# Annex 7: Financial Capability Questionnaire

**Annex 7**

Accounting System and Financial Capability Questionnaire

**For DAI** **Grant Recipients**

The main purpose of this questionnaire is to understand the systems adopted by your institution for financial oversight and accounting of grant funds, especially those provided through the U.S. Federal Government. The questionnaire will assist DAI program and accounting staff to identify the extent to which your institution's financial systems match the requirements of the U.S. Federal Government. This information will help the program staff work with you and your institution to review any problem areas that may be identified; thereby avoiding any problems or oversights which would be reportable should an audit of the program or institution be required.

The questionnaire should be completed by the financial officer of your institution in collaboration with DAI program staff. This questionnaire is informational only, and will not have any bearing on the agreement to support your institution based on the technical merit of the proposal. Therefore, please answer all questions to the best of your knowledge.

While 2 CFR 200 does not cover awards to non-U.S. recipients, DAI shall rely on the standards established in that regulation in determining whether potential non-U.S. recipients are responsible to manage Federal funds. A determination shall be made on the potential recipient's ability, or potential ability, to comply with the following USAID and federal-wide policies:

1) [2 CFR 200 Subpart D](http://www.ecfr.gov/cgi-bin/text-idx?SID=0a5b7fee6378930cce72564449dd8bb7&mc=true&node=sp2.1.200.d&rgn=div6) (Financial and Program Management);

2) [2 CFR 200 Subpart D](http://www.ecfr.gov/cgi-bin/text-idx?SID=0a5b7fee6378930cce72564449dd8bb7&mc=true&node=sp2.1.200.d&rgn=div6) (Property Standards);

3) [2 CFR 200 Subpart D](http://www.ecfr.gov/cgi-bin/text-idx?SID=0a5b7fee6378930cce72564449dd8bb7&mc=true&node=sp2.1.200.d&rgn=div6) (Procurement Standards); and

4) [2 CFR 200 Subpart D](http://www.ecfr.gov/cgi-bin/text-idx?SID=0a5b7fee6378930cce72564449dd8bb7&mc=true&node=sp2.1.200.d&rgn=div6) (Performance and Financial Monitoring and Reporting).

**SECTION A: General Information**

Please complete this section which provides general information on your institution.

Name of Institution:

Name and Title of Financial Contact Person:

Name of Person Filling out Questionnaire:

Mailing Address:

Street Address (if different)

Telephone, Fax, Email (if applicable)

Enter the beginning and ending dates of your institution's fiscal year:

From: (Month, Day) To: (Month, Day)

**SECTION B: Internal Controls**

Internal controls are procedures which ensure that: 1) financial transactions are approved by an authorized individual and are consistent with U.S. laws, regulations and your institution's policies; 2) assets are maintained safely and controlled; and 3) accounting records are complete, accurate and maintained on a consistent basis. Please complete the following questions concerning your institution's internal controls.

1. Does your institution maintain a record of how much time employees spend on different projects or activities?

Yes:  No: 

2. If yes, how?

1. Are timesheets kept for each paid employee?

Yes:  No: 

1. Do you maintain an employment letter or contract which includes the employee’s salary?

Yes:  No: 

4. Do you maintain inventory records for your institution's equipment?

Yes:  No:  (if no, explain)

5. How often do you check actual inventory against inventory records?

6. Are all financial transactions approved by an appropriate official?

Yes:  No: 

7. The person responsible for approving financial transactions is: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

8. Is the person(s) responsible for approving transactions familiar with U.S. Federal Cost principles as described in 2 CFR 200 Subpart E?

Yes:  No: 

9. Does your institution use a payment voucher system or some other procedure for the documentation of approval by an appropriate official?

Yes:  No: 

10. Does your institution require supporting documentation (such as original receipts) prior to payment for expenditures?

Yes:  No: 

11. Does your institution require that such documentation be maintained over a period of time?

Yes:  No: 

If yes, how long are such records kept?

12. Are different individuals within your institution responsible for approving, disbursing, and accounting of transactions?

Yes:  No: 

13. Are the functions of checking the accuracy of your accounts and the daily recording of accounting data performed by different individuals?

Yes:  No: 

14.Who would be responsible for financial reports? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SECTION C: Fund Control and Accounting Systems**

Fund Control essentially means that access to bank accounts and/or other cash assets is limited to authorized individuals. Bank balances should be reconciled periodically to the accounting records. If cash cannot be maintained in a bank, it is very important to have strict controls over its maintenance and disbursement.

An Accounting System accurately records all financial transactions, and ensures that these transactions are supported by documentation. Some institutions may have computerized accounting systems while others use a manual system to record each transaction in a ledger. In all cases, the expenditure of funds provided by the USAID-funded program must be properly authorized, used for the intended purpose, and recorded in an organized and consistent manner.

1. Does your institution maintain separate accounting of funds for different projects by:

Separate bank accounts: 

A fund accounting system: 

2. Will any cash from the grant funds be maintained outside a bank (in petty cash funds, etc.)?

Yes:  No: 

If yes, please explain the amount of funds to be maintained, the purpose and person responsible for safeguarding these funds.

4. If your institution doesn't have a bank account, how do you ensure that cash is maintained safely?

5. Does your institution have written accounting policies and procedures?

Yes:  No: 

6. How do you allocate costs that are “shared” by different funding sources, such as rent, utilities, etc.?

7. Are your financial reports prepared on a:

Cash basis:  Accrual basis: 

8. Is your institution's accounting system capable of recording transactions, including date, amount, and description?

Yes:  No: 

9. Is your institution's accounting system capable of separating the receipts and payments of the grant from the receipts and payments of your institution’s other activities?

Yes:  No: 

10. Is your institution's accounting system capable of accumulating individual grant transactions according to budget categories in the approved budget?

Yes:  No: 

10. Is your institution's accounting system designed to detect errors in a timely manner?

Yes:  No: 

11. How will your institution make sure that budget categories and/or overall budget limits for the grant will not be exceeded?

12. Are reconciliations between bank statements and accounting records performed monthly and reviewed by an appropriate individual?

Yes:  No: 

13. Briefly describe your institution’s system for filing and keeping supporting documentation.

**SECTION D: Audit**

The grant provisions require recipients to adhere to USAID regulations, including requirements to maintain records for a minimum of three years to make accounting records available for review by appropriate representatives of USAID or DAI, and, in some cases, may require an audit to be performed of your accounting records. Please provide the following information on prior audits of your institution.

1. Is someone in your institution familiar with U.S. government regulations concerning costs which can be charged to U.S. grants (2 CFR 200 Subpart E "Cost Principles" )?

Yes:  No: 

2. Do you anticipate that your institution will have other sources of U.S. government funds during the period of this grant agreement?

Yes:  No: 

3. Have external accountants ever performed an audit of your institution's financial statements?

Yes:  No: 

If yes, please provide a copy of your most recent report.

4. Does your institution have regular audits?

Yes:  No: 

If yes, who performs the audit and how frequently is it performed?

5. If you do not have a current audit of your financial statements, please provide this office with a copy of the following financial statements, if available:

a. A "Balance Sheet" for the most current and previous year; and

b. An "Income Statement" for the most current and previous year.

6. Are there any circumstances that would prevent your institution from obtaining an audit?

Yes:  No: 

If yes, please provide details:**CHECKLIST AND SIGNATURE PAGE**

DAI requests that your institution submit a number of documents along with this completed questionnaire. Complete this page to ensure that all requested information has been included.

**Complete the checklist:**

 Copy of your organization's most recent audit is attached.

 If no recent audit, a "Balance Sheet" "Income Statement" for the most current and previous fiscal year.

 All questions have been fully answered.

 An authorized individual has signed and dated this page.

**Optional:**

 Incorporation Papers or Certificate of Registration and Statute is attached.

 Information describing your institution is attached.

 Organizational chart, if available is attached (if applicable).

**The Financial Capability Questionnaire must be signed and dated by an authorized person who has either completed or reviewed the form.**

Approved by:

­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Print Name

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title Date \_\_\_\_\_\_\_\_\_\_\_\_\_

# Annex 10: Application Checklist

Before submitting your application, please check to make sure the following are included:

The application dossier is comprised of \_\_\_ original and \_\_\_ copies of all documents

*If applicable*: The application is submitted also in electronic format

Applicable certifications and assurances are signed and included (see Annex 2)

*If applicable*: The workplan is included (Annex 4)

Budget is included

*If minimum cost-share required include the following*: In the budget, the applicant's contribution is identified and is at least \_\_\_\_\_% of total project costs

The CVs and BioData Forms are included (Annex 6)

The statement of liability is signed and stamped (last page of application form – Annex 3)

Completed Financial Capability Questionnaire (Annex 7)

Audited Financial Reports: Copy of the applicant’s most recent financial report, which has been audited by a certified public accountant or other auditor satisfactory to DAI. If no recent audit, a “Balance Sheet” and “Income Statement” for the most current and previous fiscal year.)

Incorporation Papers or Certificate of Registration and Statute

Organizational Chart

Documentation that the applicant has the ability to comply with the award conditions, taking into account all existing and currently prospective commitments of the applicant. The applicant must demonstrate its ability to segregate funds obtained from the award of a capital grant from other activities of the organization. A separate bank account is required should a grant award be made. (Documentation may include certification from the applicant’s bank or a summary of previous awards, including type of funding, value, client, etc.)

Documentation that the applicant has a satisfactory record of integrity and business ethics. (Documentation may include references from other donors or clients and a summary of previous awards, including type of funding, value, client, etc..)

Evidence of a Unique Entity ID (SAM)or a Self-Certification for Exemption from Unique Entity ID (SAM)Requirement.