

Family Health International Recipient Organization Pre-Award Review Questionnaire

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**Family Health International
Recipient Organization Pre-Award Review Questionnaire**

Proposed Recipient Organization name, address, telephone and fax number:

Proposed Project Director: _____

Recipient Personnel Interviewed (include titles): _____

FHI Technical Monitor or Program Officer: _____

FHI Staff Person Requesting Pre-Award: _____

A. Instructions

What is the purpose of the Pre-Award Review Questionnaire?

The purposes of this questionnaire are to determine that a recipient organization 1) can manage and account for the amount of funds FHI will award; 2) can comply with terms and conditions of an agreement; and 3) has been informed of FHI's accounting record expectations and requirements. Based upon the results of the questionnaire, several things could happen:

- a. The agreement is awarded with no changes in the Recipient's management and financial systems.
- b. The agreement is awarded with the changes to the Recipient's management and financial systems. (E.g.: hire or replace accountant; provide financial technical assistance to the Recipient; set up a separate bank account)
- c. The agreement is awarded with the changes to the Recipient's reporting requirements of the agreement. (Examples: require supporting documentation with monthly financial reports sent to FHI; require a bank reconciliation with each monthly financial report)
- d. The agreement is not awarded for reasons stated in questionnaire.

As stated above, the overall purpose of the questionnaire is to ensure that the proposed recipient organization has adequate financial management systems, practices and oversight in place in order to account for the award. The pre-award should be conducted early in the process so that the results and recommendations of the questionnaire are incorporated and budgeted, if necessary, into any subsequent agreement. Such recommendations may include institutionalization of new financial systems or management oversight; training of financial and/or management staff; hiring additional staff; introduction of a portfolio management approach to handle multiple donors; greater involvement or creation of a board of directors; or institutionalization of new financial planning practices; and these resulting activities should be reflected in the narrative and budgetary sections of the agreement. This type of capacity building not only reinforces accountability for the particular FHI award but also contributes to the overall financial management capacity of the organization and improves its long-term ability to attract other donors and therefore sustainability.

When is the Pre-Award Review Questionnaire to be used?

Ideally, the questionnaire should be administered early in the design phase of the agreement. That should be right after recipient selection has been made, thus not prolonging the agreement approval process. This will also enable FHI to modify or discontinue the design of an agreement prior to it being awarded.

Recipient organizations should fall in one of the following three categories:

- a. The Pre-Award Review Questionnaire must be used for the following if either a, b or c below apply
 - FHI has never worked with a recipient or has not worked with the recipient in over 18 months and whose total funding is expected to exceed US \$50,000 from one or more FHI agreements;

- FHI has recently funded a recipient with non-US Government funds and no preaward or audit was performed on these funds and an award of US Government funds in excess of \$50,000 is planned;
 - FHI has funded a recipient with US Government funds of less than \$50,000 and a new award or an amendment to an existing award will bring the total amount over \$50,000.
- b. The Pre-Award Review Questionnaire may be required for the following:
- A recipient receiving under US \$50,000, from one or more FHI agreements (or if FHI has never worked with or has not worked with over 18 months located in a country where FHI has an office and the office does not have to incur significant travel costs to administer the Questionnaire. (Preparing several pre-awards in one region during one trip is encouraged). Pre-awards that fall under this category are usually requested by country offices or program staff.
 - A recipient that FHI has never worked with or has not worked with in over 18 months, has been audited by that country's Supreme Audit Agency or a US government donor organization, and is expected to receive US \$50,000 from one or more FHI agreements. Obtain a copy of the audit or information about the audit. Provide this to FHI's Contracts and Grants Manager in North Carolina for North Carolina managed subprojects or the Contracts and Grants Manager in Arlington for Arlington managed subprojects who will determine if a pre-award is required. The Contracts and Grants Manager can contact other FHI staff (such as program staff) to help make this determination.
 - A recipient that FHI has audited in the past and incurred questioned costs totaling over US \$10,000 (resolved or unresolved) for all performed audits or has unresolved questioned costs of any amount. Contact FHI's Manager of Internal Audit if you are not sure about a specific recipient.
 - Any other recipient deemed a candidate for a pre-award review by USAID or FHI personnel or authorized representative of either.
- c. The Pre-Award Review Questionnaire is not required for the following:
- A recipient having an annual organization wide OMB A-133 audit performed with no significant findings and questioned costs. (Note: An OMB A-133 audit is required of non-profit, universities and government organizations receiving federal funds. Check with business office of organization to determine if they have one.) FHI Contracts and Grants will determine if an organization's OMB A-133 audit is already on-file with FHI. If not, C&G or as advised program staff will request a copy and forward to appropriate FHI Contracts and Grants Manager. *This exception will only apply to US based organizations since non-US based organizations are exempt from having an A-133 audit.*
 - A recipient that FHI has audited within the past 18 months, and there are no outstanding audit issues.

Who is responsible for initiating and completing the Pre-Award Review Questionnaire?

The pre-award review process requires coordinated teamwork of FHI's program and financial staff. Each FHI office (North Carolina, Arlington, Regional Office, Country Office) should have communication procedures in place that will inform the appropriate financial staff person of proposed subprojects in their office during the design phase of a subproject. The appropriate qualified financial staff persons are:

- At the country office level, the highest level Country Office Accountant;
- At the regional office level the Regional Finance Manager;
- In Arlington the Contracts and Grants Manager;
- In North Carolina the Contracts and Grants Manager;
- For non-presence FHI countries, the Arlington/North Carolina Contracts and Grants Manager for agreements managed out of the Arlington/North Carolina offices, and the highest level Accountant, Finance Officer, or Finance Manager, for agreements in non presence FHI countries that are managed out of a local Country Office or Regional Office.

It is expected that FHI country and regional offices serve all FHI subprojects managed from either North Carolina or Arlington.

Communication procedures should be developed by each office to ensure that early identification of the need for a pre-award review can be made for each subproject in order to prevent delays in subproject implementation. Procedures will vary from office to office, but the appropriate financial staff person in each office should be responsible to making sure this happens. The procedures should also ensure that subsequent budget and recipient changes to a proposed subproject are brought to the attention of the appropriate financial staff person in a timely manner. Therefore, it is important that the lead program person primarily responsible for the subproject (Country Director, Program Officer, Technical Monitor, etc.) be familiar with the pre-award requirements to ensure timely implementation of a proposed subproject.

The appropriate financial staff person will initiate the pre-award review and make sure the review is completed in a timely manner. Only a qualified financial representative of FHI can administer the questionnaire. A qualified financial representative is any of the following trained individuals:

- Any FHI country or regional office finance person;
- Internal auditor;
- Any finance staff person from North Carolina or Arlington;
- Paid representative of FHI such as Ernst & Young.

Coordination of audits with a paid representative of FHI is the responsibility of the FHI office or the C&G Department of each Institute responsible for initiating the pre-award review. If assistance with initial E&Y contact is needed, the Manager of Internal Audit or Director of Contracts & Grants, NC can assist in getting that started. They are not responsible for sending or receiving anything from E&Y.

Please note that in many cases the appropriate financial staff person and the qualified financial representative will be the same. The qualified financial representative who

administers the questionnaire will need the following information in addition to the questionnaire:

- a. Recipient Information:
 - Organization name
 - Contact person
 - Address
 - Telephone and fax numbers
 - E-mail address (if applicable)
- b. Copy of proposed agreement budget.
- c. If budget not complete, then estimated total amount of proposed agreement along with any overhead or fringe benefit rates anticipated.
- d. Copy of the following monitoring tool, “Foreign Financial, Administrative and Accounting Guidelines for FHI Recipient Organizations”.
- e. Copy of the Subagreement Standard Provisions.

The lead program person should determine if a proposed recipient is working with other US donor organizations. If so, obtain the following information, and give to the appropriate Contracts and Grants Manager in North Carolina or Arlington:

- a. Recipient information:
 - Organization name
 - Contact person
 - Address
 - Telephone and fax numbers
 - E-mail address (if applicable)
- b. List of other US government funded donors to include:
 - Donor organization name
 - Period of performance
 - Amount funded
 - Contact person at donor organization
 - Donor address
 - Donor telephone and fax number
 - E-mail address (if applicable)
 - If donor audited proposed recipient, request a copy of report including management letter (if applicable).

A review of the above information may eliminate the need for a pre-award review questionnaire. If any question or section is not applicable, please mark “N/A”. Do not leave anything blank.

Who is responsible for follow-up of the Pre-Award Review Questionnaire?

The appropriate FHI financial person responsible for getting the pre-award questionnaire completed ‘in conjunction with the lead FHI program staff person on the proposed subproject’ will conduct the necessary follow-up. Follow-up entails making sure the questionnaire is completed in a timely and complete manner and that any subsequent recommendations are implemented and carried out by the recipient and FHI.

If the results of the pre-award review questionnaire indicate we should not work with a proposed recipient and program staff agrees, then plans to work with that recipient will be terminated. If program staff disagree then consideration of continuing to work with the proposed recipient should be referred to the appropriate Contracts and Grants Manager in Arlington or North Carolina. If further referrals are required then FHI Senior Management will make the final decision.

FHI's Manager of Internal Auditor on a test basis may follow-up with appropriate FHI staff regarding any recommendations that are to be implemented with the recipient.

Who gets copies Pre-Award Review Questionnaire?

Copies of completed questionnaires should be distributed as follows:

- a. Original should be kept at the office initiating the pre-award review;
- b. One copy for the Regional Office to which the Country Office reports, if applicable;
- c. One copy for the Arlington Contracts and Grants Department or North Carolina Contracts and Grants Department depending on under which Institute the agreement falls.

The appropriate office or department in a. above is responsible for distributing all copies. Attach to the completed questionnaire documentation or explanation of any action taken on questionnaire recommendations; if no action is taken, then so state.

B. Management and Administrative Capability

1. If possible, obtain an organization chart or briefly describe the organizational structure. Highlight the department that will be directly responsible for the implementation of the subproject.

Comments

2. When was the organization formed? Is the organization legally registered with the government? If not legally registered, please explain.

Comments

3. What is the organization's fiscal year?

Comments

4. What type of organization is this (government, quasi-government, university, not-for-profit, for profit, other (describe))?

Comments

5. Who does the Project Director report to? Will the Project Director have sufficient control and authority to effectively manage the subproject?

Comments

C. Accountant/Bookkeeper

1. How many employees are in the Accounting Department and what are their names and key responsibilities?

Comments

2. What is the background/qualifications of the Accountant/Bookkeeper for the subproject? Is there any accounting assistance or training that will be necessary prior to the implementation of the subproject?

Comments

3. Does the organization have written procedures that describe the:
 - a. Recording of transactions
 - b. Chart of Accounts
 - c. Authorization and approval necessary for financial transactions
 - d. Purchasing requirements
 - e. Travel policy
 - f. Maintenance of records

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|-----------------|
| <u>Comments</u> |
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- | | |
|---|-------|
| 4. Who is responsible for: | Name |
| a. The receipt of cash | _____ |
| b. Access to checkbook and preparing checks | _____ |
| c. Signing checks | _____ |
| d. Keeping of accounting records/books | _____ |
| e. Preparing bank reconciliations | _____ |
| f. Preparing financial reports to FHI | _____ |

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| <u>Comments</u> |
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5. To the extent possible, are financial duties (as described in #4 above) separated so that no one individual has complete control over an entire financial transaction? If

duties are performed by one individual, is the management review process thorough enough to act as a control over this individual?

Comments

D. Books and Recordkeeping

1. Does the organization have manual accounting records or computerized accounting records? If computerized, what accounting software is used?

Comments

2. What accounting records are kept (also review copies to ascertain timeliness of recording transactions and proper keeping of books):

| | <u>Y/N</u> | <u>Date of last entry</u> |
|---------------------------------------|------------|---------------------------|
| a. General Ledger | _____ | _____ |
| b. Cash receipts/disbursements ledger | _____ | _____ |
| c. Bank book | _____ | _____ |
| d. Petty cash book | _____ | _____ |
| e. Payroll register | _____ | _____ |

3. Does the accounting system have the capability to segregate the revenue and expenditures separately by award/contract/fund?

Comments

4. How many locations does the organization have? How many will be utilized in the proposed subproject?

Comments

5. Is the financial accounting system centralized or decentralized? Evaluate typical concerns:
- Where are the original source documents and books of entry kept?
 - How are transactions recorded?
 - From what accounting records will the financial reports to FHI be prepared?

Comments

6. Do payroll records include time and attendance records for staff which detail number of hours worked by each employee?

Comments

7. If not, how will the organization comply with this requirement from the US Government in OMB Circular A-122? (Note: Applicable only if salaries are to be paid in the subproject).

Comments

8. Is the organization required to comply with government tax withholding regulations? If so, is the organization complying? If not, explain.

Comments

E. Budgetary Controls

1. Does the organization perform a periodic analysis of actual against budgeted expenses? How is it done and how often?

Comments

2. What actions are taken by the organization based on the budget-to-actual analysis?

Comments

F. Control of Cash

1. Do local practices and regulations permit the organization to open a separate interest-bearing bank account for each FHI subproject? If no, please explain and attach relevant documentation.

Comments

2. How often are receipts of cash and checks deposited into the bank?

Comments

3. Do all payments have supporting documentation? Is the documentation easily found? Request to see documentation for some current expenditures and comment on what you saw (for example documentation may be attached to check copy, voucher, or filed separately).

Comments

4. For this subproject, who will be responsible for approving expenses and signing checks? How many signatures will be required on checks? Are most expenditures paid by check?

Comments

5. Are blank checks ever signed? If so, under what circumstances?

Comments

6. Where are unused, voided or returned checks stored? Who has access?

Comments

7. Does the organization ever make checks out to “Cash” or “Bearer”? If so, under what circumstances and in what amounts?

Comments

8. Are pre-numbered vouchers used?

Comments

9. Does the checksigner review and initial the attached supporting documents (voucher, invoices, etc.) prior to signing the check? Is the supporting documentation marked “PAID” to prevent duplicate payment?

Comments

10. Petty cash: What is the imprest petty cash amount? Who keeps petty cash? What expenses are paid and what documentation is obtained to support?

Comments

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11. Other than petty cash, what other expenditures are normally paid in cash? What documents are obtained and how are payments recorded in the accounting records?

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| <u>Comments</u> |
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12. Does the organization have a system to track advances to ensure that they are appropriately accounted for and documented? How is the difference in the amount advanced and actually paid resolved?

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| <u>Comments</u> |
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13. Are bank reconciliations prepared on every bank account? How often? Review and note the date of the last reconciliation. Who prepares? Who reviews them, if anyone?

| |
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| <u>Comments</u> |
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G. Funding

1. If possible, list the expected sources and amount of revenue for the upcoming year? Which funding is USAID, if any?

| <u>Source</u> | <u>Amount</u> | <u>USAID?</u> |
|---------------|---------------|---------------|
| | | |

2. Does the organization have audited financial statements? If yes, obtain a copy of the most recent. If not, are unaudited financial statements available for the last year?

| |
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| <u>Comments</u> |
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3. Has any aspect of the organization's activities been audited within the past two years by a governmental agency or a public accounting firm? Obtain copies of audit findings, or see if it is possible to review the report.

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| <u>Comments</u> |
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4. Is compliance with restrictions verified before expenditures are made of award funds?

Comments

5. How are unallowable expenditures identified and treated in the accounting records?

Comments

6. Does the organization have assets or other resources that can be utilized for implementation of the FHI subproject (i.e. staff, volunteers, space, materials, etc.)?

Comments

H. Commodities & Equipment

1. Describe the storage facility where FHI provided commodities (if any) will be maintained. Examples of commodities are medical supplies, condoms, and printed media material.
 - Location;
 - Size of storage facility:
 - Length
 - Width
 - Height

Comments

2. Security:
 - Is the storage facility locked? At all times?
 - Is there a guard at the storage facility? When is the guard on duty?

Comments

3. Environmental factors:
 - Temperature range:
 - Humidity:
 - Rodents/Insects:
 - Subject to water damage:

Comments

4. Does the organization use a “First In First Out” (FIFO) system to control commodity usage?

Comments

5. Does the organization have adequate controls to ensure that obsolete commodities are not distributed?

Comments

6. Does the organization use stock registers for commodities and supplies? Are these records current? Please examine the latest month’s register, if applicable.

Comments

7. Does the organization maintain an equipment and furniture inventory? If yes, obtain a copy, if any equipment and furniture is to be supplied as part of the FHI project.

Comments

I. Indirect Costs

1. Does the organization have an established indirect, overhead or administrative rate?
If so, what documentation is available to support the rate?

Comments

2. Does the organization charge this same rate to other donor organizations? If so, please list the other donor organizations.

Comments

J. Program Income

1. Will the subproject generate program income from:
 - Sale of commodities
 - Fees of various services

Comments

2. If yes, please describe how the program income is to be used?

Comments

3. Will the organization open a separate interest-bearing bank account for the program income?

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| <u>Comments</u> |
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K. Counterpart Contributions

1. Will the organization be required to contribute funds or goods and services to subproject activities?

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| <u>Comments</u> |
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2. If yes, please describe how the organization will account for their contribution.

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| <u>Comments</u> |
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L. Standard Provisions

1. Briefly, review FHI's Subagreement Standard Provisions with the Recipient and note any comments below.

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| <p><u>Comments</u></p> |
|------------------------|

2. Review the Financial, Administrative and Accounting Guidelines for FHI Recipient Organizations with the Recipient. Will the guidelines be followed by the Recipient? List any areas in the guidelines the Recipient cannot follow.

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| <p><u>Comments</u></p> |
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M. Conclusions and Recommendations

Based on the pre-award analysis, should FHI make an award to this Recipient organization?
Please check the one that applies:

- _____ Yes, no changes recommended in the Recipient’s management and financial systems.
- _____ Yes, with the recommended changes suggested below to the Recipient’s management and financial systems. (Examples: hire or replace accountant; provide financial technical assistance to the Recipient; set up a separate bank account, etc.)
- _____ Yes, with the recommended changes suggested below to the reporting requirements of the recipient. (Examples: require supporting documentation with monthly financial reports sent to FHI; require a bank reconciliation with each monthly financial report)
- _____ Not recommended for the reasons indicated below.

| |
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| <u>Comments</u> |
|-----------------|

Prepared By: _____
Name and Title Date

Reviewed By: _____
Name and Title Date