

**STATE OF ALASKA**  
**Department of Labor & Workforce Development**  
**Division of Employment and Training Services**



**Federal Discretionary Grants**  
**Subrecipient Financial Monitoring Guide**

**Subrecipient:** \_\_\_\_\_

Disclaimer: This guide is not intended to be all-inclusive. There are many other documents that the division may request in advance or on-site, depending on the nature of the subaward.

Equal Opportunity Employer/Program  
Auxiliary aids and services are available upon request to individuals with disabilities

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## OVERVIEW

Federal uniform administrative requirements for grant awards as promulgated in the Office of Management and Budget Circulars, state statutes, and federal regulations require monitoring to be conducted to ensure sound financial management and program activities are in line with statute, legislative, and other funding source intent.

The State monitoring system must provide for annual subrecipient monitoring review to determine compliance with DOL uniform administrative requirements and requirements of the federal funding source.

Monitoring consists of a review of both financial and programmatic elements to ensure:

- a) financial management systems:
  - provide fiscal control and accounting procedures to permit timely preparation of required reports;
  - permit the tracing of funds to establish that funds have been used in accordance with fund restrictions;
  - demonstrate compliance with match or leverage requirements, cost limitations and proper classification of costs;
  - provide the proper allocation of costs by adopting consistently applied methods that reflect a reasonable relationship for cost benefit; and
  - demonstrate compliance with insurance, procurement, property management, and other requirements referenced in the grant agreement.
- b) program operations:
  - support activities to assure program quality and performance goals are achieved;
  - demonstrate alignment with the requirements outlined in legislation or by the specific funding program;
  - align with the policies, guidance, and directions issued to support program performance; and
  - reflect appropriate program practices and procedures including participant eligibility, assessment, planning, placement, and other agreed upon activities and outcomes.

Monitoring is an important component to provide oversight, guidance, technical assistance, and recommendations with regard to policies, procedures, and any other issues that might affect successful fulfillment of program goals and objectives. The process identifies how effectively the vision, strategies, and policies are operationalized. The results of the monitor provide the basis for judging the success of the program and are used to drive decisions regarding technical assistance needs and staff training opportunities.

Monitoring is also part of a continuous process of improvement for maximum effectiveness and benefit. The monitor process should:

- provide staff and subrecipients ample opportunities to bring their own professional judgments and experience to the process;
- recognize the positive practices of the organization being reviewed;
- offer efficient and effective technical assistance when issues of potential non-compliance are identified;
- allow sufficient time for corrective action, if necessary; and
- ensure implementation through follow-up.

It is the intent of this guide to facilitate an efficient review that does not burden the resources of the parties involved.

## General Instructions

The purpose is to evaluate the subrecipient's capacity to perform the financial management functions that are required when operating federally funded discretionary workforce development grants and assure the proper safeguards are in place to protect grant assets.

During monitoring, staff will focus specifically on the financial management systems that relate to budgets, cash management, program income, cost allocation, allowable costs, internal controls, and financial reporting. If further review of any of these systems is necessary based on findings, DETS staff should obtain copies of the documents relevant to the findings to share with review staff as appropriate.

## Audit and Audit Resolution

The Single Audit, also known as the OMB Uniform Guidance, is a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of Federal assistance received for its operations. Usually performed annually, the Single Audit's objective is to provide assurance to the US federal government as to the management and use of such funds by recipients. The audit is typically performed by an independent certified public accountant and encompasses both financial and compliance components. The Single Audit must be submitted to the [State of Alaska, Department of Administration, Division of Finance](#).

1. Is the organization aware of the audit requirements? Yes No
2. Did the organization receive \$750,000 or more in federal funds in the previous year? Yes No **(If no, move to the next section)**
3. When was the last audit conducted? [Click or tap here to enter text.](#)

***DETS Use Only:*** Acceptable  Needs Improvement  Not Acceptable  N/A

The organization has a system in place for an audit of financial activity in accordance with the provisions of OMB Circular 2 CFR 200, if applicable.

The organization maintains an audit and audit resolution process, including debt collection in accordance with Federal grant requirements [29 CFR 99.200; 29 CFR Part 96; 29 CFR 95.20; 29 CFR 97.20].

## Administrative Controls

Organizations receiving grant funds should have their own policies or utilize the Division of Employment and Training Services Policy for each topic in the table below. DETS polices can be located at <http://labor.alaska.gov/bp/policies.htm>

1. What determines that a policy is needed? [Click or tap here to enter text.](#)
2. What is the process for developing and issuing policies? [Click or tap here to enter text.](#)
3. Who is on the distribution list and how is the distribution list developed? [Click or tap here to enter text.](#)
4. Where are the grant related records stored? [Click or tap here to enter text.](#)
5. If the records are in an electronic medium, is the medium likely to be outdated in three years? Yes No

Please indicate if the organization policy is used or DETS policy is used for each topic by marking X in the column. Policies with \* may not be applicable to your organization, if so, please note N/A in the comment section. If the organizations policy is used, please indicate the date the policy was last updated.

## Policy Review

Policy Areas	Policy Y/N	DETS Policy	Date policy was last updated/ Comments
<b>Accounting systems</b>			
Budget Control and Modifications			
Chart of Accounts			
Receivable & Payables			
<b>*Audits</b> (not required if less \$750,000 is received in either federal or state funds for previous year)			
Audit Completion & Tracking			
Audit Resolution			
Appeals			
Debt Collection			
<b>Cash Management</b>			
*Petty Cash, if applicable to the award			
Bank Reconciliation			
<b>Compensation &amp; Fringe Benefits</b> (if personnel services is charged to the grant)			
Payroll & Time Distribution (staff & participants)			
Fringe Benefits Package			
Vacation & Leave			
Pension			
Severance Package (if any)			
Salary & Bonus Limits (when applicable)			
<b>Complaints and/or Grievances (participants and staff)</b>			
Equal Employment Opportunity (EEO)			
Resolutions			
Appeals			
<b>Conflict of Interest, including Board members</b>			
<b>Cost Policies</b>			
Allowable Costs			
<b>Grants &amp; Contracts Closeout</b>			
<b>Incident (Fraud, Waste) Reporting</b>			
<b>Monitoring &amp; Monitoring Resolution, Appeals</b> (if providing subawards)			
<b>Participant/Program Services if serving participants</b>			
Supportive Services			
Incentives/stipends			

Training (Individual Training Account (ITA), Refunds, etc.)			
<b>*Property Management</b> (if equipment is purchase with award funds)			
<b>Procurement/Purchasing</b>			
Written Code of Conduct			
Written Protest Policies			
<b>*Program Income</b> (if income is received See section titled program income for definition)			
<b>*Subrecipient Contribution - Match, &amp; Leveraged Resources</b> (if stated in budget)			
<b>Record Retention</b>			
<b>Travel</b>			

***DETS Use Only:*** Acceptable  Needs Improvement  Not Acceptable  N/A

Administrative Controls are sufficient to ensure grant integrity [[29 CFR 97.20, 40 & 42](#); [29 CFR 95.21, 51 & 53](#); [20 CFR 667.410\(b\)\(3\)](#); [20 CFR 667.610](#) and [20 CFR 667.630](#)].

The organization maintains policies and procedures for core management functions and program operations.

Policies meet the requirements of applicable federal, State and DETS policies and/or procedures, laws and regulations are in place and followed.

## Budget Controls

Organizations should have policies and procedures for formulating and executing financial plans and for making necessary adjustments in response to variances between planned and actual expenditures. During the monitor, DETS staff will review the subrecipient's documentation showing the tracking of approved budget versus actual expenditures.

1. How does the staff compare actual costs to budgeted costs to ensure that the program operates within the budget and the organization submits budget modification requests in a timely manner? [Click or tap here to enter text.](#)
2. When was the last time the organization completed a planned versus actual cost analysis? [Click or tap here to enter text.](#) Who attends the planned versus actual cost analysis meetings? [Click or tap here to enter text.](#)
3. Describe the method for ensuring obligations do not exceed availability? [Click or tap here to enter text.](#)

***DETS Use Only:*** Acceptable  Needs Improvement  Not Acceptable  N/A

The organization has a method for tracking planned expenditures that allows it to compare actual, planned or estimated expenditures [[29 CFR 97.20\(b\)\(4\)](#); [29 CFR 95.21\(b\)\(4\)](#)].

The organization has an approved budget that is compared to actual expenditures on a regular basis (i.e. quarterly) to determine if it needs to modify its budget.

## Cash Management

The organization's cash draws should be necessary and reasonable, and the timing and amount of such draws appear to be as close as possible to the actual disbursement of subaward funds before the payment of allowable and allocable costs are incurred by the subaward. Sub Recipients who are on an advance payment system should have established methods and policies/procedures for minimizing the time between the receipt of funds and their disbursement.

1. Does the organization draw down cash? Yes No **(If no, move to the next section)**
2. How often does the organization draw down cash? [Click or tap here to enter text.](#)
3. How does it determine when and how much cash to draw down? [Click or tap here to enter text.](#)

***DETS Use Only:*** *Acceptable*  *Needs Improvement*  *Not Acceptable*  *N/A*

The organization's cash draws are necessary and reasonable, and the timing and amount of such draws appear to be as close as possible to the actual disbursement of grant funds for the payment of allowable and allocable costs incurred by the grant [[29 CFR 97.20\(b\)](#); [29 CFR 95.21\(b\)\(4\)&\(5\)](#), [29 CFR 95.22](#); [Cash Management 07-507](#)].

Grant recipients have mechanisms in place, including policies and procedures, to ensure accountability over other cash related activities.



## Program Income

**Program income** is defined as income received by a recipient that was directly generated by a grant supported activity, or earned only as a result of the grant agreement *during the grant period*. It includes fees for services performed, income from the use or rental of personal property acquired with grant funds, income from the sale of items fabricated under the grant, interest income for programs only, and revenues in excess of expenditures for governmental and nonprofit agencies.

**Program income does not include** refunds, rebates, credits, or discounts, proceeds from the sale of personal property, income from royalties and license fees for copyrights, patents, and inventions, unless such income is specifically identified in the grant agreement as program income. Program income also *does not include* income earned after the grant period has ended, contributions and donations, profits of commercial organizations, and funds used as a match.

1. Is the organization aware of the definition of program income as it relates to grant activities? Yes No
2. Does the program generate income? Yes No (if no, move to next section)
3. Describe how the organization ensures that program income earned is being documented and used to provide additional services under the grant? Click or tap here to enter text.
4. Does the organization use cash from program income activities before requesting additional federal grant funds (cash draw)? Yes No

**DETS Use Only:** Acceptable  Needs Improvement  Not Acceptable  N/A

The organization is aware of the requirements for earning, spending, and reporting program income [[29 CFR 97.25; 29; 29 CFR 95.24; Property Management 07-511](#)].

The organization understands the definition of program income, knows whether it is earning program income, and if earning program income, is properly documenting, and using it to provide additional services under the grant prior to drawing grant funds.

## Cost Allocation/Indirect

Allocation is the extent to which a cost benefits the grant. A common allocation issue arises when personnel compensation costs are charged to a grant. Only that portion of time that the organization's staff spends on the program may be charged towards the award. Timesheets will be used to determine if allocated time is charged accurately.

1. How many fund sources does the organization receive? Click or tap here to enter text. (**If one source, move to the next Section**)
2. If the organization receives more than one funding source or grant describe how the staff allocates their time among the various programs they work on. Click or tap here to enter text.
3. Does the organization have an approved indirect cost rate or cost allocation plan?  
Yes    No (if yes, attach a copy of the indirect cost rate or cost allocation plan)
4. **If no**, explain **or** attach the methodology in determining administrative costs charged to the award. Click or tap here to enter text.

**DETS Use Only:**    *Acceptable*     *Needs Improvement*     *Not Acceptable*     *N/A*

- The organization only allocates costs to the grant to the extent that a benefit was received [[2 CFR Part 200.405](#)].
- There is written evidence, such as a timesheet, that costs being allocated to the grant are being treated consistently over time and within the accounting system, are necessary and reasonable, and are allocated to the grant based on the benefit received [[Time Charging 07-531](#)].
- The organization has written policies and procedures for distributing program costs, staff time, and general and administrative costs among programs.
- The organization has an approved indirect cost rate or cost allocation plan.

## Equipment

Subrecipients who purchase equipment with grant funds should have a system in place, including written policies and procedures, to ensure it receives written approval prior to purchasing equipment.

1. Was any equipment (items \$5,000 or more) purchased with grant funds?  
Yes    No (if no, move to next section)
  - a. If so, does the organization have a letter or budget approval from DETS approving the equipment purchase? Yes    No
2. Does the organization maintain an inventory of equipment purchased with ETA Funds?  
Yes    No

If yes, does the organization have a letter or budget approval from DETS approving the equipment purchase? Yes    No

**DETS Use Only:** *Acceptable*  *Needs Improvement*  *Not Acceptable*  *N/A*

The grantee has a system for the acquisition, management, and disposition of equipment purchased with grant funds. The grantee should maintain a property management system in accordance with requirements [[29 CFR 95.34](#); [29 CFR 97.32](#)].

The organization has a copy of the cost principles circular and special program restrictions and is aware of which costs are allowable, unallowable under certain conditions [[2 CFR 200](#)].

## Procurement

Procurement is defined as the acquisition of goods and services for the direct use and benefit of the organization or sub-recipient. All procurement activities should be conducted in a manner that provides for full and open competition. The organization should follow their own procurement procedures which reflect applicable state and local laws and regulations, provided that their procurements conform to applicable Federal laws and standards.

1. Is procurement of services and goods expended against the award? Yes No **(if no, move to the next Section)**
2. Were purchases divided to stay within the small purchase limitation of \$100,000 or lower? Yes No if **no**, explain why. [Click or tap here to enter text.](#)
3. How does the organization assure that it conducts procurement activities in a manner to ensure full and open competition? [Click or tap here to enter text.](#)

**DETS Use Only:** *Acceptable*  *Needs Improvement*  *Not Acceptable*  *N/A*

The grantee has a system for the acquisition, management, and disposition of equipment purchased with grant funds. The grantee should maintain a property management system in accordance with requirements [[29 CFR 95.34](#); [29 CFR 97.32](#)].

The organization maintains a system for the administration of contracts, including appropriate contract or subrecipient clauses.

Reasonable profits paid to a commercial organization are negotiated separately as a dollar amount.

## Allowable Costs

The organization should have a system in place to ensure that the program is incurring necessary and reasonable costs and is only charging allowable and allocable costs to the subaward. The organization should have sufficient source documentation to demonstrate that funds expended are for allowable purposes.

Some costs may be allowable under circular 2 CFR 200 but may be prohibited under the program-specific regulations. Staff should refer to the program-specific regulations and not solely rely upon the circular. Determination of allowability in each case should be based on the treatment or principles provided for similar or related costs.

1. Does the organization use a Chart of Account? Yes No

**If no**, describe the methodology for classifying and identifying expenditures.  
Click or tap here to enter text.

**If yes:**

- a. Attach a copy of the organization's Chart of Accounts.
  - b. Is the Chart of Accounts compatible with the cost categories?  Yes  No
2. How does the organization determine what is a program cost vs an administrative cost? **Click or tap here to enter text.**
3. Are their procedures for staff to follow instructing them how to record transactions?  Yes  No
4. How does the organization ensure that the grant is not charged unallowable costs based on applicable cost principles and the provisions of the grant agreement?  
Click or tap here to enter text.
5. Does the organization pass through grants? Yes No (if no, move to next section)
6. How frequent are the bank statements reconciled to the financial system general ledger?  
Click or tap here to enter text.
7. Are the reconciliation worksheets signed and dated? Yes No
8. How are long-outstanding payroll and vendor checks handled? (written off after what period) Click or tap here to enter text.
9. Does the organization follow Alaska's Escheat (unclaimed property) statutes?  
Yes No
10. Are canceled checks (including voided checks) itemized and are they actually compared to the disbursement journal for date, amount, and payee? Yes No
11. How does the organization ensure that their sub-grantees are following appropriate cost guidelines and the policies of the awarding agency? **Click or tap here to enter text.**
12. Did the organization issue written cost policies to their sub-grantees?  
Yes No

**DETS Use Only:**

- The organization has a system in place to ensure the program is incurring necessary and reasonable costs and is only charging allowable and allocable costs to the grant [[2 CFR Part 200](#)]
- The organization has a copy of the 2 CFR 200 cost principles circular and special program restrictions and is aware of which costs are allowable, unallowable under certain conditions.

A variety of non-payroll transactions will be selected from the General Ledger for testing purposes. The following form will be used.

**Transaction Review Form**

TYPE i.e. Check Invoice P-Card PO	DATE	PAYEE	AMOUNT	DESCRIPTION	Consistent with Financial Policies	Competition Used	Approved in Budget	Budget is in General Ledger	Fund Accounting Used	Allowable	Linked to Cost Allocation	Date Bank Reconciled	Amount Bank Reconciled

**DETS Use Only:** Acceptable  Needs Improvement  Not Acceptable  N/A

- The organization has a system in place to ensure the program is incurring necessary and reasonable costs and is only charging allowable and allocable costs to the grant [[2 CFR Part 200](#)]
- The organization has a copy of the 2 CFR 200 cost principles circular and special program restrictions and is aware of which costs are allowable, unallowable under certain conditions.

**Internal Controls**

Internal control standards should comply with general and specific standards. The organization should have an accounting system that allows it to maintain accurate and complete disclosure of the financial results of its awards according to the financial reporting requirements of the subaward and in a timely manner.

1. How does the organization manage and safeguard its cash and protect its other assets so no one person has complete control over all aspects of a financial transaction? Click or tap here to enter text.
2. What safeguards exist to prevent unauthorized purchases or disbursements of funds? Click or tap here to enter text.

### Separation of Duties Form

NAME/TITLE										"N/A" OR OTHER:
<b>INITIATION:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Prepares Request for Funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Prepares Checks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>AUTHORIZATION/APPROVAL:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Approves Purchase Orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Authorizes Disbursement of Funds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Signs Checks - Manual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
- Machine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Approves Financial Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>ACCESS:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Custodian of Check Signing Device	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Custodian of Blank Checks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Receives "Cash"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>EXECUTION:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Verifies Receipt of Order	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Distributes Checks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Distributes Checks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Posts Disbursements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Computes Cost Allocations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Deposits Receipts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Custodian of Petty Cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Petty Cash Replenishment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audits Petty Cash	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RECORDKEEPING:</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compares Checks with Vouchers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Posts Receipts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bank Reconciliation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Maintains General Ledger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>REPORTING</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Prepares Financial Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**DETS Use Only:** Acceptable  Needs Improvement  Not Acceptable  N/A

Effective control, integrity, and accountability are maintained for all grant and subrecipient cash, personal property, and other grant assets [[29 CFR 97.20 \(a\)\(2\)\(b\)\(3\)](#); [29 CFR 95.21\(3\)](#)].

Grant recipient adequately safeguards all grant property and ensures that it is used solely for authorized purposes; has mechanisms in place to prevent unauthorized purchases and disbursements of grant funds; and safeguards its cash and other assets so no one person controls the order, receipt, payment, and reconciliation of an asset.

## Financial Reporting

The organization should have an accounting system that allows it to maintain accurate and complete disclosure of the financial results of its subaward activities according to the financial reporting requirements of the subaward and in a timely manner. If the organization maintains its books of account on a cash basis, it should develop and report accrual data on the financial status report.

**Accrued expenditures** is defined as cash disbursed for property and service; indirect or expense incurred; value of third-part in-kind applied; and net increase or decrease in amount owed for: goods and other property received; services performed by employees, contractors, subrecipients, and other payees; and programs for which no current services or performance are required, e.g., annuities, insurance claims, other benefit payments.

**Accrual Transactions** are recognized in accounting period in which they occur. Revenue is recognized when earned and expense is recognized when incurred.

**Cash accounting** is when revenue is recognized when received. Expenditures are recognized in accounting period in which cash payment occurs.

The difference is when the transaction is recorded in the accounting system. The accrual is recorded when the item is received and the cash-based expenditure is recorded when the bill is paid.

1. Does the organization maintain its books of accrual basis? Cash Accrual
2. What evidence is there to support accruals? Spreadsheets  Management Information System(s) Reports Other specify [Click or tap here to enter text.](#)
3. What is the name of the organization's accounting system? [Click or tap here to enter text.](#)
4. Does the Quarterly Financial Report sent to the Division include costs that are reported on an accrued basis? Yes No

**If the organization does not have pass through grants move to next section**

5. If the organization pass through grants does the organization receiving timely data from its subrecipients? Yes No
6. Are there policies or contract clauses concerning financial reporting for sub-grants? Yes No

***DETS Use Only:*** *Acceptable*  *Needs Improvement*  *Not Acceptable*  *N/A*

- The organization has an accounting system that allows it to maintain accurate and complete disclosure of the financial results of its grant activities and those of its subrecipients according to the financial reporting requirements of the grant [[29 CFR 95.21\(b\)\(1\)](#); [29 CFR 97.20\(b\)\(1\)](#)].
- If the organization maintains its books of account on a cash basis, it develops and reports accrual data on the financial status report.
- If the organization awards subgrants, the subrecipient is reporting the financial results of its grant activities on an accrual basis and in a timely manner.

## Personnel

1. Attach the job description of the staff member responsible for the grant program activities and the staff member responsible for initiating and submitting financial reimbursements.
2. Submit two timesheets for each person charging to the grant. If a third party payroll processing company was hired a copy of their staff member charging to the grant is required to be submitted as well.

A sample of employees will be used to complete a review of personnel records.



## Payroll and Time Distribution Testing Form

Checkpoints	Y/N	Comments
Is the time sheet used to account for vacation and sick leave along with activity reporting?		
<b>If not</b> , is there a time activity or distribution sheet that is completed and coincides with the payroll period?		
<b>Internal Controls</b>		
Signed by employee?		
Accounts for 100% of time worked?		
Is the time distribution system reviewed periodically and certified for accuracy?		
<b>Cost Classification</b>		
Are there sufficient activity codes to prevent the lumping of general or all other activities in a single code?		
If the agency is using an “other” code to combine multiple activities, does it exclude non-allowable and/or non-allocable activities?		
<b>Cost Allocation</b>		
Reconcile or compare the time activity reports to the payroll register, the spreadsheet of actual personnel, and the third party allocation or expense report to assure consistency with allocation.		
<b>Allowable Costs</b>		
For allowability, look at the agency staffing chart and compare it to the individuals charging time to the division programs. If discrepancies arise, look to the personnel records for recent job description or duties changes or modifications.		
Look at the general ledger postings of personnel and fringe benefits expenses to ensure consistency with the actual time charged on individual activity reports.		
<b>Salary Limitations</b>		
Are directly charged or allocated salaries within the Executive Level II threshold as stated in Training and Employment Guidance Letter (TEGL) 5-06?		
If a salary exceeds the threshold, does the amount in excess of the threshold derive from a non-federal funding source?		

***DETS Use Only:*** Acceptable  Needs Improvement  Not Acceptable  N/A

The management structure and staffing of the subrecipient organization are aligned with the grant Scope of Work and designed to assure responsible general management of the organization [[2 CFR 225](#)].

A current written personnel policy (including hiring process and procedures) that meets the requirements of applicable Federal laws and regulations is on file and in force (Appendix A contains additional information on these requirements.)

## Subrecipient Contribution (Match or Leverage)

**Match** is defined as additional non-federal resources expended to further the grant objectives, if required either by statute or within the grant agreement as a condition of funding. Match expenditures may be reflected as cash and in-kind contribution.

**Cash** match reflects additional funds or services (allowable costs) provided and paid for the grant objectives and outcomes. The value of the cash match is the actual costs incurred and reflected in the subrecipient's accounting system

**In-kind** are allowable costs and services that are not paid by the subrecipient, but rather a third party organization. These costs and services must support allowable grant activity and outcomes.

In order to qualify as match, the costs cannot have been paid from federal funds, been charged to program income, or used to match other federal match requirements, nor have been for costs that are unallowable under grant regulations. Records must be maintained that support the cash match costs within the subrecipient's accounting system and be available for audit and review. For third party contributions, the support for the value must be verifiable or maintained by the subrecipient, including the methods used to determine the value.

**Leveraged Resources** is defined as all resources used by the subrecipient to support grant activity and outcomes, whether those resources meet the standards applied to match or not.

Leveraged resources means both allowable match and other costs that do not rise to the requirements of the regulations, but which support the outcome of grant activity. All leveraged resources must be expended on costs that are allowable under circulars and the Funding Opportunity Announcement for the specific program and are used to further grant activity and outcomes. Examples may include other federal or non-federal resources; donated supplies, equipment, or space; unclaimed indirect; or personnel services for time spent on grant activities.

If a subrecipient contribution which is also termed as match or leverage is required, a sample of selected items will occur. The following form will be used for sampling purposes.

## Grantee Contribution – Match/Leveraged Review Form

Cash or In-Kind (C/I)	Value Claimed in \$	Description of Cost	Documentation (e.g. letter of value, books of account, appraisal, etc.)	How Valued (e.g., actual cost, fair market value etc.)	Cost Allowable (Y/N)	Does Documentation Support Value (Y/N)

**DETS Use Only:** Acceptable  Needs Improvement  Not Acceptable  N/A

If applicable, policy and procedures to meet grant match requirements are met [[27 CFR 95.23](#); [29 CFR 97.24](#); [Subrecipient Contributions Procedure](#)]. When applicable, the organization provides for the use of leveraged resources.

Written policy and procedures that describe grant match requirements, allowable match, and methods for tracking match have been issued to all parties affected.

### Pass Through Grants/Subawards

Subrecipients awarding subawards for the primary purpose of delivering programmatic services as program costs must have a system in place to ensure consistency in practices for awarding and monitoring its subawards. This includes costs that ordinarily would be classified as administrative costs if incurred by a subrecipient below the one-stop operator level.

- Does the subrecipient have subawardees? Yes No (if yes answer the following questions)
- Describe the process for awarding a subaward. [Click or tap here to enter text.](#)
- Describe the process for closing out a subaward. [Click or tap here to enter text.](#)
- How does the organization ensure that their subawardees follow appropriate cost guidelines and the policies of the awarding agency? [Click or tap here to enter text.](#)
- Did the organization issue written cost policies to the subawardee? Yes No
- Describe the procedures communicated to the subgrantee to ensure timely closeouts are submitted. [Click or tap here to enter text.](#)
- Attach the boilerplate contract or subaward agreement given to a subawardee.

***DETS Use Only:*** *Acceptable*  *Needs Improvement*  *Not Acceptable*  *N/A*

If applicable, policy and procedures to meet grant match requirements are met [[27 CFR 95.23](#); [29 CFR 97.24](#); [Subrecipient Contributions Procedure](#)]. When applicable, the organization provides for the use of leveraged resources.

Written policy and procedures that describe grant match requirements, allowable match, and methods for tracking match have been issued to all parties affected.

If the organization awards subgrants, the subrecipient is reporting the financial results of its grant activities on an accrual basis and in a timely manner.

The subrecipient maintains a process for the closeout of subgrants

## REFERENCES

### Public Law or Statute

- **Specific requirements for a discretionary award will be specified in the award documents.**

### Code of Federal Regulations (CFR)

- [2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

### Other Publications

- [One-Stop Comprehensive Financial Management Technical Assistance Guide \(TAG\), Nov 2011](#)
- [1001 Single Audit Act of 1984 \(31 U.S.C. §7501-7\), As Amended by the Single Audit Act Amendments of 1996.](#)
- [United States Department of Labor Employment and Training Administration Core Monitoring Guide, Financial Supplement, October 2012](#)

### Division of Employment and Training Services Policy (DETS)

- [07-523 Grant Monitoring Policy](#)
- [07-520 Allowable Cost Guideline](#)
- [07-513 Sanctions for Non-Compliance](#)

### State of Alaska – Department of Administration

- [AAM 60 Travel](#)
- [AAM 260.020 Time and Attendance](#)