



Fiscal Monitoring Compliance Review Grantee Checklist

Objective

The Fiscal Monitoring Unit (FMU) operates within the Health and Human Services Commission (HHSC) Compliance and Quality Control (CQC) Division and is responsible for performing fiscal monitoring compliance reviews to determine if grantees are in compliance with the applicable fiscal requirements of federal and state regulations, HHSC policies, procedures and rules, and contract provisions.

During a fiscal review, the FMU reviews the grantee's accounting procedures relating to the contract (grant) to determine whether they are adequate to ensure accurate, current, and complete disclosure of the financial results of grant activities and are adequate to identify the source and application of contract (grant) funds. FMU also reviews documentation and interviews agency staff to determine compliance.

The fiscal monitoring review is limited to issues of fiscal compliance only and does not evaluate the overall program objectives. Programmatic compliance is the purview of the various HHSC program areas. Listed below are items that will be requested and reviewed while performing a fiscal monitoring compliance review.

Required Prior to Review

1. The completed Internal Control Questionnaire (ICQ) (see attached copy). The Executive Director or Chief Executive Officer is responsible for the information contained in the ICQ. Please have one of the responsible parties review the document before it is returned.
2. A reconciliation of the Financial Status Reports (FSR) to the general ledgers for the Programs (Contracts) listed in the Review Period above. (Please use attached sample if you do not have one.)

3. A copy of the monthly detailed general ledger with both revenue and expenditure accounts for all of the Programs listed in the Review Period above.
4. A list of the names and numbers for all cost centers with a narrative explaining the structure of the cost center number (i.e. first two digits indicate the cost center, next two digits indicate the fiscal year, next five digits indicated the account number, etc.).
5. Chart of accounts listing the name associated with the account number.
6. Copy of a current cost allocation plan.
7. An organizational chart.
8. List of employees, titles, and the Program(s) where their cost is charged.
9. Payroll register and labor distribution report for the Review Period listed above for all employees charged in whole or in part to the Programs selected above.
10. All original contracts for professional services and other contracts reported under the Contractual budget category.
11. All original contracts for services reported under the "Other" budget category.
12. Lease agreements for facilities, equipment, and vehicles charged to the contract(s).
13. Bank statements for {list the months of the Test Period (s) plus one extra month to verify checks have cleared the bank}.
14. The 941-payroll tax return and proof of tax payments (e.g., bank statements) for the quarter ending for the last completed (filed) calendar quarter and documentation that supports the amounts reported on the 941.
15. The following Policies and Procedures:
 - A. Travel Policy
 - B. Procurement of goods and services policy

Required During Review

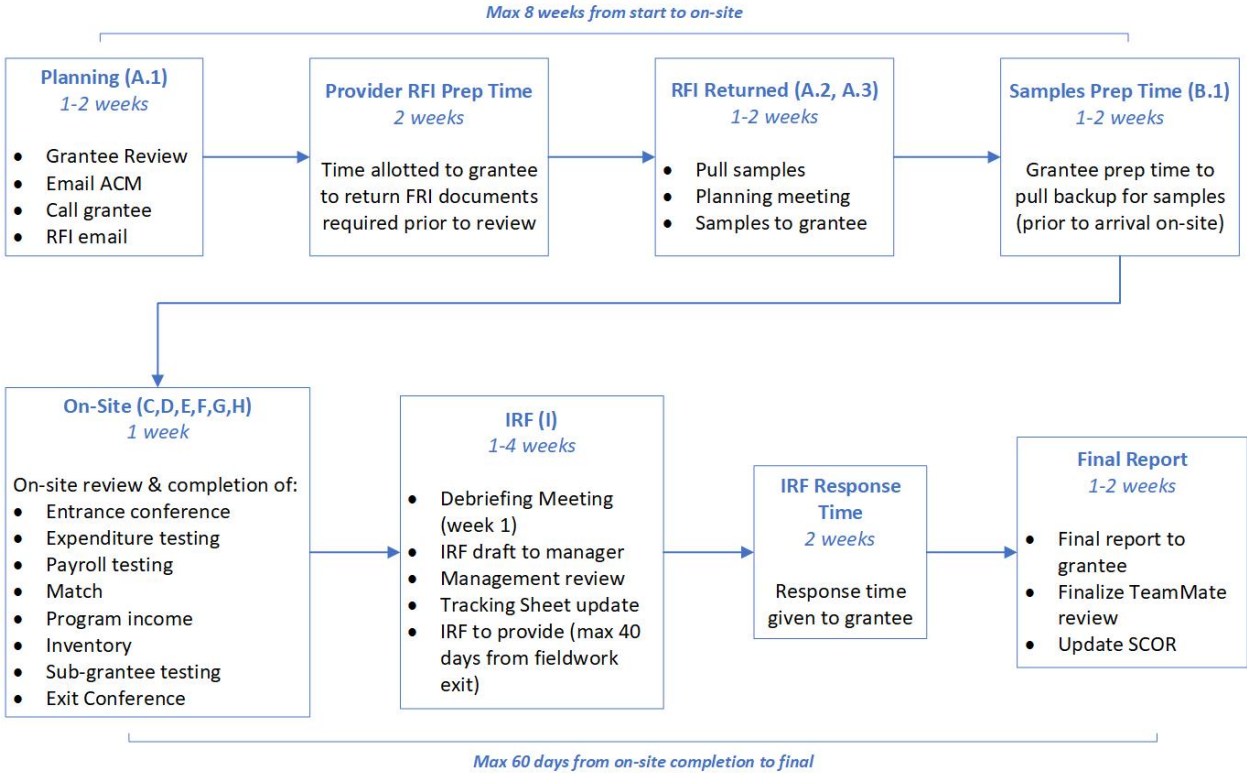
The Thursday of the preceding week prior to the review, you will be asked to submit additional documentation, including, but not limited to, the following:

1. Personnel records (e.g., job descriptions, payroll action forms, authorization documentation supporting pay rates and/or pay increases) and timesheets for the Review Period above for all employees requested in the test sample.
2. Supporting documentation of expenditures requested in the test sample (e.g., invoices, purchase orders, etc.) for the Review Period above.
3. If requested, the complete (for the grantee as a whole) detailed general ledger, cash disbursements journal, and cash receipts journal for the periods under review.
4. Documentation to support current cost allocation plan methodology. For example, if rent expense is allocated by square footage, provide a building layout that documents space usage by program.
5. The in-kind match general ledger or alternative documentation to record the cost, with all supporting invoices, purchase orders, timesheets, contracts and valuation criteria for any of the Programs referenced above that required in-kind match (current year).

A sample Financial Status Report (FSR) to General Ledger Reconciliation and an Internal Control Questionnaire was emailed with this notification letter.

Review Timeline

Generally, a fiscal monitoring review is completed under 100 days. Below is a timeline of a fiscal monitoring compliance review.



Review Timeline Flow Chart

Step 1. Planning. One to two weeks. Includes Grantee review, Email ACM, Call Grantee, RFI email.

Step 2. Provider RFI Prep Time. Two weeks. Time allotted to grantee to return RFI documents required prior to review.

Step 3. RFI Returned. One to two weeks. Includes pull samples, planning meeting, samples to grantee.

Step 4. Samples Prep Time. One to two weeks. Grantee prep time to pull backup for sample prior to arrival on site.

Step 5. One-Site. One week. One-site review & completion of: entrance conference, expenditure testing, payroll testing, match, program income, inventory, sub-grantee testing, exit conference.

Step 6. IRF. One to four weeks. Includes debriefing meeting, IRF draft to manager, management review, tracking sheet update, IRF to provide. Max forty days from field work exit.

IRF Response Time. Two Weeks. Response time given to grantee.

Final Report. One to Two weeks. Final report to grantee, Finalize TeamMate Review, Update SCOR.