

FINANCIAL CAPABILITY CHECKLIST

For Subgrant Recipients

Adequate accounting systems and internal policies should meet the following criteria as outlined in the most current version of the Office of Management and Budget's (OMB) Circular of Uniform Administrative Requirements, Cost Principles, and Audit Requirements found in 2 CFR Part 200, as implemented by USDA regulations 2 CFR Part 400. www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1

- (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 any of the items in this checklist, please contact DFE's Forest Fire Program Coordinator.

INSTRUCTIONS

An organization representative will 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 attached to their grant application and returned to DFE's Forest Fire Program Coordinator.

STANDARDS FOR FINANCIAL MANAGEMENT SYSTEMS

- 1. Responsible parties for my organization are familiar with the OMB Uniform Administrative Requirements and the Cost Principles, as they apply to Federal grants.
- 2. My organization understands that it must expend and account for award funds in accordance with Federal and State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the organization, as well as its subgrantees and cost-type contractors, must be sufficient to:
 - 1) Permit preparation of reports required by this part and the statutes authorizing the award, and
 - 2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- 3. Organization funds used for match are subject to the same requirements as Federal grant funds. Costs used for match must be allowable under the Cost Principles, recorded accurately, and not used to match any other Federal award.
- 4. Time distribution records are maintained for each employee that accurately reflects work performed for grant funded activities or used as match. These charges are recorded and maintained in accordance with the Cost Principles.
- 5. A negotiated indirect cost rate agreement (NICRA) or cost allocation plan must be federally approved and in effect in order for indirect costs to be allowable for reimbursement or match.
- 6. Funds specifically budgeted for one project or program may not be used to support another project or program without prior written approval of the awarding organization.

SUBGRANTS

- 7. My organization is aware that it is required to ensure that a subrecipient's financial system meets the standards described in the Uniform Administrative Requirements. Financial records must adequately identify the source and application of funds provided for Federally funded activities. Applicable OMB Cost Principles, organization program regulations, and the terms of grant and subgrant documents will be followed in determining the reasonableness, allowability, and allocability of costs. Accounting records must be supported by source documentation such as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.
- 8. When applicable, my organization is aware that subrecipients must be monitored for financial operations (records, systems, and procedures), performance, and conformance to regulations.

9. When applicable, my organization is aware that we must not award or permit any subsequent sub-award to any party that is debarred or suspended from participation in Federal assistance programs. The “Excluded Parties List” system for suspended or debarred subrecipients and contractors is at www.sam.gov.

OTHER CONSIDERATIONS

10. **Travel:** When applicable my organization has a written travel policy which is consistent for both internal travel and approved travel costs under the Federal award. If no policy exists, then my organization adheres to the Federal Travel Regulations (FTR).

11. **Personnel:** My organization has written personnel policies and procedures that provide for reasonable and consistent treatment of personnel costs, such as fringe benefits and pension plans.

12. **Record Retention:** My organization retains all grant related records in accordance with the timeframes identified in the Uniform Administrative Requirements. In general, all grant related records must be maintained for 3 years from the date the final expenditure report is submitted.

13. **Procurement:** My organization has written procurement policies and procedures. The same policies and procedures are followed whether the procurements are with Federal grant funds or other non-Federal funds

14. **Audit:** 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. My organization understands that their particular grant-funded program may not be audited, but any audit findings must be considered during a financial review.

15. **Debarment/Suspension:** My organization has internal policy to check the “Excluded Parties List” system for suspended or debarred sub-grantees and contractors, prior to award at <https://www.sam.gov/>.

16. **Civil Rights:** My organization has received and understands the USDA Forest Service brochure, “Complying with Civil Rights Requirements”.

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 organization 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 DFE for clarification and that the Forest Fire Program Coordinator is available to assist my organization.

Completed by:

Title:

Print Name:

Date:

Organization Name:

Burden Statement

According to the Paperwork Reduction Act of 1995, an organization may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0217. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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