



UNITED NATIONS ASSOCIATION OF GEORGIA

GRANTS MANAGEMENT MANUAL

UNAG Grants Management Manual

1. GENERAL PROVISIONS

Article 1. Purpose and sphere of dissemination

1. **The purpose of the Manual is the legal regulation of organizational and financial issues of Grants awarded by United Nations Association of Georgia (hereafter UNAG).**
2. **The provisions of the Manual disseminate on proper responsible personnel of UNAG and grant recipient organization (Grantee).**

Article 2. Definition of the terms used in the Manual

Grant - is the gratis resource that grantor (donor) awards to grant recipient in the form of funds or in-kind means, with the view of implementation of specific projects and programs in the certain period.

Grant Recipient (Grantee) – Organization and liable persons of the organization, which received grant for implementation of specific project in a certain period.

Article 3. Grant period

1. Grants are given for implementation of projects and for a certain period indicated in each grant agreement.
2. All project activity and appropriate grant-related expenses (both direct and indirect) shall take place in this period. The UNAG shall not cover expenses on goods and services, which were or will be supplied **before or after** the grant period approved by the UNAG.
3. If during the project implementation process appears that for some objective reasons Grantee cannot comply with agreed period, Grantee should submit to the UNAG a **prior written** request for extension of the grant period for the desired time. Only upon receipt of a **written** (not oral) approval from the UNAG, Grantee may continue spending the grant funds during approved prolonged period. Otherwise, the incurred expenses **shall not be** accepted by the UNAG and shall be paid out of own funds of organization.

Article 4. Covered expenses

The UNAG shall cover only expenses envisaged in the project budget. If, in the project implementation process, it becomes necessary to incur certain expenses **connected with implementation of the project**, though not previously envisaged in the budget, a **prior well-grounded written request** for making changes (entering a new item or the increasing of the existing one) shall be submitted to the UNAG. At the same time, it is required to indicate the item the funds of which will be saved and to substantiate this possibility.

Article 5. Grant amount

Grant-related expenses are limited to the amount specified in a grant agreement. It may turn out at the end of the project that payments from the grant will be less than it was expected under the agreement if you have spent not all the funds or not all expenses incurred by you are properly confirmed by receipts and other

financial documents. If unused grant funds remain on the account of organization, the balance shall be returned to the UNAG.

2. PAYMENTS UNDER GRANT

Article 6. Procedures of payments

1. Grant payments are provided in portions in compliance with the initial Schedule of payments and approved quarterly budget (See attachment 1 to Grant Agreement and attachment 2 grant reporting forms) based on the project work schedule and approved budget. This Schedule may change at the UNAG's discretion on the basis of request of Grant Recipient, depending on the time of use of the grant funds and implementation of the project. If Grant Recipient has sufficient funds on its account or the presented reports (program or financial) are not considered as satisfactory by the UNAG, UNAG shall have the right to delay or change the amount of the next payment of the grant.
2. USAID grant funds shall not be commingled with other recipient owned or controlled funds; grant recipient shall deposit all USAID advances in a separate bank account and shall make all disbursements for goods and services from this account.
3. In cases where it is possible and at a request of Grant Recipient, the UNAG will make payments directly to supplier of goods or services. In such cases, Grant Recipient shall study the market of relevant goods and services and submit a request for payment to the UNAG with required documentation, copies of contract with supplier of goods or services and invoice issued by such supplier, along with tender documentation if purchase amount is more than \$500 USD (or 1000 GEL).

Article 7. Liability for grant

1. Responsibility for the grant shall be borne by manager and accountant of project. In case of replacement of one of them, the UNAG shall be **accordingly notified in writing**, with submission of the following documents:

- Request letter on replacement, indicating the reasons for replacement;
- Resume of new candidate;

2 The responsibilities of Project Manager and Project Accountant during the implementation of the grant:

A) Role of Project Manager:

- Determining the main directions of the project and general management of project;
- Contacts with the UNAG;
- Preparation of program reports on implementation of project.

B) Role of Project Accountant:

- Maintaining project accounts;
- Preparation of all financial documents and documents on expenses related to project;
- Preparation of financial reports concerning project and submission thereof to the UNAG.

3. PROCUREMENT POLICY

Article 8. Procurement procedures

1. In all cases where the cost of goods or services to be purchased by Grantee is \$500 USD (or 1000 GEL) or more, it is required to study the market of relevant goods or services and provide a documentary substantiation of Grantee's choice.
2. Following actions must be taken by the Grantee in case required goods or services cost is \$500 USD (or 1000 GEL) or more:
 - Grantee should request official bid with organization seal and all specifications of requested goods and/or services from at least three vendors;
 - Grantee should make choice according following conditions: price, quality of goods and/or services, terms of delivery, payments etc.
3. After making the choice grantee should fill out the tender form including following information: Tender participant company/individual names, addresses and phone numbers, contact persons, name and specification of goods or services, price and reason for choice. On Tender Form there must be at least signatures of Project Manager, Accountant and organization seal. If Grantee has its own Tender Form with required fields they can use it otherwise grantee should use UNAG Tender form. See attachment 1 to this manual. Copies of all these documents should be included in financial report. **Otherwise UNAG will not approve expense.**
4. Contracts shall not be made with firms or individuals whose name appears on the "Lists of Parties Excluded from Federal Procurement and Non-procurement Programs" and companies from ineligible countries.

Article 9. Procurement of equipment

1. Upon receipt of equipment, Grantee should enter it on the balance sheet of organization and make separate Inventory list for equipment purchased under UNAG Grant, or add to organizations existing inventory list, but equipment purchased under UNAG Grant, in case of need must be easily separated from other equipment. All equipment should have inventory sticker on it.
2. Grantee should use equipment only for its purpose, i.e. for implementation of the project funded by the UNAG.
3. Grantee must ensure safety and careful handling of purchased equipment.
4. G reserves right to withdraw from Grantee all equipment purchased under its Grant, in case Grantee is not fulfilling its responsibilities under the Grant Agreement.

Article 10. Visiting the USA

1. grant agreement provides visiting the USA, Grantee should take the following steps:
 - Grantee must obtain temporary medical insurance for all members of the group from U.S. company only.
 - Grantee must use U.S. airlines for flights to the USA (if possible).

2. UNAG funds flights only in economy class.

4. REPORTING

Article 11. Project Reporting

1. Two types of reports, program and financial reports, shall be submitted by Grant Recipient on a regular basis in compliance with the scheme of implementation of the project (see attachment 1 to grant agreement). Delayed or incomplete submission of any of the required reports may entail a delay in further payments under the grant agreement. Failure to submit the required reports may entail termination of the funding of the project. Grant Recipient shall notify the UNAG **in writing** about any delays in submission of the aforementioned reports.
2. Grant Recipient shall timely notify the UNAG about any significant events which may have a negative or positive effect on implementation of the program.

Article 12. Program report

1. In the process of stage-by-stage implementation of project, Grant Recipient is required to regularly submit to the UNAG a project implementation report signed by project manager, as well as project implementation schedule for the next reporting period. The frequency of submission of such reports to the UNAG is specified in Appendix 1 to the Grant Agreement. Upon completion of each stage of project implementation, Grant Recipient shall send to the address of the UNAG an *interim report* (about 3 pages) on implementation of that stage of project. Upon completion of the entire project, Grant Recipient shall send to the address of the UNAG a *final report* (about 10 pages) on program implementation.
2. The report shall include the title of project, grant number, time framework of reporting period and analysis of the work done for the reporting period. It should also include description of particular work carried out by the project personnel, as well as produced results. Copies of all printed materials published as a result of implementation of the project funded by the UNAG shall be attached to the report. Such publications shall have the phrase to the effect that they are implemented on the funds provided by the US Agency for International Development through the UNAG.
3. Report on project implementation shall be written clearly and logically. At the same time, such report shall not be excessively detailed.
4. For preparation of program reports, one should be guided by **Appendix 3** to the Grant Agreement, **Supplement 3** “Recommendations for Preparation of Program Reports” and **Supplement 4** “Schedule of Project Implementation for Next Reporting Period”.

Article 13. Financial Reporting

1. Along with program reports, Grant Recipient shall submit financial reports to the UNAG. The terms of submission of such reports are specified in Attachment 1 to the Grant Agreement.
2. Financial report includes few forms:

- **Financial Reporting Form:** This form is main reporting form. It's divided in three general sections Budget; Expenses and Budget vs. Actual. In section **Budget** grantee should fill Annual budget totals for separate budget lines. Section **Expenses** divided in four columns for each project period. Grantee should fill each column for current period expenses by budget lines. Section **Budget vs. Actual:** this is comparison of annual budget versus up to date actual and it will be generated automatically. In UNAG's grant reporting forms cells highlighted in green should not be filled out; it will be generated automatically.
- **BCR - Budget Comparison Report:** In BCR form there are two sections - Annual Budget comparison to up to date actual and current period budget comparison to current period actual. Reason for variance: Grantee should explain variances in case if difference between budgeted cost and actual is more than 10%. In case Grantee predicts some significant changes in grant funds spending Grantee should notify in written UNAG Chief of Party (COP), Program Manager and Grants Financial Manager (GFM) about these changes. Grantee can't overspend total grant amount; in such case UNAG will not accept overspent expenses.
- **Expenditure List:** In Expenditure list Grantee must include all expenses from project funds for reporting period. All receipts must have separate number. All expenses must have supporting documentation. Grantee must provide the copies of all supporting documents (receipts, invoices, contracts and etc.)
- **Grant Quarterly Budget:** Grantee must fill **Grant Budget Form** upon signing the contract. Budget can be changed with Grantee reasonable written request and UNAG approval (see article **6. Changes in Budget** of this manual).
- **Grant Balance Form:** in Grant Balance Form in section **Total Project Funds Received from UNAG** Grantee is filling dates and amounts of all transfers received from UNAG, in section **Total Project Expenses** grantee is entering total report amounts including current report and formula will calculate grantee current balance.
- **Cash Request Form:** Request for project amount transfer. Total grant amount is divided in few transfers equal to the number of grant periods. Grantee must provide filled Cash Request Form upon signing the contract and with all following Financial Report except Final Report. This form must indicate projected costs for next period of grant according the appropriate period budget and project real needs, Total Projected expenses minus current balance rounded to nearest dollar will be requested amount.

Article 14. Changes in Budget

Grant Recipient shall spend the grant funds in compliance with the budget approved by the UNAG. Without notification of the UNAG, Grantee may transfer the grant funds between individual line items of the budget only within 10 % of the item of the budget to be increased (i.e. the item to which the funds are transferred to). If an amount exceeding 10 % of the increased item of the budget is necessary to be transferred, Grant Recipient shall submit a **prior written request** to the UNAG and receive a written approval. Grant Recipient shall not create a new item of the budget without prior agreement with the UNAG.

7. PROJECT EXPENSES

Article 15. Acceptable Expenses

Acceptable Expenses by Budget Lines are:

- a) **Salaries:** This Budget line includes all payments for services performed by officers and employees of the organization. Salaries shall be paid on the grounds of payrolls and timesheets, maintained for each employee whose salary is charged to the grant. Grant Recipient shall draw up a labor contract with each worker involved in the project. Applicants should list all positions separately, providing names, titles, annual salary, percent effort or actual time for the project, and the portion of salary to be charged to the project.
- b) **Contractual Services:** Items such as temporary personnel services, translation services, consultant compensation, honorarium, rented or leased equipment, audit and legal fees, and accounting services (if performed by an outside contractor) and Sub-grants are examples of contractual services. Officers and employees of the organization may not be paid for contractual services. All payments for services performed by officers and employees should be made only under the budget category "Salaries."

Support for contractual services would typically consist of a written agreement and an invoice or receipt which would indicate which services have been performed and the basis for payment (rate per hour, day, page, etc.).

- c) **Benefits and Allowances:** Employee fringe benefits (vacation, sick leave, insurance, pension costs, etc.) are allowable if provided benefits are paid in accordance with the grantee's established written policies and are not prohibited by UNAG policies. The portion of fringe benefits paid with UNAG grant funds should be in proportion to the amount of time or effort actually devoted to UNAG activities. The applicant should provide the percentage of benefits being charged against the grant.
- d) **Travel and Per Diem:** Travel must be directly related to grant activities. Travel must generally be in economy class. All air transportation must be on U.S. flag carriers (U.S. owned airlines) when such service is available. Lower cost is not an acceptable reason for using a non U.S. carrier. In all cases where a non U.S. carrier flights is used, the grantee should prepare supporting documentation supporting the use of a non U.S. air carrier.

Reasonable travel costs, including transportation, accommodation, food, subsistence and related items are allowable. Transportation and incidental travel expenses must be supported by the original ticket stub or receipt. Lodging must be supported by a hotel receipt. Receipts are not required for meals while traveling if the traveler is being reimbursed on a per diem basis in lieu of actual expenses.

- e) **Space and Utilities:** Reasonable expenses for rent or lease of facilities for grant related activities and other related expenses such as minor maintenance, repairs and alterations are allowable. Supporting documentation for rent payments would typically consist of a lease agreement, while supporting documentation for utilities would consist of an invoice.
- f) **Supplies and Equipment:** Office Supplies and/or Equipment purchases for project purposes. For Purchases of goods or services in amount or over \$500 USD (or 1000 GEL) grantee must hold market research between at least 3 companies with written bids.
- g) **Communications and Postage:** Costs incurred for telephone services, local and long distance calls and facsimile charges, telex, telegrams, internet and similar costs related to implementation of the project objectives, also Postage and courier expenses. Supporting documentation for communication and postage expenses would consist of an invoice and/or receipt.

- h) **Other Direct Costs:** This category includes a number of different costs, such as:

- Printing and Publishing

- Meetings and Conferences: Indicate the purpose of the meeting(s), approximate date(s), location, and number of attendees. All costs should be itemized (e.g., room rental, food, audiovisual equipment, transportation). Expenses should be documented with (1) receipts, (2) an explanation of the purpose and location of the function, and (3) a list of the names and affiliations of participating individuals.
- Reference Materials: Reference materials, including subscriptions.
- Bank Service Charges: Bank service charges are allowable when required for grant related activities.
- Health Insurance: When UNAG funds support the travel of citizens outside their home country, temporary health insurance should be provided for their stay.
- Subcontracts Services: Budgets under subcontracts must include the same level of detail as the rest of the budget. See "Subcontracts" for additional information.
- Other Costs: Other reasonable direct costs not prohibited by regulations of UNAG and our respective donors.

k) Indirect Costs: Grant reasonable Indirect costs (NICRA and etc.)

Article 16. Unacceptable expenses

Unacceptable expenses by Budget Lines are:

- Activity outside the scope of the approved aim and objectives of the project or the grant budget;
- Expenses incurred prior to or after the official grant period;
- Shows, entertainments, public events and related expenses, including board, hotel accommodation, rent, transport expenses and tips;
- Charity contributions;
- Gifts, tips, penalties, alcoholic beverages and tobacco products;
- Outstanding debts and related expenses on debts recovery and legal costs;
- Penalties and sanctions as a result of violation of republican and local laws and regulations;
- Advance payments except if they are based on a relevant agreement;
- Influence on the U.S. government;
- Per diem payments or fees of consultants exceeding the applied maximal rates per day;
- Payment of compensations to relatives of project manager and accountant unless preliminary agreed on in writing with the UNAG;

6. INTERNAL CONTROL OVER GRANT FUNDS

Article 17. Purpose of Internal Control

1. Internal accounting controls include rules, regulations, procedures and accounting documents to maintain the archive and ensure sound financial control.
2. Internal controls shall ensure reliable guarantees of the following:
 - Financial deals are made with permission of manufacturers;

- Financial deals are accounted in compliance with the rules of accounting and legislation;
- Assets are accounted;
- Access to assets is provide only to authorized persons;
- Regular comparison of accounting documents and actually existing assets will allow to reveal discrepancies and take appropriate measures;

Article 18. Keeping of assets

1. Grant Recipient shall be able to keep safely the assets related to the grant of the UNAG. The assets include the grant funds, property and equipment purchased on the grant funds, accounts and accompanying documents (invoices, receipts etc.).
2. If it is necessary to keep a limited sum of money out of an organization's accounts, such sum of money shall be kept in a locked safe. The access to the money shall be provided only to a limited number of persons.

Article 19. Accounting

Accounts and accompanying documents shall be kept in the office of organization for at least three years after the day of submission of the final financial report.

Article 20. Verification of accounts

1. Accounts shall reflect all financial transactions related to the grant.
2. Verification of at least two following types shall be carried out on a regular basis:
 - Verification of balance of bank account - Grant Recipient having a separate account for the grant funds shall conduct verification on a monthly basis. The final balance of bank account indicated in extract from bank account shall be compared with the final balance of account book.
 - Verification of cash - Grant Recipient which also keeps the grant funds outside bank account shall conduct cash verification on a regular basis. Verification shall not be conducted by a person responsible for cash keeping.
3. If Grant Recipient does not have a separate bank account for grant funds, then grant-related expenses shall be marked with an index on relevant account (For instance, 1/UNAG. 20/ UNAG etc. Here, UNAG shows that expenses according to this account are referred to grant expenses. This method of accounting will allow to easily distinguish grant expenses among all other own funds of organization).

Article 21. Accompanying documents

1. Grant Recipient shall maintain adequate confirming documents in respect of revenues and expenses connected with grant funds. The purpose of accompanying documents is to confirm the fact that payment was made and that it was made within the grant period.
2. Normally, accompanying documents confirming the spending of grant funds are as follows:

- Entry in accounting documents, indicating the date, sum and purpose of expense;
 - Original invoice, receipts and contract (if necessary);
 - Signature evidencing that payment was approved by authorized person;
 - Payment order and extract from bank account (advice note);
3. Grantee providing copies of above mentioned documents to UNAG, but in case of need UNAG staff should have full access to original documents;

Article 22. Working time accounting procedure

1. Each worker of organization who is paid out of the grant funds according to item “Salaries” shall keep a time sheet of hours worked. Worked hours shall be recorded on the sheet after they have been worked indeed.
2. Each time sheet shall be signed and dated by worker and his/her line manager and shall be prepared for the period of work which salary shall be paid for. The total number of hours indicated on the time sheet shall comply with payroll.

Article 23. Property and equipment

1. Unless otherwise expressly envisaged, the title to equipment purchased using the grant funds shall be immediately transferred to Grant Recipient. Upon receipt of equipment, Grant Recipient shall immediately enter it on the balance sheet of organization and **inventory sheet**.
2. All items with the service life of more than 1 year shall be entered on the inventory sheet.
3. Inventory sheet shall include:
 - Name of article (goods);
 - Model number;
 - Serial number;
 - Date of purchase;
 - Cost;
 - Source of funds used for purchase of article (grant number);
 - Supplier;
 - Information on location of article.
4. The inventory sheet shall be accompanied by relevant documents. Accounting documents related to equipment purchased on the grant funds shall be kept for three years after the final write-off of the equipment.

Article 24. Currency exchange and records keeping procedure

Grant Recipient shall keep detailed records of all currency exchange transactions, indicating an exchanged amount, data, exchange rate, amount received in local currency and accompanying documents confirming details of each exchange transaction.

7. ILLEGAL AND FORBIDDEN GOODS AND SERVICES

Article 25. Interdiction of Procurement of Illegal goods and services

Grant Recipient shall not purchase the following goods and services:

- Military equipment;
- Eavesdropping devices;
- Goods and services supporting operations of militia and other law-enforcement bodies;
- Services and equipment for performance of abortions;
- Luxury items and equipment for organization of gambling;
- Weather forecast equipment.

Article 26. Interdiction of Procurement of Forbidden goods

Grant Recipient shall not purchase the following goods and services without prior written agreement with the UNAG:

- Agricultural products;
- Motor cars;
- Pharmaceutical products;
- Pesticides;
- Chemicals with rubber resin and plasticine compounds;
- Used equipment worth US \$ 5,000 per unit;
- Surpluses of property of U.S. government;
- Fertilizers.

Article 27. Additional Information – Special Attention

1. The UNAG's policy requires that Grant Recipient act in full compliance with the legislation of the Georgia.
2. Grant Recipient shall strictly observe the tax legislation. All taxes envisaged in the grant budget shall be paid from the grant amount, including taxes on wage/fees indicated in the wage/fee rate of each project participant, unless the law specifies otherwise. If Grant Recipient believes that there are legal grounds for non-payment of some taxes, it shall present to the UNAG a confirming letter from an authorized state body

(Finance Ministry, State Tax Inspectorate etc). Otherwise, the amount of unpaid taxes will be removed from the financial statement as expenses non-approved by the UNAG.

3. Project shall be funded only through cashless transfers.

4. The grant funds shall be transferred only to the account of Grant Recipient (or supplier of goods/services). Use of accounts of any other organizations and enterprises for receipt of the grant funds shall not be allowed.

5. Within the limits of this grant, VAT paid to the budget in connection with purchase of goods or services shall be subject to return. Within one month from the day of payment of VAT for any purchased goods or services and in any amount, Grant Recipient shall write a letter to the regional tax inspection body with a request for return of the paid VAT amount. A copy of such letter vided by the tax inspectorate shall be presented to the UNAG together with the next financial report. In case of lack of such letter to the tax inspectorate, the paid VAT amount shall not be approved by the UNAG.

6. In case of holding public events (presentations), Grant Recipient shall agree in writing on the date of event 10 days with the UNAG prior to such event and invite a USAID representative through the UNAG.

7. The grant budget envisages the amount for purchase of Zip Drive with floppy disks for creation and storage of a backup (emergency) copy of all project information (for data backup). The backup copy shall be updated on a permanent basis, with updating of project information/ Disks with data backup copy shall be stored in a safe locked place in the office. Grant manager shall inform the UNAG in program reports about creation and updating of backup copies.

8. Within the limits of this grant, equipment purchased on the grant funds shall not be taxed with property tax.

Supplement 1

List of Documents to be Provided for Different Type of Expenses

1. **Bank advice notes** - All bank advice notes both for currency and GEL operations (irrespective of the expense amount) shall be submitted to the UNAG for precise control of money flow.
2. **Lease of office premises - Agreement with lesser** and financial document on the spending of money. If the lesser is a private person, the financial document may be ***Cash Expenditure Order*** of the organization (when money is received by lesser personally) or **Receipt** (when money is received by lesser from a person accountable to the organization). If the lesser is a legal person, the financial document is a **Receipt** from the lesser organization (in case of cash payment) or ***Payment Order with the accompanying invoice*** (in case of cashless settlement). Agreement with the lesser shall be submitted to the UNAG once, when it first appears in financial report. In case of change of the office, the Agreement with a new lesser shall be submitted.
3. **Salaries of project participants:** Following documents shall be submitted to the UNAG:
 - ***Payroll***
 - ***Time sheet***

- ***Labor contract***
- ***Payment order*** confirming transfer of taxes on salaries.
- ***Bank advice note*** evidencing a performed banking operation.

4. Travel expenses - Business trip report requires the following documents:

- ***Business trip warrant*** attested with the seal of the organization where a person was sent to. In case of visiting several points of destination during one trip, the warrant shall bear marks (i.e. seal) from all visited points.
- ***Business trip advance report or Report on expenses incurred in business trip*** if travel expenses were reimbursed against expenditure documents.
- ***Receipt for hotel accommodation*** if a person stayed in a hotel, or Receipt evidencing receipt of money if a person rented lodging from private individuals.
- ***Tickets*** if a person traveled by airplane, train or bus.
- ***Receipt evidencing receipt of money*** if a private car was used for travel.

5, In case of cashless settlement with supplier of goods or services, ***Payment Order*** confirming the payment and the ***Document against which the payment was made*** (invoice, agreement, extract) as well as bank advice note confirming the course of banking operations shall be submitted to the UNAG.

Tender Form

Grant No. _____

Date: _____

Grantee Organization _____

	ITEM (Description of Goods or Services)	PROVIDER (Provider of goods or services)	Address and Phone of Provider	Contact person	Price in USD*
1					
2					
3					
4					

Reasons for choice of provider:

Signature: Project Manager _____ Project Accountant _____

Seal organization

* All Payments on Territory of Georgia will be only in National Currency by Exchange Rate