



Financial Monitoring Process Policy

Updated 6.23.2021

Introduction:

As part of its responsibilities as Collaborative Applicant, All Chicago's finance team conducts ongoing financial compliance monitoring of agencies with CoC funding. The monitoring selection is made in connection with the annual agency financial risk assessment, which is part of the Intent to Renew process. The monitoring will be conducted throughout the year and will be coordinated with the selected agencies.

Selection:

As part of the Intent to Renew process, we review each agency's financial statement and single audit to assess the compliance risk within the continuum. Each agency is given a risk score based on a point system. The scoring methodology is explained in the Intent to Renew Instruction Manual.

Agencies are classified as follows:

- Low Risk: 0 – 1 point
- Medium Risk: 2 – 3 points
- High Risk: 4 points or more

Agencies are selected for financial monitoring based on their risk score. In general, agencies with a risk score of 4 or more will be selected for some method of financial monitoring. All Chicago may select other agencies for financial monitoring based on other risk factors, such as findings from a program monitoring, length of time since the last monitoring, findings from the Intent to Renew process, and the absence of a previous audit.

Method:

Agencies selected for monitoring will receive either *comprehensive monitoring* or *targeted monitoring*. The selection of type of monitoring will depend on a number of factors, including but not limited to: whether All Chicago has recently performed a comprehensive monitoring, whether HUD has performed a recent monitoring, and the nature of the findings in the single audit.

1. Comprehensive Monitoring

An agency engaged in a comprehensive financial monitoring will be asked to submit supporting documentation through an online form for 10 grant management areas. All Chicago will provide a link to the online form for submissions. Each agency selected for a financial review will have at least four weeks to submit the requested documentation. Reasonable extensions can be requested by a date specified on the financial monitoring notification letter or email. The agency's largest CoC grant will be selected for monitoring unless the agency is also undergoing a program monitoring, in



which case the project undergoing program monitoring will be selected. Only one project will be selected for financial monitoring

Each agency will be asked to submit the following supporting documentation:

1. Written Financial Policies and Procedures Manual
2. Most recent expenditure report for the selected project
3. Most recent budget to actual report for selected project (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. In general, choose the first voucher of the month unless this voucher is for something unusual or nonrecurring.
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 the CoC grant. Select that payroll that is associated with the voucher package submitted. If no payroll was included in the voucher package, select the first payroll for the identified month.
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 selected CoC grant for the most recently completed grant year (12 month draw period)

2. Targeted Monitoring

Agencies undergoing a targeted monitor will receive a custom monitoring plan which will be sent directly to the appropriate contact person. The monitoring plan will focus on corrective action plans related to:

- A single audit and financial audit findings
- Financial findings from prior HUD or All Chicago monitoring

The plan will identify targeted document, information and interview requests to substantiate progress on the related corrective action plans.

Feedback:

Monitoring feedback will be provided after the completion of the monitoring review. Technical Assistance (TA) recommendations may be part of this feedback.