



Financial Self-Check – Practice Activity

Scenario 1 – Financial System and Policies

Your agency is a new non-profit organization, established in May 2014, and has never received Federal funds. It was recently awarded a CNCS grant in the amount of \$300,000.

Many employees and community members view this non-profit as an excellent organization to run a CNCS grant since the Program Director had an outstanding record of managing many CNCS grant awards at a state commission before establishing and becoming President and CFO of this new non-profit.

The President has asked you to do a “self-check” of the organization’s policies and procedures and you found the following:

- ~ A purchasing and procurement manual exists and requires that competitive proposals or bids be obtained for purchases of more than \$20,000.
- ~ “Operating Costs” is the only category of expenses shown in the Chart of Accounts.
- ~ All three employees sign standard computer-generated timesheets that show eight (8) hours a day for each day of the pay period and the amount of sick and vacation leave earned.
- ~ The record retention policy states that payroll records will be maintained for two (2) years.
- ~ The accounting system does not identify expenditures by line item or segregate costs by year.

Scenario 2 – AmeriCorps Member Records

You are an employee of the local chapter of the national non-profit, *Getting Things Done Organization*. The chapter, located in the rural outreaches of Mayberry, is starting its first program year and has placed 6 AmeriCorps members at 6 sites, including the local school and a boys and girls home.

You were asked to self-check four of the six member files and found:

- ~ Citizenship eligibility was typically determined by matching photo driver’s licenses with social security cards.
- ~ Because there is little or no crime in Mayberry, the sheriff is on the Board, and everyone knows everyone, criminal history checks were considered unnecessary and not completed.
- ~ One file contained a member agreement that was not signed, but the application was signed. Both the member agreement and position description referenced, but did not list, prohibited member activities.
- ~ Two member files contained timesheets that were signed only by the member. In two other instances, there were erasures and/or changes in handwriting.
- ~ One file contained the member’s timesheets, showing the member is also a full-time employee of *Getting Things Done*.
- ~ You asked the accountant to show you her neat system of tracking and paying member living allowances, whereby she divides the weekly allowance by the number of hours served.



Scenario 3 – Financial Reports and Payments

You are the new Project Director at Mary Jefferson College, a small women’s college and state institution of higher-education operating under the state-wide college system. MJC has received CNCS grant funds for years and the last project director ran the project for 15 years with no issues. The new Finance Officer asked you to conduct a self-check of Mary Jefferson’s fiscal systems related to your CNCS program.

During the course of the review you learn:

- ~ Mary Jefferson does not prepare and submit financial reports, instead financial reports are prepared and submitted by the central system’s office.
- ~ You find that the previous Program Director prepared monthly financial statements for the central system’s office that showed expenditures of exactly 1/12th of the annual budget, every year.
- ~ No requests for payment or reimbursement requests have been made under the grant since the last project director retired five months ago.

Scenario 4 – Documentation and Records

The Peoples Club of America (PCA) is a national non-profit with separate, independent chapters in every state. PCA receives millions of Federal dollars a year from various Federal departments and agencies and has exemplary financial, accounting, and administrative systems and policies. No questionable issues or findings have been identified on their single audit since 1976. It is in its 10th year receiving funds from the CNCS under various programs.

You are the finance officer at one of the state chapters, which is the legal applicant for a CNCS grant. You reviewed various records and documentation and noticed the following:

- ~ You did not find any documentation to support the expenses that were reported. You were told that this was not necessary, since National was keeping all cost records.
- ~ No records or documentation of match were found, but you were told that the national organization said it was matching all CNCS grant program awards.
- ~ Timesheets for site supervisors were not available because these supervisors were too busy with their responsibilities and either didn’t know how or have time to prepare them.
- ~ Two training consultants were retained to provide a one-day training and were paid \$1,200 each for the training, but the contractual arrangement and basis for payment was not found.
- ~ The state chapter said it did not need or have to have an annual single audit since the national organization had one. Besides, last year they expended only \$800,000 in Federal direct and indirect funding.