



City of Santa Maria
Community Development Block Grant Program
Subrecipient On-Site Financial Monitoring Review
Checklist



Subrecipient _____

Reviewer _____

Date of Review _____

General

Standard: The financial management system must utilize internal controls and other administrative procedures to effectively discharge management responsibilities in compliance with Federal and State regulations.

Indicators:

- | | | | | |
|----|---|---------|--------|---------|
| 1. | Is an up-to-date organizational chart presently in use? | yes ___ | no ___ | n/a ___ |
| 2. | Does the organization have a formal written personnel policy? | yes ___ | no ___ | n/a ___ |
| 3. | Are employees' duties reasonably fixed to a specific responsibility? | yes ___ | no ___ | n/a ___ |
| 4. | Are job descriptions prepared & maintained up-to-date as to employee duties & responsibilities? | yes ___ | no ___ | n/a ___ |
| 5. | Does the organization have a formal written accounting & reporting manual? | yes ___ | no ___ | n/a ___ |
| 6. | Does the organization have adequate insurance for accident, fire, theft, property damage, & public liability? | yes ___ | no ___ | n/a ___ |
| 7. | Are employees who handle cash covered by a blanket fidelity bond? | yes ___ | no ___ | n/a ___ |
| 8. | Does the organization have workers' compensation coverage? | yes ___ | no ___ | n/a ___ |
| 9. | Does the organization separately account for, & report on different categories of services provided? | yes ___ | no ___ | n/a ___ |

Accounting and Financial Reporting

Standard: Activities that receive funds are required to maintain an accrual accounting system that accurately reflects and documents all financial activity of the subrecipient.

- | | | | | |
|-----|--|--------|-------|--------|
| 1. | Does the accounting system reflect all of the financial activities of the organization? | yes___ | no___ | n/a___ |
| 2. | Does the accounting system provide a permanent, clear & accurate record of data maintained in the following records: | yes___ | no___ | n/a___ |
| | a. Cash receipts journal? | yes___ | no___ | n/a___ |
| | b. Cash disbursements journal? | yes___ | no___ | n/a___ |
| | c. Accounts payable? | yes___ | no___ | n/a___ |
| | d. Accounts receivable? | yes___ | no___ | n/a___ |
| | e. General ledger? | yes___ | no___ | n/a___ |
| 3. | Does the accounting system provide for written documentation to support each fiscal transaction entered? | yes___ | no___ | n/a___ |
| 4. | Do internal reports to management appear to be adequate to bring to light abnormalities or other discrepancies? | yes___ | no___ | n/a___ |
| 5. | Does the accounting system identify by source & application all revenue & expenditure items? | yes___ | no___ | n/a___ |
| 6. | Does the accounting system clearly show fund or ending balances? | yes___ | no___ | n/a___ |
| 7. | Does the organization have an annual independent audit? | yes___ | no___ | n/a___ |
| | If so, what date did the last audit cover? | _____ | | |
| 8. | Has corrective action been taken in response to any auditor's findings & recommendations? | yes___ | no___ | n/a___ |
| 9. | Is the accounting system based on a double entry system? | yes___ | no___ | n/a___ |
| 10. | Are accounting records maintained for a minimum of 3 years? | yes___ | no___ | n/a___ |

Budgetary Control

Standard: There should be timely intervals for the comparison and reporting of budgeted and actual revenues and expenditures.

1. Are revenues accumulated & reported by funding source? yes____ no____ n/a____
2. Are expenditures accumulated & reported by line item, cost, category & program activity? yes____ no____ n/a____
3. Are periodic projections of revenues & expenditures made to determine the need for budget revision(s)? yes____ no____ n/a____
4. Does the accounting system provide a cost allocation method to assure that funds are expended for the purposes for which they were budgeted? yes____ no____ n/a____
5. Are reports on revenues & expenditures as compared to budgeted amounts made on a monthly or more frequent basis? yes____ no____ n/a____

Cash Receipts

Standard: Adequate internal controls must be established and maintained to safeguard the assets of the subrecipient and to protect the interests of the Federal Government.

Cash Receipts:

- | | | | | |
|----|---|---------|--------|---------|
| 1. | Are validated duplicate deposit tickets or slips obtained for each deposit made? | yes____ | no____ | n/a____ |
| 2. | If the receipt of currency is significant, are proper controls, division of duties & other safeguards applied? | yes____ | no____ | n/a____ |
| 3. | Are all cash receipts immediately recorded upon the books & is the source of receipts clearly identified (i.e., third party & client payments)? | yes____ | no____ | n/a____ |
| 4. | If mail receipts are significant, is the mail opened & a record of money prepared by an employee independent of other financial duties? | yes____ | no____ | n/a____ |
| 5. | Are cash receipt books prenumbered & used in proper order? | yes____ | no____ | n/a____ |
| 6. | Are unused cash receipt books properly controlled & safeguarded? | yes____ | no____ | n/a____ |

Cash Disbursements

Standard: Adequate internal controls must be established and maintained to safeguard the assets of the subrecipient and to protect the interests of the Federal Government.

Cash Disbursements:

- | | | | | |
|----|---|--------|-------|--------|
| 1. | Are voided checks properly mutilated & retained for subsequent examination? | yes___ | no___ | n/a___ |
| 2. | Is the signing of checks in advance prohibited? | yes___ | no___ | n/a___ |
| 3. | Is the practice of drawing checks payable to "cash," "petty cash," "bearer," etc., prohibited? | yes___ | no___ | n/a___ |
| 4. | Is the issuance of checks on only verbal authority prohibited? | yes___ | no___ | n/a___ |
| 5. | Are blank checks properly controlled? | yes___ | no___ | n/a___ |
| 6. | Are bank statements reconciled timely? | yes___ | no___ | n/a___ |
| 7. | Does supporting data accompany checks when they are submitted for signature? | yes___ | no___ | n/a___ |
| 8. | Are duties divided among employees responsible for the procurement, approval, certification & disbursement functions of an expenditure transaction? | yes___ | no___ | n/a___ |
| 9. | If a mechanical or facsimile signature is used for the signing of checks, is the signature plate, key, etc., under adequate control? | yes___ | no___ | n/a___ |

Payroll Procedures

Standard: Recipients must maintain adequate payroll records to provide a complete audit trail during the period of the grant agreement.

1. Are staff salaries competitive with other similar organizations/agencies in the area? yes____ no____ n/a____
2. Are employee benefits comparable to those provided by similar organizations/agencies in the area? yes____ no____ n/a____
3. Are payroll checks prepared on approved employee time-and-attendance reports (i.e., time sheets)? yes____ no____ n/a____
4. Are payroll checks distributed by someone other than the person(s) who prepare payroll? yes____ no____ n/a____
5. Has the organization made appropriate withholding & payment of applicable Federal, State & local taxes; & where appropriate, the following:
 - a. Federal income taxes? yes____ no____ n/a____
 - b. State & local income taxes? yes____ no____ n/a____
 - c. Social Security taxes (FICA)? yes____ no____ n/a____
 - d. Federal Unemployment Compensation Taxes (FUTA)? yes____ no____ n/a____
 - e. State Disability Insurance (SDI)? yes____ no____ n/a____
 - f. Workers' Compensation Insurance? yes____ no____ n/a____
6. Are all tax returns filed & on time? yes____ no____ n/a____

Purchases and Procurement

Standard: Service Providers agree to follow purchasing and procurement procedures in accordance with Federal and State standards.

1. Is a separate purchasing department maintained? yes____ no____ n/a____
2. If not, is the responsibility for procurement assigned to one individual? yes____ no____ n/a____
3. Is a purchase order system used? yes____ no____ n/a____
4. Are purchase orders prenumbered? yes____ no____ n/a____
5. Is the prenumbered sequence of used purchase orders accounted for? yes____ no____ n/a____
6. Does a copy of the receiving report go directly to the accounting office when goods are received? yes____ no____ n/a____
7. Are vendor invoices delivered directly to the accounting office? yes____ no____ n/a____
8. Is the checking of invoices against purchase orders & receiving reports assigned to one individual? yes____ no____ n/a____
9. Are voided purchase orders retained for future examination? yes____ no____ n/a____
10. Are outstanding purchase orders periodically reviewed & accounted for? yes____ no____ n/a____
11. If a formal purchase order is not in use, is there a means to control the purchase of services, supplies & equipment? yes____ no____ n/a____
12. Are purchases of services, supplies & equipment made in accordance with the organization's formal policies? yes____ no____ n/a____

Property and Equipment

Standard: The property management system must provide for title, use and disposition of property and equipment. It must also provide a written inventory record to show description, acquisition cost, location, condition, and current use of non-expendable personal and real property.

1. Is a property ledger maintained so that any item of property can be located & identified? yes____ no____ n/a____
2. Does the property ledger provide for a unit record system that identifies date of purchase, item name, serial or other identification number, unit of cost & source of funds by contract number? yes____ no____ n/a____
3. Is there a physical observation of property & equipment made during the year? yes____ no____ n/a____
4. Are the proper classifications made between expendable & non-expendable equipment? yes____ no____ n/a____
5. Are property & equipment retirements & disposals properly recorded? yes____ no____ n/a____
6. Is damaged or lost property properly treated in the accounting records? yes____ no____ n/a____
7. Are insurance recoveries properly recorded? yes____ no____ n/a____

