount of matching or cost sharing, if applicable;
8. amount of anticipated future-year commitments, if applicable (equivalent to the full award amount);

9. names of:

- HHS agency that will administer the award, such as HRSA or CDC;
- Project Officer or Program Official (PO), who is responsible for the programmatic and technical aspects of the agreement;
- Grants Management Officer (GMO), who is responsible for the business management and other nonprogrammatic aspects; and
- Grants Management Specialist (GMS), who assists the GMO by performing day-to-day activities and is usually the primary point of contact for the recipient when dealing with grant-related issues;

10. terms and conditions of award; and

11. HHS-assigned Employer Identification Number (EIN), which is used to request payments to your award.

Project Period and Budget Period

HHS uses the project period system of funding. Under this system, projects are programmatically approved for support in their entirety (the project period), but are funded in increments, called budget periods. Budget periods are usually 12 months, but they can be longer.

Find It Online

[HHS Grants Policy Statement
\(http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc\)](http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc)

Public Policy Requirements

Public policy requirements are a set of rules and regulations with which your organization must comply to receive HHS funds. These requirements have a broader purpose beyond the specific program or award, and you must adhere to them as a condition of the award.

Public policy requirements under HHS awards are similar to the “standard provisions” under USAID agreements. In fact, many of them are the same, because they apply to all USG funding.

All public policy requirements with which you are required to comply are outlined in your NoA, pre-award certifications, assurances, and other statements.

Examples of HHS public policy requirements include:

- standards of conduct for recipient employees;
- antidiscrimination rules;
- restrictions on funding abortions;
- drug-free workplace; and
- acknowledgement of USG funding (that is, marking and branding requirements).

There are more public policy requirements, which are outlined in the [HHS Grants Policy Statement \(http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc\)](http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc). In addition, many of the common Public Policy Requirements are explained in [Annex 4](#) of this *Guide*.

2.7 Summary and References

The award phase is the first step in managing a USG-funded program. During this time you will begin to build a relationship with the USG and finalize the critical agreement details that will govern the rest of your award.

This chapter introduced important award-related concepts and the basics of your agreement; explained the key tasks necessary to finalize your award; and outlined what you need to have in place before getting started with your program.

The next chapter continues with the start-up phase of your program, which you will begin as soon as the USG and your organization sign the agreement.

References

- USAID ADS Chapter 303—Grants and Cooperative Agreements to NGOs
<http://www.usaid.gov/policy/ads/300/303.pdf>
- USAID Standard Mandatory Provisions for non-U.S. NGOs
<http://www.usaid.gov/policy/ads/300/303mab.pdf>
- USAID Standard Mandatory Provisions for U.S. NGOs
<http://www.usaid.gov/policy/ads/300/303maa.pdf>
- HHS Grants Policy Statement
http://www.hhs.gov/grantsnet/docs/HHSGPS_107.doc