

**FINANCIAL CAPABILITY CHECKLIST**

Fiscal Year: 2020

Adequate accounting systems and internal policies should meet the following criteria as outlined in the Office of Management and Budget's (OMB) Circular which can be found in 2 CFR Part 200, as implemented by USDA regulations 2 CFR Part 400.

- (A) Accounting records should provide information needed to adequately identify the receipt of funds under each grant awarded and the expenditure of funds for each grant.
- (B) Entries in accounting records should refer to subsidiary records and/or documentation which support the entry and which can be readily located.
- (C) The accounting system should provide accurate and current financial reporting information.
- (D) The accounting system should be integrated with an adequate system of internal controls to safeguard the funds and assets covered, validate the accuracy and reliability of accounting data, promote operational efficiency, and ensure adherence to prescribed management policies.

PURPOSE: This Checklist is to assist your organization in understanding the minimum requirements necessary to accept, manage, and spend Federal funds. If you have questions regarding the content presented in this checklist, please bring this to the attention of your Forest Service contact.

INSTRUCTIONS

A knowledgeable representative from your organization should review and complete the form, certifying in the last section that they have read and understand items listed in this document. The completed form will be returned to the designated U.S. Forest Service Grants & Agreements Specialist or Program Manager.

ACCOUNTING SYSTEM

- ☒ 1. My organization's accounting system provides for the recording of expenditures for each Federal award by the component project and budget cost categories.
- ☒ 2. My organization's accounting system provides for the recording of cost sharing or match for each project, and ensures that documentation is available to support recorded cost sharing or match.
- ☒ 3. My organization's time distribution records are maintained for each employee and effort can be specifically identified to a particular grant or cost objective.
- ☒ 4. My organization's accounting/financial system includes budgetary controls to preclude incurring obligations in excess of total funds available for a grant.
- ☒ 5. My organization's accounting/financial system includes budgetary controls to preclude incurring obligations in excess of total funds available for a budget cost category (e.g. Personnel, Travel, etc.).
- ☒ 6. My organization is familiar with the applicable OMB Uniform Administrative Requirements and Cost Principles, existing regulations and guidelines containing the procedures for the determination and allowance of costs in connection with Federal awards.

MANAGING FEDERAL FUNDS

- ☒ 7. My organization is aware that it is required to maintain accounting systems and financial records to accurately account for funds awarded. These records shall include both Federal funds and all matching funds of State, local, and private organizations, when applicable. Where a recipient's or sub-recipient's accounting system cannot comply with this requirement, the recipient or sub-recipient shall establish a system to provide adequate fund accountability for each project it has been awarded.
- ☒ 8. My organization is aware that funds specifically budgeted and/or received for one project may not be used to support another without prior written approval of the awarding agency.
- ☒ 9. My organization is aware that it must EITHER have a Federally approved negotiated indirect cost agreement (NICRA) or cost allocation plan in effect for indirect costs to be allowable for reimbursement or match OR may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC), which may be used indefinitely.

**RECIPIENT AND SUB-RECIPIENT ACCOUNTING RESPONSIBILITIES**

- ☒ 10. When applicable, my organization is aware that it must monitor its sub-recipients' financial operations, records, systems, and procedures. Particular attention should be directed to the maintenance of current financial data.
- ☒ 11. When applicable, my organization is aware that each sub-recipient prepares an adequate budget on which its award commitment is based. The detail of each project budget should be maintained on file by my organization.
- ☒ 12. My organization is aware that sub-recipients must not award or permit any award to any party that is debarred or suspended from participation in Federal assistance programs. The "Excluded Parties List" system for suspended or debarred sub-grantees and contractors may be search at www.sam.gov.

**INTERNAL POLICIES:
PROPERTY, PROCUREMENT STANDARDS, PERSONNEL,
AND TRAVEL POLICIES AND PROCEDURES**

- ☒ 13. My organization's property management system(s) provides for maintaining: (1) a description of the equipment; (2) an identification number; (3) source of the property, including the award number; (4) where title vests; (5) acquisition date; (6) federal share of property cost; (7) location and condition of the property; (8) acquisition cost; & (9) ultimate disposition information.
- ☒ 14. My organization's property management system(s) provides for a physical inventory and reconciliation of property at least every two years.
- ☒ 15. My organization's management system(s) provides controls to insure safeguards against loss, damage or theft of the property and that the property is used solely for authorized purposes.
- ☒ 16. My organization maintains written procurement procedures which (1) avoid unnecessary purchases; (2) provide an analysis of lease and purchase alternatives; and (3) provide a process for soliciting goods and services?
- ☒ 17. My organization's procurement system provides for the conduct to ensure selection on a competitive basis and documentation of cost or price analysis for each procurement action?
- ☐ 18. My organization's has internal policy to check the "Excluded Parties List" system for suspended or debarred sub-grantees and contractors, prior to award at www.sam.gov.
- ☒ 19. My organization maintains written personnel policies and procedures that provide for reasonable and consistent treatment of personnel costs, such as fringe benefits and pension plans.
- ☒ 20. My organization has written travel policy which is consistent for both internal travel and approved travel costs under the grant or cooperative agreement. If no policy exists, my organization adheres to rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205- 46(a)).
- ☒ 21. My organization is aware of 2 CFR Part 400, Single Audit, which requires audit of any entity that expends more than \$750,000 in federal funds in a fiscal year.

ACKNOWLEDGEMENT

I acknowledge that my organization has received this document and understands the financial management standards necessary to manage Federal awards and subawards. At any time in reviewing this document, in pre-award negotiations, during the post-award meeting, or at any time subsequent, if my agency has questions regarding the content presented in this checklist or related to the award, I understand that I may bring this to the attention of the Forest Service for clarification and that the Forest Service is available to assist my organization.

Completed by: <i>Cathleen Moore-Linn</i> 3.19.2020	Title: RCUOG Executive Director
Print Name: Cathleen Moore-Linn	Date:
Organization Name: Research Corporation of the University of Guam	



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