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## OVERVIEW: FISCAL INTEGRITY

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Monitoring Asks ...

### **Program Design and Management Compliance Framework #1 - Program Governance:**

**Structure** The grantee ensures program integrity and oversight of quality services to children and families and supports appropriate decisions related to program design and implementation by establishing and maintaining formal and effective program governance.

The grantee has a governing body composed of:

- At least 1 member with background and expertise in accounting or fiscal management.
- At least 1 member with background and expertise in early childhood education and development.
- At least 1 member who is a licensed attorney
- Additional members who reflect the community and include parents of formerly or currently enrolled Head Start/EHS children and
- Other members selected for their expertise in education, business administration or community affairs.
  - 642(c)(1)(B)(i), 642(c)(1)(B)(ii), 642(c)(1)(B)(iii), 642(c)(1)(B)(iv), 642(c)(1)(B)(vi)

### **Program Design and Management Compliance Framework #2 -Program Governance: Policies and Training**

The grantee ensures that the Governing Body and Policy Council (or Policy Committee) maintain policies regarding conflict of interest, compensation and reimbursement and receive appropriate training and technical assistance to support program oversight and decision making.

Members of the Governing Board and Policy Council are free from financial or other conflict of interest with the Head Start/Early Head Start agency and do not receive compensation for serving on these bodies.

– 642(c)(2)(C)(i), 642(c)(2)(C)(ii), 642(c)(3)(B), 1304.50(b)(6), 642(c)(1)(C)(i), 642(c)(1)(C)(ii), 642(c)(1)(C)(iii), 642(c)(1)(C)(iv), 642(c)(1)(E)(iv)(X)(aa)

Financial Management Systems must include:

– 45 CFR 74.21(b) and 92.20(b)

- Financial reporting--Accurate, current, and complete disclosure of the financial results of financially assisted activities...
- Accounting records--Maintain adequate records...
- Internal control--Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets...
- Budget control--Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant...
- Allowable cost
- Source documentation
- Cash management--Minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees...

The Basics of Financial Reporting

- Allows for informed decision-making and active involvement
- Is necessary for monitoring financial expenditures and program operations
- Identifies potential risks
- Accurate and timely reports are only possible when a strong record keeping system exists
- Provides checks and balances by keeping everyone in the loop
- Increases accountability