ACCOUNTABILITY LAB GLOBAL

Document 10: Grants, Sub-Awards and Partner Due Diligence Policy

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1. Purpose and the tension this policy has to hold

This policy covers money AL gives to other organisations and to individuals: grants, sub-awards, partnership agreements and the other routes set out in section 4.

AL argues for shifting power and resources towards local organisations. Donor compliance requirements push in the opposite direction, towards partners who already have audited accounts, written policies and English-language reporting. Applied without thought, due diligence becomes a filter that excludes exactly the grassroots organisations AL exists to support.

This policy resolves that by distinguishing capacity from integrity. A partner that lacks a written procurement policy has a capacity gap, and AL's job is to help close it. A partner that refuses to account for money, or conceals a conflict, has an integrity problem, and that is disqualifying. Absence of a policy is not a reason to exclude a small organisation. Refusal to engage is.

1.1 AL's commitment

AL does not exclude a partner for lacking legal registration, audited accounts, written policies or a bank account.

These are capacity conditions, not integrity failures. Where they are present, AL's obligation is to find the compliant route, define the evidence it needs, and build the record. That work belongs to AL, not to the partner.

What AL cannot waive is the small set of things that are non-negotiable under law and donor terms: **the identity of who is receiving the money, screening against sanctions and debarment lists, a written agreement, evidence that the money was spent on what was agreed, and a record AL can put in front of an auditor.** Those apply to a $500 grant to an unregistered youth collective exactly as they apply to a $500,000 sub-award, though the paperwork looks completely different.

Where one route is closed, AL finds another rather than refusing the partner. Section 4 sets out the routes. A partner is told which route applies and why, in plain language, before anything is signed.

Learning the rules is AL's job, not the partner's. As a prime recipient, AL holds the relationship with the funder and the regulator. Understanding what is permitted, and finding the mechanism that fits, is work AL does on the partner's behalf. Passing that burden down to a partner, in the form of paperwork it cannot produce, is a failure of the prime role rather than a demonstration of rigour.

A partner that cannot produce a registration certificate has a capacity gap. A partner that will not account for the money has an integrity problem. AL treats these as different things.

1.2 Where this policy came from

This policy was strengthened after AL Global held its first prime award, the USAID-funded NNAZ project in Zimbabwe, implemented by Accountability Lab Zimbabwe. That programme made roughly thirty small grants of $1,000 to $2,000 and nine sub-grants of $6,000 to $60,000 per year to hyperlocal organisations, start-ups and individuals, several of which were unregistered and some of which were individuals rather than entities.

Where AL is a federal prime, some requirements are not negotiable and cannot be softened. Those are marked in section 8.

2. Scope and definitions

A sub-recipient carries out part of AL's programme, makes its own programmatic decisions, is measured against programme objectives, and is accountable to AL for the use of the funds. Sub-recipients receive **sub-awards** and are covered by this policy.

A contractor provides goods or services for AL's own use, in a competitive market, on terms AL sets. Contractors are procured under the **Procurement Policy**, not this one,

though section 4.1 explains when the contract route is the right answer for a partner who cannot receive a sub-award.

The distinction is not about the size of the payment or what the agreement is called. It is about whether the other organisation is delivering AL's programme or selling AL something. The Director of Finance makes the classification and records the reasoning, because it determines which entire rulebook applies.

Also covered by this policy: grants and re-grants from non-federal funds, partnership agreements involving a transfer of funds, grants made to Model C fiscally sponsored clients, payments to individuals under section 4, and grants made under the Philanthropic Grants Pathway in section 13.

Not covered: Model A fiscally sponsored projects, whose spending is AL's own spending; routine procurement; and employment.

Network Labs. Where a Network Lab receives funds from AL Global under a grant AL holds, it is a sub-recipient and this policy applies through the sub-award agreement. That agreement is a separate and binding instrument from the Governance Compact, which governs the network relationship but not the funding relationship. Compact section 7.1 says as much. Section 7.4 says no financial arrangement confers authority over another lab, and that remains true of the relationship; it does not remove AL's obligations as a pass-through entity, which are owed to the funder.

Anything in this policy intended to apply across the Network, rather than through a sub-award, goes to the Network Council for collective adoption. AL Global has no authority to direct Network Lab practice.

3. Classify the payment before you move it

Almost every compliance problem in this area comes from calling a payment the wrong thing.

Every transfer of AL funds to an external party is classified in writing before it is made. The classification determines the rules, the documentation and the audit trail. It is recorded on the file and is not changed retrospectively.

Route	Use when	Recipient can be	Section
Sub-award	The recipient carries out part of AL's programme, makes its own programmatic decisions, and is measured against programme objectives	A legal entity only	8

Route	Use when	Recipient can be	Section
Contract	AL is buying defined goods or services on commercial terms	An entity, an unregistered group, or an individual	4.1
Direct procurement on a partner's behalf	AL buys the thing the partner needs and provides it in kind	Any partner	4.2
Employment	AL wants the person's sustained labour under its direction	An individual	4.3
Participant support cost	Stipend, subsistence, travel allowance, registration fee or per diem for someone taking part in a programme activity who is not delivering it	An individual	4.4
Beneficiary payment or direct assistance	The individual is a beneficiary of the programme itself	An individual	4.5
Fiscal hosting	A registered host, including AL itself, holds and administers funds for an unregistered initiative	An unregistered initiative	4.6
Prize or competition award	AL runs a challenge or award with published criteria	An entity, group or individual	4.7
Philanthropic grant	AL wants to fund something no restricted or federal route allows	An entity, an unregistered group, or an individual	13

Where the source of funds is a federal award, the classification is governed by 2 CFR 200 and is not a matter of AL's preference. The substance of the relationship governs, not the label on the document.

3.1 Three rules this table rests on

A sub-award cannot go to an individual. 2 CFR 200.1 defines a subaward as excluding payments to a contractor and payments to an individual who is a beneficiary of a Federal program, and defines a subrecipient as an entity, not an individual. The sub-recipient framework in section 8 does not reach individual accountapreneurs, fellows or travel-grant recipients. A different route must be used.

Participant support costs are a defined and allowable route to individuals. 2 CFR 200.1 defines them as direct costs supporting participants and their involvement in a Federal award, including stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care and per diem paid directly to or on behalf of participants. A participant is someone taking part in or attending programme activities such as training or a conference, who is not responsible for implementing the award. Consultants and project staff are explicitly not participants.

The classification decision is a named decision with a named owner. The Director of Finance decides, records the reasoning on the file, and the record is available to the auditor. The purpose of the record is to show that AL asked the question honestly rather than picked the convenient answer.

4. Routes for individuals and unregistered entities under a US government award

The sub-award is the narrowest of the available routes. It is not the only one, and it should not be treated as though it were.

Where a recipient cannot lawfully receive a sub-award, AL considers the following in order of fit. The test is always what the relationship actually is, not which route is most convenient.

4.1 Contract

An individual or an unregistered group **can** be a contractor. Where AL is buying defined goods or services rather than funding the recipient's own programme, procurement is the correct route and the sub-recipient rules do not apply.

Contracts are made under the Procurement Policy and under 2 CFR 200.317 to 200.327. The recipient provides an invoice or a signed payment request, tax documentation under section 4.9, and evidence of delivery. **No registration certificate is required to hold a contract.**

Thresholds that make this route usable. The micro-purchase threshold is set by the FAR. Under 2 CFR 200.320(a)(1)(iv), as revised in 2024, a recipient or subrecipient may **self-certify a micro-purchase threshold up to $50,000 on an annual basis**, retaining documentation under 2 CFR 200.334 and making it available to the agency and to auditors. Above $50,000 requires approval from the cognizant agency for indirect costs. Micro-purchases may be awarded without soliciting competitive quotations where the

price is reasonable, and should be distributed equitably among qualified suppliers so far as practicable.

Between the micro-purchase threshold and the simplified acquisition threshold, simplified acquisition procedures apply: price or rate quotations from an adequate number of qualified sources, with AL exercising judgment on what number is adequate unless the agency specifies.

AL self-certifies its micro-purchase threshold annually. The Director of Finance maintains the certification and the supporting documentation. **The self-certified federal ceiling and AL's own internal procurement thresholds in the Procurement Policy are separate numbers and both apply. Where AL's own threshold is lower, AL's own threshold governs.**

4.2 Direct procurement on the partner's behalf

Where a partner needs a thing rather than money, AL buys it and provides it. Venue hire, transport, airtime and data, printing, equipment, catering, event costs and travel booked directly.

AL holds the procurement record and the supplier invoice. The partner signs a receipt confirming what it received. **Nothing depends on the partner having a bank account, a registration certificate or an accounting system.**

Where a partner would prefer cash and a compliant cash route exists, the partner's preference is respected.

4.3 Employment or short-term engagement

Where AL wants a person's sustained labour under AL's direction, the honest route is employment, not a grant.

This applies particularly where an individual has been receiving repeated small grants for work AL substantially directs.

4.4 Participant support costs

Stipends, subsistence allowances, travel allowances, registration fees, temporary dependent care and per diem, paid to or on behalf of individuals attending or taking part in programme activities, where the individual is not delivering or implementing the activity.

These costs are documented in AL's Participant Support Cost Policy and treated consistently across all awards, as required by 2 CFR 200.456. Evidence is an attendance and payment register carrying name, signature or mark, amount, date, and ID reference where available.

4.5 Beneficiary payments and direct assistance

Payments and in-kind assistance to individuals who are beneficiaries of the programme itself. Explicitly outside the sub-award definition in 2 CFR 200.1.

Evidence is the **beneficiary selection record**, showing the criteria applied and how this person met them, plus a signed receipt or register.

4.6 Fiscal hosting, including by AL itself

An unregistered initiative can receive funds through a registered host that holds and administers them under a written agreement naming the host, the initiative and AL.

AL runs a fiscal sponsorship programme of its own. Where an unregistered initiative is a good fit and AL has capacity, hosting it directly under the Fiscal Sponsorship Policy may be simpler and cheaper for the initiative than finding a third-party host.

This is not free. Under Model A the initiative becomes a project of AL, its staff become AL employees, and AL takes on the full employment and liability position. That is a serious commitment and it is not proportionate to a small one-off grant. The decision to fiscally host rather than grant is taken by the Co-CEO, Innovation and Operations on the Director of Finance's recommendation.

Where a third-party host is used: the host is chosen with the partner rather than imposed, the host's fee is disclosed to the partner and budgeted, and **AL's relationship and obligations run to the partner, not to the host.**

4.7 Prizes and competition awards

Where AL runs a challenge, competition or award, prize payments to winning individuals or groups may be an allowable direct cost where they are in the approved budget, the selection criteria are objective and published in advance, and the selection decision is recorded.

This route requires confirmation with the funder before use on a restricted or federal award. See the reviewer note on section 4.7 at the end of this document.

4.8 Choosing between routes

Where more than one route is available, AL chooses on these grounds in order:

- **Which route matches what the relationship actually is.** This is not a preference. If the substance is a sub-award relationship, the sub-award rules apply.
- **Which route gives the partner the most control over its own resources**, consistent with 1.
- **Which route places the lighter evidential burden on the partner**, consistent with 1 and 2.
- **Which route is administratively simpler for AL**, consistent with 1, 2 and 3.

AL's own convenience is the last consideration, not the first.

4.9 Cross-cutting requirements on every route

Whatever the route:

- **Sanctions and debarment screening** of the recipient and, for groups, the named responsible individuals. Not reducible at any value. See section 6.
- **Tax documentation.** IRS Form W-9 for US persons; Form W-8BEN or W-8BEN-E for non-US persons. Collected before the first payment, not at year end. **The obligation to collect the form does not depend on whether an information return will be issued.**
- **A written agreement or contract** in a language the recipient reads.
- **Evidence of delivery or use**, at the standard in section 12.
- **Records retained** for the period required by 2 CFR 200.334 and by AL's Document Retention Policy.

5. Selecting partners

5.1 Criteria

- **Mission alignment and values.** Does the organisation share AL's purpose, and would partnering with it damage AL or its other partners?
- **Technical capability.** Relevant experience, skills and people to deliver the work.
- **Local knowledge and legitimacy.** Presence, community trust, relationships, ability to operate in the context.
- **Financial management.** Accounting records, internal controls, segregation of duties, banking or other payment arrangements, audit history.
- **Governance.** A functioning decision-making body, however informal, and defined responsibility for decisions. **Legal registration is assessed but is not a criterion for exclusion.** See section 10.
- **Safeguarding.** A policy or a willingness to adopt one, a named contact, and a reporting route. See section 7.
- **Integrity.** No undisclosed conflicts, no history of unresolved fraud, clear on the anti-corruption expectations.
- **Security.** Ability to operate safely in the environment, and a duty of care to its own people.
- **Cost effectiveness.** Reasonable direct and administrative costs in relation to what is delivered.
- **Eligibility.** Not excluded, sanctioned or otherwise ineligible. See section 6.

Criteria 4 and 5 measure capacity, not integrity. A weak answer is an input to the design of the award and to the choice of route under section 4. It is not by itself a reason to decline.

5.2 Proportionate assessment

Award value per year	Due diligence	Approval, Standard or Low risk
Under $2,500	Micro form: identity of the recipient or named responsible individuals, eligibility screening, payment route verified, purpose recorded, safeguarding and anti-corruption expectations explained and accepted. See Annex C where the recipient is unregistered	Budget holder, Director of Finance releases
$2,500 to $24,999	Short form: legal registration where it exists, bank or payment details verified independently, named contact, safeguarding and anti-corruption expectations explained and accepted, eligibility screening	Director of Finance, then Co-CEO, Programs and Learning
$25,000 to $99,999	Short form plus: most recent financial statements or management accounts, description of financial controls, governing body details, safeguarding policy or a plan to develop one, reference from another funder where available	Co-CEO, Programs and Learning, then Director of Finance
$100,000 to $499,999	Full assessment: financial statements (audited if possible) for the last two years, documented internal controls, procurement approach, policy set	Two Co-CEOs, Chair of the Finance Committee notified

Award value per year	Due diligence	Approval, Standard or Low risk
	reviewed for equivalence, governance review	
$500,000 and above	Full assessment as above. Where a fixed amount sub-award, prior written approval from the federal awarding agency under 2 CFR 200.333	Two Co-CEOs, Board notified before award

Where the award is rated Elevated under 5.3, approval moves up one level. The due diligence column does not change; the requirements shown are the minimum for the value band at any rating.

Where a partner cannot meet a requirement, AL records the gap, decides whether it can be mitigated, and says how. Mitigations include smaller instalments, more frequent reporting, AL holding certain costs directly under section 4.2, joint signatories, a different route under section 4, or a capacity-building component funded by the award.

5.3 Risk rating

Value decides who signs. Risk decides how hard AL checks. An elevated rating also raises the approval level by one.

The rating is set by the programme lead with the Director of Finance, recorded on the due diligence form with the reason, before approval is sought. It is reviewed at each new award and whenever something material changes. It is not carried forward indefinitely.

Rating	Applies when	What it means
Elevated	Any one of these is true: this is the first award AL has made to this recipient; the recipient is an unregistered group; payment is by cash, or to a route not in the recipient's own name; a previous award to this recipient had unresolved findings, late reporting or disallowed costs; a conflict of interest has been declared; the award is federally funded and the recipient has never had a single audit or	Full due diligence for the value band, with the mitigations at 5.2 applied. Approval moves up one level under Financial Management Manual Annex A. Monitoring at the higher frequency under section 8

Rating	Applies when	What it means
	equivalent external audit; the recipient operates somewhere that sanctions exposure needs specific checking	
Low	All of these are true: AL has funded this recipient at least twice before with no unresolved findings; the recipient is a registered entity whose accounts AL has seen; payment goes to its own bank account; no conflict declared	Due diligence may be refreshed rather than repeated in full, on a written confirmation from the recipient that nothing material has changed. Approval level unchanged
Standard	Everything else	Due diligence and monitoring for the value band, as set out at 5.2 and section 8

An elevated rating is not a reason to decline. It means AL does more: more verification, smaller instalments, closer monitoring, more support. Being unregistered, having no bank account or being new to AL raises the rating and **must never be used to screen a recipient out**. Criteria 4 and 5 at 5.1 measure capacity, not integrity, and the same applies here.

A low rating never removes identity verification, eligibility screening, a written agreement, evidence that money was spent as agreed, or a record AL can put in front of an auditor. Those apply to every award at every rating. See section 1.

AL does not make grants to individuals. An individual is funded by payment by results contract under Financial Management Manual 13.5, by participant support costs under Document 11, or as a beneficiary payment. Grants to unregistered groups are permitted and are always rated Elevated.

6. Eligibility screening

Before any transfer of funds, on any route, and recorded in the file:

- **SAM.gov exclusions check.** Required for all federally funded sub-awards.
- **Sanctions screening** of the recipient and, where the recipient is an unregistered group or an individual, of the named individuals.
- **Funder vetting lists**, where the donor requires them. See the Combating Terrorism Policy.

- **Non-support of terrorism certification**, per the Combating Terrorism Policy.
- **Conflict of interest check.** The applicant certifies whether any AL Responsible Person, Family Member or Close Associate has a relationship or financial interest, per the Conflict of Interest Policy, section 4.6.

Screening is not reducible at any value, on any route, under any pathway, for any recipient type. It is the one requirement in this policy that never scales down. It is also, in practice, easier for individuals and small groups than for large organisations, so it is not a barrier to the partners this policy is designed to reach.

Screening is repeated at renewal and at least annually for multi-year awards.

7. Safeguarding, conduct and speaking up

Every agreement under this policy, on every route, requires the partner to:

- Have a safeguarding policy, or to work with AL to develop one within an agreed period
- Name a safeguarding contact
- Report safeguarding concerns involving AL funds, staff, participants or activities to AL **within 5 working days**
- Comply with AL's Code of Conduct and Anti-Fraud, Bribery and Corruption Policy, or an equivalent standard
- Ensure their people and participants can raise concerns, including to AL directly under Tracks A, B and D of the **Speak Up Policy**
- Cooperate with AL investigations
- Accept AL's right to suspend or terminate funding for serious breach or for failure to report

For awards under $2,500 and for unregistered groups, these obligations are set out in plain language on a single page, explained in conversation, and signed. A partner is not required to have a policy document in order to be held to a standard of conduct, and AL does not use the absence of a policy as a reason to decline.

Equivalence is assessed and recorded, not assumed: safeguarding equivalence by the Global Safeguarding Lead, financial and anti-corruption equivalence by the Director of Finance. Reviewed annually.

Participants and communities can complain to AL about a partner. The Speak Up Policy, Track D, is available to them directly and does not require them to go through the partner first. Partners are required to make that route known.

8. Federal sub-awards

Everything in this section is mandatory and cannot be softened for capacity reasons. Where a partner cannot meet these, AL either builds capacity first, uses a different route under section 4, funds the partner under section 13, or does not make a federal sub-award to them. **It does not simply decline the partner.**

8.1 Required information in every federal sub-award

Under 2 CFR 200.332, each sub-award must be clearly identified as a sub-award and include:

- Sub-recipient name as registered, and the sub-recipient's **Unique Entity Identifier (UEI)**
- Federal Award Identification Number (FAIN)
- Federal award date
- Sub-award period of performance start and end dates
- Budget period start and end dates
- Amount of federal funds obligated by this action
- Total amount of federal funds obligated to the sub-recipient
- Total amount of the federal award
- Federal award project description
- Name of the federal awarding agency, the pass-through entity (Accountability Lab), and contact information for the awarding official
- **Assistance Listing Number (ALN)** and programme title
- Identification of whether the award is for research and development
- The indirect cost rate for the federal award, including the de minimis rate if used
- All flow-down requirements
- Any additional requirements AL imposes
- A requirement to permit AL and AL's auditors access to records and financial statements
- Closeout terms and conditions

2 CFR 200.332(b) requires the pass-through entity to provide the best available information where some of the required information is unavailable, and to supply the

remainder once obtained. **This is a sequencing allowance, not a waiver. It does not make a sub-award available to an entity that cannot obtain a UEI at all.** See section 10.

8.2 Indirect cost rate for sub-recipients

A sub-recipient with a negotiated rate uses it. A sub-recipient without one is entitled to elect the de minimis rate, currently **up to 15%** of Modified Total Direct Cost, or to negotiate a rate with AL.

AL does not require sub-recipients to waive indirect cost recovery. Where a donor caps recovery, AL applies the cap transparently and tells the partner what it is.

8.3 Risk assessment and monitoring

AL evaluates each sub-recipient's risk of non-compliance and sets monitoring accordingly, considering prior experience with similar awards, audit results, new personnel or new systems, and the extent of AL's own monitoring.

Monitoring includes reviewing financial and programmatic reports, following up on findings, issuing management decisions on audit findings, and where risk warrants it, additional measures such as more frequent reporting, on-site review, or training.

Additional sub-award conditions may be imposed where risk requires, and must be communicated with the reasons and what the sub-recipient must do to have them removed.

A capacity gap is not a risk finding. Where the assessed risk arises from a capacity gap AL has identified, the response is support under section 15 step 8, not only additional conditions. Conditions imposed without support are a way of shifting AL's problem onto the partner.

8.4 Audit requirements

AL verifies whether each sub-recipient is required to have a Single Audit under 2 CFR 200 Subpart F, which is triggered at **$1,000,000** of federal expenditure in a fiscal year. Where required, AL obtains the audit, follows up on findings.

Many of AL's partners will be non-US organisations not subject to Single Audit. For those, AL sets proportionate alternative assurance: an audit under local standards, an agreed-upon procedures engagement, or AL-funded verification.

9. Fixed amount sub-awards

Where a registered partner lacks a formal accounting system, AL considers a **fixed amount sub-award**, tying payment to defined deliverables and milestones rather than to reported costs.

This removes the requirement for the partner to produce a cost-based financial report while leaving AL's programmatic accountability intact. It is the mechanism best suited to the partners this policy is designed to reach, and AL should reach for it before concluding a partner cannot be funded.

Fixed amount sub-awards under a federal award require **prior written approval from the federal agency**, and must meet the requirements for fixed amount awards. Each must have its own distinct statement of work, priced for the work and deliverables due under it. Under 2 CFR 200.333 the ceiling is **$500,000**.

Where AL expects to use this route, approval is sought at proposal stage rather than after award. This is a proposal-stage discipline as much as a grants-administration one, and it belongs in AL's go/no-go process as well as here. The Director of Business Development and the Director of Finance are jointly responsible for raising it before submission.

10. Funding organisations without legal registration

Where a partner is not a registered legal entity, AL establishes the following instead of a registration certificate:

- **Who they are.** A written statement of purpose or constitution, however short, produced by the group. AL provides a one-page template and helps complete it.
- **Who decides.** A list of the people responsible, with a signed record of the group's decision to accept the funds and to nominate signatories.
- **Who is accountable for the money.** Named individuals, identified by government ID, who sign personally. ID copies are held under the Information, Data and Digital Security Policy and retained no longer than necessary.
- **Screening.** The named individuals and the group screened under section 6. Not reducible.
- **A written agreement,** signed by the nominated signatories, in a language they read.
- **An agreed evidence standard,** per section 12, proportionate to the amount.
- **A payment route** agreed under section 11.

Annex C is the form.

Where the source is a federal award, the sub-award route is not available to a group that cannot obtain a Unique Entity Identifier. AL then uses one of the routes in section 4, or funds the partner under section 13. **AL does not force an unregistered group into a sub-award structure it cannot legally occupy, and does not refuse the partner because the sub-award route is closed.**

Registration status is revisited at renewal, not used as a permanent classification. Where a group is moving towards registration and wants to, AL supports it. Where it does not want to, that is the group's decision and does not affect its access to funding under this policy.

11. Partners without bank accounts

A partner without a bank account is not excluded. AL uses, in order of preference:

- **Direct procurement or in-kind provision** under section 4.2, where what the partner needs can be bought.
- **Mobile money** in the partner's own registered name, where the market supports it. Provider transaction records are the primary evidence, matched to a signed receipt.
- **A fiscal intermediary or host** under section 4.6, agreed with the partner rather than imposed.
- **Cash**, only where the above are unavailable, only up to a limit set by the Director of Finance, and only against a signed receipt with a named witness. Recorded in a cash disbursement register held by AL and reconciled monthly.

The method is agreed and recorded before approval, not improvised at payment stage.

Payment method never determines whether a partner is funded. It determines the evidence AL collects.

12. Evidence standards

	Under $2,500	$2,500 to $24,999	$25,000 and above
Identity and screening	Full	Full	Full
Written agreement	Short form, plain language	Standard	Full
Governance and financial due diligence	Light: who decides, who holds the money	Standard	Full
Financial reporting	Simple expenditure statement with receipts, or milestone confirmation under a fixed amount award	Expenditure report against budget	Full, with supporting documentation
Programmatic reporting	Two paragraphs, or a conversation AL writes up and the partner confirms	Short narrative	Full
Approval	Per Financial Management Manual Annex A and	Per Financial Management	Per Financial Management

	Under $2,500	$2,500 to $24,999	$25,000 and above
	section 5.3 of this policy	Manual Annex A and section 5.3	Manual Annex A and section 5.3

12.1 Where receipts cannot be obtained

Receipts are genuinely unobtainable for some categories of legitimate expenditure: informal transport, market purchases, community catering, and cash payments to individuals in cash economies.

In these cases AL accepts a **signed expenditure record**: what was bought, from whom, when, how much, signed by the person who made the payment and countersigned by a second person.

AL specifies this in the agreement in advance. A partner is never left to discover at reporting stage that the evidence it has collected is unacceptable. Where AL knows a category of cost will not produce receipts, AL says so at design and agrees the substitute at that point.

12.2 Payment registers

Where an activity involves paying or reimbursing a number of people, the standard record is a **signed attendance and payment register** carrying name, signature or mark, ID reference where available, amount and date.

12.3 Reporting burden sits where the capacity is

Where a partner cannot produce a written report, AL writes it and the partner confirms it is accurate. A partner that cannot write a report in English is not thereby unaccountable. **The obligation is that the record exists and is true, not that the partner produced it.**

13. The Philanthropic Grants Pathway[^c0][^c1]

13.1 What this pathway is

Where AL grants its own unrestricted funds, or philanthropic funds whose terms permit it, AL uses a lighter pathway. **Federal award requirements do not apply to money that is not federal, and AL does not apply them out of habit.**

The pathway is available for grants to registered organisations, unregistered groups and individuals alike.

13.2 Check the source first

Before a grant is made under this pathway, AL confirms in writing what the upstream funder's terms actually require. Some philanthropic funders, particularly private foundations exercising expenditure responsibility, impose obligations that flow down to AL's onward grants. Where they do, those terms govern and this pathway is limited accordingly. Where they do not, **AL does not invent them**.

This check is recorded once per funding source, not once per grant, and is refreshed at renewal.

13.3 What never flexes

Five things apply to every grant AL makes, from any source, at any value:

- **Identity.** AL knows who is receiving the money and can evidence it.
- **Screening** under section 6, including named individuals for unregistered groups.
- **A written agreement** stating the charitable purpose, prohibiting use for political campaign activity, restricting lobbying to what is permitted, and requiring the return of funds not used for the agreed purpose.
- **Evidence that the money was used for the agreed purpose**, at the section 12 standard for the value.
- **A retained record** sufficient for AL's auditor and for AL's Form 990.

These are not bureaucracy. **They are the difference between a flexible grant and an unaccountable one.**

13.4 What flexes

	Standard pathway	Philanthropic pathway
Application	Written proposal	Any form, including spoken, recorded, or by phone. AL writes it up and the applicant confirms it is accurate
Budget	Line-item budget	A single figure and a description of the purpose is sufficient - unless otherwise required by the donor or the grant pathway
Use of funds	Restricted to budget lines	Core and unrestricted support permitted. Reallocation at the partner's discretion within the agreed purpose
Duration	Usually single year	Multi-year permitted, with annual confirmation rather than reapplication
Reporting	Partner-produced written report	A conversation, recorded by AL in two paragraphs,

	Standard pathway	Philanthropic pathway
		confirmed by the partner as accurate
Financial evidence	Receipts against budget lines	Confirmation that the agreed purpose was carried out, plus the section 12 standard for the value
Renewal	Full reapplication	Confirmation and a conversation

The burden of producing the record sits with AL, not the partner. That is the point of the pathway.

13.5 Grants to individuals under this pathway

Where AL grants to an individual from its own funds:

- **Selection criteria are objective, non-discriminatory and set out in writing before applications are considered.**
- The charitable class being served is identified and recorded.
- The selection decision is recorded, with the reason.
- **No grant is made to a board member, staff member, or their close relatives or associates**, without disclosure under the Conflict of Interest Policy and a recorded decision by a body from which the interested person is absent.
- Tax documentation is collected under section 4.9.

13.6 Approval and controls

- **Two-person approval** on every grant: the programme lead and the Director of Finance. **No self-approval at any value.**
- A **single register** of all pathway grants, showing recipient, amount, purpose, route, screening date and outcome.
- **Annual report to the Finance Committee**: total, count, recipient types, what the pathway made possible that would otherwise have been refused, and the write-off rate.

13.7 Accepted loss tolerance

The Board sets an annual tolerance for funds that cannot be accounted for under this pathway.

Within tolerance, a loss is recorded, recovered where practicable, and treated as a cost of reaching partners other funders will not reach. Outside tolerance, or where a loss indicates

dishonesty rather than capacity, section 17 applies in full and the pathway itself is reviewed.

Why this clause exists. A trust-based fund operated with a zero-loss expectation collapses back into bureaucracy within about a year, because the first loss triggers a control response and the controls are never removed. Naming a tolerance in advance is what makes the flexibility survivable, and it gives staff cover to take a reasonable risk on a partner, which is the point of the pathway.

The tolerance is a Board decision and is recorded in the minutes. It is reviewed annually alongside the pathway report.

13.8 Funding the pathway

AL maintains a board-designated **Partner Access Fund** from unrestricted income to resource this pathway. Size and replenishment are set by the Finance Committee under the Reserves and Investment Policy.

The Fund exists because most of what AL wants to do for unregistered groups and individuals is straightforward for a public charity using its own money, and awkward or impossible under federal award rules. Rather than bending the federal route into a shape it does not fit, AL puts these cases on a different balance sheet. It also gives AL something concrete to offer when a donor's rules exclude a partner AL believes in.

14. Designing the grant

Before a partner is identified, the programme lead and the Director of Finance agree and record:

- **What the grant is for.** Activity delivery, institutional strengthening, rapid response, or a combination. These need different amounts, different durations and different reporting.
- **Whether the amount is sufficient for what is being asked.** A grant must cover both the activity and the partner's genuine cost of delivering it, including staff time and overhead. **If it cannot, either the ask is reduced or the grant is increased.**
- **What happens when the grant ends.** Recorded at design, not discovered at close-out.
- **How many partners one AL staff member is accompanying.** Accompaniment is a commitment AL makes and must be resourced. The programme sets a maximum caseload and records it.
- **Which route under section 4 will be used**, and why.

14.1 Portfolio design

Supporting more partners is not the same as supporting partners well. Where a programme must choose between breadth and depth, the choice is made deliberately and

recorded, and the Finance Committee sees the reasoning. Deepening support to a smaller cohort is a legitimate and often better answer than spreading the same money further.

14.2 Budget flexibility

Every agreement states a **variance allowance**: the percentage a partner may move between budget lines without prior written approval, notified in the next report. Where donor rules set a lower limit, AL applies the donor's limit and tells the partner what it is and where it comes from.

Where the operating context is volatile, the agreement may include a **contingency or rapid response line**, capped as a percentage of the grant, drawn down on written request with a short justification rather than a budget amendment.

AL does not pass rigidity down the chain by default where nobody upstream required it.

14.3 Sub-granting principles

These principles apply to every award under this policy, on every route and both pathways:

- **Primacy of social impact.** Grants exist to achieve impact for citizens, not to move money.
- **Inclusivity and collaborative learning.** Knowledge, tools and practice are shared across grantees.
- **Transparency.** Grant-making and grant management follow due procedure, and partners are told what the procedure is.
- **Equal treatment.** No preferential treatment. Repeat or cumulative awards are made only where a partner has demonstrated results or shown a substantiated need, **and the reason is recorded.**
- **Accountability as a shared value.** Accountability runs between AL, the partner and the wider ecosystem, not only from partner to AL.
- **Impact.** Expectations, monitoring and reporting requirements are agreed with the partner at the outset and are proportionate to the size of the grant.

The equal treatment principle earns its place on control grounds as well as principle. Informal repeat awards to familiar partners are how favouritism and undisclosed conflicts enter a grants programme, and requiring the reason to be recorded is a light control on a real exposure. **It matters more, not less, under the lighter pathway in section 13.**

15. Making and managing an award

- **Design.** Per section 14. Scope, budget, deliverables and reporting agreed with the partner, not imposed.

- **Classify.** Route selected and recorded per section 3. Sub-recipient or contractor determination made and recorded.
- **Assess.** Due diligence at the level in 5.2. Eligibility screening per section 6.
- **Approve.** Per the delegated financial authority at Annex A of the Financial Management Manual, Document 07. Grants are a commitment of AL funds and follow the same approval tiers. **No self-approval at any level.**
- **Agree.** Written agreement signed by both parties before any funds move, containing the required terms and the agreed evidence standard.
- **Disburse.** Per section 16.
- **Monitor.** Financial and programmatic, at the frequency set by the risk assessment.
- **Support.** Where a capacity gap was identified, do the thing that was promised about it. **Capacity support promised and not delivered is reported to the Finance Committee alongside monitoring completed and not completed.**
- **Close out.** Final report, final financial report, reconciliation of unspent funds, asset disposition, confirmation that record retention obligations continue, and the learning step in section 15.1.

Unspent funds are returned, or reallocated with the funder's written agreement. Never left to sit.

15.1 Close-out includes learning

Close-out includes a short structured conversation with the partner covering what worked, what AL got wrong, and what the partner needs next. It is recorded in two paragraphs, not a form.

Six to twelve months after close-out, AL makes contact with a sample of former partners to understand what happened next. The sample and the findings go to the Finance Committee annually alongside the monitoring report.

Where AL runs more than one grant in the same programme, it convenes the grantees at least once during the grant period. Peer learning is a benefit AL can provide at almost no cost and partners consistently value it.

16. Disbursement

- **Instalments are matched to delivery and to assessed risk.**
- **The first instalment must be sufficient to cover the partner's actual start-up costs.** Where a partner has no working capital, requiring it to spend before it is paid transfers AL's cash flow risk onto the organisation least able to carry it.

- **AL commits to a stated turnaround** from receipt of a satisfactory report to funds leaving AL's account. The standard is set by the Director of Finance and stated in every agreement.
- **Where AL cannot meet that standard**, whether because of an upstream funder delay or an internal one, **AL tells the affected partners in writing as soon as it knows**, states the cause, and gives a revised date.
- **AL reports its own disbursement performance to the Finance Committee annually**, alongside partner performance.

17. Customary and contextual payments

Some operating contexts involve payments that donor budgets do not anticipate, including compensation or courtesies to traditional or customary authorities as a condition of working in an area.

These are not automatically improper, and they are not automatically acceptable. AL decides the position in advance, in writing, at design stage, for each context where the question arises. The decision is taken by the Director of Finance with the Co-CEO, Innovation and Operations, and is recorded.

Where a payment is agreed as legitimate, it is budgeted, disclosed to the funder if the funder's rules require it, receipted, and recorded in the same way as any other cost. Where it is not agreed, AL says so plainly, and works with the partner on an alternative means of access.

A partner is never left to make this judgement alone and unfunded. That is how a partner ends up paying out of pocket, off the books, and outside any control environment.

The test in the Anti-Fraud, Bribery and Corruption Policy applies: **a payment made to secure access that a person is already entitled to, made in secret, and not recorded, is a bribe regardless of local custom.**

18. When something goes wrong

- Suspend further disbursement if funds are at risk. Suspension is precautionary, not a finding.
- Escalate to the Director of Finance and the Co-CEO, Innovation and Operations.
- Assess AL's own disclosure duties: **2 CFR 200.113 mandatory disclosure** for fraud, bribery or gratuity violations affecting a federal award; donor notification per the grant agreement; safeguarding escalation per the Safeguarding and PSEAH Policy.
- Investigate proportionately and independently.
- Take enforcement action where warranted: additional conditions, withholding, suspension, termination, recovery of funds, or referral.

- **Distinguish inability from dishonesty.** A partner that cannot produce a record it was never equipped to produce has failed differently from a partner that has taken money dishonestly. The response differs accordingly.
- **Consider whether the partner was set up to fail.** Where the problem traces to a capacity gap AL identified and did not mitigate, or to a grant designed too small for what was asked, that is AL's failure as much as the partner's, and the fix belongs in AL's process.
- Record in the award file and report to the Finance Committee.

Take local advice before reporting anything to authorities. In several countries where AL works, reporting a partner to the state exposes their people to risk that is worse than the original problem. The decision sits with the Co-CEOs and the Board Speak Up Lead and is recorded with reasons.

19. Records and oversight

The Director of Finance maintains a file for each award containing the route and classification decision, the due diligence assessment, eligibility screening evidence, the risk assessment, the signed agreement, the agreed evidence standard, all reports, monitoring records, correspondence on findings, and closeout documentation.

Retention follows 2 CFR 200.334 for federally funded awards and AL's Document Retention Policy otherwise.

The Director of Finance reports annually to the Finance Committee on:

- Number and value of awards, by route and by pathway
- Recipient types, including registered, unregistered and individual
- Risk profile
- **Monitoring completed against monitoring planned**
- **Capacity support delivered against capacity support promised**
- **AL's own disbursement performance**
- Findings and their resolution
- Philanthropic pathway write-off rate against the Board's tolerance
- Partners declined, and the reason

Monitoring planned but not delivered is the finding to watch for. It is the most common weakness in pass-through compliance and the easiest to let slide.

Partners declined is on the list deliberately. A policy that promises inclusion and quietly declines the same partners it always declined has not changed anything. The Finance Committee should be able to see whether it worked.

Annex A: Due diligence short form

For awards of $2,500 to $24,999. One page.

Field	
Organisation name, as legally registered	
Country and registration number	
Type of entity	
Main contact, role, email, phone	
Payment route agreed (bank / mobile money / intermediary / in-kind / cash)	
Account or payment details verified independently of the application	Yes / No
Does the organisation have a decision-making body? How often does it meet?	
Who keeps the accounts, and are they separate from the person who authorises payments?	
Has the organisation been audited? By whom, and when?	
Does it have a safeguarding policy? If not, will it work with AL to develop one?	
Named safeguarding contact	
Does it have an anti-corruption policy or equivalent standard?	
Conflict of interest declaration: does anyone connected to AL have a relationship or financial interest here?	
SAM.gov exclusions check completed and filed	Date:
Sanctions screening completed	Date:
Funder vetting checks, where required	Date:
Tax documentation collected (W-9 / W-8BEN / W-8BEN-E)	Date:
Capacity gaps identified	

Field	
Mitigations agreed	
Route selected under section 3, and why	
Classification: sub-recipient or contractor	
Assessed by	
Approved by	

Annex B: Federal sub-award data checklist

Complete for every federally funded sub-award before signature. Items marked * must match SAM.gov exactly.

☐ Sub-recipient legal name *

☐ Unique Entity Identifier (UEI) *

☐ Federal Award Identification Number (FAIN)

☐ Federal award date

☐ Sub-award period of performance, start and end

☐ Budget period, start and end

☐ Federal funds obligated by this action

☐ Total federal funds obligated to this sub-recipient

☐ Total amount of the federal award

☐ Federal award project description

☐ Federal awarding agency

☐ Pass-through entity: Accountability Lab, Inc.

☐ Contact information for the awarding official

☐ Assistance Listing Number and programme title

☐ Research and development: yes or no

☐ Indirect cost rate applicable to this sub-award

☐ Flow-down requirements included

☐ Additional AL-imposed requirements, with reasons and removal conditions

☐ Access to records clause

☐ Closeout terms

☐ SAM.gov exclusions check, dated and filed

☐ Risk assessment completed, monitoring plan set

☐ Fixed amount sub-award: agency prior written approval obtained and filed (if applicable)

Annex C: Unregistered recipient form

For unregistered groups and for awards under $2,500. One page. **AL completes this with the recipient, not the other way round.**

Field	
Name the group uses for itself	
What the group does, in its own words	
Where it operates	
Approximate number of people involved	
Statement of purpose or constitution attached? If not, AL to draft with the group	Yes / No
How does the group make decisions?	
Named responsible individuals (minimum two)	
Government ID reference for each, sighted and recorded	
Signed record of the group's decision to accept the funds and nominate signatories	Attached
Sanctions and exclusions screening of group and named individuals	Date:
Conflict of interest declaration	
Payment route agreed under section 11	
Payment details verified independently	Yes / No
Tax documentation collected (W-9 / W-8BEN)	Date:
Purpose of the funds, in one sentence	
Amount	
Evidence standard agreed under section 12, including any substitute for receipts	
Safeguarding and anti-corruption expectations explained, in what language, by whom	
Named safeguarding contact in the group	

Field	
Speak Up routes explained to the group	Date:
Route selected under section 3, and why	
Source of funds: federal / restricted / philanthropic pathway	
Completed by (AL)	
Approved by	

Values the Board or Finance Committee must set before adoption

These are deliberately left blank in the text. Every one of them is a judgment about AL's own risk appetite and cost base, and none of them should be inherited from a draft.

#	Value	Section	Note
1	The three due diligence tier boundaries	5.2	Drafted at $2,500 / $25,000 / $100,000.
2	Evidence standard tier boundaries	12	Should match #1
3	Variance allowance percentage	14.2	Suggest starting at 10%
4	Disbursement turnaround standard	16.3	Suggest starting at 10 working days
5	Cash disbursement limit	11	Director of Finance sets
6	Maximum partners per accompanying staff member	14	Programme sets
7	Philanthropic pathway loss tolerance	13.7	Board decision. See note below
8	Partner Access Fund size	13.8	Finance Committee, under the Reserves and Investment Policy
9	Contingency line cap as a percentage of grant	14.2	