Annex 4. Pre-Award Risk Questionnaire

Accepting a grant from USAID Industry-led Skills Development Program creates a legal duty for the grantee to use the funds according to the grant agreement and United States federal regulations. Prior to awarding a grant, USAID Industry-led Skills Development Program must assess the adequacy of the financial and accounting systems of a prospective grantee (and, if applicable, any sub recipients) to ensure accountability if a grant is awarded. In filling out the Questionnaire, each question should be answered as completely as possible, using extra pages if necessary. Please return your completed questionnaire to USAID Industry-led Skills Development Program**.**

The pre-award risk questionnaire should be filled out by a qualified member of your organization’s finance team, signed by the chief financial officer or any other senior executive with financial responsibilities, and returned to IESC. This risk assessment helps IESC understand the level of financial risk involved in managing U.S. Agency for International Development (USAID) funds and then informs the type of grant/sub-grant monitoring by IESC. IESC will complete a site visit to your office to review the assessment information provided in this questionnaire.

If you have any questions, please contact: skillsgrants@iesc.org

|  |
| --- |
| **Contact and General Information** |

|  |  |
| --- | --- |
| Legal Name of Organization  |       |
| Mailing Address |       |
| Contact Person  |       |
| Contact Title |       |
| Phone |       |
| Email |       |
| Date Filled Out |       |
| Organization Type | ☐Not-For-Profit ☐For Profit ☐Educational (Private)☐Educational (Public) ☐Quasi-Governmental ☐Faith-Based ☐ Other       |
| Incorporated/Registered | Year:      Location:       |
| Number of HQ Employees | Full-time:      Part-Time:      |
| Fiscal Year | From: [Month/Day] To: [Month/Day] |
| USAID Industry-led Skills Development Program and total programmed annual and life of program budget |  |
| Financial Information | Last Completed Fiscal YearRevenues:      Expenses:      Assets:      Liabilities:  Previous Completed Fiscal YearRevenues:      Expenses:      Assets:      Liabilities:      |
| Signature: | Title:       |

|  |
| --- |
| **Management and Administrative Capacity** |

1. **Management Structure**: Describe the organizational management structure and attach an organizational chart, if available. Include the titles and names of all executive management positions (executive director, chief financial officer, chief operations officer, etc.). For public educational institutions and quasi-governmental organizations, also describe the degree of involvement of the Government of Georgia or local, municipal Georgian officials.

|  |
| --- |
|  |

1. **Organization Operations**: How long has the organization been operational and have there been any breaks in operations during that time? If there have been breaks in operations, please list the period of these breaks and the reason for the break.

|  |
| --- |
|  |

1. **Board of Directors**: Does the organization have a board of directors, or another coordinating body? List the positions and names of each member (or include as an attachment).

|  |
| --- |
|  |

1. **U.S. Agency for International Development (USAID) Experience**: Does the organization have experience working with U.S. Government funded programs, either directly as a prime or as a grantee/grantee? List the largest awards in of the last three years (or include as an attachment).

|  |  |  |
| --- | --- | --- |
| USAID Experience                     | Program Dates                     | Amount                     |

1. **Program Financial Management**: How will program funds be managed? State the total number of finance and accounting staff and list the positions and qualifications of program employees who will have responsibility managing program cash, have access to bank accounts, electronic payments, etc.

|  |
| --- |
|  |

1. **Annual Turnover:** Provide the annual financial turnover amount as submitted to the Georgian tax authority for the past 2 years.

|  |
| --- |
|  |

|  |
| --- |
| **Internal Controls and Safeguards** |

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

1. **Policies and Procedures:** Does your organization have a written set of policies and procedures that govern the following areas?

Procurement: ☐ Yes ☐ No

Standards of Conduct: ☐ Yes ☐ No

Accounting: ☐ Yes ☐ No

Personnel Administration: ☐ Yes ☐ No

Time Reporting: ☐ Yes ☐ No

Travel: ☐ Yes ☐ No

Fixed Assets: ☐ Yes ☐ No

Indirect Cost Policy: ☐ Yes ☐ No

Does the “Standards of Conduct” policy address conflict of interest, whistle blower protection, and business ethics? ☐ Yes ☐ No

1. **Time Reporting:**

|  |
| --- |
| Are timesheets maintained for each paid employee? ☐ Yes ☐ NoIf timesheets are not prepared, please describe your organization’s process to a) ensure that employees work the required number of hours and b) allocate labor costs to programs. |

1. **Procurement System:** Does your organization have a system for approval and authorization for procurement? ☐ Yes ☐ No

|  |
| --- |
| State the Name(s) and Title(s) of the individual(s) responsible for procurement of goods and services: Briefly describe the approval threshold levels in use and the tender procedures for each threshold:  |

1. **Fixed Assets**: Are records for vehicles, equipment and other fixed assets maintained in an asset inventory schedule? ☐ Yes ☐ No.

If yes, how often are they checked?

1. **Insurance**: Does your organization maintain general liability insurance to safeguard organizational assets? ☐ Yes ☐ No

|  |
| --- |
| **Accounting System** |

The purpose of an accounting system is to accurately record all financial transactions, and ensure that financial transactions are supported by invoices, timesheets, or other documentation. The type of accounting system often depends upon the size of an organization. Some organizations may have computerized accounting systems while others use a manual system to record each transaction in a ledger. In all cases, IESC award funds must be properly authorized, used for the intended purpose and recorded in an organized and consistent manner.

1. Describe your organization’s accounting system:

☐ Manual ledgers used to record transactions (general ledger, cash disbursements ledger, accounts payable ledger, etc.)

☐ Computerized accounting system used (please indicate the type and any modules included)

For public educational institutions and quasi-governmental organizations:

Does your institution or organization use the Government of Georgia’s or other public financial management system? ☐ Yes ☐ No

1. Are financial reports formally reviewed and approved by senior management? ☐ Yes ☐ No

List the type of financial reports produced:

1. Does the accounting system work in both US dollars and the national currencies? ☐ Yes ☐ No
2. Are your financial reports prepared on a: ☐Cash basis ☐ Accrual basis?
3. Can the accounting records separate the receipts and payments of an award from the receipts and payments of other activities? ☐ Yes ☐ No
4. Can the accounting records summarize payments by budget category and by program? ☐ Yes ☐ No Explain:
5. Will your organization maintain accounting records, including invoices, vouchers and timesheets, for at least three years after the final financial report is submitted? ☐ Yes ☐ No
6. Does your organization have a negotiated indirect cost rate (NICRA)? ☐ Yes ☐ No

If Yes, include a copy as an attachment.

If no, please describe how your organization recovers administrative overhead or other indirect costs.

|  |
| --- |
| **Fund Control** |

Recipients of IESC-provided awards who receive advances of award funds must maintain adequate systems and controls to safeguard these funds. Specific requirements for U.S. government grants can be found in the grant agreement prepared by IESC as well as applicable regulatory documents (2 CFR 200 or USAID Standard Provisions). Non-U.S. grantees receiving funding originating from USAID may be requested to maintain a separate bank account registered in the name of the organization for the purpose of administering the USAID-funded grant. The bank account may be in Georgian Lari or U.S. dollars. IESC normally advances funds or reimburses partners periodically by wire transfer of U.S. dollars to the separate bank account. Access to the bank account must be limited to authorized individuals. Bank balances should be compared each month with organizational accounting records. If cash cannot be kept in a bank, it is very important to keep the cash in a strong safe and to have strict controls over cash maintenance and disbursement.

1. Which bank is used by your organization?

|  |
| --- |
|    |

1. Can separate bank accounts be established for different programs/U.S. Agency for International Development (USAID)s? ☐ Yes ☐ No
2. Will award funds be maintained in: ☐ Georgian Lari ☐USD
3. Does your organization employ an internet banking tool? ☐ Yes ☐ No
4. Will the cash be maintained in a bank in the US? ☐ Yes ☐ No
5. Will any cash be maintained outside the bank (e.g., petty cash, etc.)? ☐ Yes ☐ No

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

|  |
| --- |
|       |

1. If your organization does not have a bank account, how will you ensure that cash is maintained safely?

|  |
| --- |
|       |

1. If IESC award funds will be held in a non-U.S. bank, please answer the following questions:

a. Are bank deposits insured by the government? ☐ Yes ☐ No

b. Are there any government restrictions on the number of bank accounts an organization may have? ☐ Yes ☐ No

c. Will you maintain funds provided by IESC in ☐ USD, ☐ National currency ☐ Both?

d. Does the bank automatically convert U.S. dollars to Georgian Lari immediately after receiving them? ☐ Yes ☐ No

e. How will payments for award expenses be made from the separate bank account (check all that apply):

☐ Checks payable to seller drawn on the bank account.

☐ Bank transfers to seller.

☐ Withdrawals of cash from bank account, followed by payments to sellers in cash.

☐ Other (please describe):

f. Are there any government or bank restrictions, taxes or other fees that will be placed on the bank account? ☐ Yes ☐ No

|  |
| --- |
| **Financial and Programmatic Audits** |

Government or U.S. Agency for International Development (USAID) regulations may require an audit of your organization's accounting records. An audit is a review of your accounting records by an independent accountant who works for an accounting firm. An audit report reviews your financial statements, and often, internal controls, and offers an opinion by the accountant that your financial statements are correct. **Please disclose information on any prior or on-going audit of your organization.**

1. Does your organization have regular financial audits which you contract and pay for?

☐ Yes ☐ No

☐ If Yes, please submit the most recent copy.

1. How often are audits performed?

☐ Quarterly ☐ Yearly ☐ Every 2 years ☐ Other:

1. What type of audit is performed?

☐ Financial Statement ☐ Single Audit ☐ Program ☐ Other:

1. Has your organization been involved in any other financial or programmatic audit in the last three years? ☐ Yes ☐ No ☐

If Yes, please submit the most recent copies.

1. If your organization does not have a current audit of its financial statements, please provide a copy of the following financial information, if available:

☐ "Balance Sheet" for your prior fiscal or calendar year; and

☐ "Revenue and Expense Statement" for your prior fiscal or calendar year.

1. Are there any reasons (local conditions, laws, or institutional circumstances) that would prevent an independent accountant from performing an audit of your organization?

 ☐ Yes ☐ No. If yes, please explain:

|  |
| --- |
| **Indirect (Overhead) Costs (Fill out only if you will be charging indirect costs to this grant)** |

1. Does your organization have a United State Government (USG) Negotiated Indirect Cost Rate Agreement (NICRA), or an established indirect, overhead or administrative rate? ☐ Yes ☐ No

If a NICRA, please state the USG Agency that issues your organization’s NICRA

If not a NICRA, generally describe how the rate is derived and applied:

1. Please attach a copy of the NICRA to this questionnaire. If no NICRA, provide the last two fiscal year’s indirect rates:

Does your organization charge this same rate to other organizations that provide you with funds? ☐ Yes ☐ No

1. If you do not have a NICRA, please describe your procedures for accounting for and allocation of indirect costs:
2. USG regulations allow organizations that do not currently have a NICRA to opt for a 10% flat indirect rate on USG-defined modified total direct costs. If no NICRA, could your organization accept this 10% flat rate for indirect cost recovery? ☐ Yes ☐ No