

Phase II Financial Management Monitoring Checklist Transaction Testing

_____	_____	_____
Recipient	Signature of DCA Staff Monitor	Date Prepared
_____	_____	_____
Contract Number	Signature of Planning Manager	Date Reviewed

I. DISBURSEMENTS

Review the recipient's most recent accounting books or financial printouts.

- | | | | |
|---|-----|----|-----|
| 1. Do CDBG accounting records reflect total revenues and expenditures to date as shown on the latest Request for Funds? | Yes | No | N/A |
| 2. Do the CDBG accounting records reflect current line item budget balances as shown on the latest Request for Funds? | Yes | No | N/A |

Pull a sample of the following types of transactions and trace them through the recipient's accounting system. You may wish to pull more than one sample from each type. For each transaction:

Small Invoices

- | | | | |
|---|-----|----|-----|
| 3. Is there a canceled check? | Yes | No | N/A |
| 4. Is there an invoice? | Yes | No | N/A |
| 5. Is there a purchase order or voucher? | Yes | No | N/A |
| 6. Is this transaction reflected on the disbursement journal? | Yes | No | N/A |
| 7. Is this transaction reflected on the detailed activity ledger? | Yes | No | N/A |

Contracts

- | | | | |
|---|-----|----|-----|
| 8. Is there a canceled check? | Yes | No | N/A |
| 9. Is there an invoice? | Yes | No | N/A |
| 10. Review the professional contract. Is the payment in accordance with the contract? | Yes | No | N/A |
| 11. Is this transaction reflected on the disbursement journal? | Yes | No | N/A |
| 12. Is this transaction reflected on the detailed activity ledger? | Yes | No | N/A |

Payroll (Complete only if the local government is billing payroll to CDBG)

- | | | | |
|---|-----|----|-----|
| 13. Is there a canceled check? | Yes | No | N/A |
| 14. Are time sheets available which substantiate the amount of the check? | Yes | No | N/A |
| 15. Is this transaction reflected on the disbursement journal? | Yes | No | N/A |
| 16. Is this transaction reflected on the detailed activity ledger? | Yes | No | N/A |
| 17. Is overtime being charged by employees performing duties part-time for the CDBG program? | Yes | No | N/A |
| If yes , is the recipient charging to the grant the same percentage of overtime as the percentage of the day spent on CDBG duties? | Yes | No | N/A |

II. REQUESTS FOR FUNDS

- | | | | |
|---|-----|----|-----|
| 1. Are CDBG funds deposited directly into a non-interest bearing account? | Yes | No | N/A |
|---|-----|----|-----|

If no, explain:

- | | | | |
|---|-----|----|-----|
| 2. Were requests for funds limited to the minimum amounts needed? | Yes | No | N/A |
| 3. Were all expenditures made within five (5) days of deposit? | Yes | No | N/A |

If no, explain:

- | | | | |
|--|-----|----|-----|
| 4. Based on the review of three randomly selected RFF's, is there documentation to support each of the amounts requested (<i>i.e. invoices totaling the amount requested</i>)? | Yes | No | N/A |
|--|-----|----|-----|

If no, explain:

- | | | | |
|--|-----|----|-----|
| 5. In reviewing the invoices, does it appear that more than 50% of a line item was spent on a complimentary activity of that line item? (If yes , the application may need to be rescored based on the actual expenditures.) | Yes | No | N/A |
|--|-----|----|-----|

III. LEVERAGE

- | | | | |
|--|-----|----|-----|
| 1. Can the recipient document that it has disbursed non-CDBG leveraged funds on a reasonable schedule when compared to CDBG funds disbursed? | Yes | No | N/A |
| 2. Review the "Non-CDBG Funds Disbursed to Date" column on the most recent Request for Funds. Can the recipient document these expenditures? | Yes | No | N/A |
| 3. If administrative funds were leveraged, are there supporting time sheets? | Yes | No | N/A |

IV. ENGINEERING FEE CALCULATION (worksheet is for the monitor's convenience and is optional)

Construction Costs (Table I - sewers, pump stations; Table II - water lines, storm water & road work)

- 1) Total costs: \$ _____
- 2) Table I costs: \$ _____ 3) % of Total Costs _____ %
- 4) Table II costs: \$ _____ 5) % of Total Costs _____ %

Proration Calculation

Using the following FmHA fee curve table below and the total construction cost, interpolate the engineering fee percentage to the nearest $\frac{1}{10}$ %.

<u>Net Construction Cost</u>	<u>Basic Fee Table I</u>	<u>Res. Insp. Fee Table I-A</u>	<u>Basic Fee Table II</u>	<u>Res. Insp. Fee Table II-A</u>
50,000	12.0	5.0	9.0	4.0
100,000	11.5	4.8	8.5	3.8
200,000	10.5	4.6	7.7	3.6
300,000	9.6	4.4	7.3	3.4
400,000	9.2	4.2	7.0	3.2
500,000	8.8	4.0	6.7	3.0
600,000	8.4	3.8	6.5	2.8
700,000	8.2	3.6	6.3	2.6
800,000	8.0	3.4	6.2	2.4
900,000	7.8	3.2	6.1	2.2
1,000,000	7.6	3.0	6.0	2.0
2,000,000	7.0	2.8	5.6	1.8
3,000,000	6.8	2.6	5.4	1.6
5,000,000	6.2	2.3	5.0	1.3
10,000,000	5.5	2.0	4.5	1.0

	<u>Construction Cost</u>	<u>Table I</u>	<u>Table IA</u>	<u>Table II</u>	<u>Table IIA</u>	<u>Total %</u>
		I	IA	II	IIA	I+IA II+IIA
Upper Limit	\$ _____	_____	_____	_____	_____	
Actual	\$ _____	_____	_____	_____	_____	6) _____ 7) _____
Lower Limit	\$ _____	_____	_____	_____	_____	

Maximum Limit Calculation

Table I: (#1)\$ _____ X (#6) _____ X (#3) _____ = 8)\$ _____

Table II: (#1)\$ _____ X (#7) _____ X (#5) _____ = 9)\$ _____

Maximum Amount Allowable: (#8) + (#9) + \$ _____
 (for basic, inspection, and preliminary engineering fees)

- | | | | | |
|----|---|-----|----|-----|
| 1. | Is the actual engineering fee for basic, inspection and preliminary services within the FmHA curve? | Yes | No | N/A |
| 2. | Is the preliminary engineering fee less than one-half of one percent of the estimated construction cost in the grant application? | Yes | No | N/A |
| 3. | Have any "additional engineering " fees been approved in writing by the Department? | Yes | No | N/A |

V. ESCROW ACCOUNTS (for housing grants only)

- | | | | | |
|----|---|-----|----|-----|
| 1. | Are the escrow account records broken down by the names of the recipients? | Yes | No | N/A |
| 2. | Is interest being returned to the Department quarterly? | Yes | No | N/A |
| 3. | When funds were requested, was a contract already signed? | Yes | No | N/A |
| | If no , explain: | | | |
| | _____ | | | |
| | _____ | | | |
| | — | | | |
| 4. | When funds were received, were they typically expended for that house within 45 days? | Yes | No | N/A |
| 5. | Pull a sample of checks from the escrow account and review the escrow account disbursement journal. Were any costs other than actual rehabilitation costs paid from the escrow account? | Yes | No | N/A |

V. CONCLUSION

Explain any findings or concern(s) and specify corrective actions the recipient must take to resolve the issue(s). Describe any technical assistance provided.

(Revised April 2, 1998)