

**NATIONAL ENDOWMENT FOR DEMOCRACY**

**GRANTEE GUIDE**

*Revised January 2022*

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## 1. Introduction

Congratulations!

The NED Board of Directors has approved funding for your proposal. The NED staff looks forward to working with you to help you achieve the goals that your organization has set.

Although NED is a private, nonprofit organization and is governed by a private Board of Directors, most of its funding comes from the U.S. Congress. Therefore, NED has developed procedures to ensure that both NED and our grantees follow requirements relating to the use of U.S. government funds, and to make sure that grant funds are spent as planned and managed according to best practices.

This step-by-step guide will give you instructions on what you need to do, when to do it, and how. The guide also includes responses to frequently asked questions (FAQs), as well as examples of forms used by NED and other materials useful to you.

**Note:** The Grant Agreement is the legal, binding document between your organization and the NED. This document is a guide to be used to improve your understanding of the Grant Agreement.

## GRANT PROCESSES AND REQUIREMENTS

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### 2. Your Grantmaking Team at NED

The NED’s Grantmaking team is ready to help you manage your grant. The members of the team include staff from the Program, Grants, and Compliance departments. Each team also has assistants who may send documents and correspondence related to your grant.

#### *Reference Table of NED Staff*

Here is a reference table to know who to contact for each issue or problem:

	<b>Team Member</b>	<b>What They Do</b>	<b>When to Contact</b>
<b>PROGRAM</b>	Assistant Program Officer or Program Officer or Senior Program Officer or Senior Program Manager or Associate Director	<ul style="list-style-type: none"> <li>• Develop annual program priorities</li> <li>• Identify potential applicants, assess organization capacity, and credibility of applicants</li> <li>• Review proposals and narrative reports</li> <li>• Advise the NED leadership and Board of Directors on funding priorities and pending proposals</li> <li>• Monitor and evaluate current NED-funded projects</li> </ul>	<ul style="list-style-type: none"> <li>• When you have a question about the project or the activities</li> <li>• When you have a question about the content of narrative reports, including the cumulative assessment</li> <li>• When you want to discuss new project ideas and proposals</li> </ul>
<b>GRANTS</b>	Grants Officer or Senior Grants Officer or Senior Manager, Grants Administration or Principal, Grants Administration	<ul style="list-style-type: none"> <li>• Issue grant agreements, amendments, and process payments</li> <li>• Review budgets, financial questionnaires, and financial reports</li> <li>• Assess and provide guidance to strengthen grantees’ organizational structure and financial systems</li> <li>• Facilitate grantees’ understanding of NED grant requirements and ensure compliance with rules governing the use of grant funds</li> <li>• Follow up on invoice and daily transaction ledger issues</li> </ul>	<ul style="list-style-type: none"> <li>• When you have a question about the terms of your grant agreement</li> <li>• When you have a question about procedures relating to grants and payments</li> <li>• When you have a question about your budget and/or allowable costs</li> </ul>
<b>COMPLIANCE</b>	Auditor or Senior Auditor or Manager, Compliance	<ul style="list-style-type: none"> <li>• Review financial questionnaires to develop risk assessments and financial monitoring plans</li> <li>• Review invoices and daily transaction ledgers</li> <li>• Provide guidance on financial best practices and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• When you have a question about a request for invoices or other documentation</li> <li>• When you want to discuss accounting issues</li> </ul>

#### *Contacting Your Grantmaking Team*

Although you may receive correspondence from NED staff who are not your direct contacts, you should always copy your designated Program and Grants contacts on all grant-related emails. Please also be sure to include your grant number (as shown in Box 1 of the Grant Agreement) in the subject line of all emails.

### 3. Grant Information and Transparency

As a grantee of NED, it is important for you to understand how NED may use information about your grant project and your organization. NED considers a number of factors to determine how it shares grant information. NED is committed to transparency as one of the core principles of democracy. As a recipient of U.S. government funds itself, NED is required to provide certain information to U.S. government officials. NED is subject to the Freedom of Information Act (FOIA), which means that individuals may also request information about NED's activities. To protect grantee information, NED's internal systems follow best practice information security protocols. When sharing information, NED makes every effort to remain transparent about its activities, while still protecting sensitive and/or personal information.

Please contact NED staff for more information, particularly if you have concerns about the sensitivity of the information you will be sharing with NED.

### 4. Using the NED Logo

NED does not require that you acknowledge NED's funding or use NED's logo in any materials produced under a grant project. However, you may choose to acknowledge NED's support by using the logo on items supported by your NED grant, such as:

- Media releases
- Annual Reports
- Newsletters
- Print and electronic promotional materials (brochures, posters, conference programs, performance programs, invitations)
- Signage
- Websites
- PowerPoint presentations

If you choose to use the NED logo, please do not alter, distort, or adjust the color, type style, or visual elements of the logo. You may contact your NED Grants Officer to receive a link of the logo.



## 5. The Grant Agreement

### *Grant Approval Process*

After a grant proposal is approved by the NED Board of Directors, the successful applicant will receive a notification by email. The Grants staff finalizes materials and prepares the Grant Agreement outlining the details of the project and the terms and conditions which must be followed.

NED staff makes every effort to issue new Grant Agreements promptly, but sometimes it takes time to work out the details. After receiving the approval notification, you may also receive messages from NED's Program, Grants, or Compliance staff requesting information about some details of your project, budget, or organization.

Until the Grant Agreement is signed by you and NED, NED does not have an obligation to provide funding for the approved project.

### *Signing the Grant Agreement*

When your organization signs the Grant Agreement, you are indicating that you accept the terms and conditions of the award as well as the responsibilities related to conducting the project as it is described and using grant funds as budgeted.

When NED signs the Grant Agreement, NED accepts the obligation to fund your project and the responsibility to monitor the activities and the prudent use of grant funds.

### *Components of the Grant Agreement*

The Grant Agreement consists of a collection of documents that describe the terms and conditions of the grant award.

#### *Grant Agreement Form*

The Grant Agreement form is a two-page document with the most important details about the grant and your reporting requirements. On this form you will find the project start and end dates (Boxes 4 and 5), the grant amount (Box 2), the reporting requirements (Box 11), the payment schedule (Box 12), and any special conditions (Box 13). The bottom of the first page is where you must sign to indicate your acceptance of the grant (Box 10).

#### *Attachment A – Project Description*

Attachment A is the description of the project for which the grant provides funds; it describes the project as approved by the NED Board of Directors. The "Project Objectives" state the intended purpose of the approved project. The "Project Activities" describe the activities which will be conducted in support of the objectives. The "Evaluation Plan" describes how you will assess the impact of your work on the project in relation to the objectives.

#### *Attachment B – Budget*

Attachment B is the detailed budget for the grant-funded project as approved by the NED Board of Directors. The budget is organized into standard categories and serves as the basis for the financial reports that you will prepare over the course of your grant.

### ***Attachment C – Standard Grant Provisions and Appendices***

Attachment C is the section of the Grant Agreement where you will find the detailed rules that you must follow in order to comply with NED requirements. Each provision and appendix of Attachment C is described in this guide to help you understand these requirements.

### ***What are the Appendices?***

The appendices in Attachment C provide information and links to the laws, rules and regulations, which NED requires its grantees to follow. These documents are incorporated as part of the Grant Agreement and are to be referred to if there is any confusion regarding the provisions.

### ***Appendix A - The NED Act***

Public Law 98-164 (also known as the NED Act) is the law passed by the U.S. Congress in 1983 (and subsequently amended several times) which authorizes NED as a private nonprofit organization to receive U.S. government funds. The NED Act outlines the purposes for which NED may operate a grants program and how it is to report its activities to the U.S. Congress.

### ***Appendix B – Code of Federal Regulations***

Appendix B gives links to three documents – 2CFR200, 2CFR600, and 2CFR601 – which are regulations issued by the Office of Management and Budget (OMB) of the Executive Branch of the U.S. Government. These documents set out the rules about how to manage grants of U.S. federal funds. NED follows these rules in its own operations.

- 2CFR200 is the “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” and defines the administrative and financial management requirements for the administration of NED grants. This is the origin of many of the requirements in the NED Grant Agreement and NED’s grant procedures. 2CFR200 also defines the types of costs in grant projects that are allowable, allowable only with prior approval, and unallowable. NED uses these guidelines for determining the allowability of your organization’s costs as shown in your proposal budget and financial reporting. 2CFR200 also describes the requirements related to audits of recipients of federal funds, which NED must follow and which we are required to let you know about.
- 2CFR600 is the Department of State’s “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” which describes requirements specific to Department of State recipients, and which NED must follow. Of note, this expands the audit requirement to foreign organizations that spend more than \$750,000 in U.S. Department of State funds in a year.
- 2CFR601 is “Nonprocurement, Debarment, and Suspension,” the regulation that governs Grant Provision 22 on Ineligibility. Before issuing the grant agreement, NED staff verified that your organization is not included on a list of those who are not permitted to receive U.S. government funds due to prior misuse of funds. This requires that you, as a direct NED grantee, should also check whether your subgrantees and contractors are included on this list before advancing any funds.

### ***Appendix C – Federal Maximum Travel Per Diem Allowances***

Appendix C gives links to websites used by NED which provide the maximum amount allowed to be spent for per diem (lodging, meals, and incidentals) when using grant funds for travel anywhere in the

world. There are two lists – one for travel in the United States, and one for travel outside the United States. When you use NED grant funds for travel, costs must be within these allowable rates.

#### ***Appendix D – Executive Order 13224***

Appendix D gives the link to the text of Executive Order 13224, a U.S. law which prohibits providing U.S. government funds to any individual or organization designated by the U.S. Government as terrorist or as assisting terrorism. Section 18 of this Guide and Grant Provision 11 and describe the requirements related to this law.

#### ***Appendix E – Model Subgrant Agreement***

Appendix E, Model Subgrant Agreement, is included in your grant agreement package only when your project includes subgrants. When you work with subgrants, you must use this document as the template to create the written agreement between your organization and the subgrantee(s), unless you have an alternate agreement approved by NED.

## **6. Receiving the Grant Documents**

When you receive the grant agreement materials, there is a lot of information to read. You should review everything carefully to make sure the details are accurate, that the project description and budget accurately reflect your intended project, and that you understand what is required. Your NED Grants staff contact can help you with anything in the Grant Agreement that you might not understand.

### ***Grant Agreement Packet***

NED grant agreement documents will be sent to you by e-mail, unless you make a request otherwise. The packet of documents includes the following items:

1. Grant Agreement form, including Project Description (Attachment A) & Budget (Attachment B)
2. Standard Grant Provisions and Appendices (Attachment C) -- also included as a link in Box 9
3. Financial Report Form (known as FinRep)
4. Payment Forms (Bank Form Request for Payment Form (RP),
5. Other special forms as needed.

### ***What to do with the documents***

Once you receive the packet, print the documents. The Grant Agreement will be in PDF form. Review and sign the agreement (Box 10) and any other form requiring certification or signature, except for the Financial Report Form. You may send the Grant Agreement and other signed forms by e-mail as scanned documents. This will ensure that they are processed quickly by NED staff. Or, you may send them by postal mail.

Your grantmaking team may request other documents. Review Box 13, Special Conditions, of the Grant Agreement to see if there are any additional items required.

## **7. Banking and Payments**

*(Also refer to Attachment C, Grant Provision 2. Payment)*

### ***Banking***

### ***Bank account requirements***

The standard Grant Agreement requires that you use a bank account registered in your organization's name to receive funds from NED. You may use an existing current bank account if your organization's accounting system can clearly identify and separate costs incurred for each of your organization's funding sources. The account is not required to be a USD account.

In some circumstances, NED allows alternate banking and payment arrangements. If permitted, this would be specified as a special condition in the Grant Agreement. If your organization is in a situation where you cannot use an organization bank account to receive NED funds, you must discuss this with the NED Grants and Program staff to agree on alternate arrangements.

### ***Separate bank account requirements***

If your Grant Agreement has a special condition requiring that you use a separate bank account, then you may not deposit any other funds in the account used for the NED grant, unless it is for an initial deposit to open the account. You will have to submit the Bank Form confirming the bank details and that the account will contain only NED grant funds.

If your Grant Agreement requires the use of a separate bank account, you may not transfer NED funds from your separate bank account to other bank accounts that your organization controls and that contain funds from other sources.

### ***Using the bank account for financial transactions***

When possible, please make all transactions for grant expenditures by direct transfer or check from your bank account directly to the vendor or payee. This provides strong supporting documentation for the expenditure.

## ***Payments***

Your grant will be managed on either an "Advance Payment" or "Cost Reimbursable also known as Periodic Advance" basis.

### ***Advance payments***

Most grants work on an advance payment basis. This means that NED will provide funds before you start paying for your project activities. You should review your grant payment method and suggested schedule in Box 12 of the Grant Agreement.

***For first payments, these two forms must be filled out and returned to NED with the signed grant agreement before the first payment will be sent:***

- Bank Form
- Request for Payment Form (RP)

For all other payments, only the Request for Payment Form (RP) is required, unless bank details have changed (see below).

### **Bank Form:**

This form identifies and confirms to NED the bank account that you will use to receive NED grant funds. The details needed for wire transfers are included on the form, and it is important that all spaces are

filled in and the information is presented clearly and accurately. You are required to use a bank account registered in the name of your organization, unless otherwise approved by NED.

The requirement for a *separate* bank account may be included in certain conditions, most commonly if your organization cannot keep NED funds separate from other funds in your accounting records. This will be noted in your Grant Agreement in Box 13, Special Conditions.

When preparing the Bank and RP forms, it is very important that the details about the bank account are complete and accurate. You should be aware of what currencies the account is able to receive. Banks will provide clients with an information sheet about international wire transfers, and there may be different instructions for each currency. We recommend that you get these details from your bank and send it to NED along with the Bank Form. This form also informs NED of the individuals in your organization who are authorized to withdraw funds from the bank account and to formally request grant funds from NED. It is recommended that at least two people must be authorized to request payments so there is a back-up if one person is not available when funds are needed. If authorized staff change or leave the organization, a revised Bank Form must be submitted.

#### **Request for Payment Form (RP):**

This is the form you use to request that NED send grant funds to your organization and must be submitted for each payment. The RP confirms the details of the bank account that had been indicated previously on the Bank Form and must be signed by a person who is authorized on the Bank Form. If the bank or account details have changed, you must submit a new Bank Form with the request. NED will send funds only when requested and the RP form is submitted.

You should consult the Payment Schedule in Box 12 of the Grant Agreement when preparing the RP and request the appropriate amount for the upcoming period. If the amounts on the payment schedule do not match the needs of the project, please contact your Grants Officer. (Further detailed instructions are available on the reverse side of the form).

#### ***How to Request Payments for an Advance Payment Grant***

For each payment, you need to submit a Request for Payment (RP) form. If there have been any changes to your bank account information or to the authorized staff, you must submit a revised Bank Form. Remember to look at Box 12 of the Grant Agreement to make sure you are requesting funds in accordance with the payment schedule.

We do not recommend requesting additional payments if a large amount of the previous payment is unspent. If you are expecting large expenditures due to upcoming activities and the funds on hand will not be sufficient, then include a note for your Grants Officer when you submit the request.

Please submit the Request for Payment (RP) form to NED at least seven (7) working days before you need the funds so that NED has time to process your request. The first payment will not be sent prior to the start date of the grant.

#### ***Cost Reimbursable Payments***

If your grant is cost reimbursable instead of advance payment, this means that your organization must first spend funds on project activities and then request a reimbursement of the actual costs. ***For cost reimbursable grants, the Bank Form must be submitted to NED with the signed grant agreement.***

See the section above (*Payments – Advance Payment*) for details about the forms.

### ***How to Request Payments for a Cost Reimbursable Grant***

NED will send funds only upon the organization's request. The Request for Payment Form should be included when you send your narrative and financial reports and should reflect the amount that is reported spent on the financial report.

***For all payments, the following items must be submitted to NED before the payment will be sent:***

- Request for Payment form (RP)
- Narrative Report, as per reporting schedule in Box 11 of Grant Agreement
- Financial Report form (FinRep), as per reporting schedule in Box 11 of Grant Agreement

If there have been any changes to the authorized staff on your original Bank Form, you must send in a revised Bank Form.

Please submit the Request for Payment Form to NED at least seven (7) working days before you need the funds so that NED has time to process the request. You should inform your Grants Officer if a request is particularly urgent.

## **8. Subgrants**

*(Also refer to Attachment C, Grant Provision 17. Subgrants)*

This section applies to your grant if your project objectives will be implemented through one or more subgrantee(s) designated in the Grant Agreement Box 7 and Attachment A, Program Description.

A *subgrantee* is an organization to which you provide funds from your NED grant in order for the organization to conduct its own project. When there is a subgrantee as part of your project, you are the grantor, and therefore you must sign a *subgrant agreement* with the subgrantee. You have the same relationship with the subgrantee as NED has with you.

You may also see the term *subrecipient*. A subrecipient is an organization which receives funds from you, but not necessarily in the form of a grant. It is a more general term than subgrantee.

Please make sure that your Grants Officer knows how you intend to account for funds going to a subrecipient: by entering into a subgrant agreement, a contract with that organization, or by covering their costs directly and including the costs in your regular financial reports.

### ***The Subgrant Agreement Requirement***

A written Subgrant Agreement signed by responsible officials of your organization and each subgrantee is required when your organization will be providing the following to the subgrantee:

- Advances of funds for subgrant costs, either from advances that NED provides to you **or** from your own funds, for later reimbursement by NED; or
- Equipment, as defined in Grant Provision 15.A, purchased with grant funds; or
- A combination of advances of grant funds **and** equipment purchased with grant funds.

### ***Components of the Subgrant Agreement***

Appendix E of the Grant Agreement (and Attachment B of this Guide) is a Model Subgrant Agreement. Use this model for all subgrants, unless you have requested and received approval to use a different model. If you already have procedures for working with subgrants, you may send your own model to your Grants Officer. If it meets NED's general requirements, you will be permitted to follow your existing procedures and your own model will be incorporated into the NED Grant Agreement.

A Subgrant Agreement includes four components:

#### ***Component 1: Appendix E, Model Subgrant Agreement***

Please see all paragraphs and provisions in Appendix E, Model Subgrant Agreement. You must ask NED for prior approval if you wish to waive any requirement contained in the Model Subgrant Agreement.

You may include additional requirements in your Subgrant Agreement, with prior NED approval, as long as they do not contradict those in the Model Subgrant Agreement. There may also be required special conditions specified in Box 13 of the Grant Agreement.

#### ***Component 2: Attachment A – Program Description***

This is a description of the project to be carried out by the subgrantee and should be consistent with the parts of Attachment A of the NED Grant Agreement that describe the activities to be conducted by the subgrantee. The Subgrant Agreement program description should accurately describe only the subgrantee's project activities that are funded by NED.

#### ***Component 3: Attachment B – Budget***

This budget should be consistent with the "support grant" portion of Attachment B of the NED Grant Agreement that shows the budget for activities to be carried out by the subgrantee. In preparing the projected schedule of payments, show only those amounts that you will forward to the subgrantee. These amounts should be coordinated with the payment schedule in the NED Grant Agreement.

#### ***Component 4: Subrecipient Questionnaire***

The Financial Questionnaire is required for any subgrant at or above \$25,000 or if otherwise requested by NED. The subgrantee must complete the same questionnaire (Application Part 2 – AP2) that your organization filled out as part of the application process.

#### ***For subgrants at or above \$25,000:***

You must submit a fully signed written Subgrant Agreement to NED prior to advancing any funds to the subgrantee. To ensure compliance, NED may hold your first grant payment until the following items are received and reviewed for each subgrantee:

- Fully signed written Subgrant Agreement including any Special Conditions
- Attachment A – Program Description
- Attachment B – Budget
- Subrecipient Questionnaire

### ***Subgrantee Monitoring***

If you issue a Subgrant Agreement to a designated subgrantee, then you are required to determine whether the subgrantee organization has an adequate financial management system including:

- The ability to comply with the terms of the Subgrant Agreement
- An accounting system capable of recording and summarizing grant expenditures by budget category
- Adequate security over grant funds and goods or services purchased with grant funds

As the grantor, your organization has the responsibility to adequately monitor all subgrantees to ensure compliance with the provisions of the Subgrant Agreement, including receipt and review of financial and narrative reports prior to advancing funds to the subgrantee.

## 9. Reporting Guidelines

*(Also refer to Appendix C, Grant Provision 3. Monitoring and Reporting Requirements)*

Your organization is required to monitor the progress of your project to make sure that planned activities are being carried out, progress is being made toward objectives, and funds are being used properly. You should consult with NED staff regularly and must notify them promptly of any significant problems or changes that could affect the successful implementation of project activities and achievement of objectives as stated in Attachment A, Program Description. NED staff or representatives may make on-site visits to observe project implementation and to verify information provided in the narrative and financial reports that you submit, or to help you solve problems you may encounter in grants administration or program implementation.

### ***Periodic Report Requirements – Financial, Narrative, and Cumulative Assessment***

Your organization is required to submit reports to NED documenting progress (in a narrative report), expenditures (in a financial report), and evaluation (in a cumulative assessment). **The schedule for submission of reports is shown in Box 11 of the Grant Agreement.** If reports are late or unsatisfactory, NED may suspend payment until the problem is corrected.

If project activities are being implemented through a subgrantee designated in Box 7 of the Grant Agreement, you are responsible for ensuring that your subgrantee provides your organization with sufficient information about the progress of the project and expenditure of funds to comply with the reporting requirements.

### ***Financial Reports***

A Financial Report Form (FinRep) is included with your Grant Agreement documents. This form is customized with information specific to your grant. The Financial Report Form is an Excel spreadsheet, and all sections of the form are locked except for areas to report expenditures, to add an explanation for prior expenditure changes, and to certify reports. It is very important that you use this form in Excel format and do not change the existing fields in any way. Doing so may delay the requested payment. If there are mistakes or you want to make a change, please contact your Grants Officer. A sample of the form is included as Attachment F of this Guide.

The financial report includes the following information:

- **Grant Budget:** The category and dollar amount of expected costs approved by NED for this project. This is already filled in on the form.

- **Expenditures by Period:** The amount of grant funds you spent in a reporting period. There is a separate column for each reporting period. When it is time to submit the financial report, you should complete the column of the appropriate reporting period. Each time you submit the form, the column you completed previously must stay the same. If you do make any changes, you must check the box below the table to indicate that a change has been made to a prior reporting period and provide an explanation in the designated space on the report.
- **Total Expenditures:** The sum of all grant expenditures to date (automatically calculated).
- **Remaining Balance:** The budget amount minus Total Expenditures (automatically calculated).
- **Prior Expenditure Changes:** The space to indicate if you made any changes to previously reported expenditures.
- **Certification of Financial Report:** The confirmation that all information presented on the report is accurate and has been reviewed by an authorized official of your organization. The official may be the executive director or another senior person who has the authority to represent your organization and should not be the same person who prepared the content of the financial report. The certification is required at least once during the grant period, and all final financial reports must be certified. The reporting periods that require certification will be bolded and marked by an asterisk (\*) on the form.

When completed in Excel, the column totals, Total Expenditures, and Remaining Balance will be calculated automatically with formulas.

In some cases, you may be required to provide copies of supporting documentation of expenditures as part of your financial report. The requirement will be indicated in the Grant Agreement as a special condition (Box 13). Additionally, NED's Compliance Department may send a request for supporting documentation as part of NED's standard grant monitoring practices. **You should not send any invoices or supporting documents to NED unless specifically required or requested to do so.**

When preparing the financial report, please remember the following:

- Costs reported on the NED financial report must be in US Dollars. If either you or your designated subgrantee converts grant funds to other currencies, expenditures must be converted to US Dollars for the financial report. For more information on currency exchange calculations, see *Grantee Guide* Section 31, Currency Exchange and Reporting Procedures.
- You must explain any expense for items that are not in the approved budget of your grant, or any expense that is more than the flexibility limit. NED allows for flexibility in each budget category of 15% or \$5,000 of the total amount of each category, whichever is higher (See *Grantee Guide* Section 26 Financial Management and Attachment C, Grant Provision 7A). A budget amendment is not required for amounts below this limit but you should explain any significant changes. Non-budgeted expenditures will be reviewed by NED to confirm that reported costs are allowable under the terms and conditions of the agreement.
- If your final financial report shows that grant funds of US\$500 or more were not spent by the end date of the grant, you must refund the unspent funds. (See 2021 year and onwards Attachment C, Grant Provision 5 and *Grantee Guide* Section 13, Returning Grants Funds to NED).

*Note: If your agreement was initially signed prior to January 1, 2021 the refund threshold is lower. If your final financial report shows that the grant funds of US\$100 or more were not spent by the end date of the grant, you must refund the unspent funds. (See 2020 year and prior Attachment C, Grant Provision 5 and Grantee Guide Section 13, Returning Grants Funds to NED)*

### **Narrative Reports**

Each narrative report must include detailed and comprehensive information about activities and progress towards objectives. Project activities should be consistent with the activities stated in Attachment A. Use the evaluation plan in Attachment A to assist you in preparation of each narrative report.

Note: Your Program Officer may provide you with additional guidance to help you prepare the narrative report.

Each narrative report should include the following information:

- **Grant Details:** Your organization name, grant number, grant amount, grant start and end dates, project title, subgrantee (if applicable), and reporting period covered (identified by beginning and ending dates, example: January 1 – March 31, 2016).
- **Objectives:** Copy the objectives exactly as they are in Attachment A, Program Description.
- **Actual Activities:** A description of actual project activities carried out during the relevant reporting period. For each activity, list information to include responses to questions such as: Who? What? Why? When? Where? How? This includes providing dates and locations of events, number and kinds of participants, links to online materials and websites, and specific accomplishments. You should explain any material changes from activities in the Program Description (Attachment A) or difficulties with implementation.
- **Assessment:** A summary of the main results and accomplishments of the project thus far. Specifically, this section should address to what extent and how your project has contributed to achieving the objectives and evaluation points included in your evaluation plan (from Attachment A, Program Description).
- **Supplemental Information:** Documentation, such as selected examples of newspaper accounts, photos, letters, brochures, or citations of relevant sources of information, which provide evidence of activities or changes described in the report. Such accompanying documentation should be organized and labeled appropriately.

In your last narrative report only, also include:

- **Evaluation:** An overall evaluation of your project from start to finish. You should detail the results and achievements of the project, following the evaluation plan in Attachment A, Program Description. In addition to learning about your successes, NED is also interested in what did not go well and why, what was not achieved, and where you faced challenges. Questions to consider when writing this section:
  - How did your project contribute to achieving the objectives laid out in your evaluation plan? Support your statements with information on each evaluation point in your evaluation plan in Attachment A, Program Description.

- What changes have you observed in your target population or community as a result of this project? Have you followed up with project beneficiaries? What have you learned from them?
- How has the situation or environment in which you are working changed as a result of your project's activities?
- Have you observed any results that you did not expect?
- What have you learned during the course of this grant and how have you adapted to any difficult circumstances?

### *Cumulative Assessments*

You may be required to conduct a cumulative assessment of three or more projects and submit a Cumulative Assessment Report as a reporting requirement. If this applies to your grant, the due date for submission of the Cumulative Assessment Report is shown in Box 11 of the Grant Agreement. The Cumulative Assessment Report must cover all of the previous grants listed in Grant Agreement Box 11.

The Cumulative Assessment is an evaluative look back at several past grants made to your organization by NED. It is your opportunity to assess the past few years of your work and share with NED your results, successes, and challenges. The report should include four main sections: Objectives and Outcomes, Challenges, Results and Long-Term Changes, and Organizational Assessment. Refer to Attachment F, Cumulative Assessment Guidance, in this Grantee Guide for detailed guidance and more information about the Cumulative Assessment Report.

### *Grantee Products*

You may have a Grantee Product as a reporting requirement in your Grant Agreement. If you do, the items that are required and the due date for submission of the items are shown in Box 11 of the Grant Agreement. Projects that include publications, such as books, journals, or newspapers, or other forms of media, such as videos, posters, recordings, or websites, are likely to have this requirement.

## **10. Grant Agreement Amendments**

*(Also refer to Attachment C, Grant Provision 4. Amendments)*

There are many circumstances where it is necessary to change the terms and conditions of the Grant Agreement. This is done through a grant amendment, which is signed by you and NED. There are also many circumstances where changes do not require an amendment, such as change of contact names, addresses, payment schedule, etc.

### *Types of Amendments*

Your Grant Agreement will require an Amendment under the following changes:

- **Time Extension:** If you need additional time to complete your project activities and/or spend grant funds, you will need to submit a request prior to the expiration date to extend the end date of the grant.

- **Budget:** If you anticipate a change that will require an increase in excess of the budget flexibility limit of 15% or \$5,000 (whichever is larger) of the amount of any budget category, you will need to submit a budget amendment request.
- **Program Description:** If the approved objectives, major activities, or designated subrecipient(s) will be changing, you will need to submit a request to modify Attachment A, Program Description. Approval by NED’s Board of Directors may be required for some types of changes.
- **Deobligation:** If there is an unspent balance of US\$500 or more remaining after the completion of the project, or if the project cannot be completed, the grant amount will be formally reduced by amendment.

Most often, deobligation amendments are completed after the grant expires, to reconcile the actual amount spent and paid on the project with the grant amount shown in the Grant Agreement. After the grant expires, you must refund any balance of US\$500 or more to NED. After the refund is received, NED will issue an amendment to revise the amount of the grant to match the amount reported as spent on the final financial report.

*Note: If your agreement was initially signed prior to January 1, 2021 the refund threshold is \$100. If your final financial report shows that the grant funds of US\$100 or more were not spent by the end date of the grant, you must refund the unspent funds. (See 2020 year and prior Attachment C, Grant Provision 5 and Grantee Guide Section 13, Returning Grants Funds to NED)*

- **Contraction:** If the grant period must be shortened.
- **Supplement:** If additional funds are needed for the project, you will need to submit a request for a supplement. Supplements require a formal proposal and must be approved by NED’s Board of Directors. Supplement Amendments may be combined with short-term Time Extensions (less than a year).
- **Cost Extension:** If you are applying for a renewal of an active project with the same or similar project activities that fall under your current award’s objectives, NED staff may recommend that your application be considered for a Cost Extension, which add funds and may extend the end date of the award by up to 13 months to your existing grant award with NED. Cost Extension require a formal proposal and must be approved by NED’s Board of Directors.
- **Other Amendments:** There may be other cases in which an amendment would be necessary to change the terms of the Grant Agreement. If you are unsure whether a change to your activities or spending requires an amendment, please contact your Program Officer and Grants Officer.

### ***Combining Amendments***

Amendments may be combined in one action that makes multiple changes to the grant agreement at one time.

*Example:*

Your grant project includes organizing a conference series. You find that you need extra time to complete the conference series. In addition to needing more time, you find you are likely to go over the budget flexibility limit in the “Other Direct Costs” category, because preparations for the

conference series turned out to be more expensive than you had anticipated. You request both a no-cost extension and budget amendment at the same time.

### ***Requesting an Amendment***

If the Grant Agreement form and/or Attachments need to be modified, your organization must request this revision in writing prior to incurring any costs or carrying out activities related to the requested change and before the end date of your grant. You may do this by sending an email to both your Program Officer and Grants Officer, explaining why you are requesting the changes.

When requesting to amend the expiration date of the grant, you should ask NED staff about the NED Board Meeting schedule and deadlines for any future proposals. Extending a grant may delay the consideration and potential start date of a future grant.

Requests for amendments may not be approved or could be delayed if you have not submitted all reports due as scheduled in the Reporting Schedule (Grant Agreement Box 11).

### ***The Amended Grant Agreement***

If your amendment request is approved, you will receive an amendment document that you must sign and return. Amendments must be issued by NED's Grants staff. An amendment does not have any force or effect unless it is in writing and signed by an authorized representative of NED. Informal approval from NED staff is not sufficient.

If your amendment changes your project's budget or length, you will also be issued an amended Financial Report Form. You will need to use this form to submit your subsequent financial reports and migrate your prior expenditures to it from the original form. Not doing so may delay a requested payment.

## **11. Prohibited Activities**

Some activities are not allowed as part of a NED-grant funded program. Please refer to Attachment C, Grant Provision 10 for a list of activities that are prohibited. If you are unsure whether an activity is prohibited, please ask your Grants Officer. A few, but not all, of the items are described below.

### ***Lobbying on U.S. Government Policies***

As noted in Attachment C, Grant Provision 10.A, NED grant funds may not be used by you or any of your subrecipients for lobbying or propaganda aimed at influencing U.S. government policy. This includes staff time that is paid under the NED grant. Lobbying and propaganda are activities directed at influencing public policy decisions of the government of the United States or any U.S. state agencies. You may participate in lobbying activities as long as NED funds are not used. Please refer to Attachment C, Grant Provision 20 for more details.

### ***Activities that are Illegal in the U.S.***

As noted in Attachment C, Grant Provisions 10.C and 10.D, none of your NED grant funds may be used to support any activities which are illegal in any part of the United States. Also, funds may not be used to support or advocate violence.

### ***Campaigns of Candidates for Public Office***

As noted in Attachment C, Grant Provision 10.F, none of your NED grant funds may be used to finance the campaigns of candidates for public office in any country. If your project includes activities related to elections, you should seek guidance from your Program Officer about which activities may be supported with NED grant funds.

## 12. Financial Monitoring and Audit Requirements

*(Also refer to Attachment C, Grant Provision 13. Audit Requirements)*

In addition to the required financial and narrative reports, NED may require you to submit financial documentation for costs claimed in the financial report. This documentation will be reviewed by NED's Compliance department.

The most common types of financial monitoring performed by NED's Compliance department are *invoice verification* and *daily transaction ledger reviews*. You will be notified by a representative of NED's Compliance department if you will be required to submit any financial documentation.

### *Invoice Verification and Daily Transaction Ledger Reviews*

NED monitors the expenditures reported in financial reports in two ways: through Invoice Verification Reviews and Daily Transaction Ledger Reviews. *Invoice Verification Reviews* are performed to ensure that grantees have invoices, receipts, vouchers, contracts, and/or timesheets to support claimed costs. See Section 26, Financial Management, for details regarding supporting documentation. *Daily Transaction Ledger Reviews* ensure that grantees have an accurate cash ledger supporting claimed costs.

NED will send a request letter if you are required to submit documentation for review. **You should not send any invoices or supporting documents to NED until you receive a specific request.**

If you are required to submit supporting documentation for an Invoice Verification Review or Daily Transaction Ledger Review, you will be instructed to complete a Daily Transaction Ledger (Document N of this Grantee Guide) to itemize all of your invoices and receipts by budget category. An Invoice Verification Review will also require you to submit specific invoices and receipts. You will receive more detailed instructions on what to submit when you receive the request letter.

NED may withhold future payments if requested documentation is not received in a timely manner.

### *On-site Reviews and Financial Workshops*

NED staff conduct on-site reviews at select grantee offices. The purpose of the on-site review is to assess the grantee's internal controls and test their financial transactions. The result of the review is summarized in a report shared with the grantee with findings and recommendations. If there are any findings, you may be required to address any corrective actions and provide a response in a given timeline.

NED staff may also offer a financial workshop or on-site training to discuss grant requirements and provide training on best practices on how to comply.

### *Grantee Audits*

In addition to financial monitoring conducted by NED, there are three categories of audit requirements based on where your organization is located and how much funding you receive from U.S. government sources. The categories are:

**1. *U.S. organizations expending \$750,000 or more during its fiscal year through one or more U.S. federal awards (including NED grants)***

These organizations must have a single or program-specific audit conducted for that year. A single audit is used when there are multiple U.S. government sources of funds, and must include a Schedule of Federal Awards, which identifies each Federal grant by number and reflects the total revenue, expenditures, and deferred or receivable balance for each grant. This schedule should agree with the periodic financial reports submitted to NED in the same fiscal year. These requirements are detailed in 2CFR200 Subpart F Audit Requirements. All Single Audit Reports must be submitted online with Form SF-SAC to the Federal Audit Clearinghouse at <https://facweb.census.gov/uploadpdf.aspx>. Please be in touch with your NED Compliance contact if you have any questions about this.

Program-specific audits are used when all U.S. government funds are received from one source. In this type of audit, all funds received from NED are considered as one program, but each individual NED grant must be audited and separately identified in a Fund Accountability Statement, which is a revenue and expense statement in which expenditures detailed in the grant budget are compared to actual costs and any questioned costs are identified. Program-specific audits must be conducted in accordance with guidance found in the American Institute of Certified Public Accountants Statement of Position 98-3, "Audits of States, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards," and 2CFR200 Subpart F Audit Requirements.

**2. *Non-U.S. organization expending \$750,000 or more during its fiscal year through one or more U.S. federal awards from the Department of State and/or NED.***

These organizations must have a single or program specific audit conducted for that year in accordance with 2CFR600 and Department of State Standard Terms and Conditions. Your organization may be required to select an auditor who is familiar with these requirements. NED staff is available to help you understand this requirement.

**3. *U.S. or Non-U.S. organization expending less than \$750,000 a year in U.S. federal awards.***

These organizations are exempt from single audit requirements for that year under 2CFR200 Subpart F. However, these organizations are subject to other forms of monitoring such as Invoices or Daily Transaction Ledger reviews.

***Getting started with audit requirements***

To help grantees with the audit requirement, NED has prepared a guide, available upon request, entitled "NED Guide for Procuring Single or Program Specific Audits," which explains the step-by-step process for selecting a qualified auditor. Adequate planning and consultation with the NED Compliance staff is important in completing this requirement.

In the event that an independent audit is performed on NED grants, auditors will determine whether your organization's management and use of NED grant funds is in compliance with the terms of the NED grant agreement. Auditors will review your organization's policies and procedures, accounting records, supporting documentation, bank statements, bank reconciliations, and other accounting records that reflect your financial transactions. The audit will identify internal control and compliance deficiencies for the purpose of implementing corrective action and identify questioned costs.

#### ***Subgrantee Audit Report Requirements***

The written Subgrant Agreement you sign with each subgrantee requires them to provide independent auditors access to their records and financial statements as necessary for compliance with the NED and/or 2CFR200 Subpart F Audit Requirements. The subgrantee should understand that they are required to maintain all grant-related financial records and that they must make these records available to you, NED, or an outside auditor, if an audit is conducted.

### **13. Returning Grant Funds to NED**

#### ***Unspent Grant Funds***

After you submit your final financial report, your Grants Officer will review the report to determine if you have any unspent funds. NED requires a refund of unspent funds of US\$500 or more for grants that were signed January 2021 and onwards. (If your grant was initially signed prior to January 2021, the refund threshold that applies is \$100). In such cases, your Grants Officer will send you an e-mail requesting a refund, preferably by wire transfer to NED's bank account.

NED should receive the funds no later than three weeks from the date of the refund request. Once the funds have been sent from your account, please send a short message to your Grants Officer letting them know that the funds have been sent. This will make it easier for NED to identify funds when received. NED cannot send payments for any new grants until the refund is received.

#### ***Unallowable Costs***

If, after reviewing your financial report and/or invoices, NED determines that certain costs charged to the grant are unallowable, you will be asked to remove unallowable costs from your financial report and may be required to refund the amount to NED. Subsequent grant payments may be held until the issue is resolved.

### **14. Grant Closeouts**

Following the end of your grant period, NED staff will review all files to determine if your organization's grant requirements are complete. If so, the grant will be closed out and NED will place your file in inactive status. When the closeout is complete, NED will send you a closeout letter. This letter will remind you to retain all grant-related materials for three years from the date the final financial report was submitted. This is required to ensure the availability of complete information should there be an audit or evaluation of your grant by NED or one of NED's auditors.

### **15. Grant Agreement – Controlling Language**

*(Refer to Attachment C, Grant Provision 1. Controlling Language)*

Attachment C, Grant Provision 1 contains four important terms of the Grant Agreement:

- **Language:** this section states that the English-language version of all sections of the Grant Agreement is the official version that governs compliance and any disputes.
- **Privity/Relationship:** this section states that your organization and NED are the only parties to the Grant Agreement. Although the source of funds for the grant originates with the U.S. Congress and is awarded to NED through the Department of State, neither the U.S. Government nor the U.S. Department of State is authorized to impose any requirements or obligations on your organization related to the grant-funded project.
- **Assignment:** this section states that you shall not transfer any of your responsibilities relating to the Grant Agreement to anyone else without permission from NED. You are not permitted to issue any subgrants using grant funds unless specifically authorized to do so.
- **Order of Precedence:** this section lists the order in which the terms of the grant will be followed in the event of any discrepancy or dispute.

## ADDITIONAL GRANT TERMS AND CONDITIONS

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### **16. Suspension and Termination**

*(Refer to Attachment C, Grant Provision 18. Suspension and Termination)*

If NED has concerns about your organization's compliance with the terms and conditions of the grant, NED may suspend payments or even the entire grant, pending corrective action. When a grant is suspended, it means that you may not continue to conduct NED project activities with grant funds or to incur new costs until the suspension is lifted. You will be notified in writing of a grant suspension and will have a chance to respond to NED's concerns.

A termination is an early ending to the grant, before activities are completed and all funds are spent. If there is significant and clear noncompliance with the terms of the Grant Agreement, NED may terminate a grant. For more specific information on the termination process, please see Attachment C, Grant Provision 18.

### **17. Disputes**

*(Refer to Attachment C, Grant Provision 19. Disputes)*

Since NED is located in Washington (District of Columbia), in the United States, the Grant Agreement is governed by U.S. federal government law and the laws of Washington, DC. If a problem arises concerning the terms and conditions of the Grant Agreement or compliance with those terms and conditions by your organization or by NED, NED will try to resolve the problem through direct communication. If that is not possible, any resolution will be conducted in accordance with the laws of Washington, DC.

### **18. Indemnity**

*(Refer to Attachment C, Grant Provision 21. Indemnity)*

An indemnity is a sum paid to compensate another for a particular loss. As noted in Attachment C, Provision 21, your organization agrees to compensate NED and its Officers, Directors, and employees for all loss, including attorneys' fees and costs, incurred by them in connection with any claim made against them as a result of your organization's non-compliance with the terms and conditions of the Grant Agreement.

The amount of the compensation would be in excess of what is covered by NED's insurance policies.

### **19. Ineligibility**

*(Refer to Attachment C, Grant Provision 22. Ineligibility)*

When your organization signs the Grant Agreement you are certifying to NED that your organization and primary staff are eligible to receive U.S. government funds. You may be ineligible if you previously received funding, either from NED or a U.S. government-funded source and did not comply with the

terms and conditions of that funding, and then were placed on a list that bars your organization from receiving U.S. Government funds.

When you sign the Grant Agreement you are also agreeing that you will not hire as an employee or do any business with any other person or organization that is ineligible to receive U.S. funds.

You can find out whether someone is ineligible by searching the online database here:

<https://www.sam.gov>

## **20. Executive Order 13224**

*(Refer to Attachment C, Grant Provision 11. Executive Order 13224)*

There is a U.S. law referred to as Executive Order 13224 which prohibits providing U.S. government funds to any individual or organization designated by the U.S. government as terrorist or as assisting terrorism. Those receiving U.S. federal funds must check a watch list maintained by the U.S. Government to ensure that any recipients of federal funds are not designated as terrorists or associated with terrorism.

NED is required to check all grantee organizations and primary individuals to see if they are on this watch list and does so before issuing any Grant Agreements.

As a NED Grantee, you are also required to check this watch list to ensure that no grant funds are paid to parties on the list. You should check this list to ensure that any person or organization paid from a NED grant, whether as an employee, contractor, vendor, or subrecipient.

You can find the list here:

<http://sdnsearch.ofac.treas.gov>

## **21. Trafficking in Persons**

*(Refer to Attachment C, Grant Provision 12. Trafficking in Persons)*

There is a U.S. law referred to as the Trafficking in Victims Protection Act of 2000, which prohibits recipients of U.S. government funds from engaging in activities relating to trafficking in persons, commercial sex acts, or forced labor.

As a NED grantee, your organization, your employees, your subrecipients, and your subrecipients' employees are prohibited from engaging in these activities. NED may terminate your grant immediately if it is found that you or a subrecipient has violated the terms of the Trafficking in Victims Protection Act.

You are required to notify NED immediately of any information you receive from any source alleging a violation of this provision.

## 22. Other Laws

*(Refer to Attachment C, Grant Provision 23. Other Laws)*

Attachment C, Grant Provision 23 has been updated to add this new provision for all grantees:

When possible, Grantees should not use NED funds to purchase telecommunications equipment or services from Huawei Technologies Company or ZTE (or any subsidiary or affiliate of such entities) unless no other alternatives are available and to the extent practicable.

Grantees do not need to cancel existing telecommunications or service contracts; however, when possible, you may be able to find an alternate service provider or alternate telecommunications equipment before making a new purchase, or renewing a contract.

Further, Attachment C, Grant Provision 23 reminds U.S. based grantees and U.S. citizens located outside the United States of four federal acts/amendments related to discrimination. They are:

- Title VI of the Civil Rights Act of 1964, as amended, 42 USC. 2000d et. seq., which prohibits discrimination in the U.S. on the basis of race, color, religion or national origin in programs and activities receiving Federal financial assistance.
- Section 504 of the Rehabilitation Act of 1973, as amended, 29 USC. 794, which prohibits discrimination in the U.S. on the basis of handicap in programs and activities receiving Federal financial assistance.
- Title IX of the Education Amendments of 1972, as amended, 20 USC. 1681 et. seq., which prohibits discrimination in the U.S. on the basis of sex in education programs and activities receiving Federal financial assistance.
- The Age Discrimination Act of 1975, as amended, 42 USC. 6101 et. seq., which prohibits discrimination in the U.S. on the basis of age in programs or activities receiving Federal financial assistance.

Also, Grantees located in the United States must comply with all U.S. laws and regulations related to employment of personnel.

## ALLOWABILITY OF COSTS

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### 23. Allowability of Costs and Supporting Documentation

(Also refer to Attachment C, Grant Provision 7. Allowable Costs and Grant Provision 9. Unallowable Costs. See also Attachment C, Grant Appendix B.i 2CFR200 Part E, Cost Principles)

This section discusses the *allowability* of the major budget categories that may be included in the grant budget and references the appropriate sections of 2CFR200 Part E where additional details can be found. It also describes how you can properly document the different types of expenditures.

#### *Allowability of Costs*

In general, costs charged to the NED grant are allowable if they meet all the following criteria:

- Are specified in the grant budget
- Relate to the NED grant project
- Were incurred during the grant period
- Are reasonable and comply with grant requirements  
Are adequately documented by supporting documentation and included in the accounting records

There are three principles that determine whether costs are permitted: allowability; reasonableness; and allocability.

- Costs are *allowable* if they follow the above criteria and are mentioned as allowable in the grant, or the cost principles
- Costs are *reasonable* if the amount is not more than that which a prudent person in the same circumstances would expend for the same items
- Costs are *allocable* if they are incurred for this specific project and, if shared among other projects, are treated consistently and proportionally

All expenditures should be supported by an invoice and a payment receipt or a canceled check. The following is a list of allowable expenses and the type of supporting documentation that is acceptable for each type of expenditure.

#### *Budget Categories*

##### *Salaries and Wages*

*References: 2CFR200.430*

Employee salaries are allowable costs. Employees whose salaries are charged to the grant must work on the grant-funded project. You may charge the full salary of the employee, or partial salary, if the employee spends time working on activities which are not related to the NED grant project. The portion of salary paid with NED grant funds should be in proportion to the amount of time or effort actually devoted to NED activities, usually based on hours worked on NED projects versus other projects. Salary rates for employees should be consistent with your organization's written personnel policies and should be reasonable for the activities or services performed. Your organization must have a written

employment agreement with every person paid a salary, whether full-time or part-time, paid with NED grant funds.

Supporting documentation for salaries should include proof of salary payments (signed salary receipts and/or bank wire transfers), payroll records approved by a responsible official of the organization, timesheets, and written employment agreements outlining the conditions of employment. More details on salary costs are in Section 28 of this Guide.

### ***Benefits, Taxes and Allowances***

*References: 2CFR200.431, 2CFR200.437, 2CFR200.445, 2CFR200.447, 2CFR200.464, 2CFR200.470, 2CFR200.472*

Employee fringe benefits (vacation, sick leave, insurance, pension costs, etc.) are allowable provided the benefits are paid in accordance with the law or the grantee's established written policies. The portion of fringe benefits paid with NED grant funds should be in proportion to the amount of time or effort actually devoted to NED activities, usually based on hours worked on NED projects versus other projects. Personal use of an organization's automobile, housing allowances, and personal living expenses for employees are unallowable without prior NED approval.

Supporting documentation for benefits, taxes, and allowances should include payroll records, insurance policies, approved pension plan agreements, and payment documentation.

*For U.S. organizations:* Severance payments to non-U.S. employees working for a U.S. organization outside the U.S. may not exceed the organization's usual and customary severance payments for employees working in the U.S. without prior written NED approval. Except for U.S. Federal income taxes on organizations, taxes unrelated to employment required by local law may be paid from grant funds unless the organization is eligible for an exemption.

### ***Space and Utilities***

*References: 2CFR200.436, 2CFR200.452, 2CFR200.465, 2CFR200.468*

Costs for your organization's office rent and utilities (such as electricity, water, etc.) are allowable. These costs must be reasonable and are subject to the limitations described in 2CFR200.465. See the appropriate section of 2CFR200 for further information and documentation requirements for space and utilities costs and related expenses such as maintenance, repairs, and alterations costs. Purchase of real property (land or buildings) requires prior written approval from NED.

Supporting documentation for office rent payments and office utilities consist of a lease agreement, proof of payment to a landlord, and vendor bills and receipts for utilities.

### ***Equipment***

*References: 2CFR200.436, 2CFR200.439, 2CFR200.474,*

Equipment purchased to implement project activities is allowable. Generally, an item is considered to be "equipment" if it costs more than \$5,000, which requires prior written NED approval. Equipment items included in the Grant Budget (Attachment B) already have prior NED approval. NED may disallow the cost of equipment for which prior approval was not obtained.

Items valued at less than \$5,000 are considered to be “supplies” and should be categorized under the budget category **Other Direct Costs** (see more on Other Direct Costs below).

The cost of shipping equipment or supplies is allowable and should be accounted for in conjunction with the purchase of such items (see 2CFR200.474). All air freight shipments paid with grant funds must be on U.S. flag carriers, or other airlines included under “Open Skies Agreements,” when such service is available. (See Section 29 of this Guide for more detail on air travel.)

Supporting documentation for equipment consists of an invoice and/or a receipt.

You should also maintain a record of all equipment purchased with NED funds and submit this record to NED at the end of the grant period (see Attachment C, Section 15. Property Standards; see also Attachment J. Property and Equipment Inventory)

### ***Travel and Per Diem***

*References: 2CFR200.475*

Travel and per diem costs related to grant program activities are allowable. Costs may be for the travel and per diem of employees, contractors, or participants of the program.

Travel costs could be for travel by train, bus, air, taxi, etc. Per diem costs include lodging, meals, and incidentals. Additional costs that may be included in this category are travel insurance and visas. More details related to travel and per diem costs are in Section 29 of this Guide.

Supporting documentation for travel and per diem costs include ticket stubs, boarding passes, transport receipts, hotel receipts, and travel expense reports.

**Please inform any travelers whose travel costs are paid with grant funds that they must save their ticket stubs and boarding passes to include with their travel expense reports.**

You should provide advance notification to NED of any **international travel** not shown in Attachment A, Program Description, and Attachment B, Program Budget. Please send notification to your Program and Grants Officers of new or changed international travel as early as possible before travel commences and include the reason for the change, how the travel will support the stated program objectives, and any budget adjustments needed to fund unbudgeted travel. Proposed travel must support program objectives.

### ***Contractual Services (including Consultants)***

*References include, but are not limited to, 2CFR200.421, 2CFR200.425, 2CFR200.435, 2CFR200.442, 2CFR200.450, 2CFR200.452, 2CFR200.455, 2CFR200.457, 2CFR200.459, 2CFR200.462, 2CFR200.463, 2CFR200.467, 2CFR200.472*

Items such as temporary personnel services, translation services, rented or leased equipment, legal fees, consultants, and accounting services are examples of contractual services. Expenses for contractual services are allowable provided they are reasonable and directly related to authorized grant activities. Retainer fees are not allowable unless supported by evidence of actual services available or rendered.

Please remember to review the items in Section 23 of this Guide, “Unallowable Costs.” Certain legal fees and associated costs are unallowable, such as payment of fines, penalties, and legal fees associated

with your organization's violation of law, whether in the U.S. or in another country. See 2CFR200.435 for these specifics. If your program involves legal fees, and you have questions or concerns, please contact your NED staff contacts.

**Officers and employees of the organization may not be paid for contractual services.** All payments for services performed by officers and employees should be included under the budget category "Salaries."

Supporting documentation for contractual services consists of a written contract and an invoice, receipt, or bank wire proof indicating which services have been performed and the basis for payment (rate per hour, day, etc.).

### ***Other Direct Costs***

The Other Direct Costs category typically includes items such as supplies, communications and postage costs, printing and publishing costs, meeting and conference costs, reference materials, and bank service charges. These are each described below. Refer to 2CFR200 or consult with your Grants Officer to determine the allowability of cost items not discussed below.

#### ***Supplies***

Reference: 2CFR200.453

Materials and supplies purchased to implement project activities are allowable. Items are considered to be "supplies" if they are valued at a unit cost of less than \$5,000.

#### ***Communications & Postage***

Reference: 2CFR200.471

Costs incurred for telephone services, local and long-distance calls, fax charges, e-mail, postage, and similar costs related to implementation of the project objectives are allowable.

#### ***Printing and Publishing***

Reference: 2CFR200.461

Costs related to printing and publication are allowable. If grant funds are used to cover the cost of printing or publishing materials offered for sale, you must account for sales revenue in accordance with 2CFR200.307 and Attachment C, Grant Provision 16, Program Income. Selling or marketing expenses for goods or services of your organization are unallowable without prior NED approval.

#### ***Meetings and Conferences***

References: 2CFR200.432, 2CFR200.438, 2CFR200.456, 2CFR200.472

Allowable costs related to meetings and conferences typically include space rental, catering, and materials. Expenses for these items should be documented in your files with (1) receipts, (2) an explanation of the purpose and location of the function, and (3) a list of participants.

#### ***Reference Materials***

Reference: 2CFR200.454

Reference materials, including subscriptions, are allowable when required for grant-related activities.

#### ***Bank Fees***

Bank fees and service charges are allowable and typically include fees related to wire transfers, account maintenance, and currency exchange.

Supporting documentation for other direct costs consists of invoices, cash receipts, canceled checks, or bank transfers. For bank fees, proof from the bank of charges for account fees, wire transfers, or other items.

### **Indirect Costs**

*References:* 2CFR200.414, 2CFR200.331(a)(4)

Indirect costs are allowable if included in the grant budget. Indirect costs are costs that are shared across different donors and cannot be allocated to one specific source of funds because there is a shared benefit across the organization's programs and activities. When an organization uses an indirect cost rate, it must use a consistent method of allocating costs across different sources of funds and between direct and indirect costs.

Supporting documentation for indirect costs would be the invoices, receipts, or contracts for the expenditures as well as a cost allocation plan.

If your grant budget does not include indirect costs, but your organization does have multiple donors and allocates common costs across donors, you can contact your Grants Officer to consider whether the budget can be restructured. For information on classifying indirect costs, see 2CFR200.412-414,

## **24. Prior Approval Requirements**

*(Also refer to Attachment C, Grant Provision 7. Allowable Costs)*

Some expenditures require prior approval by NED in order to be allowable. Any item included in Attachment B, Grant Budget, is authorized and considered to have prior approval. If you need to spend funds on an item which is not included in the budget and is in the list below, then you must request prior approval from NED. You should contact your Grants Officer and Program Officer if you find yourself in this situation. **Official approval will be in writing from your Grants Officer.**

The following items always require prior approval in writing from NED:

1. Expenditures related to activities outside those approved in Attachment A, Program Description, and Attachment B, Program Budget.
2. Expenditures in excess of the budgeted cost categories, above the flexibility limits as detailed in Attachment C, Grant Provision 7.A.
3. Purchase of equipment as defined in Attachment C, Grant Provision 15 not already specified in the grant budget.
4. Purchase of real property (land and land improvements such as buildings and structures) (see Attachment C, Grant Provision 15.C).
5. Airfare in excess of coach-class travel. The terms *tourist*, *economy-class*, or *single class* are sometimes used instead of coach-class.
6. Per Diem in excess of the applicable maximum daily rates (see Attachment C, Grant Provision 8.B).
7. Indirect costs.
8. Participant support costs. This includes stipends, travel allowances, and registration fees paid to or on behalf of participants or trainees in connection with conferences or training projects. (see 2CFR200.456)

## 25. Unallowable Costs

*(Also refer to Attachment C, Grant Provision 9. Unallowable Costs, and Grant Provision 10. Prohibited Activities)*

There are some items that are never allowable under a NED grant. If you are found to have spent grant funds on any of these items, the costs will be disallowed and you will be asked to send a refund to NED or cover those costs with other funds and re-allocate NED grant funds to other allowable costs. For a full explanation or clarification of any of these items, please contact your Grants Officer.

The following items are unallowable under any NED grant:

- Costs incurred before or after the grant period (unless permitted by a Special Condition in Box 14 of the Grant Agreement or otherwise noted in official correspondence) (see Boxes 4 & 5 and 2CFR200.458).
- Costs in excess of the Grant amount.
- Advances or loans to any entity other than one designated as a subrecipient in Box 7 of the Grant Agreement (except travel advances).
- Advances to a subrecipient prior to execution of a satisfactory written subagreement (see Grant Provision 17).
- Costs related to activities prohibited under this Grant (see Grant Provision 10).
- Entertainment, social activities, ceremonials, and related costs that are not a component of approved project activities (see 2CFR200.438).
- Contributions, donations, or gifts (see 2CFR200.434).
- Compensation to employees that is not reasonable for the services rendered or that does not conform to the established policy of the organization consistently applied to all activities (see 2CFR200.430).
- Alcoholic beverages (see 2CFR200.423).
- Bad debts and related collection and legal costs (see 2CFR200.426).
- Fines or penalties resulting from violations of law (see 2CFR200.441 and 435).
- Goods and services for personal use of employees (see 2CFR200.445).
- Interest on borrowed funds (see 2CFR200.449).
- Costs of fund raising, including financial campaigns, solicitation of gifts, and similar expenses (see 2CFR200.442).
- Retainer fees, unless supported by documentation of actual services rendered (see 2CFR200.459(c)).
- Contributions to a contingency reserve or similar fund, except under the limited circumstances described in 2CFR200.433.
- Estimated costs of services or goods donated by others for grant-related activities (see 2CFR200.434).
- Any excess of costs on other awards or activities (see 2CFR200.451).
- Lobbying (see Grant Provisions 10A and 20 and 2CFR200.450).

Additional activities and costs which may not be supported with NED grant funds are described in Attachment C, Grant Provision 9, Unallowable Costs, and Grant Provision 10, Prohibited Activities.

## REQUIRED FINANCIAL MANAGEMENT PRACTICES

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### 26. Financial Management

(Also refer to Attachment C, Grant Provision 6. Financial Management)

#### *Accounting Records*

Your organization must maintain an accounting record or ledger for your NED grant to record grant income and expenses. The information in the accounting records is the basis for completing the required financial reports.

At the end of each reporting period, the amount of funds spent for each budget category should be totaled and inserted into the financial report in the column for expenditures. It is very important that all grant expenditures be accurately recorded in the accounting records since they will be the source of information for the financial report.

Your organization may report costs on a cash or accrual basis, as long as the methodology is disclosed and is consistently applied. However, costs incurred before or after the official grant period are not allowable, unless permitted by a Special Condition or otherwise noted in official grant correspondence.

#### *Accounting Systems*

Some organizations have more sophisticated accounting systems than others. No matter what type of accounting system your organization uses, you must be able to summarize actual expenditures by budget category so that expenditures can be compared to the grant budget.

Document O, Daily Transaction Ledger, of this Grantee Guide is provided as a suggested format in which to record expenditures. It can be completed as follows:

<i>Reference Item Number:</i>	Sequential number given to each transaction.
<i>Invoice Date:</i>	Date the financial transaction occurred.
<i>Invoice/Receipt Number:</i>	Unique identification number on the receipt or invoice.
<i>Vendor/Payee or Recipient:</i>	Person or company that is being paid. If incoming funds, note the organization or person providing the funds (in most cases, NED or the primary grantee).
<i>Description of Cost:</i>	information about the purpose of the financial transaction.
<i>Conversion Rate:</i>	Currency exchange rate used for converting costs from local currency to US dollars.
<i>Budget Category:</i>	Category in which the cost is included in the grant budget.
<i>Amount:</i>	Amount of the financial transaction.

#### *Budget Flexibility*

As mentioned in Section 9 of this *Grantee Guide* (and Attachment C, Grant Provision 7), each NED grant budget has a budget flexibility limit. Expenditures in any budget category may not exceed the budgeted amount by more than 15% or \$5,000, whichever is greater, without prior NED approval. All grants have at least \$5,000 as a budget flexibility limit. For example:

*Example 1:* The total for Supplies and Equipment in the grant budget is \$25,000.  
The budget flexibility limit is  $15\% \times \$25,000 = \$3,750$ .  
\$3,750 is **less** than \$5,000, and the budget flexibility limit is \$5,000.

*Example 2:* The total for Salaries in the grant budget is \$40,000.  
The budget flexibility limit is  $15\% \times \$40,000 = \$6,000$ .  
\$6,000 is **more** than \$5,000, and the budget flexibility limit is \$6,000.

Please note that total expenditures may not exceed the total amount of the grant.

## ***Allocating Costs***

It is common for a NED grant to cover only a portion of an organization's direct administrative costs, especially when you have more than one grant or other sources of funds. In these cases, it is important to divide costs between those various sources in a reasonable, logical, and consistent way. It would be inappropriate, for example, to charge all of the office rent to one grant and all of the utilities for that office during the same period to another.

As an example, if you have two grants, one from NED and one from another donor, and the activity for the NED grant will take 60% of your staff time and resources, it would be appropriate to charge NED for 60% of the office rent, utilities and other administrative costs. In such a case, you should be able to demonstrate that approximately 60% of the organization's activities relate to NED grant activities.

In some instances, however, NED may specifically agree to cover a larger or smaller percentage of costs related to grant-funded activities, and this will be described in Attachment A (Program Description) and included in Attachment B (Grant Budget).

## ***Types of Supporting Documentation***

Grantees must maintain adequate supporting documentation for grant expenditures. The purpose of supporting documentation is to verify that the payment occurred, that the payment was for an approved grant expenditure, and that it was made within the grant period. **It is not necessary to send supporting documentation with each financial report.** However, from time to time, NED may ask you to send documentation for a specific reporting period for review.

Supporting documentation for each expenditure would typically consist of the following items:

- A document with the signature of a responsible official who has approved the payment
- An invoice, receipt, or contract
- An entry in the accounting records indicating the date, amount and purpose of the expenditure
- A bank statement

Invoices should provide adequate details to show that the payment was for goods or services relating to the NED grant, which occurred during the grant period, and was approved by an authorized individual. Additional descriptions should be included in the invoice if it does not provide sufficient detail about the nature of the payment. See Section 23, Allowability of Costs and Supporting Documentation, for more information about supporting documentation for different categories of costs.

## ***Cash Management***

If you are working without checking accounts or direct transfers for some or all of your grant expenditures, or if you maintain amounts of cash on hand to pay expenses, your system requires additional controls over cash. Additional controls are needed in order to:

- Maintain security over cash
- Provide a system for tracking cash advances until expenditures are made
- Provide evidence that cash was actually disbursed to and received by the intended person, vendor, or organization

Please see the Cash Management Procedures (Document M of this Grantee Guide) for detailed recommendations concerning cash management procedures.

## **27. Internal Controls**

*(Also refer to Attachment C, Grant Provision 6. Financial Management)*

In addition to maintaining accounting records, it is important to maintain a system of internal controls and adequate separation of duties to make sure that your accounting records are reliable and any errors or possible mismanagement of funds can be prevented and detected.

### ***Separation of Duties***

It is important to separate the functions of managing cash, maintaining accounting records, approving expenses, and reconciling cash records/bank statements to accounting records. Adequate separation of duties ideally requires a minimum of three people:

- The person who provides financial oversight and approves expenses and bank reconciliations. This is typically an official such as the president or executive director.
- The person who handles payments by managing cash, signing checks, and controlling any other assets.
- The person who performs the accounting, including reconciling bank statements and cash records to the accounting records, and maintaining accounting records. This is typically the accountant or bookkeeper.

If three people are not available to perform these functions, at a minimum, the person managing the accounting should be different from the person providing financial oversight. Please see table below for more information in a two- or three-person scenario.

## Guidance for Segregation of Duties

Row# APP, Part 2, Roles and Responsibilities tab	How to Segregate Tasks		3 People Scenario			2 People Scenario	
			Person 1 (Ex. Executive Director, President etc.)	Person 2 (Ex. Accountant, Bookkeeper etc.)	Person 3 (Ex. Cashier, Treasurer etc.)	Person 1 (Ex. Executive Director, President etc.)	Person 2 (Ex. Accountant, Bookkeeper etc.)
3	Financial Oversight	Signs checks and authorizes bank transfer requests	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6		Reviews and approves the bank reconciliation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9		Reviews the financial report	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2	Custodian of Assets	Preparing checks and wire transfers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4		Receives bank statement directly from bank	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5		Reconciles bank statements to accounting records	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12		Receives cash and checks	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13		Makes Bank Deposits	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7	Bookkeeping	Enters data into the accounting system	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8		Prepares the financial report	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10		Records receipt of funds into the accounting system	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11		Records cash disbursement into the accounting system	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14	Cash Management	Authorizes cash disbursement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15		Maintains cash log and disburses cash	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16		Reconciles cash in the office	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17		Performs cash count	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### *Approving Transactions*

A responsible official of the organization with approval authorization should approve all transactions related to the NED grant. Transactions which need approval include expenditures, payment requests, reports, and entering into contracts or other obligations. Approvals should be documented by the responsible official by signing his or her name and date on the invoice.

### *Safeguarding Assets*

Your organization must be able to safeguard assets related to the NED grant. Assets include grant funds, property and equipment purchased with grant funds, accounting records, and supporting documentation (invoices and receipts). If it is necessary to maintain a limited amount of cash outside of the bank account, it should be stored in a locked safe or drawer. Access to cash should be restricted to a limited number of people. If you have three or more staff involved in financial tasks, the person who maintains cash should not be the person who also maintains the accounting records or reconciles bank statements.

### *Maintaining Accounting Records*

Your organization must maintain all accounting records and supporting documentation. These records must be kept for a period of at least three years following submission of the final financial report. In the event that any audit findings, litigation, or other claims have not been resolved by the end of the three-year period, your organization must continue to maintain the records and supporting documentation until all grant related issues have been resolved.

Your organization must maintain records for equipment purchased with NED grant funds for three years after the end of the grant period, even if you must make arrangements to transfer these records to another location where they can be safeguarded.

### ***Reconciling Accounting Records***

Accounting records should contain all the financial transactions which relate to the grant. It is important that these accounting records are periodically reviewed and reconciled to ensure that they are accurate. There are several types of reconciliations that should be performed on a regular basis.

#### ***Bank Reconciliations***

Your organization should perform a bank reconciliation each month. The balance resulting from the bank reconciliation should match the ending balance of the accounting system. Any errors in the accounting system or on the part of the bank should be resolved promptly.

#### ***Petty Cash Reconciliations***

Grantees who maintain petty cash should also perform periodic reconciliations of the petty cash fund. Reconciliations should be performed or approved by a person other than the petty cash custodian.

#### ***Inventory Reconciliations***

Grantees who have purchased equipment (which cost \$5,000 or more per item) with grant funds should periodically compare the inventory listing of equipment to the actual equipment. Any item which is on the inventory list but which cannot be located should be investigated.

### ***Conflicts of Interest***

A conflict of interest depends upon the specific situation and not on the character or actions of the individual. The following are the most common forms of conflicts of interest:

- Self-dealing, in which public and private interests collide, for example when issues involving family or private business interests are related to the work and/or expenditures of the organization
- Outside employment, in which the interests of one job contradict the interests of another job, for example when a position with the organization helps the employee gain profit or influence in a position with another organization
- Use of NED-funded grantee property for personal purposes

You must report any potential conflicts of interest to your Grants Officer.

## **28. Procurement and Property Standards**

(For more information, refer to Attachment C, Grant Provision 14. Procurement Standards, Grant Provision 15. Property Standards, and Document G, Procurement Guidelines, of this Grantee Guide)

### ***Procurement Standards***

*Procurement* refers to any purchase of goods or services. Any time you use grant funds to buy goods or services, no matter how big or small, you must meet the following standards of procurement in order to be in compliance with the terms of the grant agreement.

The following guidance explains the general procurement requirements and the specific procedures you must follow when making purchases with grant funds.

### ***Written Policies and Procedures***

All grantees are required to have written policies and procedures on procurement in place and to follow them when making any purchases using grant funds. You may use your organization's own policies and procedures as long as they meet the minimum standards listed below. See Document H, Procurement Guidelines of this Grantee Guide for more information on what must be included in your procurement policy.

#### ***Conflicts of interest***

Your procurement policy must include written procedures for addressing potential or actual conflicts of interest. See Section 27 of this Guide for the definition of conflicts of interest. No member of your organization may participate in a procurement decision if they have a real or apparent conflict of interest. For example, a board member may not participate in a vote on whether to give a contract funded under your NED grant to a private company owned by a member of the board member's family.

#### ***Open and free competition***

Your procurement procedures must ensure that each procurement transaction is conducted in a manner that provides, to the maximum extent practical, an open and free competition. This means that if all other factors (quality, delivery time, etc.) are equal, you must select the lowest price for the goods or level of service needed. However, a higher cost good or service may be selected if it better meets your needs. The procurement methods described below are designed to ensure open and free competition.

#### ***Records and documentation***

Your procedures must include the maintenance of adequate records. For each procurement action valued above \$10,000, your procurement records should include the following:

- Explanation of the criteria used to select a contractor
- Cost or price analysis (see below for details); or
- Justification for lack of competition when an adequate number of quotes is not available

If the NED compliance department requests invoices for a grant period in which a procurement of goods or services valued over \$10,000 was conducted, you must submit all documentation related to the procurement process, unless NED provided prior approval for noncompetitive procurement procedures.

#### ***Small and Minority-Owned Businesses***

If your organization is located in the U.S., you should make positive efforts to use small business and minority-owned suppliers and services.

### ***Methods of Procurement***

Every purchase of goods or services must be accomplished using one of the following methods of procurement. You should determine the appropriate method of procurement based on the total cost of the transaction, not the cost of an individual unit or contractual payment.

*Example 1:* A one-year contract valued at a total of \$11,000 would follow small purchase procedures because the total value of the contract exceeds \$10,000 even though each monthly payment of \$1,000 is below \$10,000.

*Example 2:* Monthly purchases of office supplies valued at \$1,000 per month would follow micro-purchase procedures because the amount of *each transaction* is below \$10,000, even though the total cost of office supplies purchased during the year exceeds \$10,000.

#### *Micro-purchases (<\$10,000)*

For any purchase or contract valued under \$10,000, you may select the supplier, contractor or vendor without requesting multiple competitive quotations. However, the price should be reasonable. If multiple suppliers are able to provide the goods and services needed, you should not always use the same supplier.

#### *Small Purchases (between \$10,000 and \$250,000)*

**Competitive Procurement:** For most purchases or contracts valued above \$10,000 and under \$250,000, a documented price analysis is required. You must request multiple quotations (preferably 3 or more) from different suppliers or contractors. The quotations may be verbal or written, but all quotations must be documented using the Competitive Procurement Worksheet (Document H of this Grantee Guide) or a similar form. The supplier selected does not need to offer the lowest price if a more expensive product better meets your needs; however, the price must be reasonable.

Please review the approved program budget in Attachment B carefully. Any line items marked with an asterisk and highlighted must follow competitive small purchase procedures.

**Noncompetitive Procurement:** In the following circumstances, you may purchase goods or services valued above \$10,000 without evaluating multiple quotations:

- 1) The item is available only from a single source: If there is only one provider offering a particular good or service, you may use that provider without requesting quotations. However, you should still document this decision by indicating that only a single source is available in the “rationale” section of the Competitive Procurement Worksheet.
- 2) NED provides prior approval to use noncompetitive procurement procedures: Your grant agreement might be issued with prior approval to use noncompetitive procurement procedures. If prior approval has been granted, Grant Box 13- Special Conditions will authorize the use of noncompetitive procurement procedures for some or all line items >\$10,000 included in Attachment B. You may also request approval to use noncompetitive procurement procedures during the grant by emailing your Grants and Program Officers.
- 3) Competition is inadequate: If you request multiple quotations from vendors and do not receive sufficient responses, you may select a vendor without evaluating multiple quotations.
- 4) Public emergency: In rare circumstances, an emergency may require an immediate response that cannot be delayed by carrying out the competitive procurement process.

## *Sealed Bids and Competitive Proposals (>\$250,000)*

Additional requirements must be met for any purchases or contracts valued above \$250,000. In the unlikely event that you need to make a procurement above this threshold, your NED Grants Officer will provide additional guidance.

### **Price Analysis**

Unless NED provides prior approval to use noncompetitive procurement procedures in the grant agreement special conditions, you must complete and document a price analysis for each purchase of goods and services valued above \$10,000. A price analysis is simply a comparison of different prices available in order to determine whether the cost of a good or service is reasonable. When doing your price analysis, you should document the following information:

- 1) a description of the item or service to be purchased;
- 2) the prices and providers considered;
- 3) the vendor or contractor selected; and
- 4) a brief explanation of the reasons (rationale) why the vendor or contractor was selected.

As long as your price analysis includes the information listed above, you may use your own form to document the process. If you do not have a price analysis template, please use the NED Competitive Procurement Worksheet (Document I of this Grantee Guide).

As mentioned in the competitive small purchase procurement section above, the prices considered must be based on quotations from multiple vendors (at least two, preferably three). You may get quotations in different ways, including speaking with a vendor on the phone or in person, requesting a written quotation, or searching the prices available from different vendors online.

When listing the quotations, you should also consider whether the goods or services offered meet your needs. Factors to consider include the technical specifications of the item for sale (e.g., a computer or printer); the availability and/or delivery timeline of a good or service; and the unique skills or experiences of a contractor. Any of these factors could justify purchasing a more expensive item or service when the least expensive option does not meet your needs.

In the following specific cases, you are not required to list multiple price options but you must explain the circumstances justifying the analysis of only one option in your price analysis documentation:

- 1) The good or service to be purchased are only available from a single source. You should list the price offered by the single source and indicate that no other vendors or providers offer a similar product or service.
- 2) A competitive selection process was previously conducted. If you signed a contract with a consultant, accounting firm or other service provider before the start date of your NED grant and the contract is valid into the NED grant period, you may continue to use the current provider without considering other options until the current contract expires. You should list the current contractor in your price analysis document and explain that the contract was competed before the NED grant started. When the current contract expires, you should consider other providers in addition to the current provider; however, your current contractor's

experience working with your organization could be an acceptable justification for selecting them again, as long as the price is reasonable.

### ***Procurement in the NED Budget***

In order to help you identify purchases that must follow the competitive small purchase procurement and price analysis procedures explained above, NED marks line items above \$10,000 that must follow the procedures with an asterisk and a yellow highlight in Attachment B, Budget. For any item marked, you must complete a price analysis as explained above.

Some line items in your budget may be over \$10,000 but not marked with an asterisk and highlight. These items may not be subject to procurement requirements; these requirements do not apply to staff salaries and benefits, office rent, and most travel expenses. If your grant agreement includes the special condition authorizing noncompetitive procurement procedures, any line item over \$10,000 that is not highlighted has been pre-approved for noncompetitive procurement and no price analysis is required.

If your plans change during the grant period and you need to make an unanticipated purchase or issue a new contract with a total cost over \$10,000, you should inform your NED Program Officer and Grants Officer. You will be expected to follow the competitive procurement procedures and complete a price analysis, unless your Grants Officer issues prior written approval for noncompetitive procurement procedures. If you believe that the unanticipated purchase or contract should not be competed, please explain the reasons to NED staff. These procedures also apply if the actual cost of a line item originally budgeted at less than \$10,000 is greater than \$10,000 at the time of purchase.

### ***Equipment***

Equipment is defined as items which cost more than \$5,000 and will be used for more than one year. Any equipment purchased under the grant may only be used for authorized purposes.

#### ***Prior written approval***

You may not use grant funds to purchase equipment unless it is in the approved grant budget (Attachment B) or you have requested and received prior written approval from NED. (Any item that is included in the grant budget already has prior approval.) The cost of equipment is defined as the net invoice price of the equipment including the cost of modifications, attachments, and accessories necessary to make the item usable for the purpose for which it was acquired. Other costs such as fees for installation, transportation, taxes, or insurance may be included or excluded from the unit acquisition cost in accordance with your organization's regular accounting practices.

#### ***Maintaining an inventory***

You must maintain a detailed inventory of equipment costing more than \$5,000 purchased with grant funds and have written policies and procedures for maintaining the inventory. Document I of this guide is a form to be used for this purpose.

The inventory list must include a record of each item with the following information:

- Description of the item
- Serial and model number
- Date of purchase
- Cost
- Source(s) of funds, including grant numbers(s), used for its purchase

- Location, use, and condition of equipment
- Ultimate disposition data, including date of disposal and sale price

These records must be supported by adequate documentation (purchase orders, invoices, shipping receipts, receiving reports, etc.).

At least once a year, the inventory list should be matched against the actual equipment. Any discrepancies should be resolved. Records for equipment acquired with grant funds must be retained for three years after the final disposition of the equipment.

### ***Insurance and maintenance***

Insurance for equipment purchased with grant funds must be maintained at a level equivalent to insurance for equipment that was not purchased with grant funds. Also, your organization should implement adequate maintenance procedures to keep the equipment in good condition. Finally, a control system should be put in place to prevent loss, damage, or theft of equipment.

## **29. Travel and Per Diem**

*(Reference: 2CFR 200.475 Also see Attachment C, Grant Provision 8.)*

Reasonable costs (transportation, lodging, meals, and related items) for travel directly related to your grant project are allowable provided the expenses are in accordance with grant requirements and your organization’s written travel policies. If you do not have a written travel policy, you must adhere to the requirements listed below: *Travel, Per Diem, and Travel Expense Report*.

### ***Travel***

Travel must be directly related to grant activities. Remember to provide advance notification to NED of any international travel not shown in Attachment A, Program Description, and Attachment B, Program Budget. Please submit your notification of new or changed travel as early as possible before travel commences and include the reason for the change, how the travel will support the stated program objectives, and any budget adjustments needed to fund unbudgeted travel.

### ***U.S. flag carrier requirement***

All international air transportation must be on U.S. flag carriers or non-U.S. flag carriers that are included in an “Open Skies Agreement,” when such service is available. (“Open Skies Agreements” are in effect for the European Union, Switzerland, Australia, and Japan.)

Up-to-date Information on “Open Skies Agreements” in which the United States has entered is available on the website of the U.S. General Services Administration at:

<http://www.gsa.gov/portal/content/103191>

### ***Exceptions to U.S. flag carrier requirement***

There are some exceptions to the U.S. flag carrier requirement. Attachment C, Grant Provision 8 provides the references to the Fly America Act which defines when travel may be on non-U.S. flag carriers due to "unavailability" of U.S. “Open Skies” flag carriers. Lower cost is not an acceptable reason for using a non-U.S. or “Open Skies” flag carrier.

Exceptions include the following circumstances:

*For travel between the U.S. and another country:*

If the U.S./"Open Skies" flag carrier offers direct, non-stop service, use of the U.S./"Open Skies" flag carrier would:

- Extend your travel time, including delay at origin, by 24 hours or more

If the U.S./"Open Skies" flag carrier does not offer direct, non-stop service, use of the U.S./"Open Skies" flag carrier would:

- Increase the number of aircraft changes you must make outside of the U.S. by 2 or more
- Extend your travel time by at least 6 hours or more
- Require a connecting time of 4 hours or more

*For travel outside of the U.S.:*

If use of the U.S./"Open Skies" flag carrier would:

- Increase the number of aircraft changes you must make en route by 2 or more
- Extend your travel time by 6 hours or more
- Require a connecting time of 4 hours or more

The specific guidance from the U.S. General Services Administration on compliance with the Fly America Act is available at:

<http://www.gsa.gov/portal/content/103191>

If a U.S./"Open Skies" flag carrier is not available (as described above) for international air travel that is necessary for the project, you must maintain in your files documentation of such "unavailability" to justify the purchase of a plan ticket on any other airline. You may use Document M of this Guide as a convenient way to document these cases.

***Economy-class travel requirement***

Travel must be in economy class, unless you can adequately document the following circumstances in your records:

- The total travel time (origin to destination) is expected to exceed fourteen hours
- An upgrade from economy to business class may be obtained by redemption of frequent flyer benefits
- Regularly scheduled flights between the origin and destination points (including connection points) provide only business class service. The traveler must provide written certification to that effect
- Space is not available in economy or coach class service on any scheduled flights in time to accomplish the purpose of the travel, which is so urgent that it cannot be postponed
- The traveler is handicapped or otherwise physically impaired so that economy or coach class service cannot be used, and this medical condition is substantiated by a competent medical authority
- Business class service is required for security purposes
- Economy or coach class service does not provide adequate sanitation or meet minimum health standards

***Per Diem***

Per Diem is a payment to cover daily expenses and includes:

- Lodging
- Meals
- Incidental Expenses

Payment for lodging, meals and certain incidental expenses while in travel status may not exceed the maximum daily allowance in effect on the date of travel.

NED uses the U.S. General Services Administration per diem rates for locations in the United States. Visit <https://www.gsa.gov/portal/content/104877> for up-to-date per diem rates.

NED uses the U.S. Department of State per diem rates for locations outside of the United States. Visit [https://aoprals.state.gov/web920/per\\_diem.asp](https://aoprals.state.gov/web920/per_diem.asp) for up-to-date worldwide per diem rates.

Transportation and incidental travel expenses over US\$75 (or a lesser amount as stated in your organization's travel policy) must be supported by the original ticket stub or receipt and boarding pass. Lodging must be supported by a hotel receipt. Receipts are not required for meals while traveling if the traveler is being reimbursed on the basis of per diem instead of actual expenses.

### *Travel Expense Report*

Document K, Travel Expense Report, of this Grantee Guide is a suggested format that your organization can adapt for its own use. The form summarizes the dates, destination, and purpose of travel. Whatever form you use should indicate the amount claimed and received for per diem expenses and should be approved by an authorized official.

Some tips for managing travel expenses and documentation:

- When reporting travel costs to NED, do not include any travel advances. Travel costs included in financial reports should only include actual expenses incurred and reported by the traveler after advances have been cleared by submission of actual expense documentation
- Along with your travel expense report, you must submit the original airline boarding pass, ticket stub and all other required original receipts (such as receipts for lodging expenses, vehicle rental costs, etc.)
- You should not give an advance to a traveler until accounting for previous advances has been submitted

## **30. Salaries and Timekeeping Procedures**

As mentioned in section 23, contractual services, all payments for services performed by officers and employees should be included under the budget category "Salaries." Officers and employees of the organization may not be paid for contractual services.

### *Timesheets*

Each employee paid from grant funds must maintain a timesheet documenting the number of hours worked. Document J of this Grantee Guide is a suggested format which may be modified as long as the modifications meet the criteria stated below. The daily total for full-time work will normally be 8 hours.

The timesheet must be prepared on a periodic basis corresponding to pay periods but not less frequently than once a month. For each pay period, the number of hours for which the employee is paid must, at a minimum, equal the number of hours recorded on his/her timesheet.

Timesheets must be an after-the-fact record of actual activity for each employee. Hours reflected on the timesheet should be recorded after the hours have actually been worked. It is recommended that an employee enter the hours worked each day at the end of the working day.

Timesheets must account both for hours worked on NED projects and total hours worked each day. For example, if an employee worked eight hours, of which two hours were for NED projects, the employee would enter two hours for the NED project, and six hours for "Other."

All timesheets must be signed and dated by **the individual employee and a supervisor** and coincide with each pay period. Total hours shown on timesheets should match payroll records.

Hours charged to NED grants on timesheets should match salary amounts claimed on financial reports. For example, if an employee's approved hourly rate is \$5 per hour and the employee worked 70 hours for the period, the amount charged to salaries for this employee should be \$350 (\$5/hour X 70 hours). The 70 hours worked on the NED funded project should be documented by timesheets for the reporting period and the total hours the employee worked for the period should be reflected in the payroll records.

## ***Salaries and Wages***

### ***Regular Hours***

The amount of salary for each employee should be written in the letter of employment or similar documentation. Salaries should also be based on documented payrolls approved by an authorized official of the organization. For a salaried employee, the amount reported on the NED financial report should equal the applicable portion of the employee's salary. An hourly rate can be calculated for salaried employees by dividing the annual salary by the total number of business hours in the year. For example, if someone's annual salary is \$30,000 and he works 40 hours a week, his hourly rate is \$14.42 per hour (\$30,000 divided by 2,080 [40 hours/week X 52 weeks/year]).

### ***Overtime and Bonuses***

Overtime pay and employee bonuses are allowable, if the employee's overtime hours are approved in advance by a supervisor or other appropriate authority, and if they are in accordance with your organization's established policies and practices. Overtime hours should be recorded on a separate line from regular hours on the employee's timesheet.

## ***Payroll***

You must maintain detailed records of amounts paid to each employee for each pay period. For employees paid by the hour, payrolls should include the number of hours worked for the pay period. Records should also be maintained for approved salary rates whether salary is based on hourly, monthly, or annual rates. An employee's pay should correspond to the payroll records. For example, if an employee's approved salary is \$5 per hour and the employee worked 150 hours for a monthly pay period, the amount of the employee's gross pay should be \$750.

Taxes withheld from the employee's salary as required by law and remitted by the employer to the taxing authority are generally considered part of salary and are allowable with documentation supporting withholding and remittance.

## 31. Currency Exchange and Reporting Procedures

*(Also refer to: Attachment C, Grant Provision 6. Financial Management)*

Payments by NED to your organization can be made in various currencies. The scenarios below provide guidance on how to document currency exchanges. Whether currency exchange is done automatically by your bank, or by you at your convenience, you must keep careful records of all currency exchange transactions.

*Scenario 1:* NED sends the payment in USD and you receive it in USD, and convert it to local currency at your convenience. You must document the exchange rate each time you convert the USD into your local currency. You should account for bank fees in your accounting ledger.

*Scenario 2:* NED sends the payment in USD and you receive it in local currency, because it was automatically converted by your bank upon receipt. To calculate the exchange rate, simply divide the amount you received by the USD amount you requested. You must document this rate and account for bank fees in your accounting ledger.

*Scenario 3:* NED sends the payment in your local currency and you receive it in local currency. To calculate the exchange rate, simply divide the amount you received by the USD amount you requested. You must document this rate and account for bank fees in your accounting ledger.

*Scenario 4:* NED sends the payment in a third currency (such as Euro, British pound sterling, etc.) and you receive it in the third currency, and then convert it to local currency at your convenience. To calculate the exchange rate, see the section below called "If You Must Convert Funds Twice". You must document these rates and account for bank fees in your accounting ledger.

All expenditures made in local currency must be converted back to U.S. dollars for the NED financial report.

### ***Documenting Currency Exchange Rates***

You should keep careful records detailing all currency exchange transactions noting the amount exchanged, date, exchange rate, and amount of local currency received. The rate(s) used to make the conversion must be noted in your accounting records. Good practice includes keeping a spreadsheet recording local currency expenditures and exchange rates applied to each transaction. A sample ledger including currency exchange is provided as Document O of this Guide.

If you maintain a spreadsheet recording exchange rates applied to each transaction, it will be simple for you to add the amount of the expenditures for each budget category to include on the financial report.

If you do not record exchange rates for each transaction and multiple rates were used, you may use one of the methods below – *weighted average exchange* or "*first in first out*". If NED conducts an invoice review, the reasonableness of the exchange rate will be verified using an online tool (such as [www.oanda.com](http://www.oanda.com)).

### **Weighted Average Exchange Method**

The weighted average exchange rate is the average of the rates over a given period of time. You would use this method when you exchange funds into local currency at your convenience. **If you use this method, we prefer that you calculate the weighted average exchange rate method on a minimum monthly basis**, especially if your organization is located in a country where the exchange rate fluctuates significantly during a month.

Calculating the weighted average rate on a monthly basis as opposed to waiting until the end of the quarter will help you keep track of your organization’s spending and know how much funding remains for planned activities.

To calculate a weighted average exchange rate **over a specific period of time**, you must follow these three simple steps:

1. Multiply each exchange rate by the amount of **money exchanged** at that rate.
2. Add the subtotals of **all the exchange transactions** together.
3. Divide the **total amount of currency exchanged** into local currency by the total **U.S. dollars** exchanged.

The table below is an example of calculating exchange rates using the weighted average method.

DATE	USD	EXCHANGE RATE	EURO
JANUARY 1	1,000	7	7,000
JANUARY 15	2,000	8	16,000
JANUARY 23	500	5	2,500
TOTAL	3,500		25,500
AVERAGE RATE		25,500/3,500=7.29	

### **“First-in, First Out” Method**

You would use this method when funds sent from NED are transferred immediately into local currency. The *First in, First out* option uses the rate at the time that funds are received from NED in dollars and exchanged into local currency. Expenses are accounted for at the exchange rate used at the time of transfer until those funds are spent down. A new exchange rate may go into effect at the time of the next transfer, and so on. This means that the exchange rate is determined when funds are received from NED and transferred into local currency and that the exchange rate is used until the funds are spent down and the next tranche of funds is received.

### **If You Must Convert Funds Twice**

If U.S. dollars are being converted into one currency that is then converted into another, you convert the U.S. dollars to Currency A, then convert Currency A to Currency B, and then Currency B back to U.S. dollars for reporting.

*Example:* A grantee in Thailand receives funds in U.S. dollars and converts the U.S. dollars to Thai Baht. Then, the grantee converts Thai Baht to Burmese Kyat. When preparing financial reports, the grantee must convert currency in the original sequence from U.S. dollars to Thai Baht to Burmese Kyat, and then convert from Burmese Kyat back to U.S. dollars to record the expense. The grantee does not convert from Burmese Kyat back to Thai Baht back to U.S. dollars.

### ***Reporting Expenditures for the NED Financial Reports***

You must report expenditures on NED financial reports in USD. NED recommends the online tool -- <https://www1.oanda.com/currency/converter/> to determine reasonable exchange rates. It is important to remember that each financial report covers one period of your grant only. The exchange rate used for one period does not affect the exchange rate applied in another period. **Prior reports should not be edited based on a later period's exchange rate.**

*Example:* Suppose you use an exchange rate of 1.5 for the first period financial report. During the second period, the exchange rate changes, and you use an exchange rate of 2.7 for second period expenditures. The prior period (first period) exchange rate must stay at 1.5.

### ***Favorable and Unfavorable Exchange Rates***

NED requires that all grant funds be used for purposes authorized under the Grant Agreement. If more funds than anticipated become available due to **favorable** exchange rates, you should consult with your Program Officer and Grants Officer as soon as possible. The additional funds must be spent for items included in the grant budget, or you may request approval to expand activities and/or purchase items not included in the grant budget. A budget amendment may be needed if the proposed changes exceed NED's budget flexibility limits.

If the exchange rate becomes **unfavorable**, resulting in less funds than anticipated, you should also notify NED. In these cases, it will not be possible to add more funds to the grant. Your Program and Grants Officers can assist you in working through these situations.



## Grant Agreement

<b>1 NED Grant Number</b> 2022-XXXX	<b>2 Amount</b> \$30,000.00	<b>3 Term</b> 12 Months	<b>4 Start Date</b> February 01, 2022	<b>5 End Date</b> January 31, 2023
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### 6 GRANTEE

Sample Human Rights NGO  
516 Main Street  
Arlington, VA 22002  
United States

Federal Tax ID: 9001234567

### 7 SUBGRANTEES

### 8 PURPOSE

**Project Title:** Support Human Rights

To enable the Grantee to carry out the project objectives shown in Attachment A, Program Description, which are consistent with the purposes stated in section 502(b) of the NED Act. The Grantee is responsible for planning, organizing, and administering the program to carry out the project objectives in accordance with the terms of this agreement and all attachments and appendices.

### 9 AUTHORITY AND RESPONSIBILITIES

This grant is awarded in accordance with the authority contained in Public Law 98-164 (the NED Act) as amended and Grant Number SAQMIP22GRXXXX (CDFA 19.345), between the United States Department of State and the National Endowment for Democracy.

This agreement consists of these pages and the following attachments. Each of the attachments and appendices is fully incorporated into this agreement.

- Attachment A: Program Description
- Attachment B: Budget
- Attachment C: [Standard Provisions](#) (Please click on the link to access document)

Appendices (if applicable)

Any amendments to this agreement must be requested in writing prior to the end date indicated in Box 5 and must be signed by authorized representatives of NED.

### 10 SIGNATURES

By signing this agreement, the Grantee assures that it will comply with all terms and conditions of this grant. Failure to comply with the terms set forth in this agreement may result in the withholding of payments, grant suspension, grant termination, or legal recourse.

#### SAMPLE HUMAN RIGHTS NGO

#### NATIONAL ENDOWMENT FOR DEMOCRACY

Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

**11 REPORTING SCHEDULE****Narrative Reports**

Period Covered:

<b>From</b>	<b>To</b>	<b>Due Date</b>
February 01, 2022	April 30, 2022	May 31, 2022
May 01, 2022	July 31, 2022	August 31, 2022
August 01, 2022	October 31, 2022	November 30, 2022
November 01, 2022	January 31, 2023	February 28, 2023

**Cumulative Assessment:** No**Financial Reports**

Period Covered:

<b>From</b>	<b>To</b>	<b>Due Date</b>
February 01, 2022	April 30, 2022	May 31, 2022
May 01, 2022	July 31, 2022	August 31, 2022
August 01, 2022	October 31, 2022	November 30, 2022
November 01, 2022	January 31, 2023	February 28, 2023

**Grantee Products:**

February 28, 2023

**Due Date:****12 PAYMENT SCHEDULE****Payment Method:** Advance Payment**NED Fund Code:** 20XX

<b>Schedule Date</b>	<b>Amount</b>
February 01, 2022	\$10,000.00
June 01, 2022	\$8,000.00
September 01, 2022	\$8,000.00
December 01, 2022	\$4,000.00

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**Total: \$30,000.00**
**13 SPECIAL CONDITIONS**

Item: | Description:

# SUBGRANT AGREEMENT

GRANT AGREEMENT NO. \_\_\_\_\_ [Create your Grant No.]

Grantor:           **[Insert Your Organization’s Name]**  
                          **[Insert Your Organization’s Address]**

Recipient:         **[Insert Recipient’s Organization Name]**  
                          **[Insert Recipient’s Organization Address]**

This Agreement is entered into between the **[Insert your organization’s name]**, referred to as “Grantor” and **[Insert Recipient’s organization name]**, referred to as “Recipient”.

This Agreement is awarded as part of and in accordance with conditions and provisions of Grant Agreement Number **[Insert NED Grant Number here]** between the National Endowment for Democracy (NED) and **[Insert Grantor Organization’s Name here]**.

Both parties to this Agreement agree as follows:

**1. Amount, Purpose, and Term**

- A. Grantor agrees to provide funding in the maximum amount of **\$XXX.XX** to the Recipient for the purpose of the activities described in Attachment A, which is made an integral part of this Agreement. All attachments referred to in this Agreement are incorporated by reference and constitute part of this Agreement.
  
- B. The duration of this Agreement will be from **[Insert starting date]** to **[Insert ending date]**. All expenditures paid with funds provided by this Agreement must be incurred for authorized activities during this period.

**2. Budget and Terms of Payment**

- A. Grantor will pay all funds to the Recipient, which are to be expended by the Recipient according to the Grant Budget shown in Attachment B. The projected payment schedule is:

Payment Amount:  
**[Insert payment amounts]**

Projected Date:  
**[Insert expected payment dates]**

- B. The Recipient agrees to refund to the Grantor any excess cash advanced at the conclusion of the grant period identified above. Also, the Recipient agrees to repay the Grantor for any expenditures that are determined to have been spent in violation of this Agreement.

**3. Reporting and Maintenance of Records**

The Grantor will provide a description of financial and narrative reports, and instructions regarding how the Recipient should submit them.

The Recipient will submit financial and narrative reports according to the following schedule:

Period Covered:

Due Date:

**[Insert dates the report should cover] [Insert due date]**

All funds paid under this Agreement should be maintained in a separate cash ledger. The Recipient will maintain all financial records, supporting documentations, and other records related to this Agreement for a period of three years. It is the sole responsibility of the Recipient to properly account for all funds.

The NED and/or the Grantor reserve the right to conduct or have conducted an audit of the Recipient's books or records including a copy of this Agreement. The Recipient will make its books and records related to the funds given under this Agreement open and available for inspecting and copying by Grantor or its representative. In the event of an audit, the Grantor will generally provide five (5) days advance written notice to the Recipient, but is not limited to doing so. The Grantor or its representative will have access to the place or places where the accounts of the Recipient are normally kept.

#### **4. Amendments and Modifications**

Any amendment or modification of this Agreement will not be in force unless it is in writing and signed by an authorized representative of the Grantor and an authorized representative of the Recipient.

#### **5. Termination**

NED, Grantor, and/or the Recipient may terminate this Agreement at any time by providing all the parties with written notice ten (10) business days in advance. In the event of such termination, the Grantor will pay the Recipient for services rendered up to the date of termination, and the Recipient will return any advance payments paid by the Grantor and provide the Grantor with any reports, including the materials made under this Agreement before the date of termination.

#### **6. Required Compliance**

In accepting this Subgrant, the Recipient certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this agreement by any U.S. Government department or agency. Further, the Recipient promises not to do business, going forward, with any party that is presently or proposed to be excluded by the U.S. Government.

The Recipient agrees to fully comply with the requirements of the following U.S. federal regulations:

- A. Executive Order 13224 (<http://www.state.gov/j/ct/rls/other/des/122570.htm>)
- B. Trafficking in Victims Protection Act (<http://www.state.gov/g/tip/laws/61124.htm>)

**7. Special Conditions**

**[Insert any special conditions referenced in NED Grant Agreement that apply. Example: The Recipient will submit all expenditure documentation to the Grantor with each financial report.]**

**8. Signatures**

The Agreement is executed when it is signed and dated by both parties, as indicated below:

FOR THE [Insert Recipient Organization Name]		FOR THE [Insert Grantor Organization Name]
_____	SIGNATURE	_____
_____	TYPED NAME	_____
_____	TITLE	_____
_____	DATE	_____

**ATTACHMENTS TO INCLUDE:**

- **ATTACHMENT A – Program Description**
  - **Grantor:** Use a description of the project to be carried out by the Recipient, including information relevant to the Recipient corresponding to Attachment A in the NED Grant Agreement. The program description should accurately describe only the Recipient’s project activities for which funding is provided.
- **ATTACHMENT B -- Budget**
  - **Grantor:** Use the relevant part of the "support grant" portion in Attachment B of the NED Grant Agreement, if applicable.

## Subagreement Preparation Checklist

**To prepare the subagreement, please add the following information to the model subagreement. Please contact your NED Grants Administrator if you have any questions.**

	Done?
• Insert Grant Agreement number (that you create) in top section	<input type="checkbox"/>
• Insert Grantee and Recipient Organization Names in top section	<input type="checkbox"/>
• Insert NED Grant Agreement Number in top section	<input type="checkbox"/>
• Insert grant amount in Section 1.A	<input type="checkbox"/>
• Insert NED Grant Agreement Number in Section 1.B	<input type="checkbox"/>
• Insert project start and end dates in Section 1.C	<input type="checkbox"/>
• Insert Payment Schedule in Section 2.A <i>These amounts should be coordinated with the Payment Schedule in the NED Grant Agreement.</i>	<input type="checkbox"/>
• Insert Reporting Schedule in Section 3	<input type="checkbox"/>
• Include any Special Conditions in Section 6	<input type="checkbox"/>
• Prepare Attachment A: Program Description	<input type="checkbox"/>
• Prepare Attachment B: Budget & Schedule of Payments	<input type="checkbox"/>

**Then do the following prior to sending any payments to the recipient:**

• Send subagreement to recipient	<input type="checkbox"/>
• Request a bank form from Recipient if required as a special condition	<input type="checkbox"/>
• Make sure that both parties have signed the Agreement and send fully signed copy to the Recipient	<input type="checkbox"/>
• Return copies of the signed subagreement to NED, if required	<input type="checkbox"/>

# BANK FORM

All the information provided below must be about the bank account to be used for funds received under the agreement. This information is required before any payments may be made.

\*\*\* See instructions on page 3 of form. \*\*\*

## BANK ACCOUNT INFORMATION

1. ORGANIZATION NAME: \*

2. BANK ACCOUNT OWNERSHIP (SELECT ONE): \*

- Organization  
 Individual  
 Third Party

3. IS BANK ACCOUNT LOCATED IN THE UNITED STATES? \*

- Yes  
 No

4. BANK NAME: \*

5. BANK ACCOUNT NAME: \*

6. BANK CITY: \*

7. BANK COUNTRY: \*

8. ACH/ROUTING NUMBER: \* *ONLY for US Bank Accounts*

9. ACCOUNT NUMBER: \*

10. WHAT CURRENCY/CURRENCIES CAN THIS ACCOUNT RECEIVE? \*

11. RETYPE ACCOUNT NUMBER AGAIN TO ENSURE ACCURACY (DO NOT COPY & PASTE): \*

12. IBAN: \* *ONLY for NON-US Bank Accounts and if applicable*

13. SWIFT CODE: \* *ONLY for NON-US Bank Accounts*

## INTERMEDIARY BANK INFORMATION

14. INTERMEDIARY BANK?

- Yes  
 No (skip this section)

15. INTERMEDIARY BANK NAME:

16. INTERMEDIARY BANK COUNTRY:

17. INTERMEDIARY BANK ACCOUNT NUMBER:

18. RETYPE INTERMEDIARY BANK ACCOUNT NUMBER AGAIN TO ENSURE ACCURACY (DO NOT COPY & PASTE):

19. INTERMEDIARY BANK SWIFT CODE:

\* Field is required

**PERSONS AUTHORIZED TO WITHDRAW FUNDS FROM ACCOUNT**

20 a. CONTACT 1: \*

20 b. POSITION TITLE:

21 a. CONTACT 2:

21 b. POSITION TITLE:

22 a. CONTACT 3:

22 b. POSITION TITLE:

23 a. CONTACT 4:

23 b. POSITION TITLE:

**PERSONS AUTHORIZED TO REQUEST PAYMENT**

24 a. CONTACT 5: \*

24 b. POSITION TITLE:

25 a. CONTACT 6:

25 b. POSITION TITLE:

26 a. CONTACT 7:

26 b. POSITION TITLE:

27 a. CONTACT 8:

27 b. POSITION TITLE:

*\* Field is required*

# INSTRUCTIONS FOR COMPLETING THE BANK FORM

1. **Organization Name:** The name of the organization as stated in Box 6 of the Agreement.

**Bank Account Ownership:** Please select the type of owner of your bank account from the list.

- Select "Organization" if the name of the bank account is the name of the organization.
- 2. - Select "Individual" if the name of the bank account is the name of a person in the organization.
- Select "Third Party" if the name of the bank account is neither the organization's account nor the account of someone within the organization.

3. **Is Bank Account Located in the United States?** Select if your Bank Account is located in the United States.

4. **Bank Name:** Type the full name of the financial institution where the account is held.

5. **Bank Account Name:** Type the name of your bank account.

6 & 7. **Bank City/Country:** Please provide the city and country where your bank is located (The specific branch where you opened your account).

8. **ACH/Routing Number:** The 9 digit number that identifies banks in the US. Not relevant for banks located outside the US.

9. **Account Number:** The unique number assigned to your bank account.

10. **Account Currency:** The type of currency your account can receive, for example, US dollar, EURO, or your local currency. If the account can receive multiple currencies, please list all.

11. **Retype number again to assure accuracy:** Enter in the unique number assigned to your bank account. This should be identical to #9. Do not copy and paste from field 9, enter the number again.

12. **IBAN:** Complete only International Bank Account Number for NON-US Bank Accounts and if IBANS are used by your Bank.

13. **Swift Code:** The unique international bank code that identifies your bank. Complete only for NON-US Bank Accounts.

14–19. **INTERMEDIARY BANK INFORMATION:** Information about the bank that transfers funds between your bank and the correspondent bank. There may be different intermediary banks for each type of currency. Check with your bank for this specific information and for help completing this information.

20–23. **PERSONS AUTHORIZED TO WITHDRAW FUNDS FROM ACCOUNT:** Names and titles of the individuals legally allowed to access the funds in the bank account. One is required, we recommend that you have at least two persons authorized on this account.

24–27. **PERSONS AUTHORIZED TO REQUEST PAYMENT:** Names and titles of the individuals legally allowed to make payment requests. One is required, we recommend that you have at least two persons authorized on this account.

# REQUEST FOR PAYMENT

PLEASE COMPLETE THIS FORM TO REQUEST EACH PAYMENT.  
THIS FORM MUST BE CERTIFIED BY ONE OF THE PERSONS AUTHORIZED ON THE BANKING FORM.

\*\*\* See instructions on reverse of form. \*\*\*

1. GRANT NUMBER:

2. PAYMENT NUMBER:

3. ORGANIZATION NAME:

4. CURRENT TOTAL EXPENDITURES TO DATE:

A. AMOUNT:

B. DATE:

5. AMOUNT REQUESTED:

*Please check Box 13 of your agreement.*

6. PLEASE COMPLETE:

A. ACCOUNT NAME:

B. BANK NAME:

C. BANK CITY/COUNTRY:

D. IBAN:

E. ACCOUNT NUMBER:

F. TYPE OF CURRENCY:

*The above bank information must match your submitted banking form. If it does not, contact your Grants Officer.*

7. NOTES: *If the requested amount does not match the payment schedule, please explain below.*

8. CERTIFICATION:

By checking this box, I certify that all of the information on this form is accurate and complete to the best of my knowledge.

**This is a required box; you must agree and check the box before you submit the form.**

9A. NAME:

B. POSITION TITLE:

C. DATE:

## INSTRUCTIONS FOR COMPLETING THE REQUEST FOR PAYMENT

1. **Grant Number:** The Grant number found in Box 1 of the Agreement.
2. **Payment Number:** Assign a sequential number to each request for payment, beginning with number 1.
3. **Organization Name:** The name of the organization as stated in Box 6 of the Agreement.
4. **Current Total Expenditures to Date:** An accounting of grant funds spent to a recent date, often the last day of the most recent month. This information provides confirmation that funds from this payment will be spent promptly.
  - A. **Amount:** The total amount of grant funds spent as of the date indicated in 4.B.
  - B. **Date:** The date as of which the total funds indicated in 4.A were spent. Often the last day of the most recent month.
5. **Amount Requested:** The amount of funds requested in this payment. See Payment Schedule, Box 13 of the Agreement to review the schedule of projected payments.
6. **Bank Account Information:** The details of the bank account where funds will be sent. The information must match the most recent Banking form. If there are any changes since the last payment, please contact your Grants Officer.
  - A. **Account Name:** The name of your bank account as listed in Line 6 of the Banking form.
  - B. **Bank Name:** The name of the financial institution where the account is held.
  - C. **Bank City/Country:** The city and country where your bank is located. This should be your local bank branch, not the bank headquarters.
  - D. **IBAN:** International Bank Account Number (if applicable). Please verify length of IBAN number for country in which bank is located.
  - E. **Account Number:** The unique number assigned to your bank account.
  - F. **Type of Currency:** The specific currency this payment should be sent in. If your bank account accepts multiple currencies, only select one.
7. **Notes:** If the amount requested does not match the scheduled amount on your grant, please explain why here. If there is other information relevant to the payment, enter that here as well.
8. **Certification:** The certification box must be checked for this form to be accepted.
9. The person signing the form.
  - A. **Name:** The name of an authorized person. This must be one of the individuals listed on the Banking Form.
  - B. **Position Title:** The role of the authorized person within the organization that is completing this form.
  - C. **Date:** The date you complete this form.

**NOTE:** *Payment may be delayed or held if reporting or other requirements have not been met.*

**FINANCIAL REPORT**

NED Grant No.

**RECIPIENT:**

GRANT BUDGET	
CATEGORY	AMOUNT
Salaries	\$0
Benefits, Taxes & Allowances	\$0
Space & Utilities	\$0
Equipment	\$0
Travel & Per Diem	\$0
Contractual Services	\$0
Other Direct Costs	\$0
<b>TOTAL</b>	<b>\$0</b>

Oct 21 - Jan 22 Expenditures	Feb - May 22 Expenditures	Jun - Sep 22* Expenditures	Total Expenditures	Remaining Balance
			\$0.00	\$0.00
			\$0.00	\$0.00
			\$0.00	\$0.00
			\$0.00	\$0.00
			\$0.00	\$0.00
			\$0.00	\$0.00
			\$0.00	\$0.00
<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$0</b>

check:

\$0.00

\$0.00

**PRIOR EXPENDITURE CHANGES:**

If changes have been made to previous report periods, please explain the reason for the changes.

**\*CERTIFICATION OF ANNUAL/FINAL FINANCIAL REPORTS:**

*To be completed annually and at the end of the grant, by an authorized representative who can legally bind the organization. The person who prepared the financial report may not certify this report.*

By marking this box, I certify to the best of my knowledge that this report is true, complete, and accurate, and that the expenditures on this report are for the purposes and objectives of the grant. I am aware that any false or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties in accordance with U.S. laws.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## **NED CUMULATIVE ASSESSMENT OPTIONAL GUIDANCE FOR GRANTEES**

*If your organization is assigned a Cumulative Assessment as part of your grant, the steps below will help you to think about the assessment process. Please see the Cumulative Assessment Report Template (Annex G of the Grantee Guide) for additional guidance.*

### **STEP 1: Reflect on the series of projects.**

Discuss the history of the projects with staff who managed or worked on them. Discuss what your organization wanted to achieve with the projects and the approach that the organization used. Think about changes to the project objective or approach over time and why the changes were made. Focus on the overarching objective and approach as opposed to yearly project activities. Summarize this discussion in Section I of the cumulative assessment report.

### **STEP 2: Identify what the projects produced.**

Discuss with staff the main things that your organization accomplished through the projects. Some examples include publications, digital platforms, networks, coalitions, and partnerships. One way to identify this is to ask, “What did this project produce or create that did not exist before?” Focus on the thing that was produced or accomplished and not the activity that produced it. For example, a project may carry out a training as an activity, but it produces individuals who have access to knowledge about a topic. List and describe the most substantial accomplishments in Section II of the cumulative assessment report.

### **STEP 3: Identify what the projects influenced.**

Discuss with staff what change your organization was able to influence as a result of the products identified in Step 2. Some examples of influence include behavior change or awareness among a certain group of people, institutional change, and policy change. Influence may be expected or unexpected, and your organization might be one of many actors who contributed to the change. NED is interested to know about influence even if it is slow, modest, and uneven. List and describe each type of influence in Section II of the cumulative assessment report.

### **STEP 4: Focus on data and examples.**

Discuss with staff examples and monitoring data that illustrate the products identified in Step 2 and the influence identified in Step 3. Start by reviewing existing monitoring data collected during each of the projects. Examples include feedback from project participants or beneficiaries, website analytics, and documentation of policy proposals. Next, ask staff to remember anecdotes about the project successes. Finally, consider collecting additional information, such as by carrying out interviews with partners, staff, or beneficiaries, or reviewing public documents and media reports. Review and assess the information you assembled. Add this assessment to Section II of the cumulative assessment report to illustrate each of the products and influence identified above.

**STEP 5: Think about what worked well and what did not work well.**

Discuss with staff the conditions that either helped or challenged the project. Conditions might include decisions made by your organization about how to implement the project or changes in the political context in which your organization works. NED does not view challenges or mistakes negatively, and NED is interested to know how organizations adapt. Make an assessment about what implementation conditions worked well and which did not. Summarize this discussion in Section III of the report.

**STEP 6: Reflect on the organization.**

Discuss with staff any changes in your organization during the series of projects. Examples of changes include a shift in the number or expertise of staff, changes in organizational leadership, shifts in the focus of the organization's work, and changes in the amount and type of assistance received from other donors. Discuss to what extent NED's funding affected these changes. Summarize this discussion in Section IV of the report.

**STEP 7: Use the checklist below to edit and finalize the report.**

- Does the report focus on results? Does the report focus on what is different now compared to several years ago as a result of the NED-funded projects?
- Does the report focus on assessment? Does the report analyze how the project influenced change? Does the report analyze what worked well and what did not work well?
- Does the report *avoid* describing activities and does the report *avoid* repeating the content of the project narrative reports?
- Does the report help your organization as well as the NED to understand what was achieved with NED's funding?
- Does the report help NED to identify lessons learned that may be useful to other partners or in other countries?

## NED Cumulative Assessment FAQ

### ***What is a cumulative assessment and what is its purpose?***

A cumulative assessment is a self-evaluation that NED grantees carry out after receiving three or more years of funding from NED. The purpose of the cumulative assessment is for your organization to reflect on your NED program’s strategy, achievements, and lessons learned over the course of several years.

### ***Which projects require a cumulative assessment?***

Once a project has received three years of NED funding, NED staff will assign a cumulative assessment between the fourth and sixth year of renewed funding. If required, Box 12 of the Grant Agreement will state, “Cumulative Assessment: Yes,” and will indicate the projects to be covered by the assessment and the due date for the report. When assigned, the cumulative assessment is a grant requirement.

### ***What does a cumulative assessment entail?***

To conduct a cumulative assessment, your organization will carry out an internal assessment of a series of projects funded by NED. The organization will then summarize the findings of the assessment in a report submitted to NED. Your organization should feel free to discuss the content and process for carrying out a cumulative assessment with your NED program officer.

### ***What methodology should be used in the assessment?***

NED does not look for one specific methodology in a cumulative assessment. For smaller organizations, internal reflection among staff and a review of internal documents can be sufficient. For larger organizations, it might be appropriate to collect additional information to inform the assessment, such as through interviews, surveys, web analytics, or document reviews.

### ***How is a cumulative assessment report different from a narrative report?***

A narrative report tells NED about how organizations are able to implement activities over a period of a few months. A cumulative assessment report tells NED about how organizations are able to contribute to advancing democracy over a period of a few years. The content of a cumulative assessment report should be significantly different from the content of a narrative report.

### ***How does NED use the cumulative assessment report?***

NED uses cumulative assessment reports for accountability, institutional memory, internal learning, and making decisions about future funding. A quality cumulative assessment report can serve as a summary of the importance of a series of projects. This summary helps NED to understand and communicate how its grantmaking and the work of its partners are important.

## **ANNEX G: NED CUMULATIVE ASSESSMENT REPORT TEMPLATE**

*If Box 12 of the grant agreement states, “Cumulative Assessment: Yes,” your organization is required to carry out and submit a cumulative assessment report to NED. Box 12 will indicate the projects to be covered by the assessment and the due date of the report. The content of the report should follow the outline below.*

### **I. SUMMARY OF PROJECT STRATEGY OVER TIME**

*Summarize the major elements of the project strategy over time as you see them in hindsight.*

- What were the main objectives of the projects covered by the cumulative assessment? What approach or strategy did your organization use to work towards the objectives?
- Did the strategy or objectives change over time? If so, describe in what ways and why.

### **II. ACHIEVEMENTS**

*Clearly identify and analyze the project achievements. Do not describe activities.*

- What did your organization accomplish or produce as a result of the projects? Provide examples and monitoring data that demonstrate the quality of what was accomplished or produced.
- What did your organization influence as a result of the projects? Provide examples and monitoring data that demonstrate the influence.

### **III. LESSONS & CHALLENGES**

*Describe implementation experiences that could be useful to other organizations that are implementing similar projects.*

- What challenges within your organization’s control affected the projects? How did the organization respond?
- What challenges outside of your organization’s control affected the projects? How did the organization respond?
- What lessons did your organization learn about implementing this type of project? Would the organization do anything differently if it were to implement this project again?

### **IV. ORGANIZATIONAL CHANGES**

*Describe the evolution of your organization during the series of projects.*

- What other types of projects, funded by the NED or by other donors, did your organization implement during the time period?
- How has your organization changed over the course of the projects, such as changes in staff, structure, focus, or leadership?

Did NED funding enable your organization to grow or adapt? If so, h

# Procurement Guidelines

## 1. Introduction

Procurement is the purchase of goods and services.

It is very important that your organization develops its own written policies regarding use of donor funds and to make sure all staff, board members, and consultants know and follow them. Specifically, this guidance will give you information that you can use to develop your organization's own Procurement Policy.

Two main components that must be part of your Procurement Policy are a Code of Conduct and Procurement Procedures.

## 2. Code of Conduct

A written Code of Conduct informs your organization's staff, board members, and consultants as to what kinds of behavior and actions to follow, and what kinds to avoid, when representing your organization. Employees and others related to the organization must conduct themselves in a professional and ethical manner and use good judgment in their business interactions.

Your Code of Conduct should provide specific examples of possible conflicts and guidance on when disclosure of certain situations and relationships are necessary. The code should also describe consequences of not following the policy, including disciplinary actions for violations.

An important component of a Code of Conduct are procedures related to Conflict of Interest, which must be included in a Procurement Policy. Conflict of Interest refers to a situation in which the private interests and the official responsibilities of a person may in fact, or may seem to, overlap. An employee, consultant, or board member should not take advantage of their position within the organization to purchase goods or services that would benefit themselves or a family member without disclosing this relationship.

Potential conflicts of interest should be disclosed to an authorized person in the organization, as indicated in your organization's policy.

### *Example 1:*

Paul is the project coordinator and needs to purchase a laptop computer to perform his tasks. His brother owns a local computer shop and Paul wants to purchase the laptop from him.

Paul can purchase the laptop from his brother's shop if: 1) he discloses his relationship; 2) he performs a cost analysis and the price is reasonable and comparable to laptops sold in other stores.

*Example 2:*

George will be conducting three trainings out in the regions and needs to hire a car and driver. His uncle is available and says he will give George a great rate.

George can hire his uncle as driver if: 1) he discloses his relationship; 2) his uncle is qualified to do this task; 3) the cost his uncle will charge is the same or less than what another driver would charge for the same work.

It is also important to include a section on Fraud and Mismanagement of Funds in your Code of Conduct that explains which type of actions and behavior need to be reported to an authorized person within your organization, and how your organization will look into the matter. You should also include a provision in your Code of Conduct that will protect employees or consultants from retribution if they want to report suspected fraud or misuse of project funds.

### 3. Procurement Procedures

Your Procurement Policy must include the following requirements:

- Establish purchase threshold and staff authority (i.e. who within your organization is authorized to purchase goods or services and up to what amount).
- Ensure work with responsible contractors only by considering the integrity, record of past performance, and financial and technical resources of contractors. Request that contractors follow the terms, conditions, and specifications of their agreements with you.
- Maintain procurement records and files for purchases in excess of the small purchase threshold. The records and files must include the following at a minimum: (a) reason for selecting the contractor, (b) justification for lack of competition when a reasonable number of price quotations cannot be obtained, and (c) analysis of the purchase cost or price.
- Ensure that employees are aware of and follow your Code of Conduct related to procurement.

What are methods of procurement?

- A. Micro-purchase – Less than \$10,000 per item.

*[This is the maximum amount that can be considered a micro-purchase per donor requirements. Your organization may use a lower threshold if desired.]*

A micro-purchase may be made without obtaining multiple price or rate quotations if you consider the price to be reasonable.

*Example:*

Purchase of one computer for \$1,100.

It may make sense for your organization to set lower threshold levels and identify persons authorized to approve purchases below \$10,000 for better internal management of your organization's funds.

B. Small purchase - In the range of \$10,001 to \$250,000.

A cost analysis must be done based on price or rate quotations obtained from an adequate number of qualified sources (greater than one). And, you must document the basis for selecting the contractor before making the purchase. A price or rate quote can be obtained in writing, orally, from research done on public websites, or from advertisements in flyers, magazines, or journals.

*Example 1:*

Purchase of ten computers from one store in a single transaction for a total of \$11,000.

*Example 2:*

Contract with a printing firm to publish 2,400 booklets for a total of \$12,000.

C. Noncompetitive purchase - procurement from only one source without cost analysis of other sources.

The noncompetitive method may be used only when one or more of the following circumstances apply:

- The item is available from only one source;
- An unanticipated emergency will not allow the time needed for comparison price analysis;
- Noncompetitive procurement is approved by the donor;
- You find that only one source can provide the required goods or services.

*Example:*

Company X conducts opinion polling in a particular region of your country where local residents are usually reluctant to respond to surveys. This company has a network of local employees who know how to approach local residents and they had a high rate of responses to the survey last year. The public opinion survey you plan to conduct this year is a follow up of the same respondents from last year. It is reasonable to do this by noncompetitive procurement since other firms are not available to do the work needed.

Situations that would NOT justify noncompetitive procurement are:

- A supplier is offering what seems to be a very good deal. While this may be true, your donor and your organization's policy both require a competitive process that demonstrates due diligence was used in spending funds.
- You waited too long and now you need to make a purchase of equipment tomorrow. Busy schedules do not allow you to ignore the procurement requirements.
- It would be more convenient to use a supplier you know. Convenience is not a reason for noncompetitive procurement. A justification, such as urgency and a delay would negatively impact the project, must be present.

#### 4. Pre-Approval Screening of Contractors

Your organization should ensure that it does business with individuals (staff and consultants), commercial entities, contractors and subawardees that are in good standing and not included on any international "watchlists" that would make them ineligible to receive donor funds through you. To ensure compliance, your organization must screen and conduct "checks" on entities and individuals against U.S. and international sanction lists to ensure that they are eligible. Specific information is available from your donor.

#### 5. Fraud

Check with your donor for specific donor requirements. When receiving funds from U.S. donors, your organization must notify the donor in writing and in a timely matter of any violation of U.S. criminal law involving fraud, bribery, or gratuity that may potentially affect the award.



# TIMESHEET

MONTH: \_\_\_\_\_

NAME: \_\_\_\_\_

GRANT #: \_\_\_\_\_

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	TOTAL
NED GRANT																
OTHER HOURS																
TOTAL HOURS																

	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	TOTAL
NED GRANT																	
OTHER HOURS																	
TOTAL HOURS																	

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Supervisor Approval

\_\_\_\_\_  
Date



## Certification of Unavailability of US Flag or "Open Skies" Air Carrier

I \_\_\_\_\_ (name of traveler) certify that it was necessary to use a non-US flag or non-"Open Skies" carrier for certain segment(s) of the **attached complete travel itinerary**, which shows the date and complete name of every actual air carrier and flight number for each leg of my trip from (origin) to \_\_\_\_\_ (destination). The reason why a US flag/"Open Skies" carrier was unavailable is indicated below. (If more than one flight was on a non-US flag carrier, indicate the reason for each flight).

- There was no US-flag/"Open Skies" air carrier service on a particular leg; a foreign air carrier was used to the nearest interchange point to connect with US-flag/"Open Skies" air carrier service.
- A US-flag/"Open Skies" air carrier involuntarily rerouted travel to a foreign air carrier.
- Service on a foreign air carrier was three hours or less, and use of a US-flag/"Open Skies" air carrier would have doubled the travel time.
- Transportation was paid in full from non-federal funds.
- Travel time from origin to destination on a US-flag/"Open Skies" carrier offering nonstop or direct (no aircraft change) service exceeded travel time by a foreign carrier by more than 24 hours, including delay at origin.
- US-flag/"Open Skies" air carrier nonstop or direct (no aircraft change) service was not offered between origin and destination. Using a US-flag/"Open Skies" air carrier on every portion of the route where service exists would have
  - Increased the number of aircraft changes outside the US by 2 or more,
  - Extended travel time by 6 hours or more, or
  - Required a connecting time of 4 hours or more at an overseas interchange point.
- For travel between two places outside the US, a US-flag/"Open Skies" carrier was not used because, when compared to using a foreign air carrier, it would have required
  - Two or more aircraft changes, or
  - Travel time of 6 hours or more longer than on the non-US flag/"Open Skies" carrier, or
  - The US-flag/"Open Skies" carrier service required a connecting time of 4 hours or more at an overseas interchange point.

\_\_\_\_\_  
*Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

**NOTES:**

A US flag or "Open Skies" carrier must be used for trans-Atlantic or trans-Pacific travel.

These conditions **do not qualify** for exceptions to the requirement to use US-flag/"Open Skies" carriers:

- Comparable or a different kind of service by a foreign carrier costs less
- Service by a foreign carrier is preferred by or is more convenient for the traveler.

# CASH MANAGEMENT PROCEDURES



Procedures for grantees and subrecipients operating without checking accounts or maintaining significant amounts of cash.

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## Introduction

If you are working without checking accounts or if you maintain significant amounts of cash on hand to pay expenses, your system requires additional controls over cash. Additional controls are needed in order to:

- Maintain security over cash.
- Provide a system for tracking cash advances until expenditures are made.
- Provide evidence that cash was actually disbursed to and received by the intended person or organization.

### **1. Procedures for Safeguarding Cash**

You should ensure that:

1) Cash is kept in a locked area, such as a safe or drawer. (This locked area is referred to as the "cash bank" for the rest of this document). Access to the cash bank (i.e. person with a key or lock combination) should be restricted to a limited number of designated persons.

2) One person (a custodian) should be responsible for the cash bank. This person would be responsible for deposits to and withdrawals from the cash bank for authorized cash payments and advances. The custodian should establish cash limits on withdrawals to ensure that only the amount of cash needed for a specific purchase is withdrawn.

3) A Cash Record Book (Attachment A) should be maintained for recording all deposits and withdrawals from the cash bank. This book should be maintained by someone other than the custodian of the cash bank. **The Cash Record Book is an important accounting record and is the primary means of control over cash receipts and disbursements.**

4) Documentation for all cash disbursements should include the date, the person or organization being paid (payee), purpose, and an authorization to pay. Attachment B (Expenditure/ Cash Advance Voucher) is a suggested format to use for **both** cash advances and actual expenditures. This form is filled out and approved for each disbursement of cash from the cash bank. The person authorizing the payment or advance should be someone other than the custodian or the person who maintains the Cash Record Book.

5) The Cash Record Book and the cash bank should be reconciled at least monthly by counting the remaining cash in the cash bank and comparing the amount to the Cash Record Book. Also, each entry in the Cash Record Book should be reviewed to ensure that each disbursement is supported by an approved grant Expenditure/Cash Advance Voucher. The person performing this function should be someone other than the custodian or the person who maintains the Cash Record Book. The person who approves disbursements may perform this function. Any differences should be promptly investigated and reported to management, if necessary.

6) As noted above, it is important to separate the functions of maintaining cash, recording transactions, authorizing payments, and periodically reconciling the Cash Record Book. This requires a minimum of three persons as described in the following schedule:

<u>Function</u>	<u>Responsible Person</u>
Custodian of the cash bank	Person other than accountant/bookkeeper or person authorizing transactions
Recording cash transactions	Accountant/bookkeeper
Authorizing transactions	Responsible supervisory official (i.e., Executive Director)
Reconciling cash to the Cash Record Book.	Responsible supervisory official (i.e., Executive Director)

In the event that three people are not available to perform these functions, a responsible management official either performs the bank reconciliation function or reviews and approves the bank reconciliation, the bank statement and canceled checks.

## **2. Cash Advances and Cash Expenditures**

Disbursements from the cash bank are divided into two categories - **Cash Advances** and **Cash Expenditures**. The distinction between cash advances and cash expenditures is that a cash expenditure represents an actual purchase, whereas a cash advance is the transfer of money to someone who will make a purchase at a future date.

Procedures and detailed controls for cash advances and cash expenditures are below. The recommended procedures may be adapted to fit your organization's structure. Regardless of the procedures and policies, the important controls regarding cash items which must be included in any system are as follows:

- Cash must be safeguarded.
- Adequate records of cash transactions must be maintained and periodically reconciled.
- Cash advances or payments must be properly authorized.
- Cash expenditures must have adequate supporting documentation.

Records must be kept so expenditures (not advances) can be summarized by budget category for financial reporting to NED.

## **3. Detailed Procedures for Cash Advances**

Cash advances are defined as approved payments made from the cash bank to employees or representatives of the organization who will use the money to pay travel costs or to make purchases (i.e. paper, computers, etc.). Cash advances should not be reported in the NED Financial Report since they are not expenditures. The expenditure should only be reported when the actual purchase is made and supporting documentation has been obtained.

Obtaining Advances - Cash advances should be based on documented, approved requests. A suggested format for requesting an advance is the Expenditure/Cash Advance Voucher (Attachment B).

Employees receiving cash advances should complete the Expenditure/Cash Advance Voucher, explain the purpose of the advance, and obtain approval for the advance.

Accounting for Advances - The employee receiving the cash advance should provide an accounting of the cash expenditure by submitting supporting documentation. To provide supporting documentation in an organized format, an Expense Report or a similar report should be utilized. Attachment C is a suggested Expense Report. This format should be adapted to your own individual needs and may be broken up into various budget categories (i.e., travel, food, lodging, supplies/equipment purchases, etc.).

The Expense Report should list each expenditure, date of expenditure, and amount. The Expense Report should be signed by the employee and approved by the supervisor. Supporting documentation of expenditures should be attached behind the Expense Report. Information from approved Expense Reports (signed by the supervisor) can be entered directly into the accounting records. Note that the category - "Budget Item" (on the Expense Report, Attachment C), can be filled out either by the employee, the supervisor, or the accountant. This "Budget Item" would be the category to be recorded in the Financial Report (i.e., supplies and equipment, communications and postage, travel and per diem, etc.).

The Expense Report can also be used to keep track of outstanding cash advances to employees. The following items would be recorded on the Expense Report in the box at the bottom left of the form:

- **Beginning Employee Cash Balance:** The employee's beginning cash balance at the beginning of the period.
- **Additional Cash Advances:** Any additional cash the employee has received since the last Expense Report was submitted. If the employee returned a portion of the cash advance to the cash bank, this should be entered as a negative amount.
- **Expenditures:** Total itemized expenditures reflected on the Expense Report for the period.
- **Ending Employee Cash Balance:** The sum of the beginning cash balance, additional cash advances, minus actual reported expenditures. The Ending Employee Cash Balance should be carried forward as the beginning employee cash balance on the next period Expense Report.

Expense reporting periods should be determined by your organization. Since Expense Reports and supporting documentation are used to record expenditures in the accounting records, Expense Report periods should coincide with financial reporting periods. When a large number of employees are given cash advances, or individuals are advanced relatively large amounts, Expense Reports should be submitted on a monthly, bimonthly, or weekly basis.

#### **4. Cash Advances – Step by Step**

This is a recommended sequence for issuing, accounting for, recording, and reporting cash advances.

1. Employee fills out an Expenditure/Cash Advance Voucher (Attachment B).
2. Expenditure/Cash Advance Voucher is approved and signed by an authorizing officer.
3. Cash bank custodian disburses cash advance to employee based on approved Expenditure/Cash Advance Voucher and forwards the Expenditure/Cash Advance Voucher to the accountant/bookkeeper.
4. Accountant/bookkeeper records the cash advance in the Cash Record Book (Attachment A) and files the Expenditure/Cash Advance Voucher.
5. Employee uses cash for grant purposes and records expenditures on the Expense Report (Attachment C) attaching supporting documentation (i.e. receipts).
6. Expense Report with supporting documentation is submitted to authorizing officer.
7. Authorizing officer reviews Expense Report and supporting documentation and approves and signs Expense Report.
8. Expenditures are recorded in the accounting records by the accountant/bookkeeper.
9. Authorizing officer periodically performs a reconciliation of the Cash Record Book to cash in the cash bank and cash paid out and verifies that employee advances in the Cash Record Book are supported by approved/signed Expenditure/Cash Advance Vouchers.
10. On a periodic basis determined by NED, expenditures are reported to NED according to budget categories.

## **5. Detailed Procedures - Cash Expenditures**

A cash expenditure is an actual purchase of or payment for a good or service. Examples of expenditures which may be made from the cash bank include employee salaries, payments based on invoices or other requests for payment, and reimbursements to employees for expenses. Expenditures are summarized by budget category in NED Financial Reports.

Unlike check payments, cash payments do not leave a record that the payment was actually made and was made to the intended person. For example, if an organization purchases office supplies from "The Supply Store", receives an invoice, pays for the supplies with a check, and obtains a receipt, an auditor will be able to review the receipt to determine that supplies were received by the organization. Further, an auditor can review the canceled check and bank statement to determine that the organization actually paid for the supplies and that the payee was "The Supply Store".

For this reason, cash payments require additional supporting documentation to document that cash was actually paid and paid to the intended person. For expenditures from the cash bank, supporting documentation should be attached behind the Expenditure/Cash Advance Voucher (Attachment B). For employee advances, supporting documentation of expenditures should be attached behind the Expense

Report (Attachment C). Although it is not possible to define exact standards for obtaining supporting documentation for cash purchases, the following items should be taken into consideration:

- In all cases, some form of receipt for payment should be obtained. Receipts should include a statement by the vendor or person that cash was received, the date of payment, and a description of the reason for payment. In instances in which the purpose, payment method, or amount are not specified, the payer should request this information be added to the receipt by the payee.
- The amount of the payment should be traceable to a cash withdrawal entry in the Cash Record Book.
- Official company invoices and receipts should be obtained whenever possible. If this is not possible, the organization should attempt to obtain an invoice and receipt on company letterhead, or have the invoice/receipt imprinted with the company's stamp.
- For instances in which only unofficial receipts are available, the receipt should be a clear statement that payment was received for goods or services performed. For example:

5/5/11
"I have received \$20.00 on May 5, 2011, from <i>(name of Organization or employee)</i> , for two calculators."
<i>(Signature)</i> Bob Smith The Supply Store

- Payments for salaries should be based on approved payroll records and timesheets.

## 5. Cash Expenditures – Step by Step

This is a recommended sequence for accounting for, recording, and reporting cash expenditures.

1. Employee (other than authorizing officer) prepares an Expenditure/Cash Advance Voucher (Attachment B), listing amount, payee, date and explanation of expense.
2. Employee submits the Expenditure/Cash Advance Voucher to the authorizing officer, with supporting documentation (i.e. invoice, etc.).
3. Authorizing officer reviews the expenditure and approves and signs the Expenditure/Cash Advance Voucher.

4. Cash bank officer disburses cash to the payee based on an approved Expenditure/Cash Advance Voucher and obtains a signed receipt from the payee.
5. The payee purchases an item and submits supporting documentation to the cash bank officer.
6. Expenditure/Cash Advance Voucher with attached supporting documentation is forwarded to the accountant/bookkeeper.
7. Expenditures are recorded in the accounting records by the accountant/bookkeeper.
8. Authorizing officer periodically performs a reconciliation of the Cash Record Book (Attachment A) to actual cash in the cash bank and cash paid out and verifies that expenditures in the Cash Record Book are supported by authorized Expenditure/Cash Advance Vouchers.
9. On a periodic basis as determined by NED, expenditures are reported to NED according to budget category.



**EXPENDITURE/CASH ADVANCE VOUCHER - Grant #**  
**(GRANTEE)**

**Expenditure** \_\_\_\_\_ (check payment voucher or cash advance)  
**Cash Advance** \_\_\_\_\_

**Voucher Date** \_\_\_\_\_ (date of preparation)

**Amount** \_\_\_\_\_

**Payee** \_\_\_\_\_

**Expense Type** \_\_\_\_\_ (budget line item or advance)

**Payment Method** \_\_\_\_\_ (cash, wire, check & check #)

**Explanation of Expense/Advance**

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**Approval Signature for Payment/Advance** \_\_\_\_\_

**Approval Date** \_\_\_\_\_

**Payment Date** \_\_\_\_\_

(GRANTEE)  
**EXPENSE REPORT**  
 Grant #

Date	Amount	Explanation	Budget Item
<b>Total</b>			

Beginning Employee Cash Balance	_____
Additional Cash Advances	_____
Expenditures	_____
Ending Employee Cash Balance	_____

\_\_\_\_\_  
 Employee Signature                      Date

\_\_\_\_\_  
 Supervisor Signature                      Date









																		0
																		0
TOTALS				13,160.00	\$1,880.00	\$85.71	\$15.71	\$114.29	\$0.00	\$171.43	\$492.86	\$200.00	\$800.00	\$0.00	\$0.00	\$1,880.00		

December 14, 2017

Mr. James Tester  
Project Manager  
Sample Human Rights NGO  
516 Main Street  
Arlington, VA  
USA

Email to: [m.testers@hro.org](mailto:m.testers@hro.org)

RE: NED Grant No. 2010-285

Dear Mr. Tester:

A review of our files indicates that all reporting requirements are complete for NED Grant No. 2010-285. The grant has been closed out and we have placed our files in inactive status.

Please remember that you must retain all grant-related materials for three years from the date the final financial report was submitted. This is required to ensure the availability of complete information should there be an audit or evaluation of this grant by one of NED's oversight agencies.

Sample Human Rights NGO may continue to use all non-expendable property (equipment) that may have been acquired with NED grant funds to further program objectives. Please note the reporting requirements for equipment described in Appendix C of the Grant Agreement, 22CFR145.34 (f) and (g). (or Appendix B.iii of the Grant Agreement, 22CFR145.34 (f) and (g).

If you have any questions, please contact Chris Jones, Grants Officer. Thank you for your cooperation in completing the reporting requirements.

Sincerely,

John Smith

Manager, Grants Administration

# Frequently Asked Questions Regarding Grants and Payments

## **1. *The Board approved our proposal. When do we get the Grant Agreement?***

The Grant Agreement will be sent after the following items are received:

- Completed financial questionnaire (if requested)
- A detailed revised budget reflecting the approved grant amount (if requested)
- All pending requirements for any prior NED grants
- Any other information requested by the NED Program or Grants staff specific to your grant, such as bank account arrangements or project details.

*Note: Grant Agreements are usually sent between 2 and 3 weeks after Board approval. If you haven't received it by that time, please contact your Grants Officer.*

## **2. *How will we get the Grant Agreement?***

The Grant Agreement is usually sent by email to the email address indicated in your Organization Profile Form (Previously Proposal Cover Sheet). The email will have several attachments which you must open and review. Then you must print, sign, and return the Grant Agreement, or sign electronically and return.

## **3. *Do I have to open a bank account exclusively for NED funds?***

No. The standard Grant Agreement requires a bank account registered in the name of the grantee organization. You must maintain separate ledger accounts in your financial accounting system to clearly distinguish NED grant funds from other funds you may receive.

In some cases, your Grant Agreement will have a special condition requiring a separate bank account, and you may not deposit non-NED funds in this separate bank account during the term of the NED grant, unless it is for an initial deposit to open the account.

If you have more than one NED grant, you may use the same bank account for all of the grants.

## **4. *How do we get the first grant payment?***

Read the Grant Agreement, sign it, and return the signed copy to NED, along with the following two forms:

- Bank Form
- Request for Payment (RP)

After NED receives the completed forms and any other items requested specifically for your grant, the first payment will be processed.

## **5. *How do we get future grant payments?***

You must complete a Request for Payment form (RP) for every payment. **Payments will not be processed until you have submitted all required financial and narrative reports and any additional requested items, such as invoices.** See Box 11 of the Grant Agreement for the Reporting Schedule and Box 12 for the Payment Schedule.

**6. *Why haven't I received the payment yet?***

If you have not been notified that your payment is on hold, the delivery of payments may be delayed for a variety of reasons:

- NED staff may not have received your Request for Payment;
- Your grant reports are still under review by NED staff;
- There is a problem with the wire transfer

Please contact your Grants Officer if you do not receive a payment that you are expecting.

**7. *Why is my payment on hold?***

A payment may be put on hold if there are overdue or incomplete reporting or lack of submission of requested items, such as invoices. A payment on a new grant may be held if there are overdue items on a previous grant. If you are in this situation, you will be notified by your Grants Officer.

**8. *How can I expedite payments?***

- Send the Request for Payment with the financial and narrative reports;
- Verify that the bank account information on the Request for Payment matches the account information on the Bank Form;
- Verify that your reports are complete and have no errors before sending, including any certifications that may be required;
- Send the documents to your Grants Officer by email.

**9. *When are reports due?***

All grants require financial and narrative reports. The schedule is customized for each grant. The grant reporting schedule is found in Box 11 of the Grant Agreement.

**10. *How should I send reports?***

NED prefers submission of all reports by email to the Grants Officer. If email is not possible, you may send your reports by fax, or mail. Financial reports and forms requiring signature may be sent by email as scanned files. Narrative reports may be submitted in English or the language in which you correspond with your NED Program Officer.

**11. *Who should I send reports to?***

Please send all grant reports to your Grants Officer.

**12. If no activities have been done, do we still need to submit a report?**

Yes, you must still submit a narrative and financial report. You may indicate that no activities were done in the reports. If there were no expenditures, you may simply show "0"s in the column "Expenditures This Period" on the financial report form.

**13. What should we do if we need more time to complete project activities after the grant expiration date?**

You may request to extend the grant. You must request the extension in writing, **prior to the expiration date**, explaining why the extension is needed and how much additional time will be needed to complete the project. Please send any extension request to your Grants Officer and Program Officer.

**14. What is needed to complete all reporting requirements for my grant?**

The following items are required:

- All financial and narrative reports
- Cumulative Assessment (if required, as indicated in your Grant Agreement)
- Grantee products (if required, as indicated in your Grant Agreement)
- List of any equipment purchased with NED grant funds which cost \$5,000 or more.
- Any information requested by NED's Compliance staff, including audit or invoices.
- Any additional information requested by NED's Grant or Program staff.

**15. Who do I contact with questions?**

Your three contacts for your NED grant are:

- Program:** Contact for information relating to proposals, program design and follow-up, field visits, narrative and evaluation reports.
- Grants:** Contact for information related to the terms of your Grant Agreement, reporting requirements, payments, guidance on grant procedures, and submission of reports.
- Compliance:** Contact for information related to the Financial Questionnaire, Invoice Review, Audits, and accounting issues.