

PART 3

RECEIPT AND EVALUATION OF APPLICATIONS

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3.1 RECEIPT OF APPLICATIONS

PROCEDURE:

- (a) Applications will be held secure. The FAO shall record the receipt of the applications.
- (b) Applications received after the deadline set for receipt of applications may be considered and accepted at the sole discretion of the FAO.

3.2 EVALUATION TEAMS

POLICY: Simple, low risk and low dollar value awards will typically be evaluated only by the FAO and a program office representative. A team that includes the FAO will typically evaluate more complex financial assistance awards. Team membership shall be limited to the minimum number of persons necessary to adequately understand and evaluate the application(s). The FAO shall identify the persons involved in the evaluation, and provide an overall assessment of the application in the Document of Award Decision (DAD) (BFAI 4.13).

3.2.1 Conduct of Evaluation Teams

POLICY:

- (a) Applications are submitted to BPA solely for the purpose of evaluation, and may contain confidential or proprietary data. Unless publicly available or otherwise available under the Freedom of Information Act, information submitted shall be used for evaluation only and shall not be disclosed outside BPA without the applicant's approval.
- (b) Communications between applicants and BPA shall only be done through the FAO or a designee.
- (c) Members of evaluation teams and technical advisors shall comply with the Purchasing Integrity policies described in BPI 3.1.2 and BPI Appendix 3-A. This includes, but is not limited to:
 - (1) avoiding conflicts of interest or the appearance of such;
 - (2) prohibitions against soliciting or accepting items of value from recipients or potential recipients; and

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(3) maintaining confidentiality throughout the award process.

PROCEDURE: The FAO shall inform all evaluation team members and technical advisors of the above policies prior to beginning evaluation of offers. If critical and sensitive information is received, the FAO shall inform the evaluation team members and technical advisors of the requirements of BPAM 1072.

3.3 EVALUATION PROCESS

POLICY: BPA will evaluate applications for financial assistance in a fair and timely manner.

PROCEDURE:

(a) The application is provided to all team members for their consideration. The estimated budget should be considered concurrent with evaluation of technical and management aspects of the application. The team may consider all reliable information available, including information outside the written application. The team need not review each application in the same level of detail.

(b) Budget reviews and cost analysis are the primary responsibility of the FAO. The FAO may obtain pre-award audits from BPA's Internal Audit Office or any office designated to audit the applicant. The FAO may also consult cost and technical specialists as needed.

(c) For applications received as a result of a specific solicitation, the following additional procedures apply:

(1) Where multiple awards may be made, the team shall prioritize the award decisions based upon which application(s) show the highest potential for success;

(2) The team should identify the methodology used to determine whether an award will be made. Generally, the team should develop the methodology prior to beginning evaluation. However, they are not required to do so and may, when appropriate, develop the methodology later in the evaluation process; and,

(3) If the FAO concludes that an application is obviously inferior, the review need not be rigorous.

3.3.1 Specific Evaluation Areas

POLICY: FAO's are responsible for performing a business and financial management evaluation of individual applications and applicants. The form and extent of such evaluations will depend upon the funds at risk and the complexity of the project.

3.3.1.1 Assessment of Financial Management Capability

PROCEDURE:

(a) The review of the business aspects of an application should include: An assessment of the applicant's financial management system and ability to manage the financial aspects of an award; and the applicant's plans to accomplish project activities with reasonable economy and efficiency. A more detailed financial management system review may be undertaken at the discretion of the FAO. BPA's Internal Audit Office may assist as needed.

(b) The review should cover accounting policies and procedures including financial reporting, budget controls, cash management and purchasing.

(c) The FAO shall, where practical, rely on readily available sources of information. If needed the FAO may conduct on-site review of financial capability.

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(d) If the FAO doubts the capability of an applicant to adequately administer BPA funds, the FAO should obtain additional information and take other steps to protect BPA funds.

3.3.1.2 Review of Purchasing Practices

PROCEDURE: If a substantial portion of the award will be spent with suppliers of goods or services, the FAO should review the applicant's purchasing practices and procedures. If there is any question about the quality of the purchasing system, the FAO may require the recipient to obtain BPA approval before entering into certain transactions. Such transactions may be those of significant size or impact, noncompetitive transactions, or transactions exceeding a specified dollar value.

3.4 COST ANALYSIS AND BUDGET REVIEW OF APPLICATIONS

PROCEDURE:

(a) The objective of a cost analysis and budget review is to determine the reasonableness of the applicant's proposed budget and costs. The analysis of the budget and the estimated costs shall be documented in the DAD (BFAI 4.13).

(b) The cost analysis of an application should, at a minimum, accomplish the following:

(1) If cost sharing is required, review the source, amount, and reasonableness of applicant contribution. (BFAI 1.3.3)

(2) Review applicant's plans for contracts and financial assistance subawards, if any.

(c) In addition to (a) above, cost analysis of cost-reimbursement based proposals should also accomplish the following:

(1) Determine allowability of proposed costs in accordance with applicable cost principles and limitations required by program personnel, including the reasonableness and consistent treatment of proposed costs.

(2) Determine, if applicable, availability of an approved indirect cost rate if the award will be to other than an individual or for profit organization. If such a rate is not available, an indirect cost rate will be negotiated. (BFAI 4.4.1)

(d) A "Business Review Checklist" (Exhibit 3-1) is provided as a guide in reviewing business and financial elements of applications. The checklist assists in developing pre-negotiation planning information. The Business Review Check List may alert the FAO to request additional information before making a judgment concerning the award. Answers to Section 1. Assessment of Financial Management Capability, should be useful in assisting the FAO in determining the extent necessary extent necessary for pre-award review of the applicant's financial management system.

3.4.1 Application of Cost Principles

PROCEDURE:

(a) The appropriate cost principles listed in 1.3.2.2 shall be used to determine the allowability of costs under BPA's cost-reimbursement financial assistance awards. The cost principles may be used to evaluate budgets submitted for a single payment award or multiple payments of firm amounts.

(b) An approved application constitutes prior approval of costs identified in the application budget unless modified by the award document. Therefore, only post-award requests to incur costs not specifically described in the application and for which OMB cost principle circulars require prior approval are subject to the specific review and approval of the FAO. Where an applicant may

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merely have stated a general intention, the FAO may include a special condition indicating the need for FAO review and approval of the recipient's detailed plans prior to incurrence of the particular cost.

3.4.2 Special Types of Costs

POLICY:

(a) Indirect costs. BPA will normally reimburse appropriate indirect costs. However, BPA may elect not to reimburse indirect costs, particularly for small awards with a single, fixed amount of payment. BFAI 4.4.1 for information on negotiation of indirect cost rates.

(b) Fee or profit. No increment above cost may be paid to a recipient or subrecipient under a BPA award or subaward. A fee or profit may be paid to a contractor providing goods or services under a contract awarded by a recipient or subrecipient.

3.5 DOCUMENTATION

PROCEDURE: The FAO shall document the basis for key decisions made during the evaluation process in the Document of Award Decision (DAD). (BFAI 4.13)

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Exhibit 3-1 Business Review Checklist

Name of Applicant: _____

Title of Project: _____

Solicitation Number (if any): _____

Answers to these questions may indicate a need for further investigation and possible issues for negotiation.

- | 1. | <u>ASSESSMENT OF FINANCIAL MANAGEMENT CAPABILITY</u> | <u>YES</u> | <u>NO</u> |
|----|--|------------|-----------|
| a. | Are records maintained which adequately identify the source and application of funds received? | _____ | _____ |
| b. | Will cash, real and personal property, and other assets be adequately safeguarded and used solely for authorized purposes? | _____ | _____ |
| c. | Are accounting records supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, etc.? | _____ | _____ |
| d. | Will reasonable procedures be established to ensure that the time elapsing between the transfer of funds from BPA and disbursement by the recipients is kept to the minimum? | _____ | _____ |
| 2. | <u>PERSONNEL.</u> | | |
| a. | Are the duties of professional personnel to be compensated under this project specified? | _____ | _____ |
| b. | Are time commitments stated and reasonable? | _____ | _____ |
| c. | Is the amount of compensation to be paid each employee stated? | _____ | _____ |
| d. | Is the compensation consistent with that paid other employees engaged in similar work both within and outside the applicant organization? | _____ | _____ |
| 3. | <u>FRINGE BENEFITS.</u> | | |
| a. | Is the amount specified as a separate item? | _____ | _____ |
| b. | Are the types of fringe benefits reasonable? | _____ | _____ |

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4. <u>TRAVEL.</u>	<u>YES</u>	<u>NO</u>
a. Are the number of trips, points of origination and destination, and purpose of the travel indicated? Is the information provided reasonable?	_____	_____
b. Are travel expenses (transportation plus subsistence) itemized, and do they appear reasonable?	_____	_____
c. If expenses are not itemized, does the projection appear reasonable?	_____	_____
d. Is the basis for cost computation for each type of travel expense clearly indicated?	_____	_____
e. Are the requested travel costs consistent with the applicant's established travel policy or, in the absence of such a policy, are they within the amounts allowable under BPA travel policy?	_____	_____
5. <u>EQUIPMENT.</u>		
a. Is the cost for each item to be purchased clearly indicated?	_____	_____
b. Is the need for the equipment in the project adequately justified?	_____	_____
c. Do the cost estimates for equipment purchases appear to be reasonable?	_____	_____
6. <u>SUPPLIES.</u>		
a. Are supplies and materials itemized by nature of expense?	_____	_____
b. Are the costs reasonable?	_____	_____
7. <u>CONTRACTS</u>		
a. Are the product(s) to be acquired and/or the professional services to be provided described?	_____	_____
b. Is the need to use contractors to obtain these products or services obvious, or an explanation included?	_____	_____
c. For professional services contracts, are the amounts of time to be devoted to the project and the amounts to be charged to the project clearly stated?	_____	_____
d. Do the costs appear reasonable for the services to be rendered or product(s) to be provided?	_____	_____

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	<u>YES</u>	<u>NO</u>
e. Are any sole source contracts contemplated?	_____	_____
Has sufficient information been provided to explain the use of a single source?	_____	_____
8. <u>OTHER.</u>		
a. Are the items such as consultants, computer expenses, etc., listed by major type?	_____	_____
b. Is the basis for the cost computation clearly stated?	_____	_____
c. Is the cost reasonable?	_____	_____
d. Are contingency reserves excluded?	_____	_____
9. <u>INDIRECT COSTS.</u>		
a. Are indirect costs requested?	_____	_____
b. Is the amount requested based on a rate approved by a Federal agency?	_____	_____
c. Do the indirect costs appear reasonable?	_____	_____