

RCO Review -

We will start between 9:00 & 9:30, end by no later than 3:00pm, and follow up as needed.

Goal: Determine the validity and reliability of fiscal information. This review will focus on billings for RCO grants. Match billings back to source documents. We will review actual records. We will provide feedback as we are able. We will then prepare a report. This report will be provided to you for review and comment. We will then finalize the report and follow up with any outstanding issues.

Initial Meeting – general questions:

How are grant costs tracked?

- Coding – categories
- Beginning and end of project
- A/E or admin limits
- Who is the expert in RCO programs?

Payroll

- Timesheets
- Coding used - A/E, admin
- Payroll reports
- How are payroll and benefits charges calculated?

Accounts Payable

- Approval process
- Coding used – A/E, admin, who codes
- Any allocations?

Donations

- Documentation
- How used
- How tracked

Do you use PRISM? How?

RCO Fiscal reviews - 06/2010

- What is a fiscal review?
 - Why fiscal review?
 - Main Steps of the fiscal review
 - Elements of the report
 - Questions to ask during the meeting
 - What to look for during the review
 - Details of the fiscal review process
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What is an fiscal review?

An fiscal review is a review of an organizations expenditure and banking records. This review focuses on RCO related expenditures. These reviews are not conducts according to generally accepted auditing standards. RCO maintains objectivity in conducting these reviews.

Why fiscal review?

RCO conducts fiscal reviews to determine the validity and reliability of information, specifically the information related to the grants provided to organizations. The goal of any audit is to express an opinion of the organization. We do not offer official opinions on the financial statements or the organizations entire internal control structure. We seek to determine the validity and reliability in regards to the RCO billings.

RCO has an audit committee that meets and reviews the results of these fiscal reviews. This committee is comprised of:

- Deputy Director
- Salmon Section Manager
- Recreation Section Manager
- Conservation Section Manager
- Chief Financial Officer

Main steps of the fiscal review and report

1 - Entrance Meeting - with the organization's director of finance, other key management. The details of the fiscal review are shared via email and this meeting reiterates the goals of the fiscal review

2 - Field Work - financial systems testing, site visit, sample actual transactions to determine whether what should be happening is actually happening, review source documents, allocation approaches, verify sequence of reimbursement

3 - Presentation of Findings/Exit Meeting - review what came up during the review with the organization, many times involved staff will be present during the review and this will be a summary at the end of the process

4 - Draft Report - share with RCO audit committee, once reviewed and close to final share with the organization, request response

5 - Formal Reports - finalize report, including organization's response. Schedule follow up as necessary

The report will include

- a transmittal letter,
- executive summary,
- background,
- audit results,
- issue list and recommendations,
- objectives, scope, method
- organization response

Questions to ask during the fiscal review

- Provide an overview of your audit history, who has audited your organization, cover the near future, the next formal audit
- Explain your accounts payable process, including approvals, secondary review, check writing, check mailing
- Please explain your payroll process, including timesheets, approvals, processing payroll, benefits provided, how to pay for benefits, process for paying leave, process for severances
- Please provide an overview of the organizations funding sources, how many separate pots, how to keep separate
- Is there any revenue derived from the RCO grant? Or any previous RCO grants?
- Please talk about your organization's match, how is it tracked? What is the source?
- Please explain your volunteer and donations process. Talk about the back up, timesheets, logs, valuation process.
- Are RCO expenditures handled any differently than any other grants?
- Do you use the RCO program PRISM?
- Talk about your cash management process. Where is cash deposited? Bank statements, reconciliations, interest, penalties, fees?
- How do you make sure all of your RCO grant costs are in the correct period (of the grant)?
- Talk about your process for federal funds. How can you tell if you have federal funds, how is this different?
- Please identify the key people in the financial process
- What type of accounting system do you use?
- Are there any unique things about this organization?
- Do you have any feedback for the RCO grant reimbursement process? Do you have any ideas to change it?
- Please talk about equipment purchased with RCO funds. Please share the documentation of the competition. What are the normal thresholds of competition (when do you perform competition)?

- How do you track equipment purchased with RCO funds?
- Please discuss your maintenance schedule for equipment purchased with RCO funds.
- Please discuss safeguarding the assets purchased with RCO funds.

When looking at the records

Approach the review focusing on the four main elements of RCO grants:

Non-Payroll Costs -

- Review the original invoice,
- was it approved,
- ensure it is an actual invoice (not a statement)
- if there was an allocation what is the basis, verify the calculation
- is the basis logical, or the best option available
- verify the date the service provided in relation to the grant period
- verify when the bill was paid (check date)
- verify when the check cashed (from the bank statement)
- verify when they billed RCO

Payroll costs

Review original timesheets

Do the timesheets meet the five standards from RCO manual 8?

- Must reflect an after-the-fact determination of the actual activity of each employee.
- Must account for the total activity for which employees are compensated.
- Must be signed by the individual employee or by a responsible supervisor having firsthand knowledge of the activities performed by the employee.
- Must be prepared at least monthly and must coincide with one or more pay periods.
- Budget estimates or other distributions based on a percentage before the work was performed do not qualify.

How are the payroll rates documented?

What benefits are provided?

How are the benefits calculated?

How is leave handled?

Do they use the Washington Conservation Commission sheet?

Does the calculation work (hours times rate or % times total cost)?

Donations volunteer

Review back up for donations

Review back up for volunteers

Are there timesheets, do the volunteers sign?

Ask for the process followed

How do they value these elements

Banking reimbursement process

What is the process for writing checks?

Is it being followed?

Trace through some of the larger transactions through the bank statement.

Details of the fiscal review process

- Identify a salmon organization from group 1 or 2
- Identify time and place for the meeting
- Contact and coordinate time and place (usually at organization's location)
- Pull file and photo copy any invoices we will review
- Share key questions and specific grant invoices, note we may look at any transaction
- Conduct review, go through all questions, go through invoices
- Identify any problems, areas to improve
- Summarize after the meeting
- Follow up sharing notes
- Write first draft of the report with the RCO Fiscal review Group
- Follow the close to final draft with the organization, solicit their response, give them a week or so deadline
- Finalize the report including the organization's response
- Schedule follow up for any areas
- Perform follow up