

Based upon fiscal monitoring practices, DSS has noted that agencies that have the fiscal tools in place are able to demonstrate their ability to administer monies through internal fiscal controls. At a minimum, the following 2 tools should be utilized by any agency.

1. **Cost Allocation Plan** documents in writing the consistent methods, procedures and mathematical calculation by which costs are identified and allocated to various programs, grants and contracts for reimbursement.
2. **Financial Procedures Manual\*** documents in writing a Contractor's financial policies and procedures which guides the daily operations of how an organization uses and manages and safeguards its funds. It helps to establish financial controls within the organization that ensure accuracy, timeliness, security and completeness of financial data.

**\* There is no one model of a Financial Procedures Manual but below are the content headings of each section of a typical Financial Procedures Manual.**

Often, DSS is asked what should go into a Financial Procedure Manual. The below may act as a starting point for your own manual and can be adapted to cover the needs and activities of your organization.

**A. Executive Team & Board Members Financial responsibilities**

1. Executive committee meetings and board minutes
2. The annual plan
3. Approval of the budget
4. Reserves policy
5. Review for any potential conflicts of interest
6. Staff financial responsibilities
7. Controls on income
8. New or Loss of Grant Funding
9. Credit control
10. Bad debts
11. Fund Raising Plans

**B. Expenditures- what and with whose authority can items be purchased?**

1. Purchase orders and invoices, who can approve, sign off on, etc. to validate data.
2. Who signs off on checks? Are there dollar limits based upon who signs off on the checks.
3. Credit cards-who uses them, who balances the account, what reasons can a credit care be used
4. Petty cash-which uses petty cash, what is the dollar limit, who reconciles the account, where is it stored

**C. Controls on financial assets**

1. Accounting System, who maintains and back-up's the system
2. Reconciling cash book to bank
3. Reconciling purchase ledger
4. Reconciling payroll control
5. Who records checks when received
6. Who deposits checks
7. Where are checks stored

**D. Budgetary control**

1. Who has the authority to spend how much? What dollar limit & item requires special permission to be purchased
2. Where are blank checks stored?
3. How often are checks cut in your Where are blank checks stored?
4. How expenditures are tracked vs. the approved budget.
5. What steps are taken when expenditures are exceeding budget.

**E. Inventory Controls**

1. For example, who can authorize the purchase of equipment? What is the tracking system?
2. What inventory tag system is used to track the equipment which is purchased?