

Financial Controls Monitoring Checklist

In the Guide, pages 160-190

This document summarizes key questions for monitoring implementation of financial controls. Grantees may wish to use this list as a guide, and add additional, more specific, questions to develop their monitoring tools. Each monitoring question references pages in the HOPWA Grantee Oversight Resource Guide that provide additional information.



Additional information & resources can be found here: <https://www.hudexchange.info/resource/1920/hopwa-financial-management-training-manual>

HOPWA Grantee Oversight Resource Guide
<https://www.hudexchange.info/resource/1003/hopwa-grantee-oversight-resource-guide>

Internal Controls—In the Guide, pages 163-166

Does the sponsor have written procedures or a policy manual(s) covering the following:

- **How transactions are recorded;**
- **Who has authority to approve financial transactions; and**
- **How transactions are classified and tracked, based on a chart of accounts and other documentation of proper accounting?**

Do these policies and documents separate duties effectively, in order to reduce the opportunity for someone to perpetrate or conceal errors or irregularities in the normal course of duties?

Is there an organizational chart that shows the lines of responsibility in regards to the oversight and management of HOPWA grant activities specifically and fiscal management generally?

Financial Policies & Procedures:

- Verify that the sponsor's financial policies and procedures are detailed, organized, and available to applicable staff
- Confirm that staff are well-trained, and that standardized forms are readily available and used consistently across the organization

Chart of Accounts:

- Review financial records to confirm the chart of accounts reflects the grants and associated activities that the sponsor manages
- Review financial records to determine:
 - » Codes correlate to HOPWA grant sources
 - » Codes reflect eligible HOPWA activity costs
 - » Evidence of sufficient detail for the separation of grant funds that might be combined in a single program or activity

Separation of Duties:

- Review financial policies and procedures to ensure that separation of duties is articulated and part of all key transactions and elements of the sponsor's financial system
- Review financial records for evidence of transactions and operations that are initiated by one person but reviewed and approved by someone else

Cash Controls—In the Guide, pages 166-167

In addition to separation of duties, does the sponsor have adequate controls on the management of cash disbursements?

- Review policies for clearly articulated procedures related to disbursement and approvals
- Confirm evidence of detailed transactions showing approval and payment "trail"
- Verify that staff approving transactions are fully aware of relevant HOPWA documentation requirements for particular activities
- Verify that no payments are made out to "cash"

Communication with Management of Problems and Noncompliance—In the Guide, page 168

Is it clear that all personnel are responsible for communicating "upward" to management regarding operating problems and noncompliance with laws and regulations?

- Review policies and procedures for language articulating how problems and concerns will be identified internally and to the grantee
- Confirm grantee and sponsor staff understanding of the responsibility to communicate concerns and problems to relevant internal and external authorities
- Request and review any written documents regarding management problems or noncompliance, if applicable

Fidelity Bond Coverage—In the Guide, pages 168-169

Has the sponsor obtained fidelity bond coverage for responsible officials?

- Request and review a copy of the sponsor's fidelity bond coverage, if applicable

Grant-Based Tracking: System & Monitoring—In the Guide, pages 169-172

Does the sponsor’s financial record-keeping system track expenditures by grant or funding source, so that HOPWA expenditures can be identified per approved budget line item? Do the sponsor’s financial records accurately track unexpended balances by budget line item? Does the financial information in the sponsor’s financial records for the HOPWA project match the records from the corresponding invoice(s) and annual performance report?

System & Monitoring:

- Review expenditure reports and corresponding invoices for:
 - » Pace of line-item spending and balances on regular invoices
 - » Financial reports generated by record-keeping system that match with data from invoices
 - » Line-item spending that aligns with approved budget line items
 - » Any spending patterns that deviate from expected patterns
 - » Adequate documentation to back up expenditure records
- Review and compare financial records/invoices with the corresponding APR or CAPER annual performance report

Tracking Pass-Through Funds & Program Income—In the Guide, pages 172-174

Does the sponsor have a system to track the pass-through of HOPWA funds to sub-recipients? Does the project sponsor track income received by the HOPWA project, such as resident rent payments, and is such income re-used for eligible program activities?

Pass-Through Funds:

- Review the sponsor’s invoices for tracking of pass-through funds and verify that funds were tracked by eligible activity and budget line items

Program Income:

- Confirm program income tracking via project sponsor receipts
- Verify that program income is only expended to further program objectives in undertaking eligible and approved activities
- Review the grantee’s or sponsor’s APR or CAPER to ensure that program income is reported