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Fiscal Monitoring

**Essential Elements for a
Successful Monitoring Review**

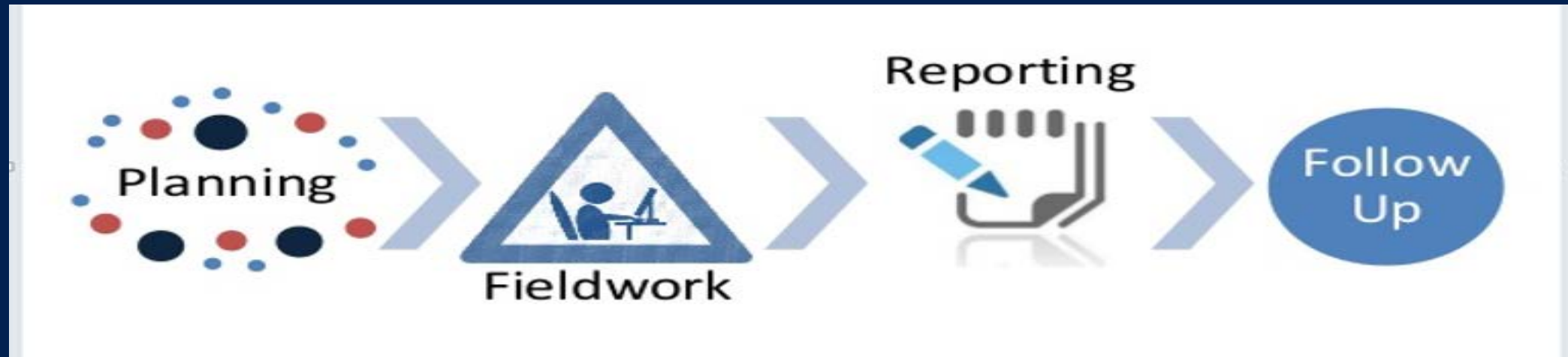
Fiscal Monitoring Stages



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Four main stages:



Planning

1. Establish Team Member Responsibilities
2. Review Previous Year Fiscal Monitoring Results
3. Establish Communication Channels with Sub-Grantee
4. Information Gathering



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Planning Continued

5. Gain an Understanding of the Sub-Grantee's Financial Management System
6. Determine Scope of the Review
7. Generate Test Samples
8. Final Planning Meeting and Milestones



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Fieldwork

1. Detailed Testing of Transactions
2. Cost allocation Methodologies
3. Equipment Testing
4. Program Income Testing



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Fieldwork Continued

5. Review of Bank Reconciliations

6. Review of Policies and Procedures

7. Staff Interviews

8. Exit Conference



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Wrap up & Reporting

1. Debriefing Meeting with Management
2. Request additional Documentation as needed
3. Complete Testing
4. Management Review of Procedures & Work Papers



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Wrap up & Reporting Continued

5. Determine Final List of Findings and Recommendations
6. Initial Report of Findings or Draft Report
7. Evaluate Sub-Grantee Management Responses
8. Issue Final Report



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Follow up

1. Successful Implementation of Corrective Action Plans
2. Additional Testing or Scope Expansion
3. Enhanced Monitoring
4. Additional Sanctions



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Common Issues - General

1. No distinct cost center
2. FSR does not reconcile to G/L
3. Bank reconciliations not timely
4. Admin staff do not keep timesheets or equivalent
5. Program income not reported correctly
6. Program income not used correctly
7. Inadequate monitoring of subcontractors
8. Internal control deficiencies
 - a. Missing or outdated policies and procedures
 - b. Lack of board oversight
 - c. Inadequate segregation of duties



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Expenditure Issues

1. Unallowable costs
 - a. Advertising,
 - b. Interest, penalties, sales tax
 - c. Travel
2. Insufficient documentation for amounts billed
3. Prior Period or future costs
4. Costs not properly allocated including use of budgeted percentages or estimates
5. Internal control deficiencies
 - a. Missing approvals
 - b. Missing proof of payment



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Grantee Communication

1. Verbal Communication
 - a. Choose words carefully
 - b. Cite requirements not opinions
 - c. Do not wing it or become assertive
2. Non-Verbal Communication
 - a. Equally important to Verbal
 - b. Avoid pointing fingers, standing over people, staring, throwing up hands etc.
3. Communication Barriers
 - a. Do not use jargon
 - b. Establish understanding



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Questions / Comments



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Thank you

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