

# Feed the Future Nepal Integrated Pest Management (FTFNIPM) Subaward Guidelines

As a part of the Feed the Future Nepal Integrated Pest Management (FTFNIPM) at Virginia Tech, the following guidelines are being provided to help ensure fiscal accuracy, accountability, responsibility and soundness.

## Establishing U.S. and International Subaward Agreements

The initiation, establishment, and monitoring of subawards requires special attention. The FTFNIPM Management Entity (ME) at Virginia Tech is responsible for overall management of these contractual relations. However, to create a smooth process, coordination between four partners (or groups of partners) is required:

- The Lead Institution Program Leader (PL)/Principal Investigator (PI)
- The Subaward institution (including their principal researchers/collaborators, Office of Sponsored Research, contract specialist, and accountants)
- The Management Entity office at Virginia Tech and
- Virginia Tech's Office of Sponsored Programs.

The Principal Investigator (PI) is crucial to the efficient establishment, implementation and monitoring of subawards. As the person in closest regular contact with all partners, the Program Leader/Principal Investigator is an active partner in establishing good working relationships between the ME and all subawardees. Clarity in all communications is essential so that all partners attain the same level of understanding and are provided the most current and correct information. The PI is the approver and has responsibility for all program expenditures.

### **I. Initiating Subaward Relationships**

Once the ME informs a PI that his/her research proposal has been accepted the following information must be provided for each subawardee in order to establish a subcontract:

1. The Subrecipient Data Sheet (completed and signed)
2. Certification and Assurances (signed)
3. Points of Contact information (name, title, mailing address, physical address, email, telephone and fax numbers) for each of the following persons at the institution:
  - a. Primary researcher
  - b. Signatory authority (authority who is legally authorized to sign and obligate the institution)
  - c. Financial Contact
  - d. Sponsored Programs or Grants representative responsible for managing the account
4. The agreed upon Statements of Work/Scopes of Work according to fiscal period clearly specifying research tasks and expected deliverables.
5. The budget, organized according by line item and fiscal period

6. The budget narrative by fiscal period, describing the types of purchases, services, personnel, or travel, and justifying how budget amounts were derived
7. The cost share budget (if applicable), organized according to fiscal period
8. The latest year-end financial statement or audit report (for all US institutions, IARCs, NGOs) (or the web address where it can be found). If a foreign entity, the recipient must have an annual audit conducted in accordance with the “Guidelines for Financial Audits Contracted by Foreign Recipients” issued by the USAID Inspector General, for any fiscal year in which the recipient expends a combined total of \$300,000 or more in all USAID awards, either directly or through another USAID recipient, excluding fixed price contracts and fixed obligation grants. If the \$300,000 USAID threshold is reached in a fiscal year please contact the ME for guidance.
9. The latest Negotiated Indirect Cost Rate Agreement and fringe rate agreement (NICRA), or similar document (or the web address where it can be found), where applicable. All US universities should have one and many other international institutions do as well. This document would provide the basis and authority for an institution to charge indirect and/or fringe benefits
10. Clerical and administrative costs must be fully justified and receive prior approval by disclosing the costs in the budget and justification.

## **II. Cost Share**

If required, U.S. and international institutions providing a cost share/matching commitment must report to the ME on the provided invoice template which is detailed later in this document

## **III. Indirect Costs**

Indirect, or Facilities and Administrative (F&A), costs can be claimed by US institutions, IARCs and NGOs, provided they have a Negotiated Indirect Cost Rate Agreement (NICRA) or another form of indirect agreement that USAID accepts in lieu of the NICRA. The Management Entity of FTFNIPM expects that due to the nature of this research effort the use of the off-campus research rate should apply. All indirect charges should be applied in accordance with the respective rate agreement. In the absence of a negotiated rate agreement, any non-federal entity may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC). No justification, documentation, or analysis of actual costs is required of the entity to use this rate.

If an approved federally negotiated indirect cost rate OR the 10% de minimis is being applied no clerical or administrative costs may be budgeted as direct costs without specific prior written approval of the ME and Virginia Tech Office of Sponsored Programs.

## **IV. Annual Budget and Modifications**

Annual budget requests are expected to be submitted along with the annual workplan from every subaward lead institution. Specific due dates will be announced by the FTFNIPM director annually.

All budget category transfers or modifications that consist of 10% or more of a budget line item over the cumulative project budget requires written approval from the FTFNIPM ME and Virginia Tech. Such modifications can be processed by contacting the Financial Coordinator Zara Shortt at [shorttz@vt.edu](mailto:shorttz@vt.edu).

### **Cash Advances, Invoicing, and Reimbursements**

All payments to collaborating institutions are contingent upon satisfactory progress toward achieving the planned Statement/Scope of Work objectives as attested to by the Program Leader, and the following of proper invoicing procedures.

#### **I. Cash Advances**

The FTFNIPM award from USAID operates on a cost-reimbursement agreement basis, which means allowable and reasonable costs incurred by the prime awardee (Virginia Tech) in the performance of the subaward agreement are reimbursed after the expenditure is incurred and is in accordance with the terms of the contract. In the same manner, Virginia Tech subawardees should operate on a cost reimbursable basis. Invoices shall be submitted by the institution, reviewed by both the Program Leader and the Management Entity Financial Coordinator, and then, upon approval, submitted for reimbursement.

However, recipient institutions with cash flow issues may need a working capital advance when they first start a project, due to lack of funds within an institution to help with the “start-up” costs. Under these circumstances a subawardee can be allowed an initial working capital cash advance based on a 30 day estimated disbursement need.

Cash may be provided for what is needed for a normal disbursement cycle (usually 30 days) and thereafter invoices for actual costs are submitted and reimbursed to keep working capital on hand to make necessary project payments. Recipients must submit a 30 day spending plan in order to receive any working capital advance. The suggested form can be found on the FTFNIPM website at this link [Advance Form](#) or requested from the Financial Coordinator.

Recipients must invoice monthly using this method in order to ensure adequate cash flow and to avoid exchange rate issues because no adjustment in cost is made due to exchange rate fluctuations.

**All cash advances must be invoiced and reconciled prior to closing out any subawardees' accounts.**

#### **II. Invoices**

Invoices from subawardees MUST be submitted on a timely basis. This means that invoices should be submitted **NO LESS FREQUENTLY than once a quarter** and **NO MORE FREQUENTLY than once a month**. (As stated previously invoices are required on a monthly basis if subawardee received a working capital advance.)

Invoicing on a regular basis helps the ME to prepare the appropriate reports to USAID and shows continual spend down of USAID funds. Long periods without invoices could indicate to USAID that funds

are not needed as requested in budgets, which could cause USAID to reduce funding in subsequent years. In addition, infrequent or non-existent invoices will prevent allocations in future years from the ME to the subawards. Prolonged non-invoicing may lead to having a subawardee's intended funding be redirected to another purpose.

FTFNIPM requires that the attached invoice template be used. Invoice templates may be found on the FTFNIPM website at this link [Invoice](#) or requested from the Financial Coordinator. The invoice is set up as follows:

Three tabbed worksheets:

1. The first tabbed worksheet is the "Invoice" where current and cumulative expenditure data is input.
  - a) The column labeled 'Current Invoice Amount' should include the expenditures being invoiced to VT for the specified reporting period. The adjacent column labeled 'Cumulative Amount Invoiced' should include the current expenditures and all amounts invoiced from prior periods.
  - b) The section labeled 'Spending By Country' must be included for every reporting period. The PI should report which host countries are benefitting from the current expenditures and show in this section. Cumulative totals of country spending should also be reported. The total of the current and cumulative columns should match the expenditures above.
  - c) Cost sharing is reported in the last section in the same manner as sections before. Current period expenditures reported in the first column and the cumulative amount in the adjacent column.
2. The second tabbed worksheet "Invoice Detail" is to be completed if any subawards, international travel, or equipment is being invoiced for. Specific domestic and international subaward expenditures must be reported on this tab. Cumulative expenditures for each should also be maintained. If a piece(s) of equipment is purchased with costs of \$5,000 or more per piece, all details are reported on this tab. Any equipment purchases must have been included as a part of the approved Statement/Scope of Work and budget. The International Travel Detail section should be used to list the details of any travel taken outside the home country. **International travel must be pre-approved by the Management Entity and the destination country must have been submitted as a part of the travel matrix sent to USAID for approval, prior to the start of the workplan year.** (Further details on equipment and international travel can be found below.)
3. The third tabbed worksheet, the "Host Country Taxes" is used to record any value added taxes (VAT) or customs duties assessed by host country governments. For any transaction purchasing commodities of \$500 or more the total amount of VAT and/or custom duties must be entered. The cumulative amount to date should be recorded in the designated box. This is a USAID reporting requirement.

*USAID Standard provisions state that host government taxes are not allowable where the authoritative approval provides the necessary means to the Subrecipient to obtain an exemption or refund of such taxes, and the Subrecipient fails to take reasonable steps to obtain such exemption or refund. Otherwise, taxes are allowable in accordance with the Standard Provision, "Allowable Costs," and must be reported as required in this provision.*

Further descriptions of some of the input fields are listed below:

- **Project Name:** Name of project/activity
- **Subgrantee Institution:** Name of institution submitting invoice
- **Subgrantee Address:** Address of institution submitting invoice
- **Invoice Date:** Date invoice was prepared
- **Invoice Number:** Number of invoice. Invoices can use any numbering system, but should proceed consecutively from one to the next.
- **Invoice Period:** The From Date, on the first invoice, should reflect the subaward beginning date; on consecutive invoices it should always be the next day subsequent to the last date of the invoice period on the preceding invoice. For example, let's say that invoice #1 begins October 1, 2015 and runs through November 15, 2015. Invoice #2 would begin November 16, 2015. There should be no gaps between invoice periods and no overlaps from one invoice to the next.

The following line items are detailed on the invoices:

1. **Salaries and Wages** – includes faculty, graduate assistantships, wages. Any expenses in this category should be based on what was included in the final approved budget and explained in the budget narrative. Note: clerical and administrative salaries must have special prior approval.
2. **Fringe Benefits** – includes fringes on faculty, graduate and wage positions. Any expenses in this category should be based on what was included in the final approved budget and explained in the budget narrative. Must have a fringe rate agreement to bill fringe expenses.
3. **Travel** – divided into International and Domestic. All international travel must be pre-approved and must have a travel approval number (see information later in this document on International Travel). In addition, the trip information must be input into the 2<sup>nd</sup> sheet of the invoice Excel file (the tab entitled "Invoice Detail").
4. **Equipment** – if something is purchased and classified as equipment, information concerning this equipment item must be input into the second tabbed worksheet of the invoice Excel file (the tab entitled "Invoice Detail").
5. **Supplies** – program specific
6. **Contractual Services** – generally used for such items as telephone, fax, mail, courier services, internet service, and printing. This could also be used for other individuals or companies "outside" of the institution employees who are providing a service.
7. **Subcontracts** – divided into International and Domestic if administering subcontracts with other entities. Must have specific prior approval

8. **Tuition**
9. **Other Direct Costs** – should only be used for those costs that do not fit into any of the other categories of the invoice. These items would have also been budgeted in this category as well.
10. **Total Direct Costs** – sum of all items 1-9 (calculated by the worksheet formulas).
11. **Indirect Costs** - Indirect, or Facilities and Administrative (F&A), costs can be claimed by US institutions, IARCs, and NGOs, provided they have a Negotiated Indirect Cost Rate Agreement (NICRA) or another form of agreement that USAID accepts in lieu of the NICRA. All indirect charges should be applied in accordance with the respective rate agreement. If the 10% de minimis rate is approved it is billed on a MTDC basis – removing equipment and tuition.
12. **Total Expenses** – sum of Total Direct Costs and Indirect Costs

**Cumulative Amount Invoiced** should reflect the sum of the current invoiced amount PLUS the cumulative amount invoiced from the previous invoice. On the first invoice both columns will be equal. From invoice 2 forward, the cumulative amount from the prior invoice is added to the current invoice.

**Submitted By** should contain the name of the person who prepared the invoice and the date.

The **Authorizing Signature** should reflect the signature of the person authorized to sign invoices on behalf of the institution and the date. The person's title should be entered underneath the signature.

### [USAID Eligibility Rules for Goods and Services](#)

In accordance with USAID Standard Provision for U.S. Nongovernmental Organizations M8, the following are considered Ineligible and Restricted Commodities and Services by USAID:

- 1) Ineligible Commodities and Services. The recipient must not, under any circumstances, procure any of the following under this award:
  - (i) Military equipment,
  - (ii) Surveillance equipment,
  - (iii) Commodities and services for support of police or other law enforcement activities,
  - (iv) Abortion equipment and services,
  - (v) Luxury goods and gambling equipment, or
  - (vi) Weather modification equipment.
- 2) Ineligible Suppliers. Any firms or individuals that do not comply with the requirements in Standard Provision, "Debarment, Suspension and Other Responsibility Matters" and Standard Provision, "Preventing Terrorist Financing" must not be used to provide any commodities or services funded under this award.

- 3) Restricted Commodities. The recipient must obtain prior written approval of the Agreement Officer (AO) or comply with required procedures under an applicable waiver, as provided by the AO when procuring any of the following commodities:
  - (i) Agricultural commodities,
  - (ii) Motor vehicles,
  - (iii) Pharmaceuticals,
  - (iv) Pesticides,
  - (v) Used equipment,
  - (vi) U.S. Government-owned excess property, or
  - (vii) Fertilizer (purchased outside host country)

### Equipment

In accordance with 2 CFR §200.33, “equipment” is defined as **“tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.”** Program institutions may have a more narrow definition and dollar threshold as defined in the university rate agreement. Any equipment purchased which meets the USAID definition or the respective institution’s definition must be recorded as equipment on the invoice and must have been pre-approved by being included in the workplan reviewed and approved by USAID prior to the beginning of the workplan year. Equipment purchases not pre-approved will not be reimbursed.

### Travel

Travel includes both domestic and international and includes such items as lodging, per diems (meals & incidental expenses), transportation, fuel for vehicles (primarily in host countries), and drivers (primarily employed by host country institutions), and can also include workshop or meeting-related expenses (rental of rooms, preparation of break foods or meals, lodging for participants, etc.). All travel costs must be in accordance with USAID standard provision RAA8 of the Non-US Nongovernmental organizations.

#### **A. International Travel**

Before departure for an international trip (at least 30 days), all collaborators must submit a Travel Request to the Management Entity. This request details the dates, the destination, and the purpose(s) of the trip, along with contact information in country. The ME reviews information, validates the purpose, and will approve if deemed acceptable. If approved by the FTFNIPM Program Director (or delegated representative), a unique identifier will be assigned automatically to the travel request. Any invoices submitted by the traveler’s institution which claim expenditures related to this trip, must have the travel detail information completed, along with the assigned travel request identifier. **If a trip has NOT been pre-approved in this manner, or is not reported correctly on the invoice, the traveler may be denied reimbursement.**

## B. Fly America

Anyone whose air travel is financed by US government funds, must use United States flag air carriers, whenever possible. In addition to US airlines (such as American, United, Northwest, etc.), US flag air carrier service also includes service provided under a code share agreement with a foreign air carrier in accordance with Title 14, Code of Federal Regulations when the ticket, or documentation for an electronic ticket, identifies the US flag air carrier's designator code and flight number.

Travelers are required by the "Fly America Act" to use US flag air carrier service for all air travel funded by the US government, unless one of the exceptions are met. The list of exceptions can be found on the website listed below. Foreign air carrier service may NOT be used solely based on a cost difference. All travel where a US airline or code share is not used must be fully documented as to the reasons.

Detailed information on this requirement may be found at the following URL:

<http://www.gsa.gov/portal/ext/public/site/FTR/file/Chapter301p010.html/category/21868/>

## C. Exchange Visitors and TraiNet

All exchange visitors traveling to the United States for any training program, including long term (Graduate students) and short term programs, must be approved by the FTFNIPM Management Entity. Additionally, a travel request must be submitted to FTFNIPM Management entity for approval at least 30 days prior to their departure to the U.S. The ME will assist on an as needed basis for processing participants through the USAID TraiNet visa system.

USAID directive ADS 252 provides policy and required procedures related to visa compliance for foreign nationals who are traveling to the United States for any purpose, including "Invitational Travel" (ADS 522.5.12) and "Participant Training" (ADS 253) and are financed, in whole or in part, directly, or indirectly, by USAID. Please see the FTFNIPM website for links to these ADS documents.

In addition to participant training in the U.S., ADS 252 and 253 requires In-country and Third country training to be submitted and reported through the TraiNet system. Following any such training activities Program leaders should complete the ME provided training information form and submit to the Director to fulfil this requirement. This form can be found on the FTFNIPM website or provided by the Financial Coordinator.

### Contact Information

For further questions regarding these guidelines please contact:

Zara Shortt



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**Website Links**

FTFNIPM Website: <https://ipmil.cired.vt.edu/>