

Live Discussion Webinar on Financial Monitoring, Requirements, and Compliance Case Scenarios

Case Scenario – Federal Financial Report (FFR) Account Balances

Monitors request general ledger balances for the periods reported in the latest FFR. Upon closer inspection, they noticed cumulative balances in the accounting records do not equal the amounts reported in the FFR as of the last quarter submitted. The reconciliation issue results in a finding and monitors will now require more detailed explanation of the variance. In addition, accounting records and/or FFR should be adjusted as necessary.

Question: What could have been done to prevent this finding?

Answer: Prior to the desk review or site visit, the FFR should have been periodically *reconciled against account balances*, at least on a quarterly basis. Any variances should be explained and disclosed. Although having errors in reports and balances is not uncommon, reconciliations help ensure accurate data is being recorded and reported, detect and correct mistakes, and uncover foul play.

Case Scenario – Timesheets

As a result of the mismatch, monitors have now requested all general ledger account details and entries as of the most recent quarter. After reviewing all accounts, they concluded the error came from compensation expenses, specifically from employee hours spent in program seminars. After further analysis, they request the corresponding timesheets and find various timesheets that have not been properly approved and signed by a supervisor.

Question: What could have been done to prevent this finding?

Answer: Timesheets should have been *verified for completeness*. The grantees should review and verify the accuracy and completeness of timesheets every pay period.

Case Scenario – Policies and Procedures

The missing signatures prompted monitors to request the current written policies on timekeeping. The policies and procedures were incomplete. Timesheets had not been signed as no alternate process was established for when a supervisor is on leave and unavailable to review an employee's timesheet. This procedure deficiency resulted in another finding.

Question: What could have been done to prevent this finding?

Answer: Policies and procedures must be established, readily available, and reviewed periodically for adequacy and effectiveness. They must be comprehensive enough to address all areas of grant activities (e.g., travel if applicable). Monitors will always request and evaluate policies and procedures. In this case, the fact that supervisors were on leave is not an acceptable reason for the missing signatures. This indicates the timesheets were never verified and approved, which could lead to fraud and fund mismanagement. The policies and procedures should specify an alternate approver when supervisors are unavailable.