

FISCAL ACCOUNTABILITY FOR GRANTS

- Accounting and filing systems must be set up *grant-by-grant*. See suggested “Grant folder labels” to set up files when the grant is proposed or awarded.
- Within each grant, the accounting system must track funds *program-by-program*. Grant narratives must explain what specific activities will be done within each program. Financial records must track expenditures and balances separately for each program within the grant. Funds cannot be moved between programs in a consolidated grant. If a project qualifies for more than one program, work with Forest Service program managers to plan the proposal and budget, and to identify any adjustments needed later.
- Grant expenditures by program need to be reported up through fiscal offices and back to the Forest Service in requests for reimbursement (form SF-270).
- Budgets are set up *island-by-island*. Within the FSM, CNMI, and sometimes Hawaii, grants specify funds for specific islands, and each island should take the initiative for the projects and responsibility for achieving results. However, reports must be routed through the grantee.
- Island foresters and fire program managers are encouraged to update themselves frequently on the financial status of grants by communicating with island finance officers.

Following is a summary of the standards for financial management systems:

- Fiscal control and accounting procedures must be sufficient to permit preparation of reports required by grant administrative regulations and statutes authorizing the grant, and permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.
- Accounting records must adequately identify the source and application of funds provided for grant activities. Records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contracts documents, etc.
- Effective internal control and accountability must be maintained for all grant cash, personal property, and other assets.
- Actual expenditures or outlays must be compared with budgeted amounts for each grant program.
- Applicable OMB costs principles, agency program regulations, and the terms of grant agreements need to be followed in determining the reasonableness, allowability, and allocability of costs.
- The awarding agency may review the adequacy of the financial management system of any applicant for financial assistance as part of a pre-award review or at any time subsequent to the award.