

Reclamation Manual

Directives and Standards

Subject:	Merit Based Selection for Financial Assistance
Purpose:	This release establishes Bureau of Reclamation requirements for a merit based approach to the selection of recipients of financial assistance agreements. The benefit of this Directive and Standard (D&S) is the promotion of uniformity and accountability in the selection process for financial assistance agreements within Reclamation.
Authority:	2 CFR 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ; 505 DM 1-5, which provide departmental requirements for implementing Federal financial assistance statutory and regulatory requirements; and specifically 505 DM 1.3B, which provides Reclamation with the responsibility to develop and issue policies and procedures which will implement departmental policies for financial assistance
Approving Official:	Director, Management Services Office (MSO)
Contact:	Acquisition and Assistance Management Division (AAMD), Financial Assistance Policy Section (FAPS), 84-27850

1. **Introduction.** This D&S outlines requirements for a merit based selection process of recipients who receive financial assistance agreements from Reclamation. When agency discretion is allowed, competition is the most effective method for ensuring a merit-based selection process, and is strongly encouraged when feasible. Discretionary non-competitive selection is allowable, but must demonstrate that the selection was based upon merit.
2. **Applicability.** The requirements within this D&S apply to all Reclamation personnel involved with the award and administration of financial assistance agreements awarded by Reclamation.
3. **Definitions.**
 - A. **Application Review Committee (ARC).** A committee of qualified personnel who are responsible for reviewing and ranking submitted proposals for a specific FOA.
 - B. **Application Review Committee Lead (ARC Lead).** Reclamation employee who is responsible for overseeing the ARC to ensure that it is conducted in accordance with all applicable policies and procedures.
 - C. **Delegation of Signature Authority.** Signature authority for financial assistance agreements is delegated in accordance with the Reclamation Manual Delegations of Authority.

Reclamation Manual

Directives and Standards

- D. **Financial Assistance Agreement.** An award which provides support in order to accomplish a public purpose authorized by a law or regulation of the United States. Financial assistance awards include grants, cooperative agreements, and other agreements in the form of money or property in lieu of money, by the Federal government to an eligible recipient. Financial assistance agreements awarded to tribal entities are covered within this definition, but not any agreement awarded under Public Law 93-638 Indian Self Determination Act. The term does not include: technical assistance which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts which are required to be entered into and administered under procurement laws and regulations.
 - E. **Financial Assistance Merit Official (FAMO).** A Reclamation employee who is responsible for reviewing and approving all competitive selection plans and single source selection justifications related to financial assistance agreements awarded within Reclamation, and ensuring the selection processes were based upon merit, consistent with policy and regulatory requirements, and in the best interest of the government.
 - F. **Financial Assistance Selection Official (FASO).** Reclamation employee appointed by the sponsoring program office who is responsible for final selection of recipients under a competitive FOA in accordance with all applicable statutory, regulatory, and policy requirements based upon recommendations received from the Application Review Committee.
 - G. **Funding Opportunity Announcement (FOA).** A publically posted notice of potential financial assistance funding for specified projects or purposes to be selected via a competitive process.
 - H. **Grants Officer (GO).** A Reclamation employee who has been delegated signature authority to award and administer financial assistance agreements on behalf of Reclamation.
 - I. **Selection Plan.** A document outlining how a specific competition will be run for a FOA.
4. **Responsibilities.**
- A. **Director, Management Services Office (MSO).** The Director, MSO is responsible for internal controls relating to the selection, award, and administration of financial assistance. The Director, MSO is responsible for designating the responsibility of the FAMO to a qualified Federal employee within the Bureau.
 - B. **Regional Directors (RDs).** RDs are responsible for ensuring that financial assistance agreements selected, awarded, and administered within their Regions are in compliance with Departmental and Reclamation policies and procedures.

Reclamation Manual

Directives and Standards

- C. **Financial Assistance Merit Official (FAMO).** The FAMO is responsible for reviewing all competitive selection plans and single source selection justifications to ensure they are merit based and in compliance with all policies and procedures, and documented properly in accordance with Reclamation requirements. The FAMO may further designate their responsibility to qualified Federal personnel within the Bureau to serve as Assistant FAMOs.
- D. **Grants Officer (GO).** The GO is responsible for:
- (1) documenting the merit based selection of recipients for all non-competitively selected financial assistance;
 - (2) for competitive selections of Financial Assistance, the GO with assistance from the sponsoring program office, drafting the Selection Plan for competitive selections of financial assistance;
 - (3) finalizing and publically posting FOAs;
 - (4) collecting proposals per the terms of the posted FOAs; and
 - (5) providing the submitted proposals which meet the eligibility requirements of the posted FOAs to the appropriate ARC Lead for review and ranking by the ARC.
- E. **Financial Assistance Selection Official (FASO).** The FASO is responsible for:
- (1) making final selection of recipients under a financial assistance competition based upon recommendations from the ARC;
 - (2) documenting any deviations from the ARC's recommendations; and
 - (3) submitting the final list of selected recipients to the GO for the award and administration of the financial assistance agreement.
- F. **Application Review Committee Lead (ARC Lead).** The ARC Lead is responsible for:
- (1) overseeing the ARC to ensure the integrity of the competitive review process; and
 - (2) consolidating the ARC's recommendations and submitting them to the FASO.
- G. **Consolidation of Responsibilities.** Under normal operations the roles of FAMO (or Assistant FAMO), FASO, ARC Lead, and GO must not be shared or combined. Consolidation of roles may only occur under a Streamlined Competition and is restricted to combining the roles of FASO and ARC Lead. An individual may be delegated the authority for and carry out multiple roles, but must not exercise the authority of those roles on the same selection/award.

Reclamation Manual

Directives and Standards

5. **Procedures.** The following procedures are required for the selection of recipients for all financial assistance agreements awarded and administered by Reclamation.
- A. **Non-Competitive Selection.** The merit based selection of a recipient for a financial assistance agreement through any means other than a competition must follow the non-competitive selection process. A non-competitive selection may be made as either a discretionary or non-discretionary selection.
- (1) **Mandatory/Non-Discretionary.** Selection of a recipient for a financial assistance agreement may be made without competition if Reclamation has no discretion in regards to the selection of the recipient for the proposed award. Non-discretionary selection must be based on either a statutorily mandated recipient or on other pre-existing agreements or arrangements which remove Reclamation's discretion in the selection process.
- (2) **Discretionary Selection.** Non-competitive selection of a financial assistance recipient may be made on a discretionary basis when circumstances would limit selection to a single entity. The justification must include how the selection is both based upon merit and in the best interest of the government. The allowable justifications for a non-competitive discretionary selection are as follows.
- (a) **Unsolicited Proposal.** The proposed recipient submitted an unsolicited application for funding for a project or activity which represents a unique or innovative idea, method, or approach which is not the subject of a current or planned contract, financial assistance agreement, or funding opportunity, but is deemed advantageous to the funding program's objectives.
- (b) **Continuation.** The activity to be funded is necessary for the satisfactory completion of, or is a continuation of an activity currently being funded, and for which competition would have a significant adverse effect on the continuity of the activity.
- (c) **Unique Qualifications.** The proposed recipient is uniquely qualified to perform the activity based upon a variety of demonstrable factors such as location, property ownership, technical expertise, or other factors which preclude other entities from performing the proposed activities.
- (d) **Legislative Intent.** The language in the applicable authorizing legislation or legislative history clearly indicates Congress' intent to restrict the award to a particular recipient.
- (e) **Emergencies.** There is insufficient time available for an adequate competitive process due to a compelling or urgent circumstance such as a substantial danger to health or safety.

Reclamation Manual

Directives and Standards

(3) **Documentation Requirements.** Non-competitive selection must be appropriately documented by the GO and the justification reviewed and approved by the FAMO or an Assistant FAMO consistent with Reclamation policies and procedures. In addition, documentation of a discretionary non-competitive selection must be publically posted for a minimum of 14 calendar days prior to award.

B. **Competitive Selection.** Competition is the preferred selection method for financial assistance awarded and administered by Reclamation. The minimum requirements for the competitive process are defined below.

(1) **Selection Plan.** A Selection Plan is required for all competitions prior to the preparation and posting of a FOA. The GO and sponsoring program office will draft the Selection Plan in accordance with this Paragraph. Once the Selection Plan is finalized and signed by both the FASO and the responsible GO, the Selection Plan shall be submitted to the FAMO or Assistant FAMO per applicable Reclamation policies for review and approval prior to the publication of the FOA. The creation, review, and approval of the Selection Plan will follow all applicable Reclamations policies and procedures, but must contain at minimum:

- (a) Designation of an FASO
- (b) Designation of a responsible GO.
- (c) Eligibility requirements.
- (d) Evaluation criteria.
- (e) Scoring or ranking methodology including a viability threshold establishing the minimum criteria an application must meet in order to be considered for selection.
- (f) Nomination of an ARC Lead and the proposed composition of the ARC to include the number of participants, required qualifications of ARC candidates, and if needed a justification for the use of non-Reclamation personnel. Identifying the specific ARC members is not required at this stage.
- (g) Management Review requirements.
- (h) FOA closing date. The FOA must be publically posted in a manner consistent with Department and Reclamation policies for a period of no less than 60 days. If a shorter posting period is required, the GO must document in writing a justification for the shorter posting period and include the justification with the Selection Plan.
- (i) Proposed milestone schedule for completion of related tasks.

Reclamation Manual

Directives and Standards

- (2) **Funding Opportunity Announcement (FOA).** The FOA must be compliant with all applicable government wide, Department, and Reclamation policies and procedures. At minimum, the FOA must clearly define the purpose of the FOA, establish eligibility requirements for potential applicants, merit-based selection criteria, identify a primary Reclamation point of contact, and clearly defined submission methods. If Reclamation reserves the right to publically post successful and/or unsuccessful applications publically, then the FOA must specifically notify potential applicants of the possibility of publication.
- (3) **Application Submittal Period.** No submitted applications shall be reviewed or screened prior to the closing date of the published FOA. Any questions in regards to the published FOA must be addressed by the primary Reclamation point of contact listed within the FOA. Any clarifications of a substantive nature which would otherwise provide a competitive advantage or the appearance of a competitive advantage must be publically posted as a modification to the published FOA. The responsible GO shall ensure that only applications which were submitted in a manner consistent with the requirements of the published FOA are accepted and included in the application pool for further review. Applications received after the published FOA closing date or in a manner inconsistent with the published requirements for submittal must be rejected except in cases of documented government mishandling of the submitted application.
- (4) **First Level Screening.** After the closing date, all applications which were received and included within the application pool shall be reviewed by the responsible GO to ensure that all meet the recipient eligibility requirements outlined within the FOA. The GO shall make this determination based solely upon the recipient eligibility criteria outlined within the published FOA, and shall make no determinations based upon the project eligibility or evaluation criteria. All excluded applicants shall be contacted in writing by the responsible GO to notify the applicant that their submitted package did not meet the eligibility requirements.
- (5) **Application Review Committee (ARC).** All applications which pass First Level Screening shall be submitted by the responsible GO to the ARC Lead in a manner consistent with the Selection Plan.
 - (a) **Pre-Review Briefing.** The responsible GO and ARC Lead will jointly brief the ARC members in regards to the structure, format, evaluation methodology, administrative requirements, and any other relevant information necessary to successfully fulfill their roles as members of the ARC. The responsible ARC Lead will obtain signed non-disclosure agreements, confidentiality agreements, and any other required pre-review documentation from all ARC members. This documentation shall be provided to the responsible GO prior to release of the application packages from the GO to the ARC Lead. Any ARC member who is unable to meet these pre-review requirements must be excluded from the ARC.

Reclamation Manual

Directives and Standards

- (b) **ARC Independent Review/Scoring.** The ARC Lead is responsible for providing the application packages to the ARC members. ARC members shall independently score each application in a manner consistent with the evaluation criteria as written in the published FOA. After Independent Review/Scoring, the ARC Lead may initiate group discussions if such discussions were outlined within the Selection Plan.
 - (c) **ARC Clarifications.** During Independent Review/Scoring or during ARC group discussions, the ARC members may develop clarification questions in regards to reviewed packages. The ARC Lead is responsible for consolidating all clarification questions which may impact the final scoring of an application package and submitting them to the responsible GO. The responsible GO shall contact the relevant applicants with the clarification questions and provide a consolidated response to the ARC Lead. The ARC Lead shall distribute the responses to all ARC members who may use the responses to develop their final scores.
 - (d) **ARC Final Scoring and Ranking.** The ARC Lead will collect the final scores from all ARC members for each reviewed application package after all clarifications, group discussions, or other ARC steps outlined within the Selection Plan have occurred. The ARC Lead will generate a final ranking based upon the scoring/ranking methodology contained within the Selection Plan and clearly indicate any application packages which fell below the identified viability threshold.
- (6) **Management Review.** The ARC Lead will initiate a Management Review (aka “red flag review”) based upon the requirements of the Selection Plan. The ARC Lead will submit the ARC recommendation to all required parties as defined within the Selection Plan. The Management Review is intended to identify any information which may disqualify a recommended application package from consideration. As information contained within the Management Review is pre-decisional, any information associated with the review remains subject to document security and non-disclosure requirements. Disqualifying factors may include, but are not limited to, duplication of existing projects which are currently or have previously received Federal funding, compliance issues which may disqualify the applicant from receiving Federal funds, or other exigent circumstance which would disqualify either the applicant or the proposed project. The ARC Lead will update the ARC recommendations to reflect any disqualified applicants.
- (7) **Final Selection.** The ARC Lead will submit the finalized ARC recommendations, including all applicants who fell below the viability threshold and all applicants who were disqualified during Management Review to the FASO and the responsible GO. The FASO will make the final determination of successful applicants in writing. If the FASO’s final determination for funding differs from

Reclamation Manual

Directives and Standards

the ARC recommendation, the FASO must provide a written justification for the discrepancy. The FASO shall forward the final selections to the responsible GO along with any written justifications for divergence from the recommendations.

- (8) **Notification of Applicants.** The responsible GO or FASO, as identified in the Selection Plan, shall provide written notifications to all successful and unsuccessful applicants. Notifications shall be timed as closely as administratively feasible to any formal announcements, generally within the same day. Unsuccessful applicant notifications must provide an opportunity to request a formal debriefing.
 - (9) **Documentation.** The responsible GO shall maintain an official competition file. At minimum, the file shall contain the Selection Plan, FOA, all received application packages, pre-ARC briefing documentation, all applicable correspondence, Management Review documentation, final ARC recommendations, and the FASO's final selection with any justifications.
- C. **Streamlined Competition.** Competition for small dollar or single award competitions should be streamlined as much as possible in order to minimize the administrative burden of the selection process while maintaining a focus on ensuring any selections are based upon merit. Methods to be considered in order to streamline the selection process may include, but are not limited to: minimizing the size or composition of the ARC, minimizing or eliminating the Management Review process, and consolidating roles. Justification for using a streamlined process must be included within the Selection Plan. Questions in regards to the application of streamlining must be directed to the FAMO or Assistant FAMO.
- D. **Modifications.** Modifications which substantially alter or add to the Scope of Work of an existing financial assistance agreement must be reviewed and approved by the FAMO to verify that the proposed modification is merit based and does not circumvent the merit review process.
- (1) **Non-Competitively Selected Awards.** The GO executing the modification shall document the justification for altering or adding to the existing Scope of Work in a manner consistent with Reclamation policies including requirements for public posting for non-competitive discretionary awards. The GO shall submit the justification to the FAMO for review and approval to ensure that the changes reflect a merit-based business decision and would not otherwise recommend itself to a competitive process.
 - (2) **Competitively Selected Awards.** The GO executing the modification shall document the justification for altering or adding to the existing Scope of Work in a manner consistent with Reclamation policies. The GO shall submit the justification to the FASO for the original competition or, if unavailable, the original sponsoring program office. The FASO or program office shall determine if the alterations or additions would have substantively changed the recipients

Reclamation Manual

Directives and Standards

ranking within the original competition. Upon receiving the FASO or program office's approval, the GO shall forward the justification to the FAMO or assistant FAMO for review and approval. If it is determined that the change would have lowered the ranking sufficiently to remove it from recommendation for funding, then the requested change must be denied. If the change would not have removed the applicant from recommendation for funding, and the change does not otherwise recommend itself to a new competitive process, the FAMO may approve the request.

- (3) **Documentation.** The FAMO approval or denial must be documented and included within the official award file. If the request was denied, the GO for the award must communicate the denial to the recipient.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____