

| Financial Systems Review Actions | | Use for review of : | | |
|---|---|---------------------|---------|---------|
| | | Field Office | Partner | Grantee |
| Review the Monthly Reports | <ul style="list-style-type: none"> Ask at least one question about the financials each month so they know you are reviewing For grantee quarterly reports respond to comments the partner has made on the financial section to encourage that their comments to the grantee link the financials to the project performance (ex: Membership dues are low, is there a group dynamics issue that needs to be resolved?) Does the report match with information in ADF's database? | X | X | X |
| Ask to See the Books | <ul style="list-style-type: none"> If the records are unavailable or they won't let you view them, that is a serious warning sign that something is wrong It lets the grantee and partner know that financial systems are a priority and ADF is watching to make sure they are in place. Make sure 3rd party disbursements are in the general ledger | X | X | X |
| Ask A Few Questions About the System | <ul style="list-style-type: none"> Who does what? Where do you keep the books? Other support documents? Do you lock the petty cash up? How do you keep ADF records separate? For partners, asking about their processes can help you know how easily they can explain financial concepts and processes to grantees Do they have an up to date asset register including equipment purchased under the ADF grant? | X | X | X |
| Review a Sample Transaction | <ul style="list-style-type: none"> Make sure there is separation of duties in the request, approval, and receiver of goods Make sure each step is signed where appropriate and that 2 signatories are used when needed Make sure the manager is reviewing the general ledger regularly | X | X | X |
| Review the Petty Cash Journal | <ul style="list-style-type: none"> Look at each entry and ask to view the audit trail Make sure expenses are appropriate for cash purposes instead of check Make sure the expenses are attributed to the appropriate budget line item Make sure expenses are reasonable and petty cash limit is followed Make sure the numbers add up Pay particular attention to the vehicle and travel expenses which are more variable and easier to have a poor audit trail | X | X | |
| Review the Bank Journal | <ul style="list-style-type: none"> Look for large unexpected transactions Look to see that amount of cash on hand is reasonable Ask to view the audit trail for a sample transaction Compare the journal to the bank statement to make sure they match Look out for comingling of funds with ADF and their main business account Are bank reconciliations on file and signed by the manager? | X | X | |
| Conduct Financial Site Visits | <ul style="list-style-type: none"> Spend a few days looking into the details of the financial system and the individual transaction records Appropriate when there are suspicions of misuse of funds, for audit prep, or when there has been vacancies in the financial staff position At the grantee level this would normally be a partner responsibility | X | X | |
| Compile Monthly Financial Reports | <ul style="list-style-type: none"> Create a "comprehensive financial report" using budgets and monthly reports to track expenses against the budget Note any areas where spending exceeds expectations | X | | |