Pre-Award Organization and Financial Management Review Required Documentation

This document provides a list of documentation required to be submitted to the Department of Energy, Office of Clean Energy Demonstrations (OCED). File naming and submission instructions are included below. OCED will review your submitted portfolio of documents to assess your organization's policies and procedures for the management of federal funds.

Acceptance of a federal award creates a legal duty on the part of the recipient to use federal funds prudently and in compliance with federal statutes, regulations, and the terms and conditions of the award. Recipients are required to have financial management and accounting systems that meet the requirements of 2 CFR §200, Subpart D – Post Federal Award Requirements – Standards for Financial Management and Internal Controls.

Unless a document is not applicable to your organization all documents are REQUIRED. It is the responsibility of the organization to ensure that all documents are submitted, and that they provide an accurate picture of the administrative and financial position of the organization. OCED is not responsible for making multiple requests for information, nor is it responsible for bringing your organization into compliance. It is the responsibility of the recipient to ensure their organization has adequate policies and written procedures for the management of a federal award within their organization's overall management structure and internal control environment.

For certain items listed below, OCED provides a general description. The description is intended to clarify the request and its applicability. It is not a delineation of federal requirements.

Check boxes are meant to assist your organization in assembling the correct portfolio of documents. This document does not need to be included in the submission.

THE DOCUMENTS LISTED BELOW SHOULD BE PROVIDED AS SEPARATE DOCUMENTS AND SUBMITTED AS INSTRUCTED IN YOUR SELECTION LETTER.

1 Financial Statements:

Provide a copy of your organization's two most recent financial statement audit reports.

OR

If your organization does not maintain audited financial statements, provide a copy of the two most recent fiscal year unaudited financial statements. In addition, provide the tax returns for the two most recent tax years.

Our organization provided the following:

- ☐ Financial statement audit reports for the two most recently completed audited fiscal years, **or**
  The naming convention for each file should begin with: "1. Audit Report".
- ☐ Unaudited financial statements for the two most recently completed fiscal years and the corresponding tax returns.
  The naming convention for each unaudited financial statement file should begin with: "1. Unaudited".
  The naming convention for each tax return file should begin with: "1a. Tax Return".

2 Single Audit or Independent Compliance Audit:

Provide a copy of your organization's most recently issued Single Audit Report for an audit conducted in accordance with federal regulations 2 CFR §200 Subpart F.

OR

Provide a copy of your organization's most recently issued Compliance Audit Report.

OR

If your organization has never received a Single Audit or a Compliance Audit per federal regulations, this is not applicable to your organization.

Our organization provided the following:

- ☐ Our most recently issued Single Audit Report, **or**
  The naming convention for the file provided should begin with "2. Single Audit".
- ☐ Our most recently issued Compliance Audit Report, **or**
  The naming convention for the file provided should begin with "2. Compliance Audit".
- ☐ Our organization has not had a Single Audit or a Compliance Audit.

3 Defense Contract Audit Agency Review or Audit:

Provide a copy of the most recent Defense Contract Audit Agency (DCAA) review or audit of your organization's accounting system. If your organization's accounting system has been reviewed or audited by DCAA, but you do not have a copy of the audit report or correspondence from DCAA or the buying command documenting the results of the audit or review, please provide a document containing the following information:

- Review/Audit performed by the Defense Contract Audit Agency, and
- Year the most recent audit or review was performed, and
- Name of the Defense Contract Audit Agency Office,
- Point of Contact, and
- Phone and/or Email.

OR

If your organization's accounting system has never been reviewed or audited by Defense Contract Audit Agency, this is not applicable to your organization.

Our organization provided the following:

- ☐ Our organization has been reviewed or audited by DCAA, and we provided the requested information, **or**
  The naming convention for the file provided should begin with "3. DCAA".
- ☐ Our organization has never been reviewed or audited by DCAA.

4 Organizational Chart / Segregation of Duties:

Provide a copy of your organizational chart(s) reflecting the structure of your organization. The organization's structure should allow for adequate segregation of duties. If multiple positions on the organizational chart are held by one person, the positions and the person must be identified in the response. If positions are held by persons who are not employees of the organization (contractors, volunteers, etc.) this must be identified in the response.

Our organization provided the following:

- ☐ Organization structure chart, **or**
  The naming convention for each file should begin with: "4. Org Chart".
- ☐ Multiple charts to show different office or levels. **and**
- ☐ We have ensured any position or person listed on the documents provided who is not an employee (contractor, volunteer, etc.) is easily identifiable as such.

5 Chart of Accounts:

Provide a copy of your organization's chart of accounts (COA) for revenue/income and expense accounts, for recording revenues and expenses.

Our organization provided the following:

- ☐ Chart of accounts for the revenue/income and expense accounts for recording revenues and expense under Federal awards.
  The naming convention should begin with: "5. COA".

6 Job Cost Report / Project Cost Ledger:

Provide an example of a system generated report that segregates and accumulates expenditures for a project or a grant or contract award. If your organization currently holds or has previously held federal funding, an example of a report for a federal award is preferable.

The report should be able to be generated at a level of detail that allows for the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations and the terms and conditions of the federal award (2 CFR §200.302(a)). Thus, an adequate report typically reports expenditures at a level of detail consistent with the cost elements in the awarded budget (travel, consultants, etc.).

In addition, the report should be able to be generated at a level that allows for the accurate, current, and complete disclosure of the financial results of each federal award or project (2 CFR §200.302(b)(2)). Thus, an adequate financial system reports expenditures at both a current and a cumulative basis. Some financial systems have the capability to provide a single report with both current and cumulative expenditures while some financial systems provide separate reports for current and cumulative expenditures.

Our organization provided the following:

- ☐ Example of a system generated report that demonstrates our financial systems ability to provide a report of expenditures for a project or award on a current and a cumulative basis. **or**
  The naming convention for the file(s) provided should begin with: "6. Project Cost Report".
- ☐ Example of a system generated report that demonstrates our financial systems ability to provide a report of expenditures for a project or award on a current basis, **and**
- ☐ Example of a system generated report that demonstrates our financial systems ability to provide a report of expenditures for a project or award on a cumulative basis.

7 Allowable Cost Policy:

Provide a copy of your organization's written policies and procedures for determining the allowability of costs in accordance with the applicable cost principles and the specific terms and conditions of the award, as required by 2 CFR §200.302(b)(7).

The policy should document your organization's review and approval process for expenditures charged to a federal award that ensures the costs are necessary, reasonable, allocable, and allowable. To ensure compliance with 2 CFR §200.303 Internal Controls, the process should include a documented review and approval by a personnel position that cannot also charge costs to the award. Typically, an adequate process would include a review and approval performed by a position outside the day-to-day management of the award.

Also note that an adequate process would necessitate that the personnel responsible for review and approval be familiar with the terms and conditions of the award. This includes knowledge of the applicable cost principles, i.e. FAR Subpart 31.2 for for-profit recipients and typically 2 CFR §200, Subpart E for all other recipients. Both 2 CFR §200.400 Subpart E and FAR Subpart 31.2 detail the types of costs that cannot be incurred on federal awards, either as direct or indirect costs. A few examples of these costs are alcoholic beverages, certain types of advertising, entertainment/amusement, bad debts, donations, fines, and penalties.

Our organization provided the following:

- ☐ The policy or written procedures for our organization's process to review expenditures charged to a federal award to determine reasonableness, allocability, and allowability of costs.
  The naming convention for the file provided should begin with: "7. Allowable Cost".

8 Drawdown Procedures:

Provide a copy of your organization's policy or written procedures for the process of drawing down of federal funds that ensures your organization's compliance with 2 CFR §200.305 Federal Payment.

Adequately documented procedures help ensure your organization has adequate internal controls, as required by 2 CFR §200.303 Internal Controls. Please note that 2 CFR §200.305 Federal Payment allows for recipients to request payment in advance or on a reimbursement basis. However, there are criteria that must be met for a recipient to drawdown funds in advance. Furthermore, if a recipient has a documented process to draw down funds in advance, the organization must have written procedures that minimize the time elapsing between the transfer of funds and disbursement by the organization along with other criteria, as described in 2 CFR §200.305 Federal Payment.

In general, we note that an adequate policy will document your organizations typical drawdown frequency, how the drawdown amount is calculated, specify the position title of the individual(s) who prepares the drawdown, and specify the position title of the individual(s) authorized to approve or certify the drawdown.

Our organization provided the following:

- ☐ The policy or written procedures for the process of drawing down of federal funds.
  The naming convention for the file provided should begin with: "8. Drawdown".

9 Compensation – Personal Services:

Provide (1) a copy of your organization's written policies and procedures for allocating, reporting, and certifying time-and-effort to federal awards and (2) an example of the timekeeping "document" that your organization uses for employees to record their time (hours) or effort (% of time) for allocation purposes. We note that many organizations use an electronic timekeeping system, and, in these instances, we will accept a screenshot(s) of the screen used by your employees when recording their time or effort in response to our request of the timekeeping "document".

Salaries and wages charged to federal awards must be supported by a system of internal controls that provides reasonable assurance that the personnel costs incurred are accurate, allowable, and properly allocated. An adequate policy documents how your organization maintains adequate supporting documents for salaries and wages charged to the award (timesheets or effort records) and ensures adequate internal controls over the allocation of those costs to the award (procedures for the accounting process surrounding allocations of salaries and wages to the federal award). We note that time/effort records must account for 100% of the employee's effort across multiple federal and non-federal projects (i.e., the record should not only document time spent on the federal award), be signed by the employee, and signed/certified by a supervisor or other employee with adequate knowledge to assert the record is accurate.

As part of this system of internal controls, salaries and wages charged to federal awards must be based on records that accurately reflect the work performed. 2 CFR §200.430(i) Standards for Documentation of Personnel Expenses states that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and delineates nine criteria for the records: (1) that they are supported by system of internal controls; (2) incorporated in official records of entity; (3) reasonably reflect total activity; (4) encompass all compensated activities; (5) comply with accounting polices/practices; (6) support salary/wage distribution; (7) allow for use of budget estimates for interim accounting purposes; (8) allow distribution to be expressed as a percentage of the total; or (9) recognize a precise measurement of salary/wage isn't always feasible (or expected) in an academic setting. We recognize that many organizations use electronic timekeeping systems and that the timekeeping "document" may be a screenshot(s) of an electronic record.

While for-profit organizations are not subject to the cost principles of 2 CFR §200, Subpart E, which includes 2 CFR §200.430(i), for-profit organizations are subject to 2 CFR §200.303 Internal Controls and may find this section helpful in determining what is considered to constitute an adequate record.

Our organization provided the following:

- ☐ Time and effort policies and procedures, **and**
- ☐ Example(s) of our timekeeping document(s) or a screenshot(s) that will be used to support salaries and wages claimed on the federal award.
  The naming convention for the written policies and procedures file provided should begin with: "9. Compensation".
  The naming convention for the time keeping document provided should begin with: "9a. Timekeeping".

10 Cost Sharing:

Provide a copy of your organization's written policies and procedures that document your organization's practices to ensure Cost Sharing is claimed and reported in compliance with 2 CFR §200.306 Cost Sharing or Matching.

In addition, provide a written explanation how the accounting system provides proper segregation and recording of cost sharing expenditures, if not documented in the written policies.

2 CFR §200.306(b) describes the criteria that must be met for cost sharing on a federal award. For example, the cost must be verifiable from your organization's records. Other sections of 2 CFR §200.306 Cost Sharing or Matching provide guidance in how to account for cost share in certain instances, such as how to value donated property. Your organization must have policies and procedures in place that ensure compliance with these requirements, as applicable to your organization.

Our organization provided the following:

- ☐ Management of cost share policies and procedures, **and**
- ☐ An explanation of how the accounting system tracks cost share, if not included in the cost share policies and procedures provided.
  The naming convention for the file(s) provided should begin with: "10. Cost Share".

11 Subawards:

Provide a copy of your organization's written policies and procedures on the management of subawards, how a risk assessment is performed, how terms and conditions and award information is passed down, and how monitoring and resolving audit findings are conducted that meet the requirements of 2 CFR §200.331- 333 Subrecipient Monitoring and Management.

AND

Provide a copy of the template for a subaward agreement that your organization intends to use for subaward agreements under federal awards if this template is not included in your organization's written policies.

AND

Provide a copy of your organization's risk review and assessment policies and procedures.

Adequate policies and written procedures provide guidance to employees and document the process in place for the organization's case-by-case determination whether each agreement it makes for the disbursement of federal funds casts the party receiving the funds in the role of a subrecipient or a contractor, in compliance with 2 CFR §200.331 Subrecipient and Contractor Determinations.

An organization must also ensure that they meet the requirements for pass-through entities, in accordance with 2 CFR §200.332 Requirements for Pass-Through Entities. The requirements include, but are not limited to, the following:

- Ensuring the subaward agreement (e.g., award document) meets the criteria, as described in 2 CFR §200.332(a).
- Evaluating each subrecipient's risk of noncompliance, as described in 2 CFR §200.332(b).
- Monitoring the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved, ensuring the monitoring of the subrecipient includes the criteria described in 2 CFR §200.332(d).

Our organization provided the following:

- ☐ Subaward management and monitoring policies or written procedures, **and**
- ☐ The template our organization will use for any subaward agreement under federal awards, if not included in the written procedures.
  The naming convention for the file(s) provided should begin with: "11. Subawards".

12 Travel:

Provide a copy of your organization's policies and procedures for travel costs that document how your organization maintains adequate internal controls and ensures travel costs charged to a federal award are claimed in compliance with the cost principles applicable to your organization (FAR 31.205-46 Travel Costs and 2 CFR §200.475 Travel Costs).

Travel costs include expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-federal entity. In general, such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the organization's non-federally-funded activities and in accordance with the organization's written travel reimbursement policies.

In some instances, costs that are allowable to charge to a federal award may be more restrictive than an organization's overarching travel policy. For example, airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines may be unallowable except when certain criteria exist, as described in FAR 31.205-46 Travel Costs and 2 CFR §200.475 Travel Costs. Organizations should review the cost principles applicable to their organization to ensure their policies and written procedures to ensure that travel costs claimed on a federal award are allowable.

Our organization provided the following:

- ☐ Travel policies and procedures.
  The naming convention for the file should begin with: "12. Travel".

13 Participant Support:

Provide a copy of your organization's written policies and procedures for participant support. Please note that participant support costs are not typical costs charged to demonstration projects.

Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

The policies should provide guidance to employees to identify who is and who is not a participant, what types of costs can be charged to participant support, and how participant support costs are accounted for in the accounting system (e.g., specific general ledger accounts, sub-project code, sub-project code).

OR

If your organization's current and proposed federal funding does not include participant support, this is not applicable to your organization at this time.

Our organization provided the following:

- ☐ Our proposal contains participant support costs, and we provided written policies and procedures for participant support costs, **or**
  The naming convention for the file provided should begin with "13. Participant".
- ☐ Our proposal does not contain participant support costs and we did not provide written policies and procedures for participant support costs.

14 Procurement:

Provide a copy of your organization's written policies and procedures that document the implemented process conforms to the procurement standards identified in 2 CFR §200 Subpart D Procurement Standards.

A recipient organization must have and use documented procurement procedures, consistent with state, local, and tribal laws and regulations for the acquisition of property or services required under a federal award or subaward. An adequate policy should ensure your organization has documented procedures that meet the standards of 2 CFR §200 Subpart D Procurement Standards.

Our organization provided the following:

☐ Procurement policies and procedures.
The naming convention for the file provided should begin with: "14. Procurement".

15 Consultants and Professional Services:

Provide a copy of your organization's written policies and procedures for consultant and professional service costs.

Costs of professional and consultant services are costs for services rendered by persons who are members of a particular profession or possess a specialized skill. Professional and consultant services are generally acquired for advice, alternatives, conclusions, recommendations, training, or for direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other material assistance.

An adequate policy must document your organization's process to determine allowability of the costs based on the factors described in the applicable cost principles applicable to your organization (2 CFR §200.459 Professional Service Costs or FAR 31.205-33 Professional and Consultant Service Costs).

Our organization provided the following:

☐ Consultant and Professional Services policies and procedures.
The naming convention for the file provided should begin with: "15. Consultants".

16 Property and Equipment:

Provide a copy of your organization's written policies and procedures for obtaining and managing both property and equipment.

A recipient must have policies and procedures that ensure property and / or equipment is managed in accordance with 2 CFR §200 Subpart D Property Standards and 2 CFR §910.360 Real Property and Equipment.

2 CFR §200 Subpart D Property Standards details the regulations for managing property purchased with federal funds. For example, 2 CFR §200.313 Equipment details the requirements for acquiring and managing equipment under a federal award, such as the use of the equipment 2 CFR §200.313(c) and the management requirements at 2 CFR §200.313(d).

In addition, DOE recipients are required to adhere to 2 CFR §910.360 Real Property and Equipment. For example, when the financial assistance agreement is more than $1,000,000, a for-profit recipient must properly record a Uniform Commercial Code (UCC) financing statement for all equipment purchased with federal funds.

Our organization provided the following:

☐ Property and equipment policies and procedures.
The naming convention for the file(s) should begin with: "16. Property".

17 Indirect Costs:

Provide a copy of your organization's current Negotiated Indirect Cost Rate Agreement (NICRA).

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective, as defined in 2 CFR §200 Subpart A. Cost objective means a function, organizational subdivision, contract, federal award, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs, and capitalized projects. After direct costs have been determined and assigned directly to awards or other work as appropriate, indirect costs are those remaining to be allocated to benefitting cost objectives. Once an organization has established an indirect rate(s) with their cognizant agency, the rates are accepted across all agencies within the federal government during the effective period of the rate agreement.

OR

If your organization does not hold a current Negotiated Indirect Cost Rate Agreement, but has provided an Indirect Cost Rate Proposal to the Grants and Agreements Officer or has elected to claim the 10% de minimis rate, this is not applicable to your organization.

Our organization:

- ☐ Holds a current Negotiated Indirect Cost Rate Agreement and we provided a copy, **or**
  The naming convention for the file provided should be: "17. NICRA".
- ☐ Does not hold a current Negotiated Indirect Cost Rate Agreement and we have provided an Indirect Cost Rate Proposal to the Grants and Agreements Officer, ***or***
- ☐ Does not hold a current Negotiated Indirect Cost Rate Agreement and we have elected to claim the 10% de minimis rate.

18 Current or Recent Federal Awards:

Provide a listing of your organization's current federal awards (grants, contracts, and cooperative agreements), if your organization has current federal funding. The list must include the name of the agency, award number, amount, and title of the project.

OR

If your organization does not have current federal funding, but has managed federal funds in the past, provide a listing of your organization's prior federal awards (grants, contracts, and cooperative agreements). The list must include the name of the agency, award number, amount, and title of the project.

OR

If your organization has never received federal funding, this is not applicable to your organization.

Our organization provided the following:

- ☐ Our organization has current federal funding, and we provided a listing of our current federal awards, **or**
  The naming convention for the file provided should begin with "18. Current Federal Awards".
- ☐ Our organization does not hold current federal funding, but we previously held federal awards, and we provided a listing of prior federal awards, **or**
  The naming convention for the file provided should begin with "18. Prior Federal Awards".
- ☐ Our organization has not received federal funding, and this is not applicable to our organization.

19 Incorporated Consortium:

If your organization type is that of an incorporated consortium, provide a copy of the incorporated consortium's (1) internal governance structure and (2) written set of internal rules.

An Incorporated Consortium is a group made up of two or more individuals, companies, or governments that work together to achieve a common objective. Entities participating in a consortium pool resources but are otherwise responsible only for the obligations set out in the consortium's agreement. Every entity that is under the consortium, therefore, remains independent with regard to their normal business operations and has no say over another member's operations independent of the consortium.

AND

If the consortium includes foreign members, you must submit a separate explicit written waiver request for each foreign member.

If our organization type is an incorporated consortium, our organization provided the following:

- ☐ The internal governance structure, **and**
- ☐ The set of internal rules, **and**
  The naming convention for each file provided should begin with "19.", followed by an appropriate name.
- ☐ A waiver for each foreign member, **or**
  The naming convention for each file provided should begin with "19. Waiver" and include a name or designation for the foreign consortium member.
- ☐ Our organization does not have any foreign members and therefore, no waiver requests were provided.

20 Unincorporated Consortium:

If your organization type is that of an unincorporated consortium, provide documentation of the member designated as the prime recipient/consortium representative.

Unincorporated Consortia is a consortium that is not required to organize as a separate legal entity. Instead, the unincorporated consortia are created by contract. Unincorporated consortia have no predetermined rules established by law or any preexisting paradigm between shareholders or owners, management, and the board. Consequently, any rules that govern issues concerning conflict of interests, shareholder governance or management of the unincorporated consortia must be spelled out in an agreement.

AND

Provide a copy of the collaboration agreement.

The unincorporated consortium must designate one member of the consortium to serve as the prime recipient/consortium representative. In addition, as an unincorporated consortium, you are required to have a collaboration agreement, commonly referred to as the articles of collaboration, which sets out the rights and responsibilities of each consortium member. This agreement binds the individual consortium members together and should include the consortium's:

- Management structure,
- Method of making payments to consortium members,
- Means of ensuring and overseeing members' efforts on the project,
- Provisions for members' cost sharing contributions, and
- Provisions for ownership and rights in intellectual property developed previously or under the agreement.

AND

Provide a separate explicit written waiver request for each foreign member if the consortium includes foreign members.

If our organization type is unincorporated consortia, our organization provided the following:

☐ Documentation of the member designated as the prime recipient / consortium representative, **and**
The naming convention for the file provided should begin with: "20. Prime".

☐ The collaboration agreement, **and**
The naming convention for the file provided should be: "20. Agreement".

☐ A waiver for each foreign member, **or**
The naming convention for each file provided should begin with "20. Waiver" and include a name or designation for the foreign consortium member.

☐ Our organization does not have any foreign members and therefore, no waiver requests were provided.