|  |  |  |  |
| --- | --- | --- | --- |
| **Guide for Review of ESG Financial Management and Cost Allowability** | | | |
| **Name of Recipient:** | | | |
| **Name of Subrecipient(s):** | | | |
| **Grant Number:** | | | |
| **Staff Consulted:** | | | |
| **Name(s) of Reviewer(s)** |  | **Date** |  |

**NOTE:** All questions that address requirements contain the citation for the source of the requirement (statute and regulation). If the requirement is not met, DOH must select “NO” in response to the question and make a finding of noncompliance. All other questions (questions that do not contain the citation for the requirement) do not address requirements, but are included to assist the reviewer in understanding the participant's program more fully and/or to identify issues that, if not properly addressed, could result in deficient performance. Negative conclusions to these questions may result in a "concern" being raised, but not a "**finding.**"

**Instructions:** This Exhibit is designed to assess a recipient’s and/or its subrecipient’s financial management system, as well as the eligibility of the program’s expenditures. **Note**: This Exhibit is designed only to monitor compliance with the ESG interim rule, the Uniform Administrative Requirements (24 CFR part 84 and 85), and the cost principles at 2 CFR part 225 (OMB Circular A-87) and 2 CFR part 230 (OMB Circular A-122), as in effect prior to December 26, 2014. Accordingly, this Exhibit includes citations to regulations and OMB Circulars that pre-dated HUD’s implementation of 2 CFR Part 200 (e.g., 24 CFR Part 576 (2013 edition), OMB Circular A-87, 24 CFR Part 85 (2013), 24 CFR Part 84 (2013), and OMB Circular A-122). CPD staff should use the citations in this Exhibit when making findings.

To monitor compliance with the new requirements at 2 CFR part 200, the DOH reviewer may complete Exhibit 34-1, *Guide for Review of Financial Management and Audits* and Exhibit 34-2, *Guide for Review of Cost Allowability*. For HUD’s expectations on monitoring for compliance with the uniform administrative requirements, cost principles, and audit requirements during the period of transition to 2 CFR part 200, please see HUD’s April 13, 2016, Notice CPD-16-04 (<http://portal.hud.gov/hudportal/documents/huddoc?id=16-04cpdn.pdf>). When completing this Exhibit or Exhibits 34-1 and 34-2, the HUD reviewer must also complete Exhibit 28-7, *Guide for Review of ESG Match Requirements*.

**Questions:**

1.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Did the subrecipients have written policies and procedures to ensure that ESG funds are used in accordance with ESG requirements and sufficient records to enable HUD and the recipient to determine whether ESG requirements are being met?  [24 CFR 576.500(a)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

2.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Did the subrecipient maintain records that identify adequately the source and application of funds for federally-sponsored activities?  **NOTE**: These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.  [24 CFR 576.407(c); 24 CFR 576.500(s)(2); 24 CFR 84.21(b)(2); 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

3.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Eligible Activities: Are the subrecipients’ expenses allowable, allocable, and reasonable?  [24 CFR 576.100-576.109; 24 CFR 576.500(u)(2); 24 CFR 84.21(b)(6); 24 CFR 85.22] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

4.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the fiscal records indicate evidence that the subrecipient have effective internal control over, and accountability of, all grant funds, property and other assets?  [24 CFR 576.500(u); 24 CFR 84.21(b)(3); 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

Internal Controls (Reference for some of the questions: GAO/AIMD-98-21.2.1, “Framework for Federal Financial Management System Checklist,” May 1998)

5.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Do the subrecipients have an organization chart that illustrates the actual lines of authority/responsibility? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Are primary duties for key employees of the recipient and its subrecipients defined? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Does the subrecipients’ chart of accounts include a complete listing of the account numbers used to support the control required to ensure that resources used do not exceed resources authorized? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Do the approval controls provide reasonable assurance that appropriate individuals approve recorded transactions in accordance with management’s general or specific criteria? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Do the controls over the design and use of documents and records provide reasonable assurance that transactions and events are properly documented, recorded, and auditable? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. In the normal course of the position’s requirements, are duties segregated to effectively reduce the opportunity for someone to perpetrate or conceal errors or irregularities? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Is it clear that all personnel are responsible for communicating to appropriate supervisory officials the recipient’s or its subrecipients’ operating problems and noncompliance with laws and regulations? | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. Do the internal control procedures support the ability to prepare financial statements that are accurately presented in conformity with generally accepted or other relevant and appropriate accounting principles and regulatory requirements? (One level of assurance of the accuracy and integrity of data is provided by the recipient attaining an unqualified opinion on the audited annual financial statements and internal controls.) | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

6.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the subrecipients identify expenditures in their accounting records according to eligible program activities identified in the program regulation, the recipient’s Action Plan, and the drawdown activity information?  [24 CFR 576.100; 24 CFR 576.500(u); 24 CFR 84.21(b)(2); 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

7.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does a review of the sample transaction records indicate that grant expenditures were eligible costs under regulations, were necessary and reasonable for proper and efficient administration of the program, were allocable to the program, and supported by adequate source documentation (invoices, contracts, or purchase orders)?  [24 CFR 576.100-576.109; 24 CFR 576.500(u); 24 CFR 84.21(b); 24 CFR 85.20(b)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

8.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does the source documentation support the amount drawn down from the payment requests?  [24 CFR 576.500(u); 24 CFR 84.21(b); 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

9.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the subrecipient’s financial information (e.g., drawdowns, unexpended balances) records match the information in DOH’s financial systems (e.g., Neighborly) for the period under review?  [24 CFR 576.500(aa); 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

10.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Are payments for salaries and wages supported by documented payrolls and personnel activity reports as specified in the applicable cost principles?  [24 CFR 576.500(u)(2); OMB Circular A-122, Attachment B, 8(m); OMB Circular A-87, Attachment B, 8(h)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

11.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Are charges to the grant by both governmental units and nonprofit organizations for salaries and wages, whether treated as direct or indirect costs, based on payrolls documented in accordance with generally accepted accounting principles and approved by a responsible official(s) of the organization being monitored?  [24 CFR 576.500(u)(2); OMB Circular A-122, Attachment B, 8(m); OMB Circular A-87, Attachment B, 8(h)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

12.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| For government employees working solely on the grant, are charges for their salaries and wages supported by periodic certifications that the employees worked solely on that program for the period covered by the certification?  [24 CFR 576.500(u)(2); OMB Circular A-87, Attachment B, 8(h)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

13.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| For government employees, were the certifications prepared at least semi-annually and signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee?  [24 CFR 576.500(u)(2); OMB Circular A-87, Attachment B, 8(h)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

14.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does a random selection of administrative costs reflect that grant funds were used for eligible administrative costs?  [24 CFR 576.108; 24 CFR 84.21; 24 CFR 85.20] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

15.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Are all of the administrative costs reviewed allocable to the program, and necessary and reasonable for proper and efficient administration of the program?  [24 CFR 576.108; 24 CFR 576.500(u)(2); OMB Circular A-122; OMB Circular A-87] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

16.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Is the subrecipient in compliance with the component or activity caps imposed by program regulations, and are all costs subject to the expenditure caps properly classified?  [24 CFR 576.100; 24 CFR 576.500(u)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

17.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| If indirect costs are charged to the grant program by the subrecipient, are the costs supported by an Indirect Cost Rate Proposal or Cost Allocation Plan prepared in accordance with OMB Circular A-87 (for governments) or OMB Circular A-122 (for nonprofit organizations)?  [24 CFR 576.109; OMB Circular A-87; OMB Circular A-122] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

18.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| a. If single audits are required, does the subrecipient have a system or methodology to ensure that such audits are conducted?  [24 CFR 576.407(c); 24 CFR 85.26; 24 CFR 84.26] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. If single audits are required for any recipient or subrecipient, is there documentation that the audits have been reviewed for compliance and that the recipient or subrecipient has taken appropriate follow-up actions, if necessary?   [24 CFR 576.407(c); 24 CFR 85.26; 24 CFR 84.26] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

19.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the subrecipient maintain records of their receipt and use of program income?  [24 CFR 576.500(u)(3)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

20.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Do the subrecipient use program income as the nonfederal share of eligible costs (i.e., match)?  [24 CFR 576.201(f); 24 CFR 576.407(c); 24 CFR 84.24(b) or 24 CFR 85.25(g)] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

21.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does a review of program expenditures indicate the absence of any unallowable costs including entertainment, contributions and donations, fines and penalties, or general governmental expenditures including salary and expenses of the chief executive officer of the recipient or its subrecipients?  [24 CFR 576.100(d); 24 CFR 576.500(u)(2); OMB Circular A-87 or OMB Circular A-122] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |

22.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Does a review of the expenditures indicate that costs related to lobbying political activities have not been charged to the program?  [24 CFR 576.100(d); 24 CFR 576.500(u)(2); OMB Circular A-87 or OMB Circular A-122] | |  |  |  | | --- | --- | --- | |  |  |  | | **Yes** | **No** | **N/A** | |
| **Describe Basis for Conclusion:** | |
|  | |