

[Head Start Fiscal Checklist](#) (see pp. 9-28)

PRISM Fiscal Review

- Monthly reports provided to governing board
- Fiscal policies and procedures
- Monthly trial balances (basis for draw down of Federal funds)
- Bank reconciliations (cash balanced to accounting records)
- Administrative costs documentation
- Budget planning including Policy Council and Board involvement
- Chart of accounts
- Property inventory
- Audit reports and management letters
- Grant awards
- Cost allocation plan and/or indirect cost approval
- Lease agreements
- Code of conduct
- Organization chart
- Payroll journals
- Grant fiscal reports compared with accounting records
- Insurance policies
- Interagency agreements
- Documentation of non-federal share
- USDA records and documents
- Vendor contracts

Fiscal Risk Indicators

- Ratio of current assets: current liabilities less than 1? If yes, what is plan to remedy?
- Has agency borrowed money within last 12 months?
- Has cash in audit report decreased over the past 3 years? If yes, what is being done to replenish?
- Any programs with negative operating cash balances in audit?
- Any large unfounded liabilities – i.e. mortgage, line of credit, significant cost increase?
- Pending or recent litigation or disallowances?
- Indication agency may lose significant program or funding source?
- Any vendor payments made late? If so, why?
- Any negative cash balances, overdrafts, finance charges in bank statements?
- Any recent reduction of staff or services?
- Shift toward outsourcing or turnover of key staff?
- Have positions been vacant for significant time (i.e. 90 days or more)? If so, is position not necessary or can't be filled – who is covering?

Internal Controls - Complete and updated list of employees

- Cost allocation plan – required to be reasonable not necessarily accurate but with adjustments to maintain consistency with activity reports
- Segregation of duties – no one person have complete control of any process from beginning to end
- Emergency preparedness plan – cell phone contacts and preferably off-site backup of accounting information (especially payroll – encourage direct deposit)
- Credit card and merchant account procedures (i.e. WalMart, etc.)

Fiscal Management Issues

- Consider having bank statements sent unopened to the Board Treasurer to review the checks that have been written, not to reconcile the bank accounts
- Maintain a Board member with significant financial/accounting expertise
- Board oversight – review fiscal information and document in Board minutes
- Corporate credit cards – not recommended (create procedures if used – i.e. credit card bills sent to Board Treasurer)
- Ensure never having unpaid payroll taxes
- Debt/overspending issues
- Audits (a) Questioned costs = \$10,000 or more; (b) Material weaknesses = findings; (c) Management letter = other issues
- OMB A-110: Financial management systems (7 provisions)
- OMB A-133 (a) Audit responsibilities (14 items – see Exhibit A); (b) Areas of interest