



2018 Monitoring Process Policy - Financial Component

Introduction:

In addition to the three-tiered monitoring that will be conducted by All Chicago CoC Program staff, All Chicago’s finance team will also conduct separate monitoring of agencies based on a financial risk assessment.

Timeline:

Financial monitoring will begin in April and will continue through October 2018. Currently, All Chicago has the capacity to monitor 10 agencies.

Team Roles and Responsibilities: Monitoring will be conducted by All Chicago’s Finance Department.

- 1 Finance Staff: To perform financial desk audit.

Selection:

All Chicago’s Chief Financial Officer (CFO) created a compliance risk assessment that will be used to evaluate the HUD CoC-Funded Agencies, which was included as part of the 2018 Local Evaluation. The table below was included in the 2018 Local Evaluation Instruction Manual. As a result of the documents submitted through the 2018 Local Evaluation, the resulting compliance risk score will be used to determine which agencies are selected for the financial monitoring component. Agencies with a compliance risk score above 10 will be chosen for financial monitoring because 1) they were not identified as low-risk by their independent auditors AND 2) the audit also resulted in findings. If more agencies earn a risk score of above 10 than the financial monitor has capacity to monitor, then the agencies with the highest scores will be monitored first. The ten agencies selected may have received a site visit from All Chicago in the last 3 years and may be receiving a visit from HUD in 2018; agencies in those categories were not eliminated from the pool of potential agencies to monitor on financial compliance.

Risk Scale: 0 = lowest risk

Criteria	Risk Points:
Single Audit Required *	0 if yes, 5 if no
Financial Statement Review:	
Financial Statements audited within 9 months	0 if yes, 10 if no



Auditor's report	Unmodified = 0 Qualified = 5 Disclaimer = 10 Adverse - 25
Internal controls over reporting:	
# of material weaknesses	5 points per item
# of significant deficiencies	1 points per item
# of instances of material noncompliance	5 points per item
Federal Awards:	
Internal controls over major programs:	
# of material weaknesses	10 points per item
# of significant deficiencies	2 points per item
Single Audit auditor's report	Unmodified = 0 Modified = 10
2 CFR Section 200.516(c) Disclosures	
# of findings	10 points per item
Low Risk Auditee?	0 if yes, 10 if no
941s	0 if submitted 10 if not submitted



Method:

For a financial review, supporting documentation of the 10 grant management questions from the local evaluation documentation checklist will be submitted via SurveyGizmo for further review by All Chicago's finance team. Each agency selected for a financial review will be notified at least two weeks prior and will be provided with a deadline, SurveyGizmo link, and deadline window to receive feedback from All Chicago. Each agency will be asked to submit the following supporting documentation:

1. Written Financial Policies and Procedures Manual
2. Most recent expenditure report for largest CoC grant, or for the project receiving program monitoring by CoC team
3. Most recent budget to actual report for largest CoC grant, or for the project receiving program monitoring by CoC team (this report may be combined with item #2.)
4. 1 voucher request package (for month identified by All Chicago), including supporting documentation for all requested items.
5. Bank statement for month identified by All Chicago
6. 1 payroll register (for month identified by All Chicago), with time sheets and activity reports for all employees charged to CoC grant.
7. File retention policy
8. Finance department organization chart
9. Submit Segregation of Duties Control grid if agency has one, otherwise complete Segregation of Duties Control grid provided by All Chicago
10. LOCCS activity printout for each CoC grant for the most recently completed grant year (12 month draw period)

Monitoring feedback will be presented within 3 weeks of the monitoring review. Technical Assistance (TA) sessions will be planned and scheduled at this time, if warranted, and will be conducted within one month of the review. A follow-up survey will be conducted following the completion of each monitoring visit and when the TA is completed.

Technical Assistance:

After conducting the monitoring of financial documentation, the financial monitor will make a determination regarding the next step in the process, which may include any of the following:

- Scheduling an on-site visit to further review and discuss procedures and needs with the agency
- Developing an individualized financial TA plan

All Chicago's finance department will provide the required TA through a combination of phone calls, in-person meetings and online sharing of resources.



Evaluation:

All Chicago staff will conduct an end-year evaluation of the process, including a review of feedback and follow-up surveys. Following the end-year evaluation, All Chicago will make recommendations for any adjustments needed to the next year's process. The work group that was convened to provide advice on the planning of this process will also be reconvened at the end of the year to review and provide input on any necessary changes.