

Appendix II: Fiscal Application

Veterans Pro Bono Program Fiscal Application

Please include the following documents with your application for Fiscal Review:

1. *Certificate of Good Standing* issued by your State or Territory
2. Accounting Manual and/or Other Fiscal Policies/Procedures
3. Fiscal-related Special Grant Conditions from Other Funding Sources Currently in Effect (if applicable)
4. Cost-Allocation Method/Policy
5. Segregation of Financial Duties Worksheet

Part I Board of Directors/Management Involvement

1. Has your governing body, the Board of Directors ("BOD"), established a Finance Committee?
 Yes No
 - a. If yes, does the committee have a charter or other written description of its duties?
 Yes No

2. Has your governing body, the BOD, established an Audit Committee?
 Yes No
 - a. If yes, does the committee have a charter or other written description of its duties?
 Yes No

[If the answer to Question 1 or 2 is Yes, then skip to Question 4.]

3. Has your governing body, the BOD, established a combined Audit/Finance Committee?
 Yes No
 - a. If yes, does the committee have a charter or other written description of its duties?
 Yes No

4. Does a governing body/committee review the annual budget?
 Yes No
If yes, please specify: _____

5. Does a governing body/committee review management reports (including budgeted and actual income and expenses, variances, and a statement of cash on hand)?

Yes No

If yes, please specify: _____

[If the answer to Question 5 is No, then skip to Question 6.]

a. How often are management reports reviewed? Check only one answer.

- Monthly
- Quarterly
- Annually
- Other: Specify _____

b. Does a governing body/committee review accounting and control policies and make recommendations for changes and improvements?

Yes No

If yes, please specify: _____

c. How often are accounting and control policies reviewed and recommendations made for changes and improvements? Check only one answer.

- At Least Annually
- As Needed
- Other: Specify _____

6. Does a governing body/committee review the audited financial statements and the management letter with management and the auditor?

Yes No

If yes, please specify: _____

7. Does a governing body/committee regularly review and make recommendations about investment policies?

- Yes No

If yes, please specify: _____

8. When was the last time a member of the governing body/committee received training regarding fiscal responsibilities? Check only one answer.

- Never
 Within the last year
 Within the last 3 years
 Within the last 5 years
 More than 5 Years ago

a. As new members join the Board, is financial training part of the orientation process?

- Yes No

9. Who is primarily responsible for managing the process of selecting the recipient's auditor, including recommending to the governing body the appointment of a particular auditor? Check only one answer.

- Finance Committee
 Audit Committee
 Finance/Audit Committee
 Executive Committee
 Full BOD
 Other: Specify _____

10. Who approves the compensation of the auditor? Check only one answer.

- Finance Committee
 Audit Committee
 Finance/Audit Committee

- Executive Committee
- Full BOD
- Other: Specify _____

11. To whom does the auditor report its findings? Check only one answer.

- Finance Committee
- Audit Committee
- Finance/Audit Committee
- Executive Committee
- Full BOD
- Other: Specify _____

12. How often is a solicitation issued for a new lead auditor? Check only one answer.

- 1- 5 Years
- 6 - 10 Years
- More than 10 years

a. How often is the concurring audit partner assigned to the program changed? Check only one answer.

- At least every 5 years
- 6- 10 years
- More than 10 years

13. Does a governing body/committee set the rules and processes for addressing issues or concerns raised by the Independent Public Accountants (“IPA”) regarding accounting and/or internal control practices?

- Yes No

If yes, please specify: _____

14. Does a governing body/committee review the annual IRS Form 990 for completeness, accuracy, and on-time filing?

- Yes No

If yes, please specify: _____

15. Does a governing body/committee set and/or review the compensation of the Chief Executive Officer /Executive Director?

- Yes No

If yes, please specify: _____

16. Please indicate which of the following were used to establish the compensation for the Chief Executive Officer/Executive Director. Check all that apply.

- Independent Compensation Consultant
 Comparable pay studies from other nonprofit organizations
 Compensation Survey
 Other: Specify _____

a. Pursuant to your response above, when was the most recent Board review and approval of the Chief Executive Officer's/Executive Director's compensation? Check only one answer.

- 0 - 3 years
 More than 3 years
 Never

17. Does a governing body/committee ensure that your program has written procedures in place requiring that operations be conducted in an ethical and honest manner; comply with applicable laws, regulations and policies; manage resources and risks effectively; and hold persons within your organization accountable for their actions?

- Yes No

If yes, please specify: _____

18. Do any members of the BOD have expertise in, or does the BOD have access to a financial expert whose expertise includes an understanding of, the following matters:

a. Generally Accepted Accounting Principles (“GAAP”);

Yes No

b. The capacity to apply GAAP in connection with preparing and auditing financial statements;

Yes No

c. Familiarity with developing and implementing internal financial controls and procedures;

Yes No

d. Understanding the implications of different interpretations of accounting rules.

Yes No

19. Are all of the following financial reports prepared for management review:

a. Statement of Financial Position

b. Statement of Activities

c. Statement of Cash Flows/Cash on Hand

Yes No

20. How frequently are these financial reports prepared? Check only one answer.

Monthly

Quarterly

Annually

21. Does your program have established budgetary controls that allow the program director to control expenditures by reviewing regular reports that reflect actual revenue and expenditures (by natural line item/classification) compared to the approved budget?

Yes No

22. Does management review budget variances that exceed a 10% threshold on a monthly basis?

Yes No

a. Who prepares the variance analysis for Management? Check all that apply.

- Finance/Accounting Personnel
- Financial Consultant
- Other: Specify _____

b. Who prepares the variance analysis for the IPA? Check all that apply.

- Executive Director
- Finance/Accounting Personnel
- Financial Consultant
- Other: Specify _____

Part II Profile of Financial Employees

1. Please indicate the title of the individual who is responsible for the program's financial operations:

- Chief Financial Officer
- Comptroller/Controller
- Director of Finance
- Financial Consultant
- Other: Specify _____

2. Please check all that apply for this individual:

- Certified Public Accountant
- Master's of Business Administration
- Certified Internal Auditor
- Bachelor's Degree in Accounting or Finance
- Associate's Degree in Accounting or Finance

3. Please indicate this person's level of experience in accounting: Check only one answer.

- Over 10 years
- Between 5-10 years
- Between 1-5 years
- Less than 1 year

4. Please indicate if this person has received training relating to 45 CFR Parts 1630 and 1629 and any related implementing guidance within the past: Check only one answer.

- Year
- 2 Years
- Other: Specify _____

Please briefly describe the type of training provided to the individual above.

5. At the time of hire did this person undergo a background check?

- Yes
- No

[If the answer to Question 5 is No, skip to Question 6.]

a. Which of the following areas of inquiry were included in the background check conducted?

- Previous Employment
- Criminal charges/convictions
- Civil litigation/judgments
- Credit Check

b. Did the background check reveal any financial concerns within the previous five (5) years?

- Yes
- No (*Skip to Question 6*)

c. Were those concerns satisfactorily addressed?

- Yes No

Please explain the issue(s) and the resolution.

6. Does your program have a policy that requires financial employees to take at least five (5) consecutive days of vacation annually?

- Yes No

[If the answer to Question 6 is No, do not provide an answer to Question 6a.]

a. If yes, in their absence does (do) another employee(s) perform their duties during this vacation period?

- Yes No

Part III Accounting Manual

1. Which of the following written policies and/or procedures have been incorporated in your accounting manual or other guidance? Check all that apply.

- | | | |
|--|--|--|
| <input type="checkbox"/> Personnel and Payroll | <input type="checkbox"/> Property control | <input type="checkbox"/> Procurements |
| <input type="checkbox"/> Consultants & Contract Services | <input type="checkbox"/> Travel | <input type="checkbox"/> Cash receipts |
| <input type="checkbox"/> Bank reconciliation procedures | <input type="checkbox"/> Segregation of duties | <input type="checkbox"/> Petty cash controls |
| <input type="checkbox"/> Cash disbursements (all types) | <input type="checkbox"/> Electronic banking | <input type="checkbox"/> Client trust accounts |

2. Does your program have a policy for obtaining prior approval from LSC for the acquisition or lease of assets over \$10,000 in accordance with 45 CFR § 1630.5 and LSC's Property Acquisition and Management Manual, Section 3?

- Yes No

3. Does your program make subgrants?

- Yes No (*Skip to Question 4*)

a. If yes, does your program:

1. Conduct on-site visits of the subrecipient(s)? Yes No
2. Review monthly financial reports submitted by the subrecipient? Yes No
3. Review the subrecipient's audited financial statements? Yes No
4. Review the subrecipient's cost-allocation policy as it relates to both the subrecipient attorneys' salaries and salaries of other personnel? Yes No

4. Does your program have a documented cost-allocation policy that is defined by natural line item/classification?

- Yes No

Part IV Fiscal Oversight by Other Funders

1. When was the last time a non-LSC funding source conducted a review of your financial position? [Check only one answer.]

- Less than 1 year ago
- Between 1-3 years ago
- Between 3-5 years ago
- More than 5 years ago: Specify: _____

2. At that time, were any fiscal-related issues or concerns identified?

- Yes No

3. Have the fiscal-related issues or concerns been resolved?

- Yes No

4. Please state the funding source and describe how the issues or concerns were corrected:

Part V Financial Management

1. If your program reported a net asset deficit balance on its most recent audited financial statements, has the deficit been liquidated? [Check only one answer.]

- Yes No In-Progress N/A

[If the answer to Question 1 is N/A, proceed directly to Question 2.]

a. If answer to Question 1 is Yes or In-Progress, will/were LSC funds used to liquidate the deficit balance?

- Yes No Not a recipient of LSC funding at this time

b. If answer to Question 1 is No, please explain how and when the deficit will be liquidated:

2. Did your program report a (positive) net asset fund balance on your most recent audited financial statements?

- Yes No

[If the answer to Question 2 is No, then proceed to Question 3.]

a. Indicate the range of your net asset fund balance.

- Up to 10%
 Between 10 and 25%
 Between 25 and 40%
 Greater than 40%

3. Within the last fiscal period covered by your most recent audited financial statements, what percentage of your program's total annual revenue and support was spent on the direct delivery of program services? Check only one answer.

Less than 60%

60-69%

70-79%

80% or more

Part VI Investigatory Inquiries

1. Has your program experienced any of the following within the last three (3) years? Check all that apply.

Fraud Yes No

Misappropriation of Funds Yes No

Embezzlement Yes No

Theft (cash, equipment, etc.) Yes No

[If you answered No to all of the above questions, skip to Question 4.]

2. If you answered Yes to any of the above, and your program was a recipient of LSC grant funds at the time of the incident, did your program report the incidents in which the loss exceeded \$200 to the LSC OIG within two (2) business days of identifying the incident?

Yes No Not an LSC recipient at time of incident

a. Did your program report the incident to Federal, State, or Local authorities upon discovery of the incident?

Yes No

b. If yes, please describe the nature of the incident and what actions were taken by the program.

3. Has your program recovered any of the lost grant funds from your insurance company?

Yes No N/A

a. If yes (see above), and your program was a recipient of LSC grant funds at the time of the incident, has your program allocated back to your LSC fund account a proportionate share of those funds (in whole or part)?

Yes No N/A

4. Based on your organization's total funding for its last fiscal year, what range does its current fidelity bond insurance limit fall within? (Check only one answer.)

0 - 9% 10 – 15% 16% or more

Part VII Accounting System

1. What accounting software system does your program employ in carrying out its accounting duties? (Great Plains, MIP, Peachtree, etc.)

Please write in the name of the accounting software system.

2. Does this software have the capability to track different costs among various funding sources?

Yes No

3. Which of the following accounting software application modules does your program utilize? Check all that apply.

General Ledger

Accounts Receivables

Accounts Payable

Payroll

Fixed Assets

Purchasing

4. How many users are authorized on the software? Check only one answer.

- Fewer than 5
- Between 5-10
- More than 10

5. Does each user have his/her own password security based on their fiscal functions?

- Yes
- No

6. Does the computer network have robust and updated security processes, firewalls, anti-virus protection, spyware protection, and intrusion detection software?

- Yes
- No

7. How often is the accounting system data backed-up?

- Daily
- Weekly
- Monthly

8. Are all financial records, supporting documents, statistical records, and all other records pertinent to any grant award records retained maintained in accordance with the law of your particular State?

- Yes
- No

a. How long does your program maintain such records?

Continuation of responses

EMPLOYEE

Legal Services Corporation
 SEGREGATION OF FINANCIAL DUTIES WORKSHEET
 (CONTINUED)

D. Procurement (Recurring Purchases) – WHO?

- 1. is responsible for purchasing
- 2. approves purchase orders
- 3. receives shipments from vendors
- 4. compares purchase order to vendor invoice
- 5. verifies the accuracy of the vendors invoice
- 6. maintains control of unpaid vendor invoices
- 7. maintains control of office supplies
- 8. keeps adequate control of office supplies

E. PROPERTY (Capital Assets) – WHO?

- 1. maintains the property inventory records
- 2. takes the annual property inventory
- 3. reconciles the property record to the General Ledger

F. Payroll – WHO?

- 1. calculates and prepares the payroll
- 2. maintains the Payroll Journal
- 3. signs the payroll checks
- 4. opens the payroll checks
- 5. prepares monthly payroll bank statement reconciliations
- 6. reviews monthly payroll bank statement reconciliations
- 7. prepares the Federal and State Payroll Returns
- 8. protects blank checks by using safes or locks kept in areas of limited access
- 9. keeps a signature die under adequate control

G. Client Trust Accounting – WHO?

- 1. maintains Client Trust Account records
- 2. issues receipts for monies received from clients
- 3. signs Client Trust Account checks
- 4. opens Client Trust bank statement mail
- 5. prepares monthly Client Trust bank statement reconciliations
- 6. reviews monthly Client Trust bank statement reconciliations
- 7. reconciles Client Trust Account balances to General Ledger

H. General Journal – WHO?

- 1. makes entries to the General Journal
- 2. reviews and approves General Journal
- 3. posts the General Ledger
- 4. prepares the monthly Trial Balance of the General Ledger
- 5. reviews the monthly Trial Balance of the General Ledger
- 6. prepares the financial statements and reports

I. General – WHO?

- 1. maintains the accounting and procedures manual
- 2. is covered by bond insurance for handling assets or performing significant financial duties
- 3. protects against a loss of important files, accounting records or equipment