**ALABAMA**

This assessment was developed to be as comprehensive as possible. Some items may not be applicable to certain monitoring divisions, programs or subrecipients. If items are not applicable, “N/A” should be used. Monitors should document the rationale for not applying a particular risk item.

**GENERAL ASSESSMENT**

(Yes responses indicate risk)

1. Is the entity new to operating or managing state and/or federal funds (has not done so within the past five years)? Yes No N/A

2. Is this program new for the entity *(managed for fewer than three years)*?

Yes No N/A

COMMENTS::

3. Has there been high staff turnover or agency reorganization that affects this program?

Yes No ✓ N/A

COMMENTS::

4. Are the staff assigned to the program inexperienced with the program *(worked with the program for less than two funding cycles)*? Yes No ✓ N/A

COMMENTS::

5. Has the entity been untimely in the submission of:

a. applications Yes No N/A

b. amendments Yes No N/A

c. fiscal reporting Yes No N/A

d. draw down requests Yes No N/A

e. budgets/revisions Yes No N/A

COMMENTS::

6. Has the entity been timely in responding to program/fiscal questions?

Yes No N/A

COMMENTS::

7. Is the program unusually complex *(e.g., program, funding, matching requirements)*?

Yes No N/A

COMMENTS::

8. Have any other entities (program offices, auditors, staff employed by the entity, etc.) alerted us of potential risk areas?

Yes No N/A

COMMENTS::

9. Does the entity have effective procedures and controls?

Yes No N/A

COMMENTS::

10. Other areas of general assessment risk (entity-specific) :

**LEGAL ASSESSMENT**

(Yes responses indicate risk)

1. Does the agency/entity have or previously had a lawsuit(s) filed against them? *If yes, list all pending and/or previous lawsuits with detailed information regarding who filed the lawsuit, the reason for filing and the final judgment rendered.*

Yes No N/A

COMMENTS:

2. Is agency/entity currently or previously been suspended or debarred?

Yes No N/A

*If yes, explain.*  :

(Attach additional sheet if needed).

COMMENTS:

3. Have any organization staff been jailed, convicted of a felony or are currently under criminal investigation?

Yes No N/A

COMMENTS:

4. Other areas of legal assessment risk (entity-specific) :

**MONITORING/AUDIT ASSESSMENT**

(Yes responses indicate risk)

1. Have more than the last three funding cycles passed since the entity had an on-site monitoring visit?

Yes No N/A

COMMENTS:

2. Were there findings/violations in the prior visit?

Yes No N/A

* *What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk)?*

COMMENTS:

3. Has it been more than one year since the recipient received a single audit? (no single audit=higher risk)

Yes No N/A

IF NOT, WHY NOT? :

4. Has it been more than one year since the program audited was as a major program? Yes No N/A

COMMENTS:

If no, then were there findings? Yes No N/A

*What were the number and extent of findings/violations in prior visit (more violations/more severe=higher risk), and does the entity have a corrective action plan for correcting the finding?*

COMMENTS:

5. Other factors of monitoring/risk assessment (entity-specific):

**FINANCIAL SYSTEM ASSESSMENT**

(No responses indicate risk)

1. Is there a uniform financial management/accounting system?

Yes No N/A

*If “Yes” proceed to Question 3)*

COMMENTS:

2. Does the entity have a financial management system in place to track and record the program expenditures? *(Example: QuickBooks, Peachtree or a Custom Proprietary System)*

Yes No N/A

COMMENTS:

3. Does the accounting system identify the receipts and expenditures of program funds separately for each award? Yes No N/A

COMMENTS:

4. Will the accounting system provide for the recording of expenditures for each award by the budget cost categories shown in the approved budget?

Yes No N/A

COMMENTS:

5. Does the entity have a time and accounting system to track effort by cost objective? Yes No N/A

COMMENTS:

6. Are time distribution records maintained for all employees when his/her effort cannot be specifically identified to a particular program cost objective?

Yes No N/A

*If “No,” does the entity have an approved alternative system to account for time distribution, and when was it approved?*

COMMENTS:

7. Does the entity have an indirect cost rate that is approved and current? Yes No N/A

(If “Yes,” who approved the rate?)

COMMENTS:

8. Are the Federal base dollars of this indirect cost rate calculation comparable to other organizations of similar size, purpose and budget?

Yes No N/A

COMMENTS :

9. Other items of financial system assessment (entity-specific)

:

**OVERALL FISCAL ASSESSMENT**

(Yes responses indicate risk)

1. Is this grant large in terms of percentage of overall funding for the entity?

Yes No N/A

COMMENTS:

2. Is there an unusual level discretion in monetary decisions?

Yes No N/A

COMMENTS:

3. Has the entity frequently been untimely in requests for the drawn down of funds? Yes No N/A

COMMENTS:

4. Are there variations between expenditures and the budget?

Yes No N/A (large variations=higher risk)

COMMENTS:

5. Has the entity returned (lapsed) significant unspent funds (ex. 10% or more)?

Yes No N/A

COMMENTS:

6. If applicable, does the entity have a large amount of budget carryover?

Yes No N/A

COMMENTS:

7. Are the entity’s fiscal statistics outside of tolerance or trends (e.g., much more expenditures on supplies than average)?

Yes No N/A

COMMENTS:

8. Other items of overall fiscal assessment (entity-specific):

**FINANCIAL STABILITY ASSESSMENT**

The assessment of financial stability of an entity will vary depending upon the type of entity being assessed. If the entity is a public entity (e.g., school district, public university, municipality, etc.) the Public Entity criteria below may be used to assess financial stability. Non-public entities should be assessed using the Non­Public/Not-For-Profit/Community Base Organizations criteria.

**FINANCIAL STABILITY ASSESSMENT: PUBLIC ENTITIES**

***(Yes responses indicate risk)***

1. Has the entity been placed in a special financial status (e.g., financial watch, fiscal emergency, high risk, etc.)?

Yes No N/A

COMMENTS:

2. Has the entity ever used special loan or funding programs to meet its cash needs? Yes No N/A

COMMENTS:

3. Has the entity had difficulties raising local revenue (e.g., taxes, levies, etc.)?

Yes No N/A

COMMENTS:

4. Has another authority placed special financial conditions on the entity’s award?

Yes No N/A

COMMENTS:

5. Do the financial reports show an insufficient fund balance after meeting its obligations?

Yes No N/A

COMMENTS:

6. Has the entity had difficulty meeting matching/maintenance of effort requirements?

Yes No N/A

COMMENTS:

7. Do the entities financial reports indicate cash flow problems?

Yes No N/A

COMMENTS :

8. Do the financial reports indicate possible supplanting issues?

Yes No N/A

COMMENTS:

9. Do the entity’s financial reports indicate a large number of corrections or journals? Yes No N/A

COMMENTS:

10. Has the entity provided adequate supporting documentation for draws and reporting requirements? Yes No N/A

COMMENTS:

11. Other items of financial stability assessment (public entity-specific) :

**FINANCIAL STABILITY ASSESSMENT: NONPUBLIC/NOT-FOR-­PROFIT/COMMUNITY BASED ORGANIZATIONS**

1. Purpose: The purpose of this section is to use the Financial Statements of the entity/organization to determine its financial health. If independently audited financial statements are not available, the organization’s Chief Financial Officer should be asked to prepare and certify a financial statement. Generally Accepted Accounting Principles require organizations to maintain the following information:

(a) Financial Statements:

* Balance sheet or statement of financial position
* Income statement/statement of operations or Statement of Activities/Statement of Functional Expenses
* Statement of cash flows
* Other statements, such as
  + Retained earnings statement
  + Industry-specific statements

(b) Notes to the Financial Statements, such as:

* Accounting policies
* Related party transactions
* Subsequent events
* Contingent liabilities
* Details about debt and equity investments, inventories, fixed assets and depreciation, long-term debt and capital stock
* Disclosures as needed in other areas (e.g., leases, pensions or income taxes)

2. The Balance Sheet Statement can answer these questions:

* Can the organization pay its bills?

Yes No N/A

COMMENTS :

* Is there cash left over after the organization pays its bills?

Yes No N/A

COMMENTS :

* What is the organization’s debt trend?

COMMENTS :

Specifically: Answer

(a) What is the “current ratio”?

Current Assets ÷ Current liabilities

*Note: A 1 : 1 ratio means that the organization can just pay its bills.*

Answer

(b) What is the “Acid Test Ratio”?

The formula is: Current Assets – Inventories /Liabilities

*Note: The current asset – current liabilities ratio provides you with a working capital index. This ratio measures the immediate debt paying ability of an organization. A 1.0 to1.0 acid-test ratio is usually considered adequate because it indicates that for every dollar of debt there is one dollar of assets that can be converted into cash on short notice to meet current obligations.*

(c) What is the organization’s Debt to Equity Ratio? Answer

The formula is: Total Liabilities ÷ Total Equity

*Note: The “debt to equity ratio” provides information on what the organization owns.*

3. Statement of Cash Flows

The Statement of cash flows shows cash “coming in and going out” and can help answer important questions, like:

* What generated the entity’s increase (or decrease) in cash balance?
* How did the entity utilize the cash provided by operations?
* How did the entity finance any fixed asset purchases or long-term investments?
* What uses did the entity make of cash generated by borrowing or by issuing stock?
* If an entity operated at a loss, how was it able to pay its bills?
* If an entity operated at a profit, why didn’t the cash balance increase?
* Can cash flow support future needs such as debt requirements?

(a) Has the organization operated at a loss for the current or past periods?

Yes No N/A

COMMENTS: :

(b) Is debt growing or declining?

Growing Declining

4. Notes to the Financial Statement and Report of the Independent Auditor

The notes and “management letters” contain information and disclosures important to the understanding of the financial statements. The notes may seem lengthy and detailed, but some of the real story may be gleaned from a careful reading of these notes.

(a) Do the notes to the financial statements or management letters disclose potential financial problems at the organization (e.g., pending lawsuits, outstanding judgments, major loans to or from officers, etc.)?

Yes No N/A

COMMENTS::

(b) Do the loan notes reflect (including loans from officer) indicating poor financial health (e.g., unusually high interest rates, unusual repayment provisions, etc.)?

Yes No N/A

COMMENTS: :

(c) Does the independent audit report for the most recent fiscal year contain an unmodified audit opinion?

Yes No N/A

If not, what kind of opinion did the auditor express? Why did the entity not receive an unmodified opinion? :

5. Other non-public entity financial stability assessment (entity-specific) :

**PROGRAMMATIC ASSESSMENT**

Similar to the sections above, the programmatic risk assessment should include items that assess risks in meeting program requirements and objectives. Agencies using this tool should review their applicable programmatic requirements found in statute, rule and supplements to develop specific risk criteria. (Examples below)

1. Did the entity meet Annual Measurable Program Objectives?

Yes No N/A

COMMENTS: :

2. Did the entity meet their Annual Measurable Program Objectives within the original time frame budgeted?

COMMENTS: :

3. Other criteria which are required by applicable statute/rule.

COMMENTS: :