





FINANCIAL MANAGEMENT SYSTEM

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Regulations for Standards for Financial Management System

- ▶ 29 CFR Part 97.20 – DOL uniform administrative requirements for grants and cooperative agreements to States, Local Governments.
 - ▶ 29 CFR Part 95.21 – DOL uniform administrative requirements for Institutions of Higher Education, Hospitals, and other Non-Profit Organizations and Commercial Organizations.
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Financial Management System Standards

- ▶ Financial Reporting
 - ▶ Accounting Records
 - ▶ Internal Control
 - ▶ Budget Control
 - ▶ Allowable Costs
 - ▶ Source Documentation
 - ▶ Cash Management
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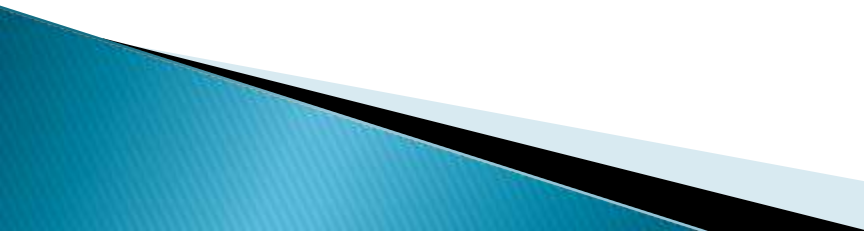
Financial Reporting

- ▶ Accurate and current
 - ▶ Complete disclosure of the financial results
 - ▶ Costs must be traceable to accounting records
 - ▶ Must use specified form
 - ▶ Should be on accrual basis
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Accounting Records

- ▶ Must keep records that adequately identify grant funds
 - ▶ Records must contain information pertaining to grant or subawards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income
 - ▶ Records must be maintained in accordance with GAAP
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Internal Control

- ▶ Effective control over and accountability for all grants and its assets must be maintained.
 - ▶ Safeguard all property and must assure that they are solely used for authorized grant activities and purposes.
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Budget Control

- ▶ Actual expenditures or outlays must be compared with budgeted amount for each grant or subaward
 - ▶ Results of analysis are used to preclude over spending and/or modify contracts and grant agreements
 - ▶ Financial information must be related to performance or productivity data
 - ▶ Used in developing plans and monitoring
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Allowable Costs

- ▶ Applicable OMB circulars, on cost principles, grant regulations and the terms of the grant agreement must be followed in determining the reasonableness, allowability and allocability of costs.
 - ▶ Only allowable costs may be charged to a grant
 - ▶ No grant may pay for more than its fair share of the costs
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Source Documentation

- ▶ Accounting records including cost accounting records must be supported by source documentation
 - ▶ Source documentation must be available for review by awarding agency
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Cash Management

- ▶ Procedures for minimizing time elapsed between transfer of funds and disbursements must be followed whenever advance payment procedures are used.
 - ▶ Forecast cash needs to ensure that cash is received as close as possible to the time of actual disbursement
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An awarding entity may review the adequacy of the administrative and financial management system of any grantee/subgrantee as part of a pre-award review or at any time subsequent to award.

