

# Fiscal Monitoring Workshop



DSP In-Service 2019/2020  
August 12, 2019

Presented by:  
Anna Marie Hall, Contracts Coordinator



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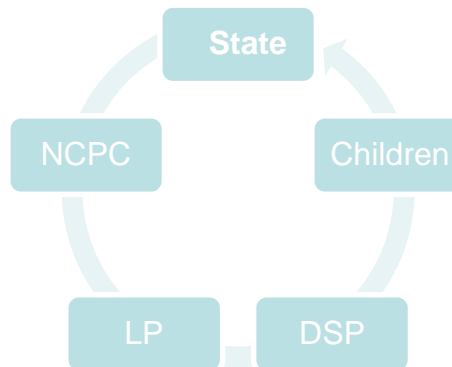


# DSP Role

DSPs are individual community based organizations who are funded to carry out the Partnership's vision and mission.

## **Vision:**

Successful children ensure a thriving community and long-term economic prosperity.



## **Mission:**

Be the driving force to engage partners to achieve lasting positive outcomes for all children, beginning at birth.



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# Accountability



- North Carolina Early Childhood Initiative legislation requires NCPC to develop and implement a comprehensive standard fiscal accountability plan (GS §143B-168.12(a)(4).
- Fiscal Monitoring addresses various contract compliance areas through supporting documents for financial transactions.



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# Financial Status Reports (FSRs)

✓ FSRs are due to the Contracts Coordinator on the 10<sup>th</sup> of each month. If the 10<sup>th</sup> is not on a weekday, it is due the next business day following the respective weekend or holiday.

✓ Remember, if an expenditure is incorrectly reported, an adjustment should be made on the next month's FSR following discovery (can not cross fiscal years).

✓ **CASH BASIS OF ACCOUNTING** is the accounting basis in which revenue and expenses are recorded in the period they are actually received and/or expended in cash.

✓ FSR forms have been emailed to fiscal contacts for each activity. If you have questions, please contact Anna Marie Hall at [amhall@ccpfc.org](mailto:amhall@ccpfc.org) or (910)826-3105.



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# Line Item Explanations

A sample of problem line items...



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**#15 Service Related Items:** Supplies used in the performance of service activity (ex: workbooks, craft items, demonstration tools and supplies). *Items that are used for reward or incentives given to program participants are reported on line 47 – Non-Cash Grants and Awards.*

**#20 Printing & Binding:** Printing, binding, copying costs for internal use only. *Services materials distributed externally are reported on Line 24 – Advertising and Outreach.*

**#22 Meeting & Conference Expenses:** Expenses related to meetings and conferences hosted/organized/presented by the DSP for program participants. *Expenses occurred by employees attending meetings/conferences held by outside parties are reported on Lines 23 and 17.*

**#23 Employee Training (no travel):** Expenses for tuition, registration, training materials, etc. *Mileage, food and hotel charges will be reported on Line 17 – Travel.*

**#32 Insurance:** Expenses for insurance such as General Liability, D&O, Professional Liability, etc. *Workers' Compensation insurance is reported on Line 11 – Personnel.*

**#43 Purchase of Services:** Expenses for purchase of care (subsidized child care) services. *Expenses related to contracts with professional service providers (accountants, child care during meetings, contractors providing an element of the service activity) are reported on Line 12 – Contracted Professional Services.*



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# Monitoring Preparation

- You will receive an email from the Contracts Coordinator and/or the Vice President of Finance, typically at least 30 days prior to the site visit.
- The email will include a list of requested documents that are expected to be furnished to the Contracts Coordinator or Vice President of Finance within 3 weeks of receipt of the notification email.

## **SUPPORTING DOCUMENTATION**

- Copies of vendor invoices
- Cancelled Checks
- Receipts
- Timesheets
- Job Descriptions
- Cost Allocation Plan
- Classroom Attendance Sheets
- Internal Control Questionnaire
- Policies and Procedures
- Fixed Asset Inventory Log



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# Keep in Mind...



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**Cash Disbursements:** Must ①be in compliance with the Smart Start Cost Principles; ②meet the objectives of the activity according to your CAD; and ③be available in your budget.

**Cash Receipts:** Sponsored program activities that require payment of fees by participants will be verified for proper coding to the Smart Start activity, accurately reported on the Program Income Report and are spent (or reverted) in accordance with the requirements.

**Internal Control Questionnaire:** Form provides information about who is responsible for the financial day-to-day activities and segregation of duties within your agency. When there is a small staff, it is difficult to have segregation of duties and we suggest your Board take an active role to ensure internal controls.

**Property & Equipment:** Any property and equipment exceeding \$500. A Property Acquisition Form must be completed and attached to that month's FSR; a Fixed Asset Log must be maintained; and when the property and/or equipment is not in working condition, the Property Disposition Form must be completed in accordance with the instructions from the Partnership.



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# Cost Allocation

- Direct cost allocation is specific costs that are unequivocally traced to a specific activity.
- Cost allocation is costs that benefit more than one activity and are charged to specific activities based upon a reasonable allocation methodology.
- The DSP should at a minimum:
  - Identify the categories of costs to be allocated
  - Identify and support the cost-benefit relationship
  - Identify the basis to be used to support the allocation
- Job Descriptions must support the manner in which the personnel costs are being charged.
- Cost allocation methodologies must be well-defined, reasonable, and used consistently.
- **Not Allowable:**
  - Estimates of square footage, staff time, supplies used, copies made, etc. are not acceptable.
  - Using budgets as the basis of allocation is not acceptable.



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# DSP Reporting & Auditing Requirements

NCAC Title 09 NCAC 03M, “Uniform Administration of State Grants,” establishes reporting thresholds and requirements for non-governmental grantees and sub grantees of State funds. The reporting thresholds for Grantees that receive, use or expend State Funds within its fiscal year need to be submitted to the Local Partnership...



**less than twenty-five thousand dollars (\$25,000)** within six months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted; and
- An accounting of the State funds received, used, or expended.

**at least twenty-five thousand (\$25,000) and up to and including five hundred thousand dollars (\$500,000)** within six months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;
- An accounting of the State funds received, used, or expended; and
- A description of activities and accomplishments undertaken by the grantee with the State funds.

**greater than five hundred thousand dollars (\$500,000)** within nine months after the end of its fiscal year:

- A certification completed by the grantee Board and management stating that the State funds were received, used, or expended for the purposes for which they were granted;
- An audit prepared and completed by a licensed Certified Public Accountant; and
- A description of activities and accomplishments undertaken by the grantee with the State funds.



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# Fiscal Monitoring Results

**The result of the fiscal monitoring outlines recommendations, infractions, issues and/or findings that were identified in the monitoring.**

***Recommendation:*** A recommendation is a suggestion that could improve your fiscal processes, and there will be no action taken if you choose not to respond.  
(i.e. attach backup documentation to your monthly FSRs. )

***Infraction:*** A contract non-compliance concern and/or miscalculation that can be and is corrected in a timely manner. You must respond and provide documentation of the completion of the corrective action.  
(i.e., FSR expenditure was not reported and/or was missed in the month that the expense was paid. Fiscal Monitor was notified of the miscalculation and there was an adjustment made on the following FSR.)



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# Fiscal Monitoring Results (continued)



**Issue:** An infraction or a material internal control weakness that has been identified, is not corrected in a timely manner or continues throughout the fiscal year. The infraction has the potential to result in a finding.

(i.e., FSRs are continually not received by the due date set within the contract or expenditures not reported as cash basis accounting.)

**Finding:** An issue that cannot or is not corrected and results in non-compliance of the contract. May result in reversion of funds not properly spent.

(i.e., expenditures not adequately documented, expenditures that do not comply with the Smart Start cost principles, and/or not consistent with the intent of the program as defined in the Contract Activity Description.)



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# Completion of Fiscal Monitoring

1. Draft Monitoring Report sent via email.
2. DSP responds to draft report with corrective action, if necessary, within 10 business days of receipt.
3. Final report issued.
4. Monitoring results submitted to Finance Committee, Executive Committee, and PFC Board of Directors for review and action, if deemed necessary.

**\*\*As appropriate, Action Plan prepared and sent via email. (OS Program only)**



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# SOS Program



**System of Support** – an intensive programmatic and/or fiscal technical assistance program. The SOS program is designed as a method to prevent program and fiscal issues which could lead to non-compliance. Using our experiences, we identified commonalities that occurred in struggling program. Included in those are:

- Reduction in program staff, excessive turnover of supervisory staff, or turnover in key staff positions.
- Funded by Smart Start for less than 2 years.
- Infractions, issues, and/or findings noted in the previous year's Formal Site Visit report.
- Involuntary budget reversions at the end of the previous fiscal year.
- Undertaking of a new direction per PFC guidance.
- Additional criteria may be identified by staff as we see possible concerns.

All programs on the fiscal SOS will develop and action plan with the Contracts Coordinator and/or Vice President of Finance; be required to furnish back-up documentation for selected line items along with each monthly Financial Status Report (FSR) to be desktop monitored; and receive one formal site visit and informal site visits as needed.



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# Contacts

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