



**USAID**  
FROM THE AMERICAN PEOPLE

# PREPARING FOR THE NON-U.S. ORGANIZATION PRE-AWARD SURVEY (NUPAS)

“How to Work with USAID” Training Series

Visit [WorkwithUSAID.org](https://www.WorkwithUSAID.org) to learn more.



# LEARNING OBJECTIVES

- Review the purpose of the pre-award assessment.
- Learn what to expect during the process and what the review team will evaluate.
- Determine how you can successfully prepare your organization for the assessment.





# WHY USAID PARTNERS WITH ORGANIZATIONS



## USAID Mission:

To lead the U.S. Government's international development and disaster assistance efforts on behalf of the American people.

USAID offers this assistance through partnerships and investments that:

- Save lives;
- Reduce poverty;
- Strengthen democratic governance; and
- Help people emerge from humanitarian crises and progress beyond assistance.



# **THE PRE-AWARD SURVEY PURPOSE AND PARTICIPANTS**

# WHAT IS THE NUPAS?

USAID uses the Non-U.S. Organization Pre-Award Survey (NUPAS) to determine whether an organization's financial management and internal control systems are adequate enough to manage an award.

- During the **desk review**, USAID will evaluate documentation provided by your organization.
- During the **site visit**, the review team will conduct a more thorough evaluation of your organization's systems, practices, and procedures.

The process is also an opportunity for your organization to provide evidence that it has systems in place to successfully fulfill the terms of an award.

# PRE-AWARD SURVEY OBJECTIVES

USAID has three objectives when it conducts a NUPAS:

1. Determine whether your organization has **sufficient capacity** to manage USAID funds;
2. Decide upon the most appropriate **method of financing** a potential award; and
3. Understand the **degree of Agency support and oversight** necessary to ensure proper accountability.

The NUPAS is an evaluation of an organization's current ability to fulfill terms of an award. It identifies where USAID might work with a potential partner to address weaknesses and improve systems.

# THE REVIEW TEAM



The Office of Acquisition and Assistance (OAA) will lead the NUPAS and convene a team of USAID financial, procurement, and technical experts:

- The Agreement Officer (AO);
- A technical specialist; and
- A financial analyst from the USAID Mission or Office of Financial Management (FM).

If the availability of USAID staff is limited, the survey may be conducted by a local accounting or audit firm.

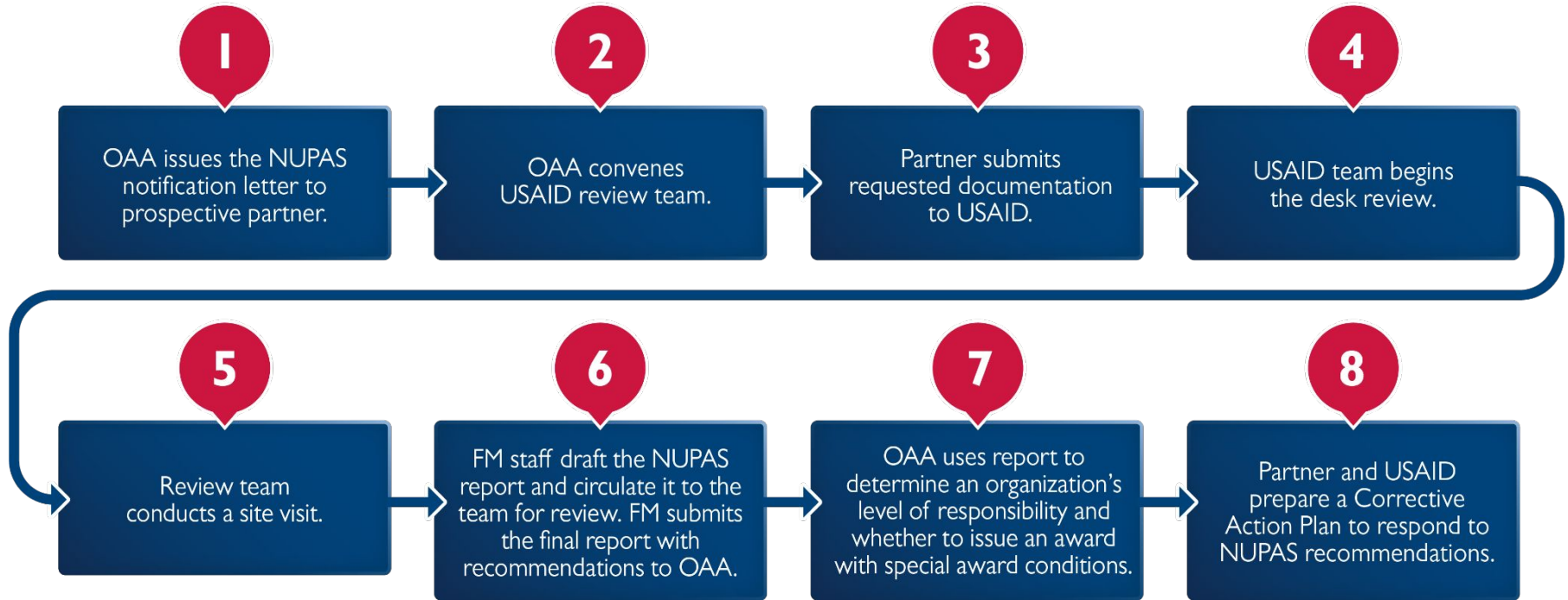




# THE PRE-AWARD SURVEY PROCESS

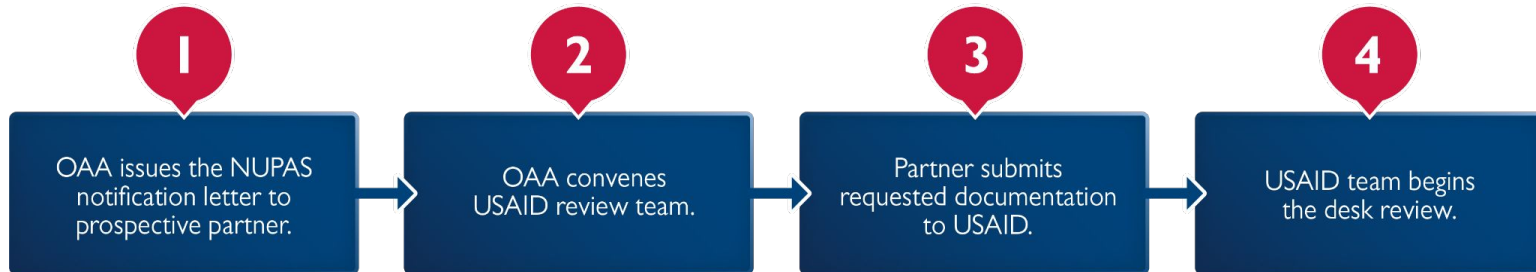


# HOW THE SURVEY PROCESS WORKS



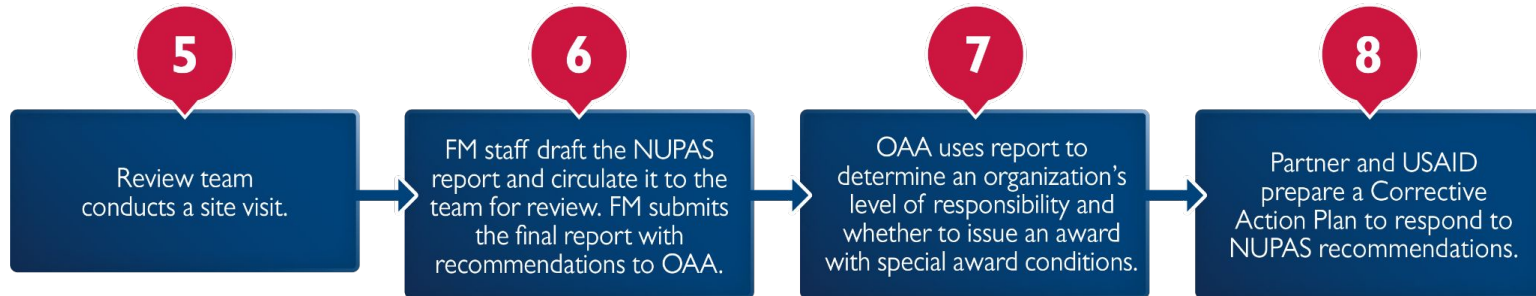
# THE SURVEY PROCESS: STEPS 1-4

1. The OAA submits a request to the Office of Financial Management (FM) to start a NUPAS of your organization and sends your organization a notification letter asking for documentation.
2. The OAA convenes the review team.
3. Your organization submits all requested documentation to OAA.
4. USAID begins the desk review.



# THE SURVEY PROCESS: STEPS 5–8

5. The review team conducts a site visit to perform a more thorough evaluation of your organization’s systems, practices, and procedures. The review team gives an overview of its assessment in an “outbrief.”
6. FM staff draft the NUPAS report and circulate it to the team for review. FM submits the final report with recommendations to OAA.
7. OAA uses the NUPAS report to assist in determining whether to issue an award—and whether it should contain special award conditions.
8. Your organization works with OAA and FM to develop a Corrective Action Plan to address any risk factors and recommendations identified in the NUPAS.







# SCOPE OF THE SURVEY

# WHAT THE REVIEW TEAM EVALUATES



You and your staff should be prepared to discuss and provide supporting documentation on your organization's:

- Legal structure;
- Financial management and internal control systems;
- Human resources systems;
- Project performance management; and
- Organizational strategy.

Your AO may tailor the review to areas that are critical for making a determination for a particular award.

# LEGAL STRUCTURE

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Reviewers will assess the overall legal structure of your organization.

- Do you have a formal vision?
- Have you clearly defined roles and responsibilities for the governing board?
- Are you legally registered to operate in the host country?
- Is your organization eligible for an award limited to “local entities”?

**Find rules governing “local entities” in USAID’s  
ADS [Chapter 303.3.6](#).**



# FINANCIAL MANAGEMENT AND INTERNAL CONTROL SYSTEMS

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Prepare any accounting system for review and be ready to answer these questions.

- In which commercial banks does your organization have its accounts—and how often are they reconciled?
- Do you have a reliable double-entry accounting system?
- Does your organization keep appropriate supporting documentation for accounting entries?
- Who authorizes and records payments?
- Do you have documented policies that safeguard the payment process?
- Does your accounting unit have a clear understanding of direct costs, indirect costs, and cost-allocation principles?
- Where do you safeguard important financial documents?
- How do you track your sources of funding?
- Do you have annual audits of your accounting records?

Learn more about USAID's expectations with the [“Financial Reporting”](#) module.

# PROCUREMENT SYSTEMS

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Reviewers will want to examine your policies, employee roles, and training.

- Does your organization have procurement policies that are in accordance with the host country's standards?
- Do you have policies in place to require competitive procedures for procurement of goods and services?
- Who is responsible for purchases?
- Do all employees have a clear understanding of conflict of interest and ethical practices?

# HUMAN RESOURCES SYSTEMS

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Reviewers will ask about the formal policies and practices you have in place for managing personnel.

- Does your organization maintain individual personnel files with original records?
- Do you have an organizational chart?
- Do all key employees have written job descriptions?
- What is your formal benefits and compensation plan?
- Do employees maintain timesheets to reflect actual time worked?
- Are wages, salaries, and overtime approved by management?
- Do you have documented travel policies and are they monitored for compliance?



# PROJECT PERFORMANCE MANAGEMENT

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The review team will assess your organization's ability to successfully manage an award.

- Do your key management personnel have the knowledge and experience needed to fulfill the award requirements?
- Does your organization possess the technical expertise to satisfy the project purpose?
- Do you have a documented project management system?
- Are you capable of complying with the award monitoring and evaluation plan and quality assurance requirements?
- Does your organization have an internal project monitoring team?

Learn more in USAID's  
["Monitoring, Evaluation, and Learning"](#) module.

# ORGANIZATIONAL SUSTAINABILITY

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Finally, the review team will consider how your organization will sustain its ability to implement projects.

- Has your organization developed a funding strategy that will help you diversify and grow your sources of funding?
- What is your experience with developing, monitoring, and using cash-flow projections?
- Do you consistently make payments to creditors and employees when due?
- Does your organization have any debts? If so, how do you plan to liquidate those debts?
- Does your organization have the capacity to fulfill the level of effort necessary to implement the project?
- Do you have the required systems in place to effectively manage your organization's growth?

# A REVIEW CHECKLIST



- Ask relevant staff to review your award agreement.
- Choose a management official to speak for your organization. Determine which staff members will escort the survey team through your location and systems.
- Collect supporting documentation:
  - Your legal structure and registration paperwork;
  - Pertinent financial documents;
  - Procurement policies, procedures, and practices documentation; and
  - Policies on human resources and the roles of your governing board.
  - Human resources policies and the responsibilities of your governing board
- Ensure technical experts are available to answer review team questions.
- Prepare to present any other information or data reviewers would find useful.

A blue-tinted landscape photograph. In the foreground on the left, there is a large, conical stack of bundled reeds or straw. The background features a calm lake, a range of mountains, and a clear sky. The overall scene is serene and natural.

# THE EVALUATION

# THE RESPONSIBILITY DETERMINATION

NUPAS team members will review documentation to make a “responsibility determination.”

This determines whether:

- An organization has the capacity to adequately implement an award; and
- Special award conditions are required in any award agreement.

The AO may also consider previous performance, experience of staff, and commitment of management and employees to the organization’s mission.





# THE SCORING SYSTEM

The NUPAS scoring system is designed to help USAID assess the sources and levels of risk related to potential awards.

- **A score of 1 or 2 (“Inadequate” or “Weak”)** indicates that the organization’s weaknesses would pose an unacceptable risk and cannot be easily fixed before the award.
- **A score of 3 or 4 (“Adequate” or “Strong”)** indicates that the risk level is acceptable and that any necessary improvements could be made before the award.

In the remarks and recommendations section of the report, the reviewers will note any weaknesses they identify.

An organization can use these comments, as it creates a Corrective Action Plan, to improve its structures.

# SPECIAL AWARD CONDITIONS



If your organization does not meet certain minimum requirements but is otherwise found responsible, the AO can use special award conditions to make the award.

For example, the AO may require more detailed or more frequent financial reports or additional technical assistance oversight.

The AO may also establish various deadlines to meet these conditions.

# DEVELOP A CORRECTIVE ACTION PLAN



- Refer to the review team’s recommendations as you consider how you might improve your legal, financial, and operational structures.
- Work with your AO, and OAA and FM staff, to draft a Corrective Action Plan to address any risk factors identified in the review.
- Outline whether the issues must be addressed before the award, or after, through specific conditions included in the award agreement.

# KEY POINTS

- Assemble **all requested documentation** and submit it to the NUPAS team.
- **Review the materials** USAID requested so your team is ready to answer any questions that come up through the desk review and the site visit.
- **Review and understand the scoring system** and how your AO may establish conditions that allow your organization to meet minimum award requirements.
- To address risk factors identified in the review, **craft a Corrective Action Plan** using the NUPAS report and recommendations.

# RESOURCES

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- USAID Automated Directives System (ADS) [Chapter 303.3.6](#) for rules governing “local entities”
- WorkwithUSAID.org training series:
  - [“Preparing Progress Reports”](#)
  - [“Preparing Budgets for USAID Assistance Awards”](#)
  - [“Monitoring, Evaluation, and Learning”](#)
  - [“Financial Reporting”](#)



**Thank You**





This module was produced by the United States Agency for International Development. The presentation team includes staff from both USAID and the Partnerships Incubator.

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Email questions and feedback: **[IndustryLiaison@usaid.gov](mailto:IndustryLiaison@usaid.gov)**





**USAID**  
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partnership  
starts here.



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