



Financial System Survey

Office of Grants Management

Financial System Survey

Name of Organization: _____

Organization Address: _____

Program Contact Name: _____

Program E-mail: _____ Telephone: _____

Fiscal Contact Name: _____

Fiscal E-mail: _____ Telephone: _____

Objectives of a Site Visit (Review)

- A. Gain an understanding of the current financial management operations,
- B. Assess the current financial and management systems, and
- C. Make recommendations for improvements in the financial management systems.

I.	Preparation	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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A. Pre-Site Visit letter

Notify the organization in advance with a Pre-Site Visit letter.

1. Date of Pre-Site Visit letter to program: _____

2. Were all records and materials gathered and assembled prior to your arrival at the program? _____

(This request is referred to in Pre-Site Visit letter.)

B. Summary of Current CNCS Funding

The organization should provide the current CNCS funding and other major federal sources.

CNCS Funding: Grant No. _____ \$ _____

CNCS Funding: Grant No. _____ \$ _____

Other Federal Funding: \$ _____

Other Federal Funding: \$ _____

Overall Comments: _____

II. General

Yes No N/A

- A. Has a system of authorizations and approvals been established to require appropriate managerial approval for all significant actions or financial transactions of the organizations? _____
- B. Has a Chart of Accounts been established to identify all accounts in the accounting system? _____
- C. Are transactions in the accounting records properly authorized, as evidenced by supporting documentation containing the appropriate approving official's signature? _____
- D. Are employees and officers who handle assets or perform significant financial duties protected with indemnification insurance (bonded)? _____
- E. Does the organization have an accounting and financial manual that states the financial duties of employees? _____
- F. Are employees required to take annual vacations, and are duties assigned to others in the absence of an employee on vacation or otherwise absent? _____
- G. Are accounting policies followed by the organization in agreement with those stipulated by their grants and contracts? _____
- H. Does the organization use an automated accounting system?
Name of system: _____

Overall Comments: _____

III. Audit Report

Yes No N/A

- A. Was the annual audit completed in a timely manner after year-end?
 - 1. If not, number of days after year-end: _____
 - 2. If delinquent, review prior years and determine if habitual.
- B. Was an OMB A-133 audit report completed for the most recent year? _____

- C. Was the OMB A-133 audit submitted to the Federal Audit Clearinghouse within 9 months after year-end? _____
If not, number of days after year-end: _____
- D. Did management take, and is there evidence, that management took adequate corrective actions when recommended in the auditor's report and the A-133 report? _____
- E. Did management review A-133 audit reports of subgrantees, if applicable to ensure corrective actions when recommended in the auditor's report was taken and implemented? _____

Overall Comments: _____

IV. Internal Controls	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Are there clear lines of authority and responsibility documented in an organization chart?	_____	_____	_____
B. Are there job descriptions covering the fiscal duties that are fundamental to the organization?	_____	_____	_____
C. Are there written policies establishing financial responsibilities, such as purchasing, recording transactions, reporting, budgeting, projections, payroll processing?	_____	_____	_____
D. Are written accounting policies and procedures established to describe the accounting system and assure that similar transactions are processed consistently?	_____	_____	_____
E. Is a desk procedures manual established to describe daily, weekly, monthly, quarterly, and annual activities to maintain the organization's accounting system?	_____	_____	_____
F. Does the organization maintain a current copy of applicable financial regulations? (OMB circulars: A-21, A-87, A-122, A-102, A-110, and A-133)	_____	_____	_____
G. Does the organization maintain a current copy of relevant Corporation grant provisions?	_____	_____	_____

- H. Do the bookkeeper's duties exclude the following functions:
- | | | | |
|-------------------------------|-------|-------|-------|
| 1. Receiving cash or checks? | _____ | _____ | _____ |
| 2. Opening the incoming mail? | _____ | _____ | _____ |
| 3. Preparing bank deposits? | _____ | _____ | _____ |
| 4. Signing checks? | _____ | _____ | _____ |
- I. Does an individual other than the person who prepares the bank deposit slips actually deposit the cash & checks in the bank?
- _____
- J. Do the duties of the person reconciling the bank statement to the checkbook exclude:
- | | | | |
|--------------------------------------|-------|-------|-------|
| 1. Posting to the books of accounts? | _____ | _____ | _____ |
| 2. Handling cash? | _____ | _____ | _____ |
| 3. Signing checks? | _____ | _____ | _____ |
- K. Do the duties of the person signing the checks exclude:
- | | | | |
|------------------------------------|-------|-------|-------|
| 1. Recording cash received? | _____ | _____ | _____ |
| 2. Approving vouchers for payment? | _____ | _____ | _____ |
| 3. Preparing payroll? | _____ | _____ | _____ |

Overall Comments: _____

- | V. Management Reports, Budgets, and Projections | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|-------------------|------------------|-------------------|
| A. Are reports of budgeted versus actual expenses prepared monthly? | _____ | _____ | _____ |
| 1. Do the reports display variances both over and under budget for each expense category? | _____ | _____ | _____ |
| 2. Is there a policy requiring that the reports be prepared within a prescribed number of days after month-end? | _____ | _____ | _____ |
| 3. Does management review these reports monthly to ensure budget guidelines are being met? | _____ | _____ | _____ |
| B. Do the reports prepared meet management's need to know: | | | |
| 1. cost center information? | _____ | _____ | _____ |
| 2. funding source information? | _____ | _____ | _____ |
| 3. total program information? | _____ | _____ | _____ |
| C. Does an organized process exist for preparing reports from the general ledger or trial balance? | _____ | _____ | _____ |
| D. Are these reports generated from the automated accounting system? | _____ | _____ | _____ |

- E. Does the organization prepare and use an annual overall financial plan or operating budget to allocate its resources and provide a system of evaluating control? _____
- F. Does an organized process exist for ensuring the development of reasonable budget information? _____
- G. Are common or indirect costs accumulated into cost pools for later allocation of costs for each contract or grant? _____
- H. Are common or indirect costs consistently allocated to each contract or grant? _____
- I. Is the basis used to allocate common or indirect costs approved by the organization's federal cognizant agency? _____
- J. Have Financial Status Reports (SF-269A) been completed and submitted to the Corporation within the required 30 days after the semi-annual reporting period?
If not, number of days delinquent: _____
- K. Have Federal Cash Transactions Reports (PSC-272) been completed and submitted to the Payment Management System within the required 45 days after each quarter?
If not, number of days delinquent: _____

Overall Comments: _____

VI. Transaction Controls	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<u>General Ledger</u>			
A. Is the general ledger posted using a double-entry accounting system?	_____	_____	_____
B. Is the general ledger posted monthly? If yes, how many days after month end? _____ If no, then how often? _____	_____	_____	_____
C. Does the general ledger system use cost center accounting? If no, then how are costs tracked for each contract or grant funding source?	_____	_____	_____

Overall Comments: _____

<u>Cash Disbursements</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Are purchase approval methods documented and communicated?	_____	_____	_____
B. Are invoices internally checked for clerical accuracy before invoices are paid?	_____	_____	_____
C. Is receipt of goods or services verified before invoices are paid?	_____	_____	_____
D. Are invoices marked "paid" or otherwise canceled to prevent duplicate payment?	_____	_____	_____
E. Are check numbers and pay dates noted on the invoices or other supporting documents in the voucher package?	_____	_____	_____
F. Are disbursements (other than petty cash) made by pre-numbered checks?	_____	_____	_____
G. Is there a written policy against making checks payable to cash?	_____	_____	_____
H. Is supporting documentation maintained for all expenditures charged to grants?	_____	_____	_____
I. Are expenditures recorded in accordance with the budget line items in the grant?	_____	_____	_____
J. Is there a written policy against signing blank checks?	_____	_____	_____
K. Are there appropriate controls to assure that payments are made only for allowable items of costs, as defined by the terms of the respective contracts and grants, and OMB Circulars?	_____	_____	_____

Overall Comments: _____

<u>Legal Consultants/Contract Services</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Does the organization have formal written policies and procedures related to entering into contracts, agreements, or memorandum of understandings?	_____	_____	_____
B. Are procedures in effect to provide for formal approval by Officers, Board Directors, or other high-level authorities, of consultant and contract service agreements over prescribed limits?	_____	_____	_____
C. Are there adequate procedures to ensure that all necessary funding source approvals are obtained prior to entering into contracts or agreements?	_____	_____	_____
D. Do procedures provide for the solicitation of proposals or bids prior to contract award?	_____	_____	_____
E. Are contracts written so that the services to be rendered are clearly defined, and revised or updated, as needed?	_____	_____	_____
F. Does the organization have controls for determining if contracts are properly executed?	_____	_____	_____

Overall Comments: _____

<u>Travel</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Does the organization have formal written travel policies?	_____	_____	_____
B. Is travel authorization required prior to travel?	_____	_____	_____
C. Is adequate support (e.g., lodging receipts and air fare tickets) received from employees before reimbursement for travel expense is made?	_____	_____	_____
D. Do mileage reimbursement require number of miles travel to be documented?	_____	_____	_____

- E. Is responsibility delegated to a senior manager to review and approve travel vouchers prior to reimbursing employees for travel expenses? _____
- F. Are there adequate controls over the accounting for advances and reimbursements for travel expenses made to employees? _____
- G. For out-of-town travel, do employees prepare trip reports documenting the reasons and/or the results of the trip? _____

Overall Comments: _____

VII. Property	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Does the organization have formal written property management policies?	_____	_____	_____
B. Are subsidiary property records maintained which include:			
1. description of the property?	_____	_____	_____
2. make, model, serial number?	_____	_____	_____
3. date acquired?	_____	_____	_____
4. original cost and check # of disbursement?	_____	_____	_____
5. funding source, i.e., federal, state, private funding?	_____	_____	_____
6. estimated life?	_____	_____	_____
7. identification number and location of asset?	_____	_____	_____
C. Are the subsidiary property records reconciled to the general ledger?	_____	_____	_____
D. Are physical inventories taken periodically and compared to fixed assets records?	_____	_____	_____
E. Are adjustments (including adjustments resulting from theft, retirement and sale of assets) to fixed asset records made and are general ledger control accounts reviewed and approved by an appropriate organization employee or officer who does not have responsibility for maintaining fixed asset records?	_____	_____	_____
F. Is prior written approval for the purchase of property/equipment with a single item or cumulative cost exceeding \$5,000 obtained from the appropriate official?	_____	_____	_____

Overall Comments: _____

VIII. Bank Accounts	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Is each bank account authorized by the Board of Directors or by the person delegated by the Board?	_____	_____	_____
B. Is any delegation of this authority documented in Board of Director's minutes?	_____	_____	_____
C. Are all check signers designated by the Board of Directors or by the person delegated by the Board?	_____	_____	_____
D. Have bank statements been reconciled monthly to the general ledger?	_____	_____	_____
E. Are bank accounts reconciled by an individual with no other bookkeeping duties? If no, then who reconciles the bank accounts? _____	_____	_____	_____
F. Are bank reconciliations reviewed and approved by a responsible individual and was this documented by signature or initials?	_____	_____	_____

Overall Comments: _____

IX. Payroll	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Does the organization have formal written personnel policies, including payroll procedures?	_____	_____	_____
B. Does the payroll register identify employees paid by:			
1. name?	_____	_____	_____
2. check number?	_____	_____	_____
3. gross pay?	_____	_____	_____
4. withholdings?	_____	_____	_____
5. net pay?	_____	_____	_____

- | | | | |
|---|-------|-------|-------|
| C. Are time sheets required from each employee? | _____ | _____ | _____ |
| 1. Does the employee sign them in ink? | _____ | _____ | _____ |
| 2. Does the employee's supervisor approve them? | _____ | _____ | _____ |
| 3. Are the actual hours worked recorded on the time sheet? | _____ | _____ | _____ |
| 4. Do time sheets reflect distribution of employee activity between projects? | _____ | _____ | _____ |
| D. Are time sheets used in preparation of the payroll? | _____ | _____ | _____ |
| E. Are records of vacation, sick and compensatory time (if applicable) maintained for employees? | _____ | _____ | _____ |
| F. Does the employee's record include the vacation, sick or compensatory time accrued, taken, and the available balance? | _____ | _____ | _____ |
| G. Is a record of cumulative individual earnings (gross, withholdings, and net) maintained for each person on the payroll? | _____ | _____ | _____ |
| H. Does the organization maintain personnel files for each employee that documents: | | | |
| 1. position appointments? | _____ | _____ | _____ |
| 2. position reclassifications? | _____ | _____ | _____ |
| 3. salary rates? | _____ | _____ | _____ |
| 4. salary increases/decreases? | _____ | _____ | _____ |
| 5. withholding authorizations (e.g., W-4, child support, workers comp.)? | _____ | _____ | _____ |
| 6. terminations? | _____ | _____ | _____ |
| I. Is a worksheet or other record prepared to document the changing of the gross payroll expense to the proper accounts/funds/cost centers in the general ledger? | _____ | _____ | _____ |
| J. Are salary and wage rates approved by an authorized individual and in writing? | _____ | _____ | _____ |
| K. Are procedures designed to provide that employees are paid in accordance with approved budget, wage and salary plans? | _____ | _____ | _____ |
| L. Are adjustments to payroll disbursements approved by an authorized individual who is independent of payroll preparation? | _____ | _____ | _____ |
| M. Are payroll checks signed by persons having no role in preparing the payroll? | _____ | _____ | _____ |
| N. Are payrolls disbursed from an imprest (fixed-cash) bank account restricted for that purpose only? | _____ | _____ | _____ |

- O. Are employees furnished information on their gross earnings, deductions from earnings, and net pay with their payroll checks? _____
- P. Has the program filed federal, state and local income and payroll tax quarterly withholding reports to the appropriate authorities on a timely basis? _____
- Q. Are there personnel policies prohibiting employment of individuals that could result in nepotism or conflict of interest? _____

Overall Comments: _____

- | X. Match | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|-------------------|------------------|-------------------|
| A. Does the organization's match include funds from other organizations? | _____ | _____ | _____ |
| B. If the organization's match includes funds from another federal agency, does the organization have the express approval from that federal agency? | _____ | _____ | _____ |
| C. Is the match in cash and supported with adequate documentation? | _____ | _____ | _____ |
| D. If the match is in-kind, is it supported by documentation that reflects the: | | | |
| 1. Name of the donor? | _____ | _____ | _____ |
| 2. Description of contributed items or services? | _____ | _____ | _____ |
| 3. Receipt date? | _____ | _____ | _____ |
| 4. Value of contribution, and how value was determined? | _____ | _____ | _____ |
| 5. Signature of donor? | _____ | _____ | _____ |
| 6. Signature of official accepting contribution? | _____ | _____ | _____ |
| 7. Donor restrictions (if any)? | _____ | _____ | _____ |
| 8. Verification that in-kind contribution was not purchased with funds From other federal sources, unless authorized by law? | _____ | _____ | _____ |
| E. Does/will the organization record other organization's match in its accounting records? | _____ | _____ | _____ |
| F. Does the organization have a written policy on valuing and recording non-cash match (in-kind) in its accounting system? | _____ | _____ | _____ |

Overall Comments: _____

XI. Subgrantee Oversight	<u>Yes</u>	<u>No</u>	<u>N/A</u>
A. Does the organization have subgrantees?	___	___	___
B. Does the organization have written agreements with subgrantees to include:	___	___	___
1. Expected performance/outcome by subgrantee	___	___	___
2. Expected performance/outcome by parent?	___	___	___
3. Length of time for performance?	___	___	___
4. Termination provisions?	___	___	___
5. Requirement to comply with CNCS grant provisions and OMB regulations?	___	___	___
6. Reporting requirements?	___	___	___
7. Reimbursement requirements on a monthly basis?	___	___	___
8. Reimbursement forms and supporting documentation?	___	___	___
9. Record retention policy?	___	___	___
10. Availability of subgrantee records to parent?	___	___	___
11. Frequency of site visits by parent?	___	___	___
12. Audit requirements and resolution of findings?	___	___	___
13. Close-out procedures?	___	___	___
C. Does the organization have a written subgrantee reimbursement policy to include:	___	___	___
1. Forms required for a reimbursement request?	___	___	___
2. Supporting documentation needed to accompany a reimbursement request?	___	___	___
3. Authorized official to review and approve reimbursement requests?	___	___	___
4. Length of time to pay a reimbursement request?	___	___	___
D. Does the organization have a written subgrantee monitoring policy to include:	___	___	___
1. On-site visit of subgrantee?	___	___	___
2. Desk review of subgrantee?	___	___	___
3. Written site visit or review checklist?	___	___	___
4. Frequency of subgrantee monitoring?	___	___	___
5. Site visit or review feedback to subgrantee?	___	___	___
6. Follow-up on corrective action subgrantee has taken?	___	___	___
7. Frequency of subgrantee monitoring?	___	___	___

Overall Comments: _____

XII. Other Comments

PREPARER'S CERTIFICATION

**Signature of
Preparer:** _____

Name of Preparer: _____

Date: _____

Title of Preparer: _____

Telephone: _____

Fax: _____

E-Mail: _____

For Internal Use Only at the Corporation for National and Community Service

Reviewed by: _____

Date: _____

Comments or Observations: