



Whether you are in the process of deciding to apply for an AmeriCorps grant or you have one and simply want to review your systems, this section helps you identify the strengths and areas of improvement necessary to execute the financial compliance requirements of operating the AmeriCorps program effectively.

Successful operation of your program will depend on your understanding and adherence to the AmeriCorps grant requirements. Compliance requirements are contained in several documents: Corporation regulations, your grant provisions, your notice of grant award and OMB circulars. In addition, individual state rules and regulations may apply. Review the [Things To Do Checklist](#) to guide your work.

As a recipient of federal funds through AmeriCorps, you must comply with all requirements set forth by each source of federal authority. The information provided here will help you enhance your administrative and fiscal operations. Be sure, however, to refer to each source of authority for more details about program requirements.

At the end of this section, you will be able to

- Establish and maintain a financial management system in accordance with Generally Acceptable Accounting Practices (GAAP), federal OMB circulars, grant provisions, and organizational policies and procedures.
- Complete an initial review of your organization's financial management system.
- Construct and monitor your program's budget.
- Access and use a variety of tools and electronic resources to complete all activities in the Tools for Success section.



Solid Financial Management

What is solid financial management?

Solid financial management in your organization means that all the required financial systems, policies, procedures, and separation of duties are in place and followed. Additionally, consistent checks and balances are established and followed.

How can you avoid common financial problems?

The organization's accounting system should record financial transactions by budget line item and program year and should distinguish between federal and non-federal funds. You should also regularly reconcile the budget to actual expenditures. You must retain thorough documentation that supports all expenditures and in-kind matching funds including time and activity reports that support staff time spent on the grant. Every organization should segregate financial responsibilities and should maintain written policies and procedures.

How do you do it?

✓	Review Financial System Necessities and the Financial Aspects of Grant Management .
✓	Establish good financial practices prior to receiving federal funds. Review Potential Problems to Avoid .
✓	Follow all rules and regulatory requirements.
✓	Use standard accounting practices with ledgers and charts of accounts that are supported by source documentation and have a clear audit trail.
✓	Have up-to-date written policies and procedures.
✓	Document all staff and AmeriCorps member time through time and attendance records.
✓	Be sure to stay within the 5% limitation on administrative costs for the CNCS federal funds.
✓	Only process financial transactions with supporting documentation.
✓	Establish good internal controls and segregation of duties.
✓	Attend appropriate financial management training.
✓	Hire an accountant or financial staff member to manage finances or contract for accounting services.
✓	Ask an independent auditor for continuous improvement feedback when they are conducting an audit.
✓	Reconcile bank statements on a monthly basis.
✓	Create a Finance Committee of your Board of Directors and charge them with reviewing monthly financial reports.
✓	Have an audit completed annually.



Understanding Federal Financial Policy

What are the federal financial policies governing the AmeriCorps grant?

The Office of Management and Budget (OMB) Circulars and the Uniform Administrative requirements published with the Corporation's regulations (45 CFR 2541 through 2543) are the policies that govern and guide you through the successful implementation of the grant and all necessary management systems.

Why do you need to understand federal financial policies?

Federal funds are subject to certain requirements; it is important to be aware of these requirements and follow them. As the Program Director or the Executive Director charged with executing the AmeriCorps program, you must have an adequate understanding of the grant provisions, the OMB Circulars and the Uniform Administrative Requirements to ensure that your program is in compliance.

How do you do it?

	<ul style="list-style-type: none"> ✓ Gain a thorough understanding of the AmeriCorps Grant Provisions, and the applicable Office of Management and Budget (OMB) Circulars. Implement all requirements of the Corporation's regulations. See Summary of OMB Circulars and Code of Federal Regulations.
	<ul style="list-style-type: none"> ✓ Follow applicable regulations, grant provisions, and OMB Circulars by organization type. See Tools for Success section for applicable circulars. See Description of OMB Circulars.

Resources

Resource	Description	Contact
OMB Circulars	Each of the specific OMB Circulars can be downloaded from the Internet.	www.whitehouse.gov/omb/circulars/index.html
Code of Federal Regulations	The Code of Federal Regulations (CFR) can be found on the website of the Corporation for National and Community Service.	www.nationalservice.org/resources/about/ogc/index.html

OMB Circulars and Code of Federal Regulations

	Educational Institutions	Non-Profit Organizations	State & Local Governments
Uniform Administrative Requirements	45 CFR 2543	45 CFR 2543	45 CFR 2541
Cost Principles	Circular No. A-21	Circular No. A-122	Circular No. A-102
Audits	Circular No. A-133	Circular No. A-133	Circular No. A-133



AmeriCorps Grant Provisions

What are AmeriCorps Grant Provisions?

The grant provisions contain operating requirements for AmeriCorps programs that grantees must follow. They are not inclusive of all the federal requirements. Therefore, you must also refer to the circulars and regulations. The grant provisions are located on the Corporation's website.

Why do you need to adhere to the AmeriCorps Grant Provisions?

The grant provisions lay out many of the statutory and program management requirements for AmeriCorps. They are one of several federal instructions and requirements that must be followed.

Frequently Asked Questions

Where can I find the AmeriCorps rules and regulations? *The AmeriCorps grant provisions, and AmeriCorps regulations are the basic sources of information for the management of your grant. Additionally, they are posted at www.nationalservice.org*

Where do I find them? *The OMB Circulars are the federal rules that govern appropriate use of federal funding. Your Notice of Grant Award will cite the circulars you must follow. Additionally, you can consult the regulations listed in the Code of Federal Regulations (45 CFR Chapter 25); the regulations dictate use of AmeriCorps funding, as stipulated in the law.*

What are the most common financial problems in AmeriCorps programs? *The most common financial management problems with AmeriCorps programs are related to inadequate accounting practices, poor systems for recording actual time and attendance related to specific grant activities, insufficient internal controls, and inadequate documentation and record keeping. Programs with these problems often produce inaccurate financial reports.*

If I have sub-grantees am I required to do anything specific? *Yes. If your organization is sub-granting part or all of the funding you are receiving, you must establish a monitoring system to ensure subgrantees have sound financial management systems. Your organization will also need to establish contractual documents to outline the agreement between the organizations. Your organization is responsible for ensuring the sub-grantees are adhering to the regulations and provisions in the same manner your organization is required.*

Are we required to maintain records of our expenditures? *Yes. All expenditures must contain documentation that supports why a transaction is allowable for AmeriCorps purposes (i.e., brief descriptions, agendas, reports etc.). Accounting records must trace back to source documentation. Documentation must support expenditures and clearly identify: reasonableness, necessity, allowability, and adherence to grant guidelines.*

Are we required to maintain match documentation? Are there specific requirements related to match documentation? *Yes and Yes. All match not only must be documented in the general ledger, but also must be supported with actual documentation. For cash match, copies of checks, bank receipts and grant awards are acceptable documentation. For in-kind contributions with a fair market value over \$25.00, the organization should create a standard*



form for donors to complete, following the organization's receipt of the donation. The form must be signed by the donor and include the following information: name of donor; date of donation; description of the donated item/service; and, estimated value of the donation.

What kinds of things should we consider as we bring sub-grantees aboard? You should ensure that standard accounting practices, written policies and procedures, a sound management and organizational structure, and reporting and monitoring mechanisms are established with your sub-grantees. Consider developing or revising written policies and procedures for reimbursements, financial reporting, budget amendments and other program requirements. You should review their annual audit to learn about their internal controls, their financial position and any problems or difficulties they may have. As you bring on sub-grantees, you should consider a risk-based monitoring approach that will allow you to monitor potentially higher risk sub-grantees more closely and on an as-needed basis.

Resources

Resource	Description	Contact
AmeriCorps Grant Provisions	Contains specific requirements for the management of your grant.	Corporation for National and Community Service- Grants Office or www.nationalservice.org
See the Managing Your Fiscal Responsibilities section.		Corporation for National and Community Service or www.nationalservice.org
Office of Management and Budget Circulars	Documents describing the financial management requirements for recipients of federal funds.	www.whitehouse.gov/OMB/circulars/index.html – OMB Circulars http://www.nationalservice.org/about/ogc/index.html
A Basic Guide to Non-Profit Financial Management	This website has a wide variety of helpful information regarding establishing and maintaining financial management systems	http://www.mapnp.org/library/finance/np_fnce.htm



Internal Review

What is an internal review?

A review typically involves the inventory of an organization's financial management processes, fiscal accountability practices, and financial systems. Based on the results of these reviews, an organization can implement written policies, procedures, and systems to ensure financial accountability and to prevent and detect fraud and abuse. Conducting an internal review prior to applying for an AmeriCorps grant is especially important to ensure you have a clear picture of your organization's financial accountability systems.

Why should you conduct an internal review?

Organizations aware of common financial management problems manage their finances more effectively. Understanding common issues that arise during a financial audit now can help you institute proper checks and balances, sound financial management systems, and practices to avoid future audit findings. Additionally, effective monitoring of sub-grantees and reviewing sub-grantee audits reduces the potential for audit findings.

How do you do it?

✓	Carefully review the issues identified in the audit and ensure that your organization has developed policies and procedures to address each one. Routine monitoring of your organization to ensure compliance with those policies and procedures should be done. See the Internal Review Checklist for additional information.
✓	Consult the AmeriCorps Grant Provisions, examine the Office of Management and Budget (OMB) Circulars, and review the Code of Federal Regulations (CFR).
✓	Maintain accurate and timely financial records from the start of your program. Your organization needs to report timely and accurate financial information to either the State Commission, or to CNCS. Financial reports should be clear, concise, all-inclusive (expenditures and revenues), and comparable (show financial activities over a period of time).



Developing an AmeriCorps Budget

What is an AmeriCorps budget?

An AmeriCorps budget is the financial blueprint that allows your AmeriCorps program to operate. It outlines the dollars necessary to address the community's identified needs using community service by AmeriCorps members. You must include your program budget in your grant application.

Why do we need an AmeriCorps budget?

There are three reasons you will develop a budget. First, the prospect of adding or starting an AmeriCorps program involves many financial considerations, decisions, and choices. Second, a budget developed specifically for an AmeriCorps program as part of the program design process can guide you in the overall development of your program. Finally, a budget must be included with your application that addresses your organization's proposed AmeriCorps program grant request.

How do we do it?

There are many considerations when it comes to developing a budget. All the steps you might need to take to develop a budget for an AmeriCorps program are not discussed here. Each organization is unique with established policies and procedures that guide operations. Follow your organizational policies, procedures, and processes when developing the AmeriCorps program budget. The information below is intended to be a tool to help guide you through the budget development process and provide useful information to help familiarize you with the inputs and considerations.

✓	Complete the Program Design section in this Guide. This information is crucial to budget development.
✓	Review the AmeriCorps Grant Application instructions for specific budget information.
✓	List all the costs necessary to carry out the programmatic activities from the program staff, AmeriCorps member, and service site partner training, orientation, and supervision, community partnerships and outreach, and service activities. Identify other costs relating to the operational side of your program including occupancy expenses, program and office supplies, travel, and specific costs related to service activities.
✓	Involve relevant staff and community partners in the process of determining the costs of program and service activities.
✓	Separately identify direct costs (costs related to the operation of the program) and indirect costs (overall organizational administrative costs). The Corporation limits the amount of administrative costs charged to an AmeriCorps grant to 5%.
✓	See Constructing the Budget pyramid to identify elements that impact the development of the budget.



- ✓ Once you have gathered all necessary information, you can calculate the maximum grant award you will be eligible to apply for. Once you have completed this calculation, you will have determined the maximum amount of federal funds allowable for an AmeriCorps program of your size.



Developing Policies and Procedures

What are policies and procedures?

Policies and procedures are written guidelines that you must develop to guide how your AmeriCorps program operates. They are based on the fiscal and programmatic requirements that your organization must abide by once it accepts federal money. These requirements and policies flow from federal, state, and local rules and regulations.

Why do you need policies and procedures?

Policies and procedures are necessary to ensure that every staff member understands the requirements of the AmeriCorps grant and your organization will always be in compliance. Compliance is not optional! You must comply with all regulations to continue receiving the support and funding provided for in your grant. Consequences for noncompliance may include reductions or loss of funding, repayment to the US Government of funds that may have been improperly spent, and lawsuits.

How do you do it?

Policies and procedures should address all facets of your program's operations, including member selection, document retention, program monitoring and fiscal management, recording service hours, progress reporting.

✓	Become intimately knowledgeable with the AmeriCorps grant provisions, the program guidelines, OMB Circulars, and related regulations.
✓	Ensure all staff, but especially your senior management, understands the rules and regulations and enlist someone(s) to draft your program's policies and procedures.
✓	Review your organization's existing policies to determine how they need to be adapted to conform to AmeriCorps rules and regulations.
✓	Provide focused training to your staff and AmeriCorps members on your program's policies and procedures.

Resources

<i>Resource</i>	<i>Description</i>	<i>Contact</i>
AmeriCorps Grant Provisions	The specific requirements related to the AmeriCorps grant.	http://www.americorps.org/resources/manuals.html
A sample procedure manual	The sample manual is for a volunteer program, but is still a helpful resource.	http://www.delawarenonprofit.org/volfaq5.html



Legal and Fiduciary Responsibilities

What are general legal and fiduciary responsibilities for nonprofits?

Organizations have a set of rules and regulations that govern the receipt and use of public funds. Some organizations are exempted by the IRS from paying federal income tax and the income they receive is tax deductible. These benefits do not come without responsibility, however. Be sure you know legal and fiduciary responsibilities that govern your organization before you proceed. The government can place restrictions on public funds. In accepting the funds, your organization agrees to follow established fiscal regulations.

How do you do it?

✓	Organization must thoroughly understand all contractual documents and seek clarification prior to authorization. Do not sign documents that the organization's senior management has not read or reviewed.
✓	Ensure a strong communication system is in place between the senior management and the Board of Directors. Both bodies are held accountable if funds are misused.
✓	It is critical that senior management and the Board is well informed about the organization's financial status and the regulatory obligations incurred by the AmeriCorps award.
✓	Confirm that all staff members from service sites and the Parent Organization are thoroughly aware of legal and fiduciary responsibilities.
✓	All staff (at the Parent Organization and service sites) must know and understand the prohibited activities associated with AmeriCorps.
✓	Familiarize the staff with the federal regulations to ensure that regulations are being followed.
✓	Contract with an external, informed auditor to ensure that funding and accounting systems are comprehensive and in compliance with federal guidelines. See the Program Development and Management Risk Management Section.

Resources

Resource	Description	Contact
National Charities Information	Standards in Philanthropy	www.give.org
The Nonprofit Resource Center	A web-based resource center for nonprofit organizations.	www.not-for-profit.org
IRS Publication 557	Tax-Exempt Status for Your Organization	(800) TAX-FORM or www.irs.gov
Training and Technical Assistance Providers	An organization that provides technical assistance for the Corporation for National and Community Service. Contact CNCS for list of providers.	www.nationalservice.org

TOOLS
for
SUCCESS



Things To Do Checklist

YOU HAVE BEEN NOTIFIED BY CNCS, WHAT NOW?	
	<p>Review the letter, e-mail or notes from phone call carefully.</p> <ul style="list-style-type: none"> • Ask questions—many questions—if you don't get answers or you don't understand answers...ask again. • Get answers in writing to ensure that all parties have the same information.
	<p>Find out from your Program Officer:</p> <ul style="list-style-type: none"> • What does it mean to be in negotiation? • Is there a plan? • Who manages it?
	<p>Find out what the timeline is from CNCS to get your grant, to receive funding. That means the ability to draw down funds to your account.</p>
	<p>Continue checking with your stakeholders or people involved with the planning committee/work group.</p>
	<p>Make sure your financial department is on point with carrying out the grant responsibilities. Read the AmeriCorps Grant Provisions.</p>
	<p>If you are an independent AmeriCorps program inform all stakeholders that you have received the AmeriCorps grant. If you are a parent organization/or multi-site, inform them of the process. Set in measures to ensure everyone is informed.</p>
	<p>Confirm that your program has an established <i>Grants Information Profile</i> in the Web Based Reporting System (WBRS) to that you can begin to enroll members in the Trust (be aware of your internal policy regarding enrollment of participants). You will also need to request WBRS access from your direct Grantor (i.e. State Commission, Parent Organization, or CNCS).</p>
	<p>Begin to put together a 3-6 month work plan to execute starting your program.</p> <ul style="list-style-type: none"> • Use the AmeriCorps Program Start up Guide to assist you through the first six-months of program development. • Put together a recruitment plan. • Secure enough funding to start your program—this funding should not include CNCS money—to be blunt this should be money in hand. • Hire your staff/or train staff members about the initial start-up plan.
	<p>What are the benchmarks? Identify them—make sure everyone responsible for executing them agrees on what they mean.</p>
	<p>Use WBRS to track progress on performance measures.</p>
	<p>Begin to create a training plan for the site supervisors. Bring them together for a preliminary meeting. Use the AmeriCorps Program Start Up Guide as a resource to prepare for the meeting.</p> <ul style="list-style-type: none"> • In that meeting discussion working relationships, roles, and responsibilities. • Discuss expectations. • Discuss preliminary service description (job descriptions for AmeriCorps members. • Paperwork • Management systems • Design preliminary Service Site Agreement.
	<p>Email, call to check-in with your assigned program officer. Share concerns, improvements, and progress. Make sure you know the timeline and the expectations.</p>
	<p>Start planning your pre-service orientation for AmeriCorps members.</p>
	<p>Identify recruitment areas and start recruiting make sure interviewees are aware of the timeline.</p>

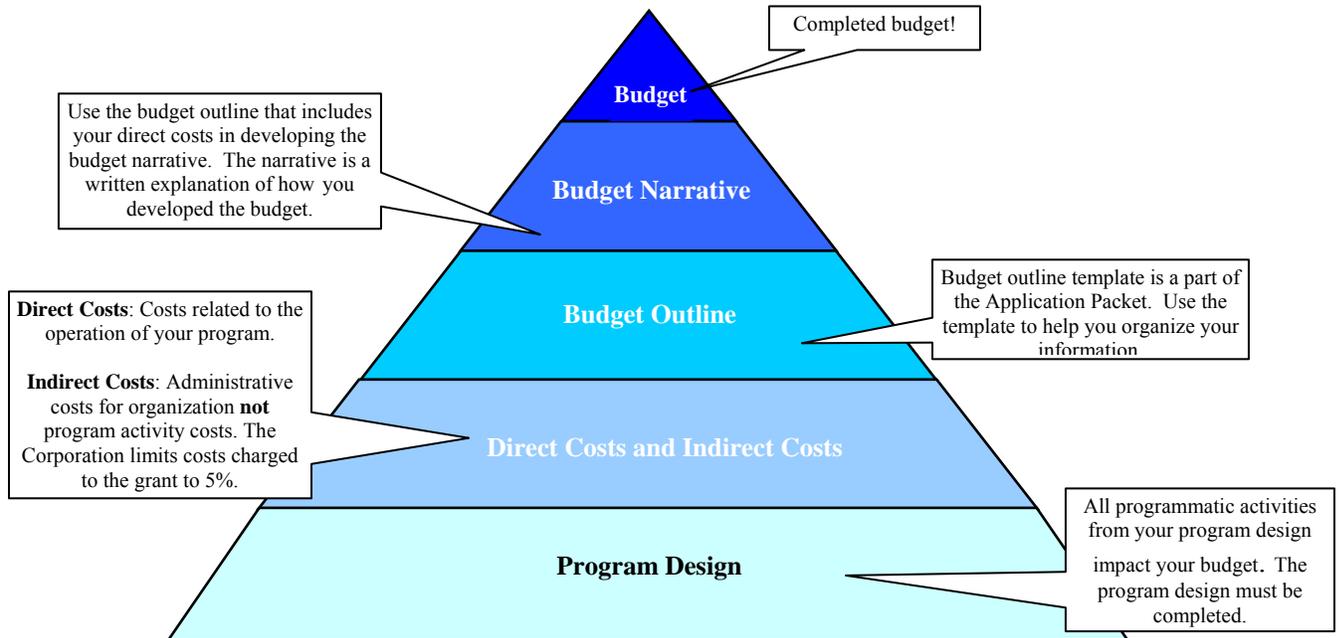
Financial Aspects of Grant Management

Essential Practice	Recommended Practice	Suggested Practice
<ul style="list-style-type: none"> • Create a general ledger that clearly shows expenditures allocable to the grant. • Familiarize the organization with applicable OMB circulars and grant provisions. • Conduct a training to familiarize programmatic and fiscal staff with the AmeriCorps Grant Provisions, regulations, program performance measures, and fiscal reporting requirements. • Setup the chart of accounts to record matching funds and federal funds separately. • Establish a chart of accounts and general ledger to track federal and nonfederal funds separately. • Keep a clear audit trail that properly documents and records expenses. • Review the <i>Financial System Description List</i> to ensure you have the appropriate systems in place. • Develop a plan for sub-grantee monitoring, oversight, and training. • Implement a plan for sub-grantee monitoring, oversight, and training. 	<ul style="list-style-type: none"> • Set up specific accounts to track Corps member expenses like member stipends, health insurance, and member training. • Set up a financial system that tracks actual costs versus original budget. • Establish a financial system that differentiates between direct and indirect administrative costs. • Consult CNCS Grants Office for instruction and clarification of fiscal requirements. 	<ul style="list-style-type: none"> • Create a summary sheet for each funding source.

Description of Applicable OMB Circulars

OMB Circular A-21 Cost Principles	<i>Applicable to educational institutions.</i> Sets requirements for allowable costs for grants, contracts and other agreements with educational institutions, and describes how to document them.
OMB Circular A-122 Cost Principles	<i>Applicable to non-profit organizations.</i> Establishes cost principles applicable to grants, contracts and other agreements with non-profit organizations. Establishes principles to determine the <u>costs of work</u> performed by non-profit organizations under grants, cooperative agreements, cost reimbursement contracts, and other contracts in which costs are used in pricing, administration, or settlement.
OMB Circular A-87 Cost Principles	<i>Applicable to state and local governments.</i> Establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursements contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).
OMB Circular A-102 Grants and Cooperative Agreements With State and Local Governments	Establishes consistency and uniformity among Federal agencies in the management of grants and cooperative agreements with State, local, and federally- recognized Indian tribal governments.
OMB Circular A-133 Audits	<i>Applicable to educational institutions and non-profit organizations.</i> This Circular sets standards for obtaining consistency and uniformity among Federal agencies for the auditing of States, local governments, and non-profit organizations expending Federal funds. All A-133 audits shall be performed annually. The A-133 audit is applicable to nonprofit organizations and state and local governments that expend \$500,000 or more in a year in federal awards. Exemption applies when federal expenditures are less than \$500,000 and the federal award is not identified as specific program audit. The audit must be performed by an independent certified public accountant.

Constructing the Budget



Potential Problems to Avoid

This Potential Problem List can be used to identify gaps or areas of improvement needed in financial systems.

Time cards/sheets

- No time cards or documentation for staff hours charged to the grant.
- Unsigned time cards for staff and members.
- Time cards are signed weeks later by the supervisor.
- No designation of time/allocation on staff member's time card.
 - a.) Estimated time as opposed to actual time.
 - b.) Allocation of time is based on budget and is not reflective of actual activity.
 - c.) Time allocation is indicated at 100% even though staff member is an officer of the organization who performs other functions not solely related to the grant.
- Lack of activity reports for staff member(s) if time is charged to more than one grant.

Member Records

- No timesheets or documentation of member hours.
- Incomplete member records.
- Missing Member Eligibility Documentation.
- No member contracts on file.
- No supervisory signature on timesheets.
- Member timesheets not entered into WBRs in a timely manner.

Lack of Written Policies and Procedures

- Written policies and procedures are required by A-110, Subpart C, b.6 (45 Code of Federal Regulations Part 253).

Lack of Appropriate Documentation

- **Expenditures**
 - a.) Original invoices are missing.
 - b.) Receiving signature is missing.
 - c.) Approval for the expenditure is not available.
 - d.) Supervisor's authorization on invoice/check is missing.
 - e.) Required documentation and invoices are not stamped or marked paid to reduce the risk of double payment.
 - f.) Documentation is not maintained and accessible for purposes of management, CNCS review, or the required annual or semi-annual audits.
- **Match**
 - a.) Match is not verifiable by grantee's records.
 - b.) *Match documentation is missing the following information:* What was donated, signature of donor, amount donated, date of service, and how the donation was valued. (For example, if the donation was for a painter spending 5 hours painting a house and painters in the area get \$20 per hour, the documentation should include the calculation of hours and the hourly rate.)
 - c.) The grantee has not maintained adequate documentation of in-kind match. The grantee should not record an in-kind donation as match until it is satisfied that the documentation is sufficient.
 - d.) The grantee is responsible for ensuring sub-grantees have adequate documentation on file.
- **Grantee's Accounting Records**
 - a.) Financial records don't identify costs by programmatic year, by budget line item, or don't differentiate between direct and indirect costs.
- **Sub-grants**
 - a.) No written agreements with program sub-grantees.
- **Sub-grantees**
 - a.) Lack of oversight of sub-grantees by grantee organization.

Source: <http://epicenter.etr.org/> Contributed by Kristina Tecce, Walker & Company, LLP www.walkerllp.com

Internal Controls Checklist

ACCOUNTING	Yes	No	N/A
1. Do you maintain separate files for each contract you have?			
2. Do you have a copy of all approved contracts in a file?			
3. Does your contract file contain a request for payment or request for funds form?			
4. Does your contract file contain forms for budget revision requests or changes?			
5. Does your contract file contain approved budget revisions between you and CNCS?			
6. Does your contract file contain applicable correspondence?			
7. Does your accounting system provide for identifying receipts and expenditures of program funds for each contract?			
8. Does your accounting system have controls that prevent expenditures in excess of approved and budgeted amounts?			
9. Does only one individual have responsibility for and complete authority over financial transactions? (Explain your answer in the comments section.)			
10. Have you received a audit report within the past year?			
11. Does the audit comply with OMB circular A-133? (For federal expenditures over \$500,00)			
12. Have you submitted a copy of the audit report to your funder? (CNCS or Parent Organization if applicable)			
13. Does your organization have a correction action plan in place for each finding?			
14. Does your organization have a chart showing lines of responsibilities and duties of key personnel?			
15. Does your accounting system have procedures that govern the maintenance of accounts?			
16. Do you have an accounting manual or written financial policies and procedures manual?			
17. Has a chart of accounts been established which includes all accounts in the accounting system?			
18. Are accounting entries adequately explained or supported and approved by responsible personnel?			
19. Do you maintain approval authority for financial and accounting transactions?			
20. Do you have written guidelines for purchasing that meet OMB circular requirements? (If no, please explain below.)			
21. Are your accounting system and records secured?			
22. Is your backup documentation secured in limited access areas?			
23. Do you maintain source documentation to show the nature of each receipt and expenditure?			
24. Is record keeping separated from operations or handling and custody of assets?			
25. Are your funds deposited in a bank with FDIC protection?			
26. Are balances exceeding the FDIC collaterally secured?			
27. Are safeguards in place that will assure your organization's share of funding does not exceed legal or grant requirements?			
28. Are all reports reconcilable with the accounting records and system?			
29. Do you use a double entry bookkeeping system?			
30. Do you have written cash control policies and procedures?			
31. Are paid checks verified for date, name, and proper endorsements at reconciliation?			
32. Do you maintain effective control over accountability for all funds, property, and other assets?			
33. Do you have procedures to minimize the time elapsing between the transfer of funds to your organization and disbursement?			
34. Do you have procedures for determining that costs are reasonable and allowable?			
35. Does your general ledger account for expenditures and revenue?			
36. Do expenditures meet OMB cost principle requirements? (If no, explain below.)			
37. Has a chart of accounts been established which includes all accounts in the accounting system?			

38. Are transactions in the accounting records properly authorized, as evidenced by supporting documentation containing the signature of appropriate approving officials?			
39. Are employees and officers who handle assets or perform significant financial duties bonded?			
40. Has a general policy with respect to insurance coverage been defined and procedures instituted to insure that all significant business risks have been covered?			
41. Is insurance coverage periodically reviewed with a competent insurance agent?			
42. Does the recipient have an accounting and finance manual that stipulates the duties of employees with accounting and finance functions?			
43. Are the accounting policies followed by the organization in agreement with those stipulated in the organization's accounting and finance manual?			
44. Have bank statements been reconciled monthly to the general ledger?			
45. Are employees required to take annual vacations, and are duties assigned to others in the absence of an employee on vacation or otherwise absent?			
BOARD OF DIRECTORS/AUDIT COMMITTEE RESPONSIBILITIES	Yes	No	N/A
1. Does the Board of Directors have an Audit Committee?			
2. Does the Audit Committee have defined duties and responsibilities that are documented in a Board of Director's resolution, or elsewhere?			
3. Is each bank account authorized by the Board of Directors or by the person delegated by the Board? • Is delegation of this authority documented in the Board of Directors' minutes?			
4. Is there evidence in the minutes that the Board of Directors or designated committee approved the operating budget?			
SYSTEM OF INTERNAL CONTROLS	Yes	No	N/A
1. Are clear lines of authority and responsibility documented in an organization chart?			
2. Are there written policies establishing responsibilities for management of personnel?			
3. Is there a written personnel manual?			
4. Has an in-kind document form been established?			
5. Are copies of match on file?			
6. Is match recorded in the general ledger, only after the donation is proven to be acceptable?			
7. Is there a written policy and procedure for sub-contracts?			
8. Are there written monitoring strategies, plans, and timelines?			
9. Is there a risk management tool in place for your organization and sub-grantees?			
10. Where applicable, is a copy of the approved indirect cost allocation rate and plan on file?			
11. Are written accounting policies and procedures established to describe the accounting system and ensure that similar transactions are processed consistently?			
12. Are the duties and responsibilities as outlined in written policies communicated to employees?			

13. Has the Executive Director responded to internal control deficiencies pointed out through the most recent audit, if any?			
14. Does the program keep on hand a current copy of applicable financial regulations, guidelines and/or provisions?			
15. Do the bookkeeper's duties exclude the following functions: <ul style="list-style-type: none"> • Receiving cash or checks • Opening the incoming mail • Preparing bank deposits • Signing checks 			
16. Does an individual other than the person who prepares the bank deposit slip actually deposit it in the bank?			
17. Do the duties of the person preparing the bank reconciliation exclude: <ul style="list-style-type: none"> • Posting to the general ledger • Handling cash • Preparing bank deposits • Signing checks 			
18. Are checks, after being signed, controlled and mailed out by an individual who does not have any other accounting duties?			
BUDGETING AND MANAGEMENT REPORTING	Yes	No	N/A
1. Are actual expenses compared with budgeted expenses on a monthly basis?			
2. Is there a policy requiring internal reporting be prepared within a prescribed number of days after month-end?			
3. Do the reports display variances for each expense?			
4. Does the recipient prepare and use an annual overall financial plan or operating budget to allocate its resources and provide a system of evaluating control?			
5. Is there an organized process for ensuring the development of budget information?			
6. Where feasible, are common or indirect costs accumulated into cost pools for allocation to projects, contracts and grants?			
7. Are bases used to allocate cost pools equitable and approved by management?			
8. Does the program allocate common costs on a rational basis?			
9. Have reports been prepared and submitted in accordance with management's policies?			
PAYROLL	Yes	No	N/A
1. Does the payroll register list employees paid by: <ul style="list-style-type: none"> • Name • Check number • Gross pay • Withholdings • Net pay 			
2. Are attendance records maintained for employees?			
3. Are attendance records approved by the employee's supervisor?			
4. Are records of vacation, sick leave and compensatory time (if applicable) maintained for employees?			
5. Does the employee's record include time accrued, taken, and the available balance?			
6. Do employees have personnel files which include documentation concerning: <ul style="list-style-type: none"> • Position reclassifications • Salary rates • Withholding authorizations • Terminations 			
7. Are personnel policies established in writing?			
8. Do the written personnel and/or payroll records include the following or similar records: <ul style="list-style-type: none"> • An attendance record • Vacation, sick and other excused leave records • Individual payroll record form • Payroll register • Notification concerning appointments, terminations, position classifications and 			

salary rates			
<i>TIMESHEETS</i>	<i>Yes</i>	<i>No</i>	<i>N/A</i>
1. Does the program have separate timesheets for employees and Members?			
2. Is the time sheet a pre-printed form?			
3. Are timesheets signed and dated by the employee or Member?			
4. Are timesheets approved by an employee authorized to approve timesheets?			
5. Does the timesheet show the length of time covered by that timesheet?			
6. Are member timesheets maintained in the member file by program year?			
7. Are timesheets completed and signed after the fact?			
8. Do timesheets allow members and/or employees to complete based on time spent on activities?			
9. Is actual time spent on an activity compared to budgeted amounts at least quarterly?			

Financial System Necessities

FINANCIAL SYSTEM	DESCRIPTION
<i>Chart of Accounts</i>	The <i>Chart of Accounts</i> (COA) must have the ability to distinguish federal funds from all other organizational funding and must include matching funds. The COA should be representative of the agencies general ledger.
<i>Internal Controls</i>	<p><i>Internal controls</i> are an integral part of a sound financial management system. They include various methods to safeguard assets, ensure reliability of accounting data, ensure efficiency and confirm compliance with management policies and grant regulations. Internal controls are a set of procedures and cross checks that minimize misappropriation or misstatement of assets. Properly established internal controls leads to reliable financial reporting and compliance with laws and regulations.</p> <ul style="list-style-type: none"> • <i>Examples of good internal controls include: Documented policies and procedures, adequate review process for financial reports and budgets, adequate cash management procedures, monthly bank reconciliations, an asset tracking system, an established financial system to track members' and employees' time and activities, and a system to follow-up on problems identified to ensure resolution.</i>
<i>Written policies and procedures</i>	An established and comprehensive set of <i>written policies and procedures</i> should be reviewed annually to ensure they are up-to-date. Policies should detail appropriate segregation of duties to ensure no one individual is responsible for the entire financial management and accounting system. Policies and procedures should include detailed information on all financial management and accounting practices.
<i>Contractual Agreement Procedures</i>	Additionally, written <i>contractual agreement procedures</i> should be established to assist the organization when it enters into agreements with outside entities. Information relating to an award should be collected and summarized to ensure reporting requirements, grant compliance, and deliverables are clearly understood. The budget for the program should be entered into a tracking system and a review of the chart of accounts should be done to ensure that all necessary accounts are in place. This procedure must be written and reviewed annually.
<i>Requirements of Documentation for Activity Reporting</i>	OMB A-87 State, Local and Indian Tribal governments & A-110 <i>Requirements of Documentation for Activity Reporting</i> states there must be an after-the-fact distribution of each employee's actual activity. This report must account for the total activity of each employee and cannot only account for the time spent on AmeriCorps. Timesheets must be prepared at least monthly, should coincide with one or more pay periods, must be signed by the employee, and the employee's supervisor. Organizations must show they are then charging appropriate grants based on that time and activity data, as opposed to charging grants based on budgeted time. All salaries and wages charged to AmeriCorps grants must be supported by signed Time & Attendance records except for educational Institutions which must comply with OMB A-21.