



Financial Management (PA-FIN)

2026 Updates for Public Agencies

Purpose

~~The agency's ability to achieve its mission is based on s~~Sound financial management practices ~~that~~ ensure efficient, data-informed use of ~~the agency's~~ resources in support of mission fulfillment and in accord with applicable legal and regulatory requirements.

Introduction

Sound financial management is the foundation for providing high quality services and achieving the agency's mission and mandates. Agency leadership must foster a culture of accountability in all areas of practice, including the management of the agency's finances, while acknowledging that financial capacity and budgets may be determined by external entities. Accountability is established through clearly defined lines of authority and responsibility, adherence to internal control responsibilities, and by making the strategic connection between efficient and effective use of agency resources and improved outcomes. Effective financial management ensures that resources are being directed, in accordance with applicable-state mandates, to those programs or interventions that have the strongest impact on individuals and families served.

Note: Please see PA-FIN Reference List for the research that informed the development of these standards.

~~**Note:** For information about changes made in the 2020 Edition, please see PA-FIN Crosswalk.~~

Interpretation: Public agencies may operate within governance structures where some or all financial functions are centralized or externally managed. In such cases, the agency's role is generally limited to monitoring, reporting, and advocacy rather than direct management of those functions. Standards should be interpreted within this context, and agencies should clearly document which financial management practices are subject to external control.

PA-FIN 1: Internal Control Environment

An internal control system promotes sound financial practices and fosters a culture of accountability at all levels of the agency including mechanisms for:

- a. review and approval by agency leadership;
- ~~1. conducting and/or participating in internal and external risk assessments, as applicable;~~

- b. management review by more than one individual;
- c. ensuring ~~that~~ fiscal directives from leadership are carried out ~~management directives are carried out~~;
- d. prevention of error, mismanagement, or fraud;
- e. safeguarding and verification of assets; and
- f. conducting ongoing monitoring to assess the effectiveness of internal control procedures and policies.

NA ~~The agency does not have a finance department.~~

Interpretation: When some or all aspects of the internal control system are centralized or externally managed, the agency should:

- a. establish clear agreements or protocols with the external entity outlining roles, responsibilities, and expectations related to internal controls;
- b. participate in oversight activities, including review of financial reports and audit findings;
- c. ensure bidirectional communication including procedures for escalating concerns or suspected irregularities; and
- a-d. verify that safeguards, approvals, and monitoring procedures meet applicable performance expectations.

Example: Internal controls include "preventive" controls that address the question, "What could go wrong?" which are often part of an agency's risk prevention and management activities. Internal controls also include "detective" controls which address the question, "What did go wrong?" which can be incorporated into an agency's performance and quality improvement activities.

Table of Evidence		
Standard Code	Evidence Type	Description
PA-FIN 1	On-Site Activities	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> • Interviews may include: <ul style="list-style-type: none"> 1. <u>Fiscal authority</u> 2-1. <u>Agency leadership</u> 3-2. <u>CFO or equivalent</u> <u>3.</u> Financial management personnel 4. <u>Fiscal authority, if applicable</u> <p>State Administered Agency (Regional Office)</p>

Table of Evidence		
Standard Code	Evidence Type	Description
		<ul style="list-style-type: none"> Interviews may include: <ol style="list-style-type: none"> Regional Director Financial management personnel
PA-FIN 1	Self-Study	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> <u>Internal control procedures and/or agreements or protocols with the fiscal authority when the internal control system is centralized or externally managed</u> <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> <i>No Self-Study Evidence</i>

Rating Indicators	
Rating	
1	<p>Full Implementation, Outstanding Performance</p> <p>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</p> <p>All elements or requirements outlined in the standard are evident in practice, with rare or no exceptions; exceptions do not impact service quality or agency performance.</p>
2	<p>Substantial Implementation, Good Performance</p> <p>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; <u>e.g.</u>,</p> <ul style="list-style-type: none"> The majority of the standards requirements have been met and the basic framework required by the standard has been implemented. Minor inconsistencies and not yet fully developed practices are noted; however, these do not significantly impact service quality or agency performance.

Rating Indicators	
Rating	
	<ul style="list-style-type: none"> • <u>Internal controls are in place and functional, but some elements are not fully developed (e.g., approval timeframes are unclear); or</u> • <u>The agency relies appropriately on external finance partners and has formalized protocols for shared accountability, but there are some inconsistencies in implementation; or</u> • <u>Risk management and fraud prevention measures are present but may not be systematically reviewed or updated.</u>
3	<p>Partial Implementation, Concerning Performance A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; <u>e.g.,</u></p> <ul style="list-style-type: none"> • The agency has not implemented the basic framework of the standard but instead has in place only part of this framework. • Omissions or exceptions to the practices outlined in the standard occur regularly, or practices are implemented in a cursory or haphazard manner. • Service quality or agency functioning may be compromised. • Capacity is at a basic level. • <u>Internal controls exist but are inconsistently applied, poorly documented, or lack regular monitoring; or</u> • <u>Agency leadership is overly reliant on external finance partners and plays a limited role in financial oversight.</u>
4	<p>Unsatisfactory Implementation or Performance A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; <u>e.g.,</u></p> <p>The agency's observed administration and management infrastructure and practices are weak or non-existent; or show signs of neglect, stagnation, or deterioration.</p> <ul style="list-style-type: none"> • <u>No internal control system exists, or controls are nonfunctional or ignored; or</u> • <u>Financial oversight is absent or entirely delegated without agency involvement or monitoring; or</u> • <u>Errors, mismanagement, or fraud risks go unaddressed due to lack of preventive structures.</u>

~~PA-FIN 2: Financial Risk Assessment~~

~~Agency leadership evaluates financial risks and takes steps to mitigate those risks.~~

~~NA State Administered Agency Regional Office~~

~~NA The agency does not have a finance department.~~

PA-FIN 2.01: Financial Risk Assessment

~~The agency conducts, or participates in, an evaluation of financial risks in relation to its financial capacities and the resources needed to provide services that is:~~

- ~~1. incorporated into the agency's annual risk prevention and management assessment; and~~
- ~~2. informs the agency's long-term planning and annual short-term planning processes.~~

PA-FIN 2.02: Financial Risk Assessment

~~The agency plans for unexpected resource disruptions by developing a business continuity plan.~~

~~**Interpretation:** Resource disruptions include those events that are likely to lead to unexpected expenses or cuts, such as a natural or man-made disaster, recession, or a significant shift in sociopolitical climate. Examples of ways to demonstrate standard implementation include, but are not limited to: rainy day funds, establishing risk-sharing mechanisms, or developing recession budgets.~~

PA-FIN 32: Financial Planning

Financial planning is data-driven, agency-wide, and involves key stakeholders.

Interpretation: When some or all financial functions are centralized or externally managed, the agency remains responsible for ensuring that financial planning is strategic, data-driven, and aligned with agency-wide goals. Agency leadership and key staff should actively participate in the planning process, contribute relevant data, and coordinate closely with external finance partners. Stakeholder input and internal priorities should guide financial decisions, even when technical tasks are performed outside the agency.

Examples: Some agencies may develop or utilize a financial planning model to provide a framework for:

- a. clarifying the linkage between strategic planning and resource allocation decisions;
- b. resource allocation that is outcomes-oriented, consumer-centric, and data-driven; and
- c. supporting and promoting long-term financial sustainability.

Table of Evidence		
Standard Code	Evidence Type	Description

<p>PA-FIN 32</p>	<p>On-Site Activities</p>	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> • Interviews may include: <ul style="list-style-type: none"> • Fiscal authority <ol style="list-style-type: none"> 1. Agency leadership 2. CFO or equivalent 2-3. <u>Fiscal authority, if applicable</u> <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> • Interviews may include: <ol style="list-style-type: none"> 1. Regional Director 2. Financial personnel
<p>PA-FIN 32</p>	<p>On-Site Evidence</p>	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> • Budget planning meeting minutes • Annual budget • Documentation of <u>efforts to advocate for increased funding-advocacy efforts</u> including copies of reports, budget proposals, meeting minutes, etc. <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> • <i>No On-Site Evidence</i>
<p>PA-FIN 32</p>	<p>Self-Study</p>	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> • Documents that demonstrate budget planning for current fiscal year including: <ol style="list-style-type: none"> 1. Financial data reports 2. Finance-related performance improvement data reports • Fiscal summary reviews from the previous fiscal year including budget-to-actual variance analysis • Financial reports to oversight authority for previous fiscal year

		<ul style="list-style-type: none"> • Cost analysis reports for previous fiscal year <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> • Documents that demonstrate regional budget planning (reports, planning meeting minutes for the current fiscal year, etc.)
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Rating Indicators	
Rating	
1	<p>Full Implementation, Outstanding Performance A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity, <u>as indicated by full implementation of the practices outlined in the PA-FIN 2 Practice standards.</u></p> <p>All elements or requirements outlined in the standard are evident in practice, with rare or no exceptions; exceptions do not impact service quality or agency performance.</p>
2	<p>Substantial Implementation, Good Performance A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement, <u>as noted in the ratings for the PA-FIN 2 Practice standards.</u></p> <p>The majority of the standards requirements have been met and the basic framework required by the standard has been implemented.</p> <p>Minor inconsistencies and not yet fully developed practices are noted; however, these do not significantly impact service quality or agency performance.</p>
3	<p>Partial Implementation, Concerning Performance A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement, <u>as noted in the ratings for the PA-FIN 2 Practice standards.</u></p> <ul style="list-style-type: none"> • The agency has not implemented the basic framework of the standard but instead has in place only part of this framework. • Omissions or exceptions to the practices outlined in the standard occur regularly, or practices are implemented in a cursory or haphazard manner. • Service quality or agency functioning may be compromised.

Rating Indicators	
Rating	
	<ul style="list-style-type: none"> Capacity is at a basic level.
4	<p>Unsatisfactory Implementation or Performance A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all, <u>as noted in the ratings for the PA-FIN 2 Practice standards.</u></p> <p>The agency's observed administration and management infrastructure and practices are weak or non-existent; or show signs of neglect, stagnation, or deterioration.</p>

FP PA-FIN 32.01

Budget planning is a collaboration between the agency's administrative, program, field, and budget personnel and is based on:

- performance improvement and outcomes data;
- the agency's mission, and strategic priorities;
- direct and indirect operating expenditures; and
- anticipated revenue for the fiscal year.

Examples: *Performance improvement and outcomes data in this context refers to the use of program and ~~individual~~ client outcomes data in planning and budgeting decisions. Such data may be used, for example, to direct available resources toward programs or interventions that have the strongest impact on individuals and families served.*

Rating Indicators	
Rating	
<u>1</u>	<p>Full Implementation, Outstanding Performance <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>
<u>2</u>	<p>Substantial Implementation, Good Performance <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p>

Rating Indicators	
Rating	
	<ul style="list-style-type: none"> • <u>Budget planning includes administrative, program, and field personnel, but some are less consistently represented than others; or</u> • <u>One element of the standard is not fully implemented.</u>
3	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"> • <u>Some departments or staff are involved in budget planning, but some are not represented at all; or</u> • <u>One element of the standard is not addressed at all.</u>
4	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,</u></p> <ul style="list-style-type: none"> • <u>Key administrative, program, and field staff are excluded from the budget planning process; or</u> • <u>More than one element of the standard is not addressed at all.</u>

FP PA-FIN 32.02

Financial information is routinely analyzed and includes:

- a. a monthly and annual analysis of financial performance against budget projection with budget-to-actual variance analyses performed on interim financial statements of activities; and
- b. service revenues and actual service delivery costs.

NA *State-administered agency regional office*

Rating Indicators	
Rating	
1	<p><u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>

Rating Indicators	
Rating	
<u>2</u>	<p><u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>Routine financial performance analysis is conducted but could better inform decision-making if it was more timely.</u>
<u>3</u>	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>Financial performance analysis is conducted but not routinely or it is not used to inform decision-making.</u>
<u>4</u>	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,</u></p> <ul style="list-style-type: none"> <u>The agency lacks basic processes for routine financial performance analysis.</u>

PA-FIN 3.03 Moved to PA-CON

~~The agency conducts cost analyses of contracted services at established intervals and the information is used to analyze operational effectiveness and efficiency and to monitor trends, current experiences, and changes in costs.~~

~~NA The agency is a network management entity.~~

~~NA State-administered agency regional office~~

~~NA Contracting is managed by an external department.~~

PA-FIN 32.043

When necessary, agency leadership advocates for increased funding as part of the budget planning process by:

- a. articulating resource needs as they relate to improved outcomes for individuals and families; and
- b. establishing methods to track and report on annual progress towards achieving long-term goals.

NA State-administered agency regional office

Examples: For child and family services agencies, implementation of PA-FIN 32.04 can include tracking and reporting out on the agency's progress toward achieving the outcomes identified in the Child and Family Services Review (CFSR) and the funding that will be required to meet related performance improvement goals.

Rating Indicators	
Rating	
<u>1</u>	<p><u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>
<u>2</u>	<p><u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>Leadership advocates for funding tied to improved outcomes and long-term goals, but reporting mechanisms or progress-tracking tools may need further development.</u>
<u>3</u>	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>Some limited advocacy for additional funding may occur, but tracking of progress toward long-term goals is limited or informal.</u>
<u>4</u>	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all.</u></p>

PA-FIN 43: Financial Management

Positive financial outcomes are achieved through a financial management system that advances the agency's strategic priorities and receives, disburses, and accounts for funds in accordance with sound financial practices.

NA *The agency does not have a finance department.*

Interpretation: When some or all financial functions are centralized or externally managed, the agency remains responsible for collaborating and communicating regularly with finance partners to share information, clarify expectations, and promote sound practices that support alignment with the agency's strategic priorities.

Table of Evidence		
Standard Code	Evidence Type	Description
PA-FIN <u>3</u>	On-Site Activities	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> Interviews may include: <ul style="list-style-type: none"> <u>1. Fiscal authority</u> <u>2.1.</u> CFO or equivalent <u>3.2.</u> Financial personnel <u>4.3.</u> Agency leadership <u>5.4.</u> Legal personnel <u>In-house counsel</u> <u>6.5.</u> Payroll staff <u>6.</u> Purchasing staff <u>7. Fiscal authority, if applicable</u> Observe reporting and accounting system <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> Interviews may include: <ol style="list-style-type: none"> Regional Director Financial personnel Observe reporting and accounting system
PA-FIN <u>43</u>	On-Site Evidence	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> <u>Documentation of efforts to maximize federal funding</u> <u>Evidence for agencies with internally managed financial functions, if applicable:</u> <ul style="list-style-type: none"> Financial statements/records to support federal claims for the previous fiscal year Copies of financial reports or progress summaries related to court orders or mandates

		<ul style="list-style-type: none"> ○ Training curricula for personnel on the agency's accounting system ○ <u>Documentation tracking staff completion of required trainings</u> ● <u>Agreements with external finance entity, if applicable</u> <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> ● <u>Evidence for agencies with internally managed financial functions, if applicable:</u> <ul style="list-style-type: none"> ○ Financial statements/records to support federal claims for the previous fiscal year ○ Training curricula for personnel on the agency's accounting system ○ Documentation tracking staff completion of required trainings
PA-FIN <u>43</u>	Self-Study	<p>County/Municipality Administered Agency, State Administered Agency (Central Office), or other Public Entity</p> <ul style="list-style-type: none"> ● Procedures for: <ul style="list-style-type: none"> 1. Purchasing 2. Managing and disbursing <u>the client funds of persons served, if applicable</u> 3. Payroll, <u>if applicable</u> ● List of programs that draw down federal money, <u>if applicable</u> ● Aggregate federal reimbursement review reports for the previous fiscal year, <u>if applicable</u> <p>State Administered Agency (Regional Office)</p> <ul style="list-style-type: none"> ● Regional federal reimbursement review reports for the previous fiscal year, <u>if applicable</u>

Rating Indicators	
Rating	
1	<p>Full Implementation, Outstanding Performance</p> <p>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity, <u>as indicated by full implementation of the practices outlined in the PA-FIN 3 Practice standards.</u></p> <ul style="list-style-type: none"> All elements or requirements outlined in the standard are evident in practice, with rare or no exceptions; exceptions do not impact service quality or agency performance.
2	<p>Substantial Implementation, Good Performance</p> <p>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement, <u>as noted in the ratings for the PA-FIN 3 Practice standards.</u></p> <ul style="list-style-type: none"> The majority of the standards requirements have been met and the basic framework required by the standard has been implemented. Minor inconsistencies and not yet fully developed practices are noted; however, these do not significantly impact service quality or agency performance.
3	<p>Partial Implementation, Concerning Performance</p> <p>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement, <u>as noted in the ratings for the PA-FIN 3 Practice standards.</u></p> <ul style="list-style-type: none"> The agency has not implemented the basic framework of the standard but instead has in place only part of this framework. Omissions or exceptions to the practices outlined in the standard occur regularly, or practices are implemented in a cursory or haphazard manner. Service quality or agency functioning may be compromised. Capacity is at a basic level.
4	<p>Unsatisfactory Implementation or Performance</p> <p>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all, <u>as noted in the ratings for the PA-FIN 3 Practice standards.</u></p>

Rating Indicators	
Rating	
	<ul style="list-style-type: none"> The agency's observed administration and management infrastructure and practices are weak or non-existent; or show signs of neglect, stagnation, or deterioration.

PA-FIN 43.01

The agency appropriately maximizes federal funding opportunities based on funding structure.

NA State-administered agency regional office

Interpretation: The agency's ability to maximize federal funding may be limited by the state's infrastructure and should be interpreted within that context. The agency should be prepared to speak to the efforts they have made in this area within the context of their specific state structure and the scope of their authority.

For example, The agency's ability to maximize federal funding may be limited by the state's infrastructure. For example, county-administered agencies may have a limited ability to pursue funding avenues without the support of the state, but may play a role in identifying opportunities, engaging stakeholders, and supporting statewide strategies that enhance access to federal funds. The agency should be prepared to speak to the efforts they have made in this area within the context of the state-wide approach.

Or, when some or all financial functions are centralized or externally managed, agencies may be focused on identifying and advocating for opportunities, providing programmatic expertise, coordinating across departments, and tracking and reporting impact.

Examples: Ways to maximize federal funding can include, but are not limited to:

- a. centralized, ongoing review of eligibility requirements to ensure policies are correctly applied across jurisdictions;
- b. tracking and responding in a timely manner to changes in federal ruling or regulations;
- c. exploring how federal funds can be used to reimburse purchased services;
- d. conducting time studies with staff and contracted providers so eligible activities are reimbursed at the appropriate rate;
- e. using training and supervision to educate staff on critical terminology and processes and continuing to monitor that they are consistently applied;
- f. incorporating monitoring of federal reimbursements/claims into the agency's overall performance and quality improvement program; and
- g. partnering with leaders across the jurisdiction to explore the availability of alternative federal dollars that may fall outside traditional funding sources.

<u>Rating Indicators</u>	
<u>Rating</u>	
<u>1</u>	<p><u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>
<u>2</u>	<p><u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>• While the agency consistently identifies and pursues federal funding within its scope of responsibility, one aspect of their efforts could be more fully developed (e.g., their tracking system could be more robust.)</u>
<u>3</u>	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"> <u>• The agency makes inconsistent or limited efforts to identify, advocate for, or support federal funding opportunities within its scope of responsibility.</u>
<u>4</u>	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,</u></p> <ul style="list-style-type: none"> <u>• The agency takes little or no action to identify or pursue federal funding opportunities within its scope of responsibility.</u>

PA-FIN 43.02

The agency seeks to conserve its fiscal resources by:

- taking advantage of tax exemptions permitted for public agencies, where applicable;
- coordinating the purchase of goods or services among internal divisions; and
- involving staff and other stakeholders in identifying creative ways to use funds effectively and efficiently.

NA: The agency does not have a finance department.

Rating Indicators	
Rating	
1	<p>Full Implementation, Outstanding Performance A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</p> <p>All elements or requirements outlined in the standard are evident in practice, with rare or no exceptions; exceptions do not impact service quality or agency performance.</p>
2	<p>Substantial Implementation, Good Performance A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</p> <ul style="list-style-type: none"> While the agency applies most required practices within its structural role and authority, one area may be less fully developed. For example, there may be limited coordination across divisions or infrequent stakeholder engagement<u>One element of the standard is not fully implemented.</u>
3	<p>Partial Implementation, Concerning Performance A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</p> <ul style="list-style-type: none"> The agency takes minimal action to conserve fiscal resources. For example, tax exemptions are underutilized, purchase coordination is sporadic, or stakeholder input is minimal; or<u>One element of the standard is not addressed at all; or</u> Practices are not well-integrated into operations; or Coordination and advocacy roles are unclear in agencies with <u>centralized or externally managed</u> finance functions.
4	<p>Unsatisfactory Implementation or Performance A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,</p> <p>The agency does not take deliberate action to conserve fiscal resources. For example, tax exemptions are overlooked, purchase coordination is absent, and stakeholders are not engaged in identifying efficiencies.</p>

PA-FIN 43.03

The agency's finance department:

- maintains all financial records required to support federal claims; and
- complies with all applicable court orders or mandates.

NA The agency does not have a finance department.

Rating Indicators	
Rating	
<u>1</u>	<u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u>
<u>2</u>	<u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u> <ul style="list-style-type: none"><u>There could be more complete documentation for a small number of claims.</u>
<u>3</u>	<u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u> <ul style="list-style-type: none"><u>There is incomplete documentation for most federal claims.</u>
<u>4</u>	<u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,</u> <ul style="list-style-type: none"><u>The agency does not maintain required financial records to support federal claims; or</u><u>The agency fails to comply with applicable court orders or mandates.</u>

FP PA-FIN 43.04

An agency that assumes fiduciary responsibility for , or disperses, the-client funds of persons served or disburses client funds:

- a. segregates the-client funds from other agency funds; and
 1. complies with applicable legislative, regulatory, judicial, and governmental requirements;
and
 2. plans for meeting the needs of clients-persons served in the event of unexpected resource disruptions impacting the-client funds.

Interpretation: *Fiduciary responsibility refers to an individual's or agency's responsibility to act in good faith on behalf of another person. The fiduciary is legally or ethically trusted to make decisions in the best interest of the person and may not use their role to benefit themselves. Examples of fiduciary relationships include those of a guardian and ward or representative payee and beneficiary.*

Examples: *Unexpected resource disruptions that could impact ~~the client~~ funds of persons served include federal government shutdown or other events that temporarily suspend the agency's receipt of ~~client~~-funds.*

Examples: *Examples of the types of funds that agencies may assume responsibility for or disburse ~~to clients~~ include:*

- a. allowances for children and youth in out-of-home care;
- b. funds under the control of the agency in guardianship cases; and
- c. social security or SSI benefits when the agency serves as representative payee.

NA *The agency does not assume fiduciary responsibility for, or disburse, funds to persons served.*

Rating Indicators	
Rating	
<u>1</u>	<p><u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>
<u>2</u>	<p><u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p> <ul style="list-style-type: none"> • <u>There are small, isolated recordkeeping or procedural inconsistencies, but they do not affect the agency's ability to safeguard the funds of persons served; or</u> • <u>Contingency plans exist but could be more detailed and/or address all potential disruptions.</u>
<u>3</u>	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"> • <u>There is missing documentation for certain transactions or delayed implementation of required safeguards; or</u> • <u>Segregation of funds is inconsistent; or</u> • <u>Contingency planning is incomplete or outdated.</u>
<u>4</u>	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all.</u></p>

PA-FIN 43.05

The agency ~~ensures that's~~ finance ~~department trains~~ personnel are trained to use the accounting system and adapt to changes in the system as they occur.

NA The agency does not have a finance department.

<u>Rating Indicators</u>	
<u>Rating</u>	
<u>1</u>	<u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u>
<u>2</u>	<u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u> <ul style="list-style-type: none"><u>Finance personnel are trained to use the accounting system, but not always as promptly as possible.</u>
<u>3</u>	<u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u> <ul style="list-style-type: none"><u>Training is inconsistent or outdated.</u>
<u>4</u>	<u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all.</u>

PA-FIN 43.06

Payroll practices include:

- documentation of changes in time and overtime records; and
- ~~segregation~~separation of payroll funds.

NA State Administered Agency Regional Office

NA The agency does not have a finance department or payroll is externally managed.

Rating Indicators

<u>Rating</u>	
<u>1</u>	<p><u>Full Implementation, Outstanding Performance</u> <u>A rating of (1) indicates that the agency's practices fully meet the standard and reflect a high level of capacity.</u></p>
<u>2</u>	<p><u>Substantial Implementation, Good Performance</u> <u>A rating of (2) indicates that an agency's infrastructure and practices are basically sound but there is room for improvement; e.g.,</u></p> <ul style="list-style-type: none"><u>• Documentation of changes in time or overtime is occasionally delayed or missing some detail.</u>
<u>3</u>	<p><u>Partial Implementation, Concerning Performance</u> <u>A rating of (3) indicates that the agency's observed infrastructure and/or practices require significant improvement; e.g.,</u></p> <ul style="list-style-type: none"><u>• Documentation of changes in time or overtime consistently lacks sufficient detail.</u>
<u>4</u>	<p><u>Unsatisfactory Implementation or Performance</u> <u>A rating of (4) indicates that implementation of the standard is minimal or there is no evidence of implementation at all.</u></p>