**WIA FISCAL MONITORING**

**CASH MANAGEMENT**

The Local Workforce Investment Area should send to CCWD electronic copies of the General Ledgers and Chart of Accounts the week prior to the monitoring visit.

Generally, the sample set should begin at the point of the previous year’s end date for monitoring and go through the most recent month that the information is available.

Identify sample set. For cash draws, select 2 from period being monitored. Request all back-up documentation be available for review on site.

* Select a sample of cash draws from throughout the program year
* Trace cash draws to supporting documentation to determine proper approval.
* Trace amounts of expenditures by program that support the draw amount to the general ledger. If estimates for accrued expenditures are included in the draw, determine that they are supported by adequate documentation (payroll history, rent, etc.)

Cash Account Reconciliation

* Review a selected monthly cash account reconciliation. Determine it was properly prepared and approved and the individual preparer and approval agree to separation of duties worksheet. Determine reconciling items are supportable. Determine that excess cash funds are not being retained and CCWD Policy 589-10.4 – Cash management is being followed.

Negative Cash Draws

* Review a sample of negative cash draws and determine if pattern exists and reasons for negative draws.

Program Income

* Has the organization accumulated any program income? Where is it identified in the Chart of Accounts? Confirm that program income was transferred to appropriate location and expended. Verify that the program income was reported on the quarterly reports as earned and expended

Expenditure Sampling – Non Personal Services

* The sample items should be comprised of cash disbursements supported by a payment document (i.e. checks, vouchers).
* CCWD uses tolerable rate of 8% with an expected deviation rate of 0%. This 8% rate equates to a sample size of 28 transactions.

Steps needed to accomplish task:

* Retrieve general ledgers and chart of accounts from Weebly site <http://devandmonitoring.weebly.com/401/login.php?redirect=/> (Password: Monitoring 2012) for time period being audited. Download to thumb drive and view electronically instead of printing out the GL’s hard copy. They are huge. The sample will be drawn from the day following the end point of the previous audit and ending with the last day of the previous calendar year.
* Note number of total transactions in the sample period and create a random sample using the “Research Randomizer”. The sample should include approximately two times the number that are required to allow for a solid sample. Include judgment samples to ensure complete coverage of necessary sample set and selection of “high risk” transactions.
* The sample set should only include those examples that reflect a WIA Account Code unless additional programs are to be included (SESP, Back to Work Oregon, etc.).
* Ensure that sample includes transactions that “tickle”. Payments that are for exact dollar amounts, legal services, sub-recipient payments, contractor payments, etc.
* As part of the sample, one cost allocation transaction will be selected. This will help supplement later testing of the cost allocation plan.
* Send sample set to local area
* On-site, test expenditure sample (utilize Worksheet No. 7 Accounting Records). Highlight participant payments for later check on eligibility. Check and verify payments are in adherence to existing organizational, state and federal policies. Prepare conclusions and findings.

Credit Card Check

* Check authorization policy to determine authorized users and card holders. Check credit limits and credit card log and reconciliation

Policies and Procedures

* Review fiscal policies and procedures submitted by LWIA prior to monitoring. Determine that they are complete and accurate and include updates or revisions required since the last monitoring visit. Discuss with LWIA staff if corrections need to be made.

Budgets

* Discuss with CCWD Fiscal Manager whether the LWIA has sufficiently obligated their WIA formula funds to at least the required 80% level by the end of the program year as required by CCWD policy 589-10.1 Allocations – Recapture and Re-allotment of Local Area Funds.
* When final sample is emailed to LWIA, if sample includes reimbursement requests from provider contractor, we need to see the provider’s general ledger expenditure report that supports the reimbursement invoice. This statement needs to be included in the email message.
* Follow up on exceptions noted by CCWD Fiscal Manager and any other budget concerns.

CCWD Quarterly Financial reporting

* Review quarterly 9130 reports with CCWD Fiscal Manager to determine problem areas, if any, in quarterly reporting. Follow up with LWIA as needed.
* Discuss with LWIA their procedures for ensuring that accrual basis of accounting is used to report expenditures on quarterly reports in compliance with CCWD policy 589-10.9.

Cost Allocation

* Obtain the latest copy of the LWIA’s cost allocation plan. Note any changes from prior year’s plan.
* Determine that plan meets the requirements of OMB cost principles – Circular A87/A122, as appropriate.
* Test an allocation period (monthly/quarterly) and determine whether the allocated indirect costs comply with the plan. Test the general ledger entries to determine that they are correct.

Non-Expendable Property

• Obtain current property listing of non-expendable federal WIA property over $5,000 for the review period.

• Determine changes in listing from prior period. For dispositions that occurred, follow up with LWIA staff on how property was disposed of.

• For new acquisitions, determine that prior approval was obtained from CCWD staff.

• Observe, if possible, a sample of non-expendable property. Determine that identification via tag number and description agrees to property listing.

* Determine that property listing contains all required information specified in 29 CFR 97.32 or 29 CFR 95.33, as appropriate.

Contracts

* Review list of contracts awarded in excess of $25,000 supplied by LWIA.
* Select a judgment sample of contracts awarded and determine that the LWIA complied with their own policies and procedures, Uniform Administrative rules and One Stop Comprehensive Technical Assistance Guide in awarding competitive sealed bid, non-competitive bid, small purchase, or competitive proposals.
* Determine length of current contract for external audit firm. Determine when LWIA will be going out for competitive proposal to renew external audit firm contract.
* Select one quarterly 9130 report already submitted. Trace line item amounts reported for financial transactions to supporting general ledger accounts and othe analysis workpapers.

Single Audit Report

* Review LWIA’s latest available single audit report.
* Determine if there are any significant deficiencies/questioned costs relating to WIA grants.
* Follow up with fiscal staff to determine that the finding has been resolved.
* Review audit report for other findings relating to financial statements. Review Note on “Summary of Significant Accounting Policies” and determine that accrual basis of accounting for expenditures is being applied in preparation of the financial statements.

Separation of Duties

* Review the separation of duties form in the local plan.
* Determine whether there are any incompatible duties being performed by management/staff.
* If problems are denoted, discuss with fiscal staff on necessary corrective measures.

Insurance

* Print copy of organization’s General Liability/Property coverage policy. Include copy of bill/invoice/check. Ensure that CCWD is named as additional insured.
* Print copy of SAIF coverage

Procurement Process

* Obtain complete list of contracts. Isolate all contracts above $5,000
* Review organization’s Procurement Policy.
* Review organizations bid process. Was their process followed? Competitive bid, Non-Competitive (sole source)?
* Are contracts signed and dated by appropriate persons?
* Check for legal services contracts. When was the last time an RFP was issued? Check for hourly billing rate.
* Are there any extensions or amendments? What does the contract say about extending or amending the current agreement. When was the last time the service/contract had gone out to bid?

Payroll

* Select three employees for payroll review.
* Request record for each from three different pay periods.
* Review information based on CCWD Worksheet 8.
* Check salary/pay rate with documentation in personnel file.
* Agree labor distribution based on the approved timesheet.

Vacation

* How is vacation/PTO allocated/paid out? If there is a separate vacation/PTO account (LGIP)…is there an adequate reserve to cover anticipated expenses?

Sub Recipient Monitoring

* If program services are contracted out, obtain the schedule of sub-recipient monitoring.
* Determine that list includes all sub-recipients that need to be monitored.
* Obtain copies of reports issued. Determine if findings were noted, and if noted, follow up was taken to reach a resolution.

Expenditures - 30% Out of School Youth

* Reference A-133 Compliance Supplement (20 CFR section 664.320)
* Request from fiscal staff the In School and Out of School Youth expenditure amounts for the period being monitored.
* Divide the Out of School Youth amount by the total of expended Youth Funds. Ensure that the result reflects a minimum of 30%.

Expendable Property

* Determine if inventory stock is maintained for participant gift cards, gas vouchers, etc.
* Determine that inventory control procedures exist over the purchase and issuance of the inventory.
* Determine that safeguards are in place to protect the inventory from loss. Determine whether periodic inventories of blank stock are taken and differences followed up on and resolved.
* Determine that procedures are consistent with CCWD Policy 589-30.12, effective June 13, 2012.
* Check eligibility of recipient

Conclusions

* Summarize findings and prepare report.