

Financial Aspects

Feed the Future Innovation Lab for Livestock Systems

PURPOSE & TARGET AUDIENCE



Objective:

- Orient subaward organizations of administrative and financial requirements (in implementation and reporting) LSIL-funded projects.

This orientation focuses on USAID, University of Florida, and LSIL specific requirements.



Target audience:

- Principal Investigator
- Finance and operations staff

Also appropriate for:

- Other project team members specifically working on management/coordination

Week 0

Week 1

Week 2

Weeks 3-6

Later

Prepare:

- Read Attachment 2
- Take Canvas course on Ethical Clearances

Participate (or watch recording):



1. Meet the team
2. **Learn about financial reporting**
3. Get started in Piestar

4. Learn how to prepare or finalize the:
 - Open Data Plan (ODP)
 - Workplan (WP)
 - Results Framework (RF)
 - Environmental Monitoring & Mitigation Plan (EMMP)

5. Development of Local Capacity Development (LCD) Plan

- Go deeper into:
6. Piestar indicator and technical reporting
 7. Communications guidance

Submit (through Piestar):

Today

By end of week 6
ODP, WP, RF, EMMP, LCD plan, Ethics course certificate

AGENDA

- Cost principles
- Subaward budget
 - Obligated v ceiling funds
 - Budget flexibility
- Key clauses in subaward
 - Purchasing – Geographic Code, Equipment, Restricted Commodities
 - International Travel – Fly America Act
 - Key Personnel
- Financial reporting processes



COST PRINCIPLES

COST PRINCIPLES

- Funds come from U.S. Government. U.S. Government *Federal Acquisition Regulations (FAR)* trickles down to subawardees
- Payments under this subaward shall be limited to reasonable, allocable, and necessary costs in compliance with FAR

FAR - COST REGULATION

- In order to be billed to the project, a cost must be **allocable, reasonable and allowable**
- What does **allocable** mean?
 - Should be identifiable with a particular cost objective
 - The cost incurred should benefit the project or the program
 - “Is it in the budget?”

FAR - COST REGULATION *(CONT'D)*

- In order to be billed to the project, a cost must be **allocable, reasonable and allowable**
- What is **reasonable**?
 - Is the cost ordinary and necessary?
 - Does the cost represent any significant deviation from established practices?
 - The burden of proof is placed on the subawardee to establish that costs are reasonable

FAR - COST REGULATION *(CONT'D)*

Allowable Costs Include:

- Salaries and Wages
- Fringe Benefits associated with employment
- Insurance cost
- Vehicle cost
- Petrol
- Per diem associated with project activities
- And more...

UNALLOWABLE COSTS

Certain costs are **unallowable**:

- First or business class airfare
- Alcoholic Beverages
- Contributions and Donations (political/charity)
- Entertainment
- Fines and Penalties
- Interest expense
- Membership in Social Organizations
- Payments that exceed established perdiem limits (ex: lodging rates, meals etc.)
- Flights not in compliance with Fly America Act



UNALLOWABLE COSTS:

NO CONSTRUCTION

No construction including acquisition, construction, alteration, refurbishment or repairs (including dredging and excavation) of buildings or other vertical structures.





SUBAWARD BUDGET

OBLIGATED V CEILING FUNDS DEFINITION

Ceiling / Estimated / Total Budget

The ceiling is the total budget amount, per your approved subaward budget. Total spending over the life the project should not exceed this amount.

Obligated Funds (also referred to as Authorized or Funded amount):

The total amount of funds that the subawardee is authorized to spend. You may only invoice/report expenses up to this amount.

OBLIGATED V CEILING FUNDS DEFINITION

LSIL will *obligate* only a portion of the *total budget* funds in the initial subaward agreement. The amount *obligated* is only meant to last a portion of the overall project duration. LSIL will incrementally *obligate* more funds, up to the *total budget* amount via subaward modifications. It is up to the subaward organization to ensure that you do not spend beyond this figure. It is LSIL's full intention to obligate the total budget, however, you are only able to invoice/report expenses up to the obligated amount.

Why do we operate this way?

This is the same way that USAID funds the LSIL prime award. Our LSIL *total budget* includes the *total budget* for all LSIL subawards, but at this time, we have only been *obligated* a small portion of those funds. As USAID *obligates* more funds to LSIL, we *obligate* more funds to our subawardees.

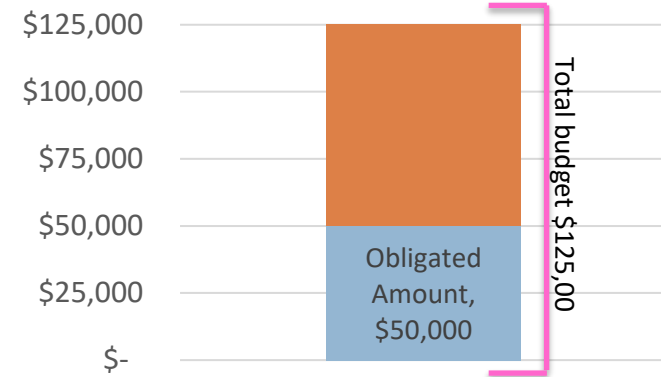
OBLIGATED V CEILING FUNDS (EXAMPLE)

Initial Subaward

Amount Funded this Action: \$50,000
Incrementally Estimated Total: \$125,000

Obligated amount

Total budget

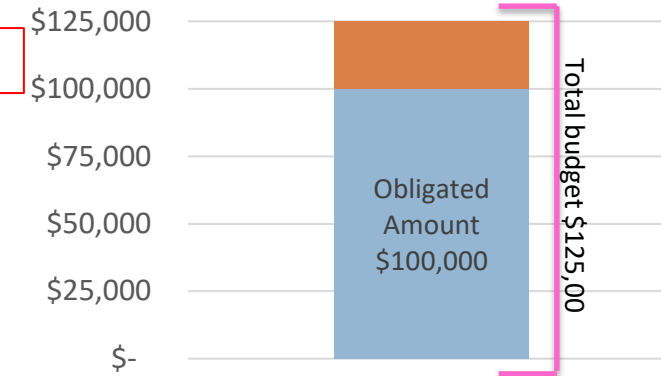


Modification 1*

Amount Funded this Action: \$50,000
Total Amount of Federal Funds Obligated to Date \$100,000

Additional obligated funds

Obligated amount



* Followed by subsequent modifications with eventual "Total Amount of Federal Funds Obligate to Date" matching the approved project budget

OBLIGATED V CEILING FUNDS

The amount of funds we obligate will depend on:

- Estimated spending rate based on original project budget.
- The amount of obligated funds LSIL received from USAID
- Spending rate of subawardee
 - Submit financial reports monthly so we have a better understanding of your project's true spending rate.
 - We typically will not increase your obligated funds until you have spent around 60-75% of your current obligated amount/ (example: if we have obligated \$100,000, we will obligate additional funds only after you have submitted a financial report showing at least \$60,000 spent).

BUDGET FLEXIBILITY

Rebudgeting is allowed so long as reallocation of funds between cost categories does not exceed 10% of the total budget amount.

Example budget

Item	TOTAL Budget	Total Budget Flexibility	Total Spent	Total Overspent	
Salaries	\$4,500	\$12,500 (10% of total budget amount)	\$4,200	Underspent	
Fringe Benefits	\$2,000		\$1,800	underspent	
Travel and Transportation	\$22,000		\$24,000	\$2,000 overspent	
Equipment	\$15,000		\$14,000	Underspent	
Consultants	\$10,000		\$6,000	Underspent	
Other Direct Costs	\$30,136		\$40,000	\$9,864 overspent	
Subawards	\$30,000		\$23,636	Underspent	
Indirect Costs	\$11,364		\$11,364	\$0 -	
Total	\$125,000			\$125,000	\$0

Sum of 'overspent' lines is \$11,864. Sum of overspending by cost categories does not exceed the 10% budget flexibility. Within authorized budget flexibility.

Note: Total spending can **never** exceed the total budget amount (in this case \$125,000)

If you anticipate you will exceed the budget flexibility, please notify LSIL beforehand.

Process: Send revised budget to lsilmanagement@research.ufl.edu for approval.



KEY CLAUSES IN SUBAWARD

PURCHASING: GEOGRAPHIC CODE

Authorized geographic code is 937.

Per the ADS 310 (310.3.1.1), code 937 includes the United States, the recipient country, and developing countries other than advanced developing countries, but excluding any country that is a prohibited source.

If you intend to purchase outside of geographic code 937, must obtain prior approval.

If you are purchasing outside of recipient country or United States, and you are unsure of geographic code, please reach out to us.

PROCESS: Send notification to lsilmanagement@research.ufl.edu if you plan to purchase outside of geographic 937.

PURCHASING

Competitive process threshold:

- Above \$3,000 - must be subject to a formal competitive process.
- Above \$25,000 – through sealed bid process

Process: Notify lsilmanagement@research.ufl.edu to any changes to this process.

PURCHASING: EQUIPMENT

Must notify LSIL and obtain approval for all equipment purchases.

Equipment definition:

- Useful life of more than one year *and*
- Total acquisition cost of \$5,000 or more per unit (including tax, freight costs, installation, and other costs incurred to acquire)

PURCHASING: EQUIPMENT

EQUIPMENT PROCESS:

Submit request through Piestar. <Livestock.piestar.com>



LIVESTOCK SYSTEMS INNOVATION LAB DASHBOARD IMPACT MODULES PEOPLE REQUESTS

Manage

- Reporting Periods
- Travel Requests
- Equipment Requests**
- Email Campaigns
- Data Cleaner

Approve/Deny Equipment Request E00006

Requested by [REDACTED] on November 28, 2018.
Current status: On November 28, 2018 Damien Chevaillier marked this request 'Approved' and said: This veh by USAID.

[Original Equipment Request](#)

PURCHASING: RESTRICTED COMMODITIES/ITEMS

The following are commodities that require written approval from USAID for purchase with USAID funds, regardless of cost:

- Agricultural commodities
 - Livestock
 - Seeds
 - Feed
- Fertilizers
- Pesticides
- Pharmaceuticals
- Motor vehicles (including motorcycles, even if they cost under \$5,000)
- Used equipment (see definition of equipment)
- U.S. government-owned excess property

PURCHASING: RESTRICTED COMMODITIES/ITEMS

PROCESS:

Submit request through Piestar. <Livestock.piestar.com>

UF-USAID Prior Approval Request Form-Agricultural Commodities

Cooperative Agreement Number: AID-OAA-L-15-00003

Requesting Institution: _____

Name of Purchaser: _____

Program/Project Title: _____

Recipient country/countries: _____

Requested agricultural commodities:

Commodity	Variety	Source	Quantity Required	Unit Price (FCFA)/ Kg	Total Cost (FCFA)	Total Cost in USD	Vendor



PURCHASING

Note that most restricted commodities and equipment listed in your budget have already been pre-approved. You do not need to submit new requests to purchase these items. Only submit request to purchase new items that have not already been pre-approved.

INTERNATIONAL TRAVEL

All international travel, for all partners as well, must be preapproved by LSIL. Must submit request via Piestar three weeks before date of travel or as early as possible. **All international travel must be entered in Piestar. Even travel that was included in the approved project budget.**

PROCESS: Submit requests in Piestar



The screenshot shows the Piestar system interface for the Livestock Systems Innovation Lab. The user is Damien Chevallier. The page title is "Approve/Deny Travel Request T00240". The request was submitted by Rheanna Murray on December 7, 2018, and its current status is "Approved" as marked by Saskia Hendrickx on the same date. The "Original Travel Request" details are as follows:

Category	Value
Submitted By	Rheanna Murray
Project Names	Issa - INRAN/MC - ENHANCE
Travel Dates	December 3-18
Lodging Budget	\$1,852
M&IE Budget	\$594
Flight Expenses	\$1,319
Other Expenses	\$0
Budget	\$3,765

Budget Justification: Saidou will be in Niamey for 13 days, followed by Ouagadougou for 3 days. The Per Diem rate for Niamey is \$55, while Ouagadougou is \$55, making the total M&IE budget \$594. The maximum Lodging rate for Niamey is \$109, while for Ouagadougou it is \$145, making the total Lodging budget \$1,852. Saidou's flights were purchased for \$1,319 round trip. In total, all these expenses lead up to a travel budget of \$3,765.

Must ensure compliance with Fly America Act.

KEY PERSONNEL

Identified Key Personnel are considered to be essential to the work being performed. UF LSIL will designate who are Key Personnel (typically only the project PI).

See attachment 2a in your subaward agreement for listed key personnel.

The following individuals are identified as Key Personnel:

Principal Investigator:

You must notify LSIL of:

- Any changes to key personnel
- The absence of more than three months from, or a 25 percent reduction in time devoted to, the award by the principal project leader approved for the award

Process: Send notification to: lsilmanagement@research.ufl.edu



FINANCIAL REPORTING PROCESSES

FINANCIAL REPORTS

Financial reports must be submitted monthly to lsilmanagement@research.ufl.edu

Using the template provided all reports must:

- a) provide a current and cumulative breakdown of costs in accordance with the budget categories (including number of hours worked in the billing period, if applicable);
- b) provide a current and cumulative breakdown of costs by country, and area of inquiry (“AOI”);
- c) identify the Subaward ID number;
- d) be approved and signed by SUBRECIPIENT 's appropriate Administrative Official; and
- e) be accompanied by a general ledger.

Supporting documentation must be submitted with the financial report. Supporting documentation can be submitted via email to lsilmanagement@research.ufl.edu or through any file sharing service (google drive, dropbox, weshare etc.)

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SUPPORTING DOCUMENTATION







Supporting documentation **MUST** be submitted in an organized format that matches the order/format of the Excel financial report

Example organization systems

Example 1: Combined pdf by expense type

Name	Type
 0. Wire confirmation and exchange rate	Adobe Acrobat D...
 1. Personnel	Adobe Acrobat D...
 2. Travel	Adobe Acrobat D...
 3. Material and supplies	Adobe Acrobat D...
 4. Consultants	Adobe Acrobat D...
 5. Other Direct Costs	Adobe Acrobat D...
 6. Indirect Costs	Adobe Acrobat D...

Example 2: Separate pdfs organized by expense type







Name	Type
 1. Personnel	File folder
 2. Travel	File folder
 3. Materials and Supplies	File folder
 4. Consultants	File folder
 5. Other Direct Costs	File folder
 6. Indirect Costs	File folder

Example 3: Backup documentation can also be organized using organization voucher numbering system. In this case be sure to include voucher number in Excel file financial report

Name		Type	Consultants		
Voucher number	Name of Consultant	Services performed	Date(s) of Service		
JE85581	John Doe	Consultant payment for project launch for 11 days.	14-24 July 2018		
JE85583	John Doe	Student data collector	May-June 2018		
JE85584	John Doe	Student data collector	May-June 2018		
JE85680	John Doe	Student data collector	May-June 2018		
JE85684	John Doe	Student data collector	May-June 2018		
JE85695					
JE85697					
JE85713					
JE85718					
JE85721					
JE85761					
JE85764					
JE85766					
JE85769					
JE85775					
JE85783					
JE85787					

SUPPORTING DOCUMENTATION

Do **NOT** do this:

Name	Type
 Report No. 4 Part 1	Adobe Acrobat D...
 Report No. 4 Part 2	Adobe Acrobat D...
 Report No. 4 Part 3	Adobe Acrobat D...
 Report No. 4 Part 4	Adobe Acrobat D...
 Report No. 4 Part 5	Adobe Acrobat D...
 Report No. 4 Part 6	Adobe Acrobat D...

In this case, all documentation is submitted, but it is not organized by expense type or voucher number. Documents submitted do not reflect the order of expenses of the ledger.

SUPPORTING DOCUMENTATION

Expense Type	Documentation Required
Salaries	<ul style="list-style-type: none"> Identify personnel involved, title and salary rate Provide description of work performed Include percent effort or hours/ time spent on project
Contractual/ Consultants	<ul style="list-style-type: none"> Include copies of invoices
Travel	<ul style="list-style-type: none"> Identify name of traveler, location, purpose and dates of travel Include copies of receipts/invoices Document use of per diem rate Include Piestar approval number
Equipment	<ul style="list-style-type: none"> Identify type of equipment purchased Include copies of invoices
Other Expenses	<ul style="list-style-type: none"> Include copies of receipts and invoices Itemize all expenses
Sub-recipient	<ul style="list-style-type: none"> Include Sub-recipient invoices Provide copies of receipts and invoices for all sub-recipient costs

EXCHANGE RATES

Invoices/Financial Reports must be converted to U.S. dollars. Conversion rates must be identified in the financial report. Conversion rates can reflect:

- Conversion on date of submission of financial report
- Conversion on day of transaction
- Weighted average exchange rate or bank provided exchange rate.

TRANSLATION OF RECEIPTS

Per subaward agreement, English translations must be provided for receipts in a language other than English.

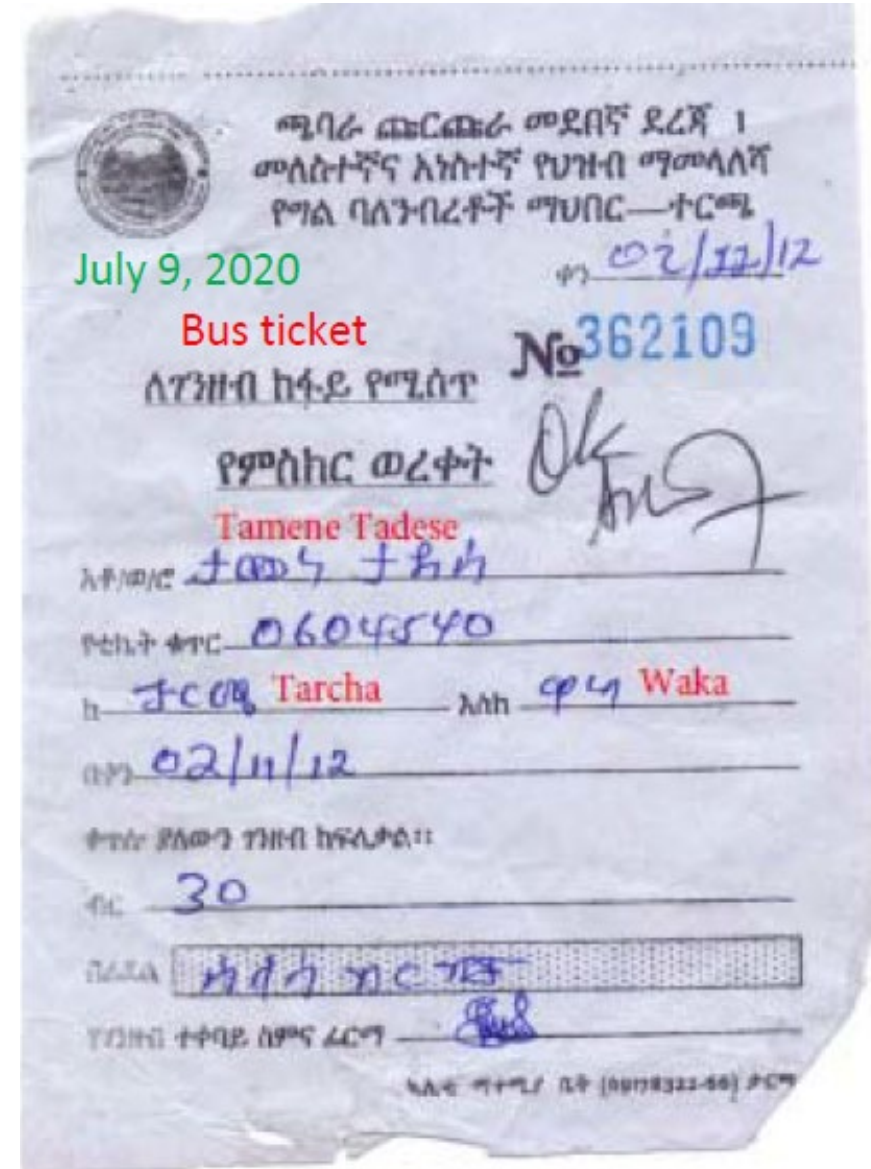
You are not required to translate the entire receipt, only enough for UF to be able to verify costs, such as:

- Amount
- Date
- Vendor
- What is being purchased

EXAMPLE TRANSLATION

In this example, this translation is sufficient.

We know what is being purchased (bus ticket for _____ from Tarcha to Waka on July 9, 2020, for 30 ETB)



DATE CONVERSION (NEPAL AND ETHIOPIA ONLY)

UF is required to have a report listing dates of purchases using the **Gregorian calendar**, not the Ethiopian/Nepali calendar. There are two options for reporting purchase date:

Option 1 – add comment on invoice to convert date

July 9, 2020 n 02/32/12

Option 2 – List date on financial report template and note which calendar is being used.

			Other Expense
Vendor/Supplier Name	Item description	Date of Purchase	
1 Yosef stationary	Kaki posta and note booke	23/6/2020	G.C
2 Bizunesh Tefera	photo copy	7/7/2012	E.C
3 Tare printing and Copy	print and photo copy	7/7/2012	E.C
4 Tiruwork Huriso	laminating pouch A4	20/7/2020	G.C

QUESTIONS ABOUT FINANCIAL REPORTING

All financial reports must be submitted to lsilmanagement@research.ufl.edu

But if you have any questions on financial reporting processes (or other financial/administrative processes), please email us directly at livestock-lab@ufl.edu

OTHER FINANCIAL REPORTS

Type	Frequency	Due Date	Submission
Property Report	Annually	October 15	Email to lsilmanagement@research.ufl.edu
VAT Report	Annually	March 1	
Final Financial Report	One time	60 days after subaward end date	
Final Property Report	One time	60 days after subaward end date	

Reporting templates can be found in Piestar

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Disclaimer

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