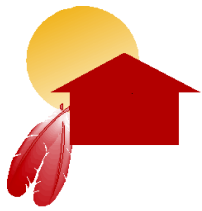
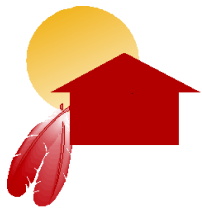


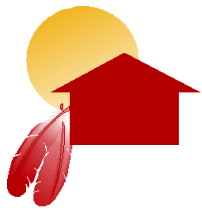
RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP Pg.</u>	<u>Remarks</u>
APPENDIX 1 – Finance System Controls				
I. Purpose				
<p>The purpose of this review is to test that:</p> <ul style="list-style-type: none"> • adequate controls exist to ensure that information is processed accurately and completely; • physical controls exist to ensure security of assets, including adequate segregation of duties; and • information systems provide reliable data, identify valid transactions, and properly classify costs in a timely manner. <p>If current IPA work papers are available, reliable, and document an accounting system review, document the assessment of the IPA’s work. Note: Review any areas the auditor did not review and those where internal control weaknesses, noncompliance conditions, and/or questioned costs were disclosed.</p>	2 CFR 200.302(b) and .303			
II. On-Site Review				
A. Review the sampling methods in the General Instructions for Monitoring Plans	24 CFR Part 1000.503(b) and (c)			
B. Review or document the Accounting System, including a current description of books of original entry, general and subsidiary ledgers, and any statistical and/or supporting records which				



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demonstrate the initiation of transactions, the flow of documents, and the identification of all points where correcting, adjusting, or other cost transfers can be entered into the system.				
C. Document physical control over assets, and determine if there are any instances where any single individual has both custody of assets and responsibility for recordkeeping.	2 CFR 200.313			
D. Verify that adequate procedures exist for maintaining adequate documentation for accounting entries (source documents) and for reconciling subsidiary and general ledgers accounts. Selectively test the following attributes to ensure the procedures are operating effectively. Review the sampling methods in the General Instructions.	2 CFR 200.302(b)			
1. All accounting entries are supported by source documents.				
2. Source documents tie to accounting entries in subsidiary or general ledgers.				
3. Subsidiary ledgers tie to the general ledger.				



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a. If the recipient submitted electronic copies of the general and subsidiary ledgers, complete this step prior to onsite review. Otherwise, review on site.				
b. Tie subsidiary ledger (Cash receipt ledger, draw downs, etc.) information to the general ledger.				
4. For computerized accounting systems, the reviewer should review the system documentation to determine how the system is intended to operate and then selectively test to verify that it is operating effectively. Review the sampling methods in the General Instructions.				
E. Verify that a trial balance is prepared on a regular basis and reconciles to the financial statements.				
F. Review the number and type of adjusting journal entries.				
1. Select a sample to review. Review the sampling methods in the General Instructions.				
2. Analyze the reasoning for the entries.				



RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>WP Pg.</u>	<u>Remarks</u>
3. Determine if they are reasonable.				
4. Expand sample if initial review disclosed errors.				
III. Summary A. Summarize the results of the review in a work paper. B. Discuss significant issues with staff. C. Develop findings, including questioned costs and corrective actions, as appropriate. D. Develop concerns because they could lead to a violation E. Develop report language, including any findings and concerns. F. If there are any major issues identified in this review and the recipient has approval to invest, determine if a withdrawal of investment authority should be recommended.				

Reviewer Name:	
Review Date(s):	