

SUPPORTING STATEMENT

Accounting System and Financial Capability Questionnaire

Justification

1. **Necessity of Information**
Pursuant to the Office of Management and Budget (OMB) Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, grant recipients are required to maintain adequate accounting controls and systems in managing and administering Federal Funds. Some of the companies/institutions awarded grants by the Department of Justice, Office of Justice Programs (OJP) have proven to be either newly formed firms or established firms with no previous Federal government business. It is to this type of company/institution that this questionnaire is to be transmitted for completion. Additionally, the questionnaire serves as a pre-audit function in identifying potential deficiencies and minimizing the risk of fraud, waste, abuse, or mismanagement, which we use in lieu of a more costly and time consuming formal pre-award audit.

2. **Needs and Uses**
We are attempting, via the attachment, to obtain as much financial information from prospective grantees with the expectation of determining, after reviewing the completed questionnaire, those applicants that may require special attention in matters relating to the accountability of Federal funds.

We believe we have an obligation to assist such companies/institutions in order to protect the government's interest as well as clarify any problems which might later prove embarrassing to a grantee. We believe the questionnaire will help highlight those firms in need of such attention.

Additionally, since our grantees are so diverse as to geographical location, the questionnaire will reduce the amount of Federal travel and associated expense that would normally be required to obtain such information.

3. **Use of Technology**
Applications for Grant Awards are submitted through the Agency's automated Grants Management System. The Questionnaire will be collected as part of the application via the Grants Management System.

4. **Efforts to Identify Duplication**
There is no duplicative effort based on the financial nature of this task.

5. **Impact on Small Business**
We have designed the questionnaire to minimize the burden by directing the questions toward critical areas only. As indicated on form 83-1 Box 5 (attached) the ICR will not have a significant economic impact on small businesses/entities.

6. **Consequences of Less Collection**
The information is only collected for the first grant with OJP no matter how many grants the applicant obtains in future years. If the information was not collected this once, the government would run the risk of funding applicants with inadequate accounting and financial management systems.
7. **Special Circumstances Influencing Collection**
The collection of information is used to establish the financial stability of an organization prior to the granting of a federal award. After assessing the information, at times, additional information may be needed to make a full assessment of the applicant's financial stability since the award has to be made by a certain date, often within a few days.
8. **Federal Register Publication and Consultation**
The collection of information is consistent with guidelines 5 CFR 1320.8(a). No consultation effort outside the agency has been done as this questionnaire deals with questions relating to the applicant's accounting system and financial capability. The form contains a minimum of questions for an applicant and provides OJP with needed information to pre-screen new applicants for financial responsibility in accordance with standards in OMB Circular A-110. This is an one-time questionnaire and assists OJP in pre-screening applicants to avoid high-risk situations and protect Federal funds.
9. **Payment or Gift to Respondents**
No Gifts or payments are made to respondents for completing this document.
10. **Assurance of Confidentiality**
We do not assure confidentiality of the information collected, as this information is subject to public information laws.
11. **Justification for Sensitive Questions**
There are no questions of a sensitive nature contained in the questionnaire.
12. **Estimate of Hour Burden**
Estimated burden hours: 100 respondents per year, @4 hours per respondent for a total annual burden of 400 hours. These respondents are requested to submit the questionnaire only once when first applying to OJP. 100 respondents based upon a cost of 4 hours staff time @ \$20.00 per hour total \$8,000. This estimate is based upon respondent providing information on the questionnaire from already established accounting records.
13. **Estimate of Cost Burden**
This collection should not have any affect on the capital or start-up costs of an organization nor the operations.
14. **Estimated Cost to Federal Government**
Estimated annualized cost to the Federal government is \$2,000, based on one hour of

review time at \$20.00 per hour.

15. Reasons for Change in Burden

This is a reinstatement of a clearance that has expired. We inadvertently missed the deadline for submitting the request for extension for this form. OJP still requires the use of this form for new grantees. Therefore, we are requesting the reinstatement of OJP Form 7120/1.

16. Plans for Publication

This information collected from the questionnaire will not be published.

17. Expiration Date Approval

Expiration date requested is 3 years from date of approval.

18. Exceptions to the Certification Statement

Our only exception for the certification statements is item(i) which makes reference to statistical survey methodology. Since the projected population is 100 respondents and the information is necessary to properly assess the financial risk of the Federal Government, all first time for-profit and nonprofit entities are required to respond.