AGREED-UPON PROCEDURES REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
SUBRECIPIENT MONITORING
AGING AND MEDICAID PROGRAMS

JULY 1, 2018, THROUGH JUNE 30, 2019

Issued on July 2, 2019

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Cindy Janssen – Audit Manager
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Nebraska Auditor of Public Accounts
State Capitol, Suite 2303
P.O. Box 98917
Lincoln, Nebraska 68509
Phone: 402-471-2111

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBRECIPIENT MONITORING
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SUBRECIPIENT MONITORING
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KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Department of Health and Human Services – Medicaid and Long-Term Care

Name	Title
Dannette R. Smith	CEO
Matthew Van Patton	Director, Medicaid & Long-Term Care
Cynthia Brammeier	Director, State Unit on Aging
Kathy Scheele	Administrator, Home and Community Based Services – MLTC

Nebraska Department of Health and Human Services
Division of Medicaid & Long-Term Care
P.O. Box 95026
Lincoln, NE 68509-5026
dhhs.ne.gov

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
www.auditors.nebraska.gov

NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBRECIPIENT MONITORING
AGING AND MEDICAID PROGRAMS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Department of Health and Human Services
Division of Medicaid and Long-Term Care
Lincoln, Nebraska

We have performed the procedures enumerated below, which were agreed to by the engaging party, the program management of the Nebraska Department of Health and Human Services (DHHS), on the subrecipients' (responsible party) financial reports (subject matter) and whether they were accurate and in compliance (assertion) with Federal cost principles (criteria) during the period July 1, 2018, through June 30, 2019. Management of DHHS is responsible for ensuring the criteria used is applicable. The responsible party, each subrecipient, is responsible for ensuring the accuracy of the reports and compliance with Federal cost principles. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed and Results

1. Complete the Internal Control Questionnaire.

The APA determined that all nine subrecipients tested lacked proper internal controls in one or more areas reviewed. A few still lacked a reasonable method for allocating costs to more than one program in accordance with the relative benefits received. The APA identified concerns for a couple of the subrecipients related to the time study used to allocate personnel and other costs to various programs. Other issues identified included the lack of adequate segregation of duties, lack of written policies, the use of signature stamps to sign checks, a lack of documentation for authorized pay rates, a lack of financial information provided to the governing body or included in the governing body's meeting minutes, and the recording of senior center expenses consistently.

For more details regarding each subrecipient's lack of internal controls, see **Attachments 1-9**.

2. Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

For each of the subrecipients, the APA reviewed the most recent audit reports and also followed-up on the findings of the prior year subrecipient monitoring. For one subrecipient, the APA found issues related to both a lack of Board-approved policies and the entity's time study. For another subrecipient, the audit included issues with internal controls and the preparation of financials. For the remaining subrecipients, the prior year issues were addressed within the other sections of the summary report.

For more details regarding the subrecipients' prior monitoring findings, see **Attachments 1 and 5**.

3. Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions.

For all nine subrecipients, the APA obtained financial information for a month selected for testing.

4. Review list of individuals authorized to process expenditure transactions in accounting system.

For all nine subrecipients, the APA documented the individuals authorized to process transactions in the accounting system.

5. If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska.

The APA determined that the eight area offices on aging are organized by interlocal agreements, and they act as quasi-governmental entities. The League of Human Dignity operates as a non-profit organization.

6. Obtain a list of employees paid during the period tested.

For all nine subrecipients, the APA obtained a list of employees paid during the period tested.

7. Perform a detailed test of employee payroll.

For each of the nine subrecipients, the APA performed detailed employee payroll testing, which consisted of numerous steps for the employees selected for testing. A majority of the subrecipients lacked adequate procedures to allocate personnel costs to more than one program. Many of the subrecipients that conducted time studies had concerns related to their time study results. The APA also found several other concerns, including issues with income tax withholdings, lack of approved pay rates, unsigned timesheets, lack of documentation to support amounts deducted from employees' pay, unauthorized stipends, and lack of a policy for employer-paid insurance benefits and bonuses.

For more detailed information regarding each subrecipient's payroll testing findings, see **Attachments 1-9**.

8. Review journal entries to determine the entry and classification of transactions are reasonable and proper.

The APA found concerns with the journal entries reviewed for three of nine subrecipients tested. One subrecipient created a journal entry to charge personal vehicle mileage to its agency-owned vehicles, which is not allowable. Another subrecipient transferred costs between programs without adequate documentation to support the transfer. The same subrecipient created a journal entry to record volunteer hours, but the volunteers had not signed a record of time worked. The third subrecipient allocated employer-paid benefits to each program at the end of the month. However, the employer-paid dental insurance was not allocated properly. Additionally, this subrecipient charged administrative expenses (indirect costs) to the Waiver and LOC programs, which were not specifically included in the budget and approved.

See **Attachments 1, 3, and 4**.

9. Review negative expenditures to determine if transactions were reasonable and proper.

No concerns were noted during this test.

10. Perform a detailed test of agency expenditures.

For all nine subrecipients, the APA performed a test of expenditures, which consisted of numerous steps for each transaction selected for testing. Generally, the APA determined the subrecipients lacked adequate procedures to allocate costs based on the relative benefits received by each program. Many also lacked procedures to ensure their subrecipients allocated costs based on relative benefits received.

The APA also determined that at least four of the nine subrecipients used fixed-priced awards for their own subrecipients. According to the Uniform Grant Guidance, fixed amount awards cannot be used in programs that require mandatory cost sharing or match. We recommend DHHS obtain proper documentation from its Federal cognizant agency to determine whether these contracts or awards are allowable.

Finally, the APA found a number of other concerns with all nine subrecipients tested, including one who continued to charge mileage expenses for its agency-owned vehicles, which is not an actual or allowable expense; lack of or inadequate supporting documentation, such as written contracts, to document terms and conditions of services provided for handyman, homemaker, respite, and other services; lack of adequate documentation on mileage logs to support the allocation of the travel-related costs to each program; in-kind building space costs that were not calculated in accordance with Federal regulations; lack of documentation to support expenses submitted by subrecipients; lack of consistency by the subrecipients in accounting for their own subrecipient expenses; lack of documentation to support meal requests provided by contractors, such as home delivered meal verifications from clients; meal logs that did not agree to the amount of meals charged; lack of support for IIIB services provided, including client signatures for services provided; lack of adequate travel policies; and reimbursement for the cost of an alcohol purchase.

For additional details for each subrecipient tested, see **Attachments 1-9**.

11. Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

Any significant contracts were tested in the step above.

12. Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal.

No issues were noted during this step.

13. Determine whether program income and matching is correctly determined, recorded, and used in accordance with applicable requirements.

The APA determined that eight of the nine subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including another Federal program income included in an agency's income amount; the lack of daily contribution logs or logs that were not signed by two individuals at both the area agency and its subrecipient senior centers to document client contributions received; lack of an initial control log to document contributions for home delivered meals or other non-meal services; lack of documentation to identify the program for contributions received; lack of sign-in sheets at congregate meal sites or lack of route sheets for home delivered meals; volunteer hours reported as matching not documented by approved timesheets, or time to complete the meal delivery route not documented; lack of documentation to verify income and matching amounts reported by senior centers or subrecipients; lack of adequate documentation for the value of in-kind IIIB services; records not supporting the amount of income reported, such as meal logs not agreeing to meals reported; the reporting of ineligible client meals; and a lack of documentation to support local public cash reported by subrecipients.

For additional details for each subrecipient, see **Attachments 1-8**.

14. Determine whether all required reports include all activity of the reporting period, are supported by adequate records, and are presented in accordance with requirements. (Compare financial information obtained to selected reports.)

The APA found concerns with the amounts reported for seven of the nine subrecipients. In general, the amounts reported to DHHS were not supported by the financial information provided by the subrecipient. For example, an expense incurred was not properly reported; one agency created quarterly journal entries to record revenues and recorded some in-kind amounts only at year end so the reports did not match the financial records; one agency over-reported an expense and failed to report NSIP income based on actual amounts; one agency's method for recording its transactions by program was not conducive to accurate reporting, as the entity utilized a number of interlinked spreadsheets to report information for each program; one agency lacked documentation for an expense in the Waiver program; there were some timing issues between the agencies' financial data and the data reported; and one agency reported income based on the invoice date, rather than the date the payment was actually received.

For further information regarding these concerns, see **Attachments 3-9**.

15. Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

In most cases, the Medicaid expenses were tested with the expenditure testing completed above.

16. Document the Agency's procedures to monitor its subrecipients, if applicable.

The APA noted issues with the subrecipient monitoring procedures performed by seven of the nine subrecipients. The other two subrecipients did not make any subawards. Some of the issues noted included the lack of written subrecipient monitoring policies; ensuring the method to pay subrecipients a fixed price per meal did not result in a profit for the subrecipient; lack of an understanding of the method to allocate costs by the subrecipient; lack of documentation to support testing performed; lack of documentation by the subrecipients to support all expenses, ensuring the financial records support the amounts reported for income, expenses, and matching amounts; lack of proper review of personnel costs, including obtaining approved timesheets; lack of monitoring of all subrecipients; the inclusion of indirect costs charged by subrecipients without specific approval of the rate by DHHS; lack of monitoring of the controls over the collection of contributions; and the need for additional desk reviews to compensate for the annual subrecipient monitoring for agencies whose entire expenses are incurred by subrecipients.

For additional details regarding the subrecipients tested, see **Attachments 1-5 and 7-8**.

Overall DHHS Response: The agency hired the APA to conduct fiscal testing, beginning with FY18. The agency follows up with each subrecipient about findings. Findings are expected to be corrected by the next monitoring visit. Repeat findings, unallowable expenses, or egregious discoveries lead to a formal corrective action plan or disallowance letter, or both. In FY18, the agency issued two corrective action plans, and disallowed $169,915.58. In FY19, the agency issued three corrective action plans, and disallowed $32,286.12. Cost allocation has been required by the agency, however methods and precise timing is determined by each subrecipient. Federal partners are consulted for technical assistance. The Northeast Nebraska Area Agency on Aging (NENAAA) disputes the finding that payments to subrecipients entered as a liability, instead of a contractual service expense, should be corrected; NENAAA's auditors have approved the entry of NEAAA's subrecipients' payments; and, NENAAA's subrecipients' payments are reported to the State Unit on Aging correctly on the monthly financial reports. The agency will continue to follow up with subrecipients, and will require additional documentation regarding budget revisions made as a result of cost allocation changes.

* * * * * *

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to determine whether the subrecipient financial reports were accurate and in compliance with Federal cost principles. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

C. J. Janssen

July 1, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

Complete Internal Control Questionnaire
In the prior subrecipient monitoring, the APA included an internal control issue related to signature stamps. The Director and three Board members have signature stamps that are used to sign checks. The Director maintains her signature stamp, which is locked in her office. The three Board member stamps are locked in the fiscal officer's office. The use of signature stamps to sign checks is an internal control weakness, as there is a risk the stamp could be used by someone other than the authorized signer of the checks. Therefore, we recommend the WCNAAA discontinue its use of signature stamps to sign checks.
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
One of the main concerns from the prior monitoring was a lack of written policies for determining whether costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance and the terms and conditions of the subawards. While the WCNAAA implemented written policies regarding the allocation of costs to its various programs, there is still areas that could be improved as follows: *1) The WCNAAA should have the governing Board approve its policies and procedures* *2) The policy regarding the personnel cost allocation should consider whether the time period of the time study is representative for all employees. For example, if an employee used leave, the WCNAAA should determine at which point the amount of leave used in the time study period renders that period not representative of a normal work period. The three employees tested recorded 16.25%, 15.78%, and 14.37% of their time as leave used and therefore not included in the time study calculations.* *3) The policy regarding personnel costs should consider the amount of time employees are coding as administrative time. Administrative time coded during the time study period should be kept to a minimum and the WCNAAA should implement a policy to determine the amount of administrative time that is reasonable during the time study period. The three employees tested recorded 22.34%, 11.41%, and 6.41% of administrative time during the time study period.* *4) The WCNAAA should ensure its personnel cost allocation policy considers time coded to more than one program at a time and that adequate documentation exists to support the allocation of that time. For example, in some instances, time was charged to both the C1 and C2 programs; between IIIB, C1, or C2 programs; or between Waiver and Care Management. In these instances, the WCNAAA should ensure documentation exists to support how that time was allocated.* *5) For the Fiscal Assistant, the WCNAAA should ensure the administrative time for payroll and accounting processing should be coded to the overall personnel allocation percentages and not just the programs for which she charges her other hours.* *6) The WCNAAA should ensure a secondary review of the time study calculations and spreadsheets. For one of three employees tested, it appears one day in the time study had hours coded to the wrong programs. The IIIB community service program was calculated at 12.41% but should have been 14.19% as a result of this error. The error resulted in changes to the allocation percentage between two IIIB programs by 1%.* *The WCNAAA failed to obtain adequate documentation to support the Local Public In Kind match amounts reported by McCook. See testing below for more information.* *The APA also identified concerns with the WCNAAA's subrecipient monitoring procedures and documentation. For those findings, see the subrecipient section testing at the end of this summary.*
Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2019 transactions
QuickBooks and back-up for July 2018 obtained.
Review list of individuals authorized to process expenditure transactions in accounting system.

Obtained and reviewed. No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

N/A. The WCNAAA does not solicit donations or hold itself out to be a non-profit organization. It is organized by several interlocal agreements and acts as a quasi-governmental organization.

Obtain a list of employees paid during the period tested

Obtained.

Perform a detailed test of employee payroll

All payroll costs were allocated in accordance with the personnel cost allocation method derived from the time study for each employee selected for testing. The issues related to the time study were included above.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

Each month the WCNAAA prepares a journal entry to allocate mileage costs of their agency-owned vehicles to its various programs. The amount is determined by taking the miles driven in the agency's vehicles and applying the GSA standard mileage rate of $.545 for each mile driven. This is not an allowable expense under the Uniform Grant Guidance because it does not represent an actual expense – there was no payment made for this expense. Applicable vehicle expenses would be for gasoline, maintenance, and depreciation. The total amount charged to the programs in July 2018 was $3,929.20. The WCNAAA should work with the SUA to reimburse for the unallowable cost. The charges was split between the programs as follows:

IIIB	C1	C2	IIIE	LOC	Waiver	Other
$ 51.23	$ 194.60	$ 161.34	$ 6.54	$ 227.30	$ 1,757.19	$ 1,531.00

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a $4,983 payment for vehicle insurance. There are six vehicles, so each vehicle was assigned an equal share of the insurance cost, or $830.50 each. Four of the six vehicles were charged to local funds. However, one vehicle's insurance expense was charged to IIIB and one vehicle's insurance was charged to IIIE. The WCNAAA indicated that these two vehicles were purchased with IIIE and IIIB funds, so that is how they were advised to allocate the costs. However, the Uniform Grant Guidance requires that costs be allocated based on the relative benefits received and these two vehicles are used by various programs. The WCNAAA already tracks the miles driven in each of the vehicles by program, so the documentation is already available to allocate the costs to each program based on the mileage driven. For July 2018, the miles driven in each vehicle was documented as follows:

Vehicle	IIIB	C1	C2	IIIE	Waiver	LOC	Other
IIIB Vehicle	16%	22%	17%	1%	1%	0%	43%
IIIE Vehicle	0%	0%	0%	4%	5%	5%	86%

The WCNAAA's subawards for the Title IIIC meal programs are based upon a per meal cost, rather than on actual expenses. It appears these awards would be considered fixed amount subawards under the Uniform Grant Guidance. Fixed amount subawards are explained in 2 CFR 200.332, as follows:

> With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in § 200.201 Use of grant agreements

(including fixed amount awards), cooperative agreements, and contracts.

2 CFR 200.201 states the following:

(a) The Federal awarding agency or pass-through entity must decide on the appropriate instrument for the Federal award (i.e., grant agreement, cooperative agreement, or contract) in accordance with the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08).

(b) Fixed Amount Awards. In addition to the options described in paragraph (a) of this section, Federal awarding agencies, or pass-through entities as permitted in § 200.332 Fixed amount subawards, may use fixed amount awards (see § 200.45 Fixed amount awards) to which the following conditions apply:

(1) The Federal award amount is negotiated using the cost principles (or other pricing information) as a guide. The Federal awarding agency or pass-through entity may use fixed amount awards if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost. Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. Except in the case of termination before completion of the Federal award, there is no governmental review of the actual costs incurred by the non-Federal entity in performance of the award. Some of the ways in which the Federal award may be paid include, but are not limited to:

(i) In several partial payments, the amount of each agreed upon in advance, and the "milestone" or event triggering the payment also agreed upon in advance, and set forth in the Federal award;

(ii) On a unit price basis, for a defined unit or units, at a defined price or prices, agreed to in advance of performance of the Federal award and set forth in the Federal award; or,

(iii) In one payment at Federal award completion.

(2) A fixed amount award cannot be used in programs which require mandatory cost sharing or match.

(3) The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

(4) Periodic reports may be established for each Federal award.

(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity.

Section (b)(1)(i) included above seems to allow for the payment of a Federal award on a unit price basis set forth in the Federal award. However, section (b)(2) indicates that fixed amount awards cannot be used in programs that required mandatory cost sharing or match. The meal programs included in this award are cost sharing arrangements with local governments and matching amounts are required. Therefore, it does not appear fixed cost awards are allowable for the Aging Cluster, under the UGG.

We recommend the WCNAAA work with the DHHS to ensure compliance with the requirements of the Uniform Grant Guidance for its subawards.

The APA selected three subawards for testing during July 2018.

Cozad Grand Generation Center:

Federal Program		Amount
NSIP	C1	$ 490.70
NSIP	C2	$ 189.70
Title III	B	$ 704.69
Title III	C1	$ 1,524.68
Title III	C2	$ 589.43
Total July 2018		$ 3,499.20

In the prior year's monitoring, the APA recommended that the WCNAAA periodically obtain the signature of the individuals receiving home delivered meals to ensure the accuracy of the meal counts. The APA noted that the Cozad Grand Generation Center had obtained a verification of home delivered meals, but only for its Title XX and Waiver clients, not for the Aging funds. We recommend the WCNAAA implement procedures to ensure the home delivered meals are periodically verified.

Community Action Partnership of Mid-Nebraska:

Federal Program		Amount
NSIP	C1	$ 1,041.60
NSIP	C2	$ 903.70
Title III	B	$ 2,014.77
Title III	C1	$ 3,236.40
Title III	C2	$ 2,807.93
Total July 2018		$ 10,004.40

In the prior year's monitoring, the APA recommended that the WCNAAA periodically obtain the signature of the individuals receiving home delivered meals to ensure the accuracy of the meal counts. The APA noted that the center had obtained a verification of home delivered meals, but only for its Title XX and Waiver clients, not for the Aging funds. We recommend the WCNAAA implement procedures to ensure the home delivered meals are periodically verified.

Stapleton Senior Meals:

Federal Program		Amount
NSIP	C1	$ 401.80
NSIP	C2	$ 0.70
Title III	C1	$ 1,664.60
Title III	C2	$ 2.90
Total July 2018		$ 2,070.00

The APA requested meal logs to verify the meal counts for one day in July 2018. For July 25, 2018, Stapleton had report 44 over 60 meals and no under 60 meals. However, the meals logs showed that 43 over 60 meals and 1 under 60 meal. The WCNAAA should ensure the meal count is corrected and any necessary contributions for the meal are remitted. Furthermore, the WCNAAA should strengthen its procedures to review the meal logs to ensure the accuracy of the meal counts.

Additionally, the subaward between the WCNAAA and the Stapleton Senior meals was a standard template and included language for providing Title IIIB support services. However, Stapleton is a meal only site and so support services are not provided. The WCNAAA should ensure the subawards for the meal only site include only language applicable to that site.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

Any significant contracts would be tested with the expenditures included above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards

and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

Community Action Partnership of Mid-Nebraska: This subrecipient included income from its Head Start Program in the amounts reported to WCNAAA. This income from another Federal program, was then included as Local Other Cash and reported to the SUA as income. For July 2018, the amount was $1,661.78.

The requirements set forth in the Uniform Grant Guidance at 2 CFR 200.306(b) states, in part, the following:

> For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:
>
> . . .
>
> (2) Are not included as contributions for any other Federal award;
>
> . . .
>
> (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

We recommend the WCNAAA work with the SUA to adjust its reports to remove the Head Start funding from its Local Other Cash matching amounts and ensure the appropriate level of match is obtained.

McCook: The APA tested McCook in the prior year and determined there was a lack of documentation to support some of its matching amounts. The WCNAAA failed to obtain adequate documentation to support the amount of Local Public In Kind matching amounts reported by McCook. A summary of the amounts reported in July 2018 is included in the table below:

Match	C1	C2	IIIB	Total
Local Public In Kind	$ 2,556	$ 2,556	$ 2,556	$ 7,668

The WCNAAA believes this is the value of the building space. The Uniform Grant Guidance contains the following regulations regarding in kind matching for donated space at 2 CFR 200.306(h)(2)(i)(3):

> The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

We recommend that the WCNAAA implement procedures to ensure it has an adequate understanding of the income and matching amounts reported by it subrecipients and that the amounts are supported by adequate documentation and conform to the requirements contained in the Uniform Grant Guidance.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.)

No issues noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.

In the prior year monitoring, the APA determined that the WCNAAA lacked adequate procedures to monitor its subrecipients, including a lack of written policies and procedures for subrecipient monitoring.

The WCNAAA again failed to produce adequate written policies regarding its subrecipient monitoring processes. The on-site checklists provided do not constitute an adequate policy. We recommend the WCNAAA implement a formal, written policy that considers the risks of noncompliance with Federal statutes, regulations, and terms of the subaward for purposes of determining the appropriate monitoring. Monitoring should include reviewing financial and performance reports and following-up to ensure the subrecipient takes timely and appropriate corrective actions. There are various monitoring tools available to the WCNAAA, one of which is one site monitoring.

Depending on the outcome of the discussions regarding the method of payment for the WCNAAA's subawards (fixed amount awards versus actual expenses), as mentioned previously, there may be different monitoring procedures required.

For example, for fixed amount awards, documentation to support the meals provided may be adequate to support the payment to the subrecipient. For actual cost awards, the WCNAAA would be required to ensure costs are adequately supported and the method used to allocate all costs is documented and based on relative benefits received.

In both cases, monitoring procedures should include the testing of client contributions and matching amounts reported.

Additionally, the WCNAAA did not have documentation on file to ensure the subrecipients were not earning a profit based on the per-meal pricing method used to pay them. Based on the information provide for July 2018, the APA performed the following calculations:

Cozad Haymaker Grand Generation Center	July 2018
July 2018 expenses	$ 16,005.12
Local Other Cash	$ 8,408.96
AoA Cash Contributions	$ 5,513.25
Other Cash Contributions (title XX, Medicaid, etc.)	$ 1,856.58
Net Expenses	$ 226.33

The WCNAAA paid the Cozad Haymaker Grand Generation Center $3,499.20 for July 2018.

Community Action Partnership of Mid-Nebraska	July 2018
July 2018 expenses	$ 22,195.93
Local Other Cash	$ 5,611.78
AoA Cash Contributions	$ 8,535.86
Other Cash Contributions (title XX, Medicaid, etc.)	$ 2,744.71
Net Expenses	$ 5,303.58

The WCNAAA paid the Community Action Partnership of Mid-Nebraska $10,004.40 for July 2018.

Stapleton Senior Meals	July 2018

July 2018 expenses	$ 4,502.25
Local Other Cash	$ 0.00
AoA Cash Contributions	$ 2,138.00
Other Cash Contributions (title XX, Medicaid, etc.)	$ 0.00
Net Expenses	$ 2,364.25

The WCAAA paid the Stapleton Senior Meals $2,069.30 for July 2018.

We recommend the WCNAAA work with the DHHS to determine the proper method to pay the subrecipients. If the fixed award cost is determined to be acceptable, the WCNAAA should implement procedures to document and ensure the subrecipients are not making a profit off of the Federal funds provided.

Based on the current method of payment to its subrecipients, the APA found the following issues related to the three subawards selected for testing:

Community Action Partnership of Mid-Nebraska:
The Community Action Partnership of Mid-Nebraska is a larger non-profit organization, with many other programs than just the Aging programs. Therefore, they allocate many of their costs between all of their programs. The WCNAAA did not have an adequate understanding of the method used to allocate costs to the program or whether the method was based on the relative benefits received in accordance with the Uniform Grant Guidance.

The WCNAAA obtained the cash contributions listing for the meals served, testing for a sample of days for the meal logs, a revenue and expense statement from the accounting system, bank statements, information on matching, etc. The WCNAAA assessment indicated that 10 expenditures were selected for testing. However, the WCNAAA did not provide the documentation to support those expenditures but stated that invoices could be obtained from the subrecipient, if needed.

It appears the Community Action Partnership of Mid-Nebraska has entered into a couple of agreements to provide meals for off-site locations in Hershey and at the Frontier House. The Hershey agreement is in writing. However, there is no written agreement between the Community Action Partnership of Mid-Nebraska and the Frontier House for the meals provided.

Stapleton:
The most recent subrecipient monitoring occurred in September 2017, which was prior to the WCNAAA's change in subrecipient monitoring procedures. Therefore, the monitoring did not appear to review the expenses of the subrecipient. The cash contributions and meals logs were reviewed during the monitoring.

We recommend the WCNAAA implement procedures to ensure its subrecipient monitoring procedures are adequate, including the review and documentation of expense allocation methods, if necessary, maintenance of adequate records to support the testing performed, and ensuring its subrecipients have proper written agreements for services provided.

Complete Internal Control Questionnaire
The NENAAA has written policies and procedures covering the compensation of employees and fringe benefits. However, not all benefits are defined in the document, including the medical and dental amounts paid by the agency for its employees. The NENAAA should review its benefit policies to ensure all relevant information is included. *The NENAAA did not ensure matching amounts met the requirements of the Uniform Grant Guidance. See below for further information.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Reviewed the prior monitoring findings to determine if weaknesses have been corrected. Uncorrected issues are noted in the detail testing sections below.
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions
No issues noted.
Review list of individuals authorized to process expenditure transactions in accounting system.
Obtained and reviewed. No issues noted.
If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska
No issues noted.
Obtain a list of employees paid during the period tested
No issues noted.
Perform a detailed test of employee payroll
The APA performed detail testing of three employees and noted the following issues: *The NENAAA conducted a time study for a one month period in order to have a basis for allocating payroll costs to the appropriate programs. The APA found the following issues with the time study:* 1. *Employees were only required to document time worked on each program throughout the day, for example, time coded to III-B, C1, C2, IIIE, etc. However, the actual time study allocation used by the NENAAA allocates costs to multiple activities within each of these programs, such as IIIB outreach, IIIB Legal, IIIB supportive services, IIIB information and assistance, etc. The documentation provided did not support how costs were allocated to the various activities within each program. Although this does not have an effect on the overall allocation of costs to the Federal programs, DHHS should be aware of the method NENAAA uses to allocate costs for budgeting purposes.* 2. *The written time study policy failed to address situations in which an employee used excessive leave during the time study period. For example, one of the three employees tested used 57.5 hours of leave during the time study period. The amount of leave used can affect the payroll allocation percentages. We recommend NENAAA include in its written time study policy a maximum amount of leave that can be used during the time study period to be considered representative of the hours worked each month.* 3. *The NENAAA's procedures to allocate travel or training time during the time study period could be improved. The current process is to allocate the time evenly to each program based upon the services provided by that center. However, not all services are provided evenly at each center. For example, in many cases, more C1 meals are provided than any other service. Therefore, we recommend NENAAA consider allocating travel and training hours at each senior center based upon the actual dollars expended for each program at the center.* 4. *For one employee tested, the NENAAA incorrectly charged .25 hours to C2 instead of III-B. This resulted in the time study percentages being incorrectly stated. The time study shows this employee as working 38.33% on III-B and 21.79% on C2. Had the 0.25 hours been correctly*

shown, the allocations for this employee would be 38.49% on III-B and 21.64% on C2. This would also have a small percentage effect on the overall percentages that are used to allocate expenditures other than payroll, and the Executive Director and Fiscal Officer's payroll amounts. The NENAAA should ensure the time study calculations are accurate and reviewed by a second individual prior to implementation.

For one employee tested, the employee's dental insurance enrollment form elected "One Person" coverage. The NENAAA added a handwritten note on the form that the employee added "Family" dental coverage. The NENAAA was unable to provide adequate documentation to support this coverage was actually elected by the employee. We recommend NENAAA implement procedures to ensure adequate documentation is on file to support all employee benefit elections.

The NENAAA pays for the cost of the employee only medical and dental coverage. Coverage elected by employees in excess of the employee-only costs are deducted from the employee's pay. The NENAAA was unable to provide adequate documentation to support this policy. We recommend NENAAA update their policies to reflect the portion of insurance that will be covered by the entity.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA performed detail testing of four expenditures totaling $5,318.91. The following issues were noted:

One expense reimbursement expense for $201.25 was paid for mileage and meals to conduct senior center evaluations. The NENAAA allocated this cost based on the employee's percentages from the time study. This may not be the best method to allocate these costs, as the senior centers do not provide the same programs at the same levels.

The second travel expense reimbursement expense tested for $597.66 was paid for mileage to home visits and a meal. Again, the costs of this travel were allocated to the programs based on the employee's percentages from the time study. It is possible that a more accurate method to allocate these costs would be based on the clients visited and the nature of the visit. The following table shows the allocation of the two expenses tested:

IIIB		C1		C2		IIIE		Totals	
%	$	%	$	%	$	%	$	%	$
31.68%	$63.77	30.34%	$61.05	17.29%	$34.79	20.69%	$41.64	100.00%	$201.25

SCO		Waiver		Totals	
%	$	%	$	%	$
8.28%	$49.49	91.72%	$548.17	100.00%	$597.66

The APA also found the NENAAA travel policy to be inadequate. For example, the NENAAA reimburses its employees $0.50/mile for use of a personal vehicle. This policy is not included in the NENAAA travel policy.

Additionally, the policy allows for reimbursement of the actual costs of travel while out of town on agency business. However, the Internal Revenue Service further defines travel expenses in Publication 463, which states:

> You are traveling away from home if:
> - Your duties require you to be away from the general area of your tax home (defined later) substantially longer than an ordinary day's work, and
> - You need to sleep or rest to meet the demands of your work while away from home.

Therefore, in most cases, meals for one-day travel are not reimbursable expenses. The State of Nebraska also generally does no reimburse meals for one-day travel. Therefore, the reimbursement of meals when not away from the home overnight does not appear reasonable. The first document contained $21.75 in meal expenses and the second document contained $4.16 in meal expenses.

We recommend the NENAAA review its travel policy and ensure the personal vehicle mileage reimbursement rate is included and that its meal reimbursement policy is reasonable and conforms to any IRS regulations and definitions.

The APA tested one expenditure totaling $2,520 for lifeline support for individuals. The NENAAA does not have a contract with the provider to support the $30 monthly cost per individual. Additionally, the documentation provided to support the expense is not adequate as it is a simple excel spreadsheet and does not include an invoice date or payment terms. We recommend NENAAA work with the provider to obtain a formal agreement for the amounts being paid by NENAAA, and that NENAAA ensures they obtain adequate documentation for all payments.

The APA also tested four expenditures to subrecipients totaling $12,649.15 and noted the following:

The NENAAA's subawards for the Title IIIB and IIIC meal programs are based upon a per unit/meal cost, rather than on actual expenses. It appears these awards would be considered fixed amount subawards under the Uniform Grant Guidance. Fixed amount subawards are explained in 2 CFR 200.332, as follows:

> With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in § 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.

2 CFR 200.201 states the following:

> **(a)** The Federal awarding agency or pass-through entity must decide on the appropriate instrument for the Federal award (i.e., grant agreement, cooperative agreement, or contract) in accordance with the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08).
>
> **(b)** Fixed Amount Awards. In addition to the options described in paragraph (a) of this section, Federal awarding agencies, or pass-through entities as permitted in § 200.332 Fixed amount subawards, may use fixed amount awards (see § 200.45 Fixed amount awards) to which the following conditions apply:
>
> **(1)** The Federal award amount is negotiated using the cost principles (or other pricing information) as a guide. The Federal awarding agency or pass-through entity may use fixed amount awards if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost. Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. Except in the case of termination before completion of the Federal award, there is no governmental review of the actual costs incurred by the non-Federal entity in performance of the award. Some of the ways in which the Federal award may be paid include, but are not limited to:
>
> **(i)** In several partial payments, the amount of each agreed upon in advance, and the "milestone" or event triggering the payment also agreed upon in advance, and set forth in the Federal award;

(ii) On a unit price basis, for a defined unit or units, at a defined price or prices, agreed to in advance of performance of the Federal award and set forth in the Federal award; or,

(iii) In one payment at Federal award completion.

(2) A fixed amount award cannot be used in programs which require mandatory cost sharing or match.

(3) The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

(4) Periodic reports may be established for each Federal award.

(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity.

Section (b)(1)(i) included above seems to allow for the payment of a Federal award on a unit price basis set forth in the Federal award. However, section (b)(2) indicates that fixed amount awards cannot be used in programs that required mandatory cost sharing or match. The meal programs included in this award are cost sharing arrangements with local governments and matching amounts are required. Therefore, it does not appear fixed cost awards are allowable for the Aging Cluster, under the UGG.

We recommend the NENAAA work with the DHHS to ensure compliance with the requirements of the Uniform Grant Guidance for its subawards.

The APA also found that the NENAAA continued to record the payments to its subrecipients to a liability account in its accounting system and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. This finding was noted in the prior year. We recommend the NENAAA work with DHHS to record its expenses properly in the accounting system.

One of the NENAAA's subawards was a cost reimbursement award. The APA selected a payment to Legal Aid of Nebraska totaling $2,290.54. The NENAAA provided a subaward agreement with Legal Aid noting NENAAA would pay up to $27,000 for legal assistance and legal education services for the period July 1, 2018, through June 30, 2019. However, NENAAA failed to obtain or review documentation to support the expenditures. Additionally, this entity was not included in the NENAAA subrecipient monitoring procedures. The following table shows the costs claimed for reimbursement for the month of July 2018:

Cost Category	**Amount**
Personnel	$3,118.08
Travel	$136.25
Printing and Supplies	$34.33
Equipment	$61.75
Building Space	$250.75
Communications and Utilities	$100.33
Other	$116.08
Total	$3,817.57
Matching	$1,527.03
Net Cost (Paid by NENAAA)	**$2,290.54**

The NENAAA provided information from Legal Aid upon request of the APA. While some documentation was provided, such as paycheck information for one employee, the information was not adequate because the NENAAA did not know how the agency allocated its expenses to the IIIB program. For example, a pay check summary for one employee with a gross pay of $5,795.22 was provided. The personnel costs recorded for the period were $3,118.08. There was no documentation to determine that the amount charged to the IIIB program was allocable to the program in accordance with provisions of

the Uniform Grant Guidance. Other documentation for expenses was provided in total, and the method used to charge the costs to the IIIB program was not documented. *We recommend NENAAA implement procedures to ensure adequate documentation is maintained to support the expenses and matching amount reported by the entity and that they comply with the provision found in the Uniform Grant Guidance.* *The APA tested the $3,560.12 NENAAA payment to the Wisner Community Senior Center for its July 2018 contractual services under its subaward. Because the payment is based on units provided, the APA reviewed the sign-in sheets for home delivered and congregate meals for one day during the month and noted the home delivered sign-in sheet does not appear to be signed by the actual clients, but the same person is signing for multiple individuals. For the home delivered meals, the sign in sheet did not agree to the daily meal log used to prepare the reimbursement. The daily meal log shows a total of 12 eligible home delivered meals, 2 guests and one ineligible meal. The sign in sheet for the date tested shows 12 over 60 meals and one under 60 meal. Furthermore, the units of service for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. The APA obtained the documentation to support the IIIB services. The NENAAA should implement procedures to ensure sign-in sheets adequately identify all eligible, ineligible, and guess meals and should ensure that units of IIIB services provided are adequately documented. These issues were also noted in the prior year.* *The APA tested the $4,001.98 NENAAA payment to the Community Senior Center for its July 2018 contractual services under its subaward. Because the payment is based on units provided, the APA reviewed the sign-in sheets for home delivered and congregate meals for one day during the month and noted the home delivered sign-in sheet does not appear to be signed by the actual clients to verify meals were provided. The units of service for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. The APA requested documentation for three IIIB activities and was provided with sign in sheets for only one of the three activities selected. The NENAAA should implement procedures to ensure that clients are verifying the delivery of home delivered meals and should ensure that units of IIIB services provided are adequately documented. Some of these issues were noted in the prior year.* *The APA tested July expense reported by the O'Neill Senior Citizens Center for contractual services under its subaward agreement and totaling $2,796.51. The APA reviewed the sign-in sheets for home delivered and congregate meals for one day during the month and noted the home delivered sign-in sheet did not appear to be signed by the actual clients to verify meals were provided. Additionally, the home delivered meals to Chambers did not agree to the route delivery sheets. The units of service for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. The APA requested documentation for three IIIB activities and was provided with sign in sheets for the two of the three activities requested. The center reported 32 health clinic units, but the sign in sheets provided showed 41 units. The NENAAA should implement procedures to ensure that clients are verifying the delivery of home delivered meals, that sign in sheets and route delivery sheets identify eligible versus ineligible meals and units of IIIB services provided are adequately documented. Some of these issues were noted in the prior year.*
Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.
N/A – significant contracts would be tested above.
Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income is correctly determined, recorded and used in accordance with applicable requirements.

The matching amount reported by each of the NENAAA subrecipients is a calculated amount based on the reported expenses, less any income/contributions amounts and less amounts received from the NENAAA for NSIP, Title XX, or the amount paid based on the units provided. If there are leftover net expenses, those are reported as matching amounts.

The NENAAA does not ensure matching amounts reported by its subrecipients are verified, in accordance with 2 CFR 200.306(b). The NENAAA should implement procedures to ensure the expenses reported comply with this section of the Uniform Grant Guidance in order for the matching amounts to be allowable.

The following matching amounts were reported by each of the subrecipients tested for the period July 2018. (The APA reviewed July 2018 for matching and income because that is the time period that NENAAA requested that subrecipients provide. Instead of having the subrecipients re-submit information, the APA tested the July 2018 information reported:

Type of Match	IIIB	C1	C2	Total
Community Senior Center				
Local Public	$164.12			$164.12
Local Cash	$1,086.95			$1,086.95
Total	$1,251.07			$1,251.07
Wisner Senior Center				
Local Public Match	$175.33	$190.84	$155.08	$521.25
O'Neill Senior Citizens Center				
Local Cash	$2,706.63	$717.09	$602.31	$4,026.03

Additionally, the APA noted the following issues with income or contributions for meals in the C1 and C2 programs. The following income amounts were reported by each of the subrecipients:

Type of Income	IIIB	C1	C2	Total
Community Senior Center				
Income/Contributions	$156.10	$2,599.01	$1,008.00	$3,763.11
Wisner Senior Center				
Income/Contributions	$0.00	$1,310.25	$805.25	$2,115.50
O'Neill Senior Citizens Center				
Income/Contributions	$0.00	$1,549.00	$2,135.00	$3,684.00

The APA identified the following issues with the documentation provided for the income amounts:

- *The Community Senior Center does not separate contributions between its C1 and C2 programs; therefore, the APA was unable to verify whether the contributions reported for each program were accurate. Additionally, the Community Senior Center reported $3,607.01 in income for the C1 and C2 programs; however, the documentation provided has $4,004.51 and $4,069.01 contributed for meals.*
- *The Wisner Senior Center reported $1,310.25 for C1 income; however, the contribution records provided had $933.20. For the C2 program, the Center reported $805.25, and the documentation provided has $586.50. Additionally, the C2 SSBG meals reported did not agree to the meal logs. Wisner reported 24 C2 SSBG meals, but the meal logs only reflected 20 C2 SSBG meals.*

The senior centers tested reported amounts paid by ineligible clients (under 60) in the SSBG totals. The NENAAA should work the DHHS to determine the proper reporting of ineligible meal contributions.   *We recommend NENAAA implement procedures to ensure that matching and contribution amounts are accurately reported and in accordance with the UGG.*
Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.
Immaterial differences were noted and discussed with the NENAAA.
Determine the Medicaid & LOC payments were in accordance with the terms of the contract.
N/A – this would be reviewed during the testing above.
Document the Agency's procedures to monitor its subrecipients, if applicable.
The NENAAA's subrecipient monitoring policy requires the agency to perform monitoring on one-third of the subrecipient sites each year. *The NENAAA also contracts with a local CPA firm to conduct agreed-upon procedures at half of the subrecipients each year. Although this function is not included in the NENAAA's subrecipient monitoring policy, it provides a valuable monitoring tool for the agency.* *We recommend the NENAAA ensure the agreed-upon procedures conducted by the CPA are included in its subrecipient monitoring policy. The NENAAA should ensure the procedures it performs at each entity are not duplicative of the monitoring performed by the CPA.*

Complete Internal Control Questionnaire

The method used to allocate costs, including both personnel and non-personnel costs was not adequate or in accordance with the UGG. Currently, most costs are allocated to the various programs based on the budget projections and not based on relative benefits received. The MAAA is in the process of conducting a time study that would allow them to more accurately allocate costs to various programs. However, at the time of the monitoring, the time study was not complete and had not been approved by DHHS.

The MAAA should implement procedures to ensure changes to pay rates are accurate. The Fiscal Manager annually adjusts pay rates in the accounting system. There is no documented review of the changes made to the pay rates.

The MAAA should consider including a listing of the monthly claims paid in the Board's meeting minutes. Currently, the check register is included with the Board packets for review, but the approved claims are not included in the actual meeting minutes.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

Reviewed the prior monitoring findings to determine if weaknesses have been corrected. Uncorrected issues are noted in the detail testing sections below.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions

No issues noted.

Review list of individuals authorized to process expenditure transactions in accounting system.

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested three employees and could not verify whether the correct program was charged for the duties performed. The allocation of the personnel costs was based on budgeted amounts and not a reflection of actual time worked.

Because the method used to allocate personnel costs were not documented, the MAAA was not in compliance with the Uniform Grant Guidance, including 45 CFR § 75.430. As mentioned previously, the MAAA is currently working on conducting a time study to more accurately charge costs to its various programs.

The following employees were tested and include the programs charged for the pay period tested:

Employees Tested	Program Charges							Salary for Pay Period
	IIIB	C1	C2	IIIE	SCO	Waiver	Other	
Employee 1	$841.52	$420.76	$420.70	$210.38	$631.13	$631.13	$1,051.88	$4,207.50
Employee 2	$291.72	$0.00	$0.00	$291.72	$505.65	$1,283.57	$1,516.94	$3,889.60
Employee 3	$415.36	$207.68	$207.68	$103.84	$0.00	$51.92	$51.92	$1,038.40
Totals	**$1,548.60**	**$628.44**	**$628.38**	**$605.94**	**$1,136.78**	**$1,966.62**	**$2,620.74**	**$9,135.50**

Additionally, the APA noted one employee tested elected zero allowances for Federal and State income tax withholdings on the Federal Form W-4; however, the MAAA withheld the employee's State income

taxes using two allowances. Title 316 NAC 21-010.01 of the Nebraska Department of Revenue's Rules and Regulations states in relevant part, "Except as provided in Reg-21.010.01B, when determining the proper amount of income tax to be deducted and withheld from an employee's wages, the employer will allow the number of exemptions claimed by the employee on his or her Employee's Withholding Allowance Certificate, Federal Form W-4, for federal income tax purposes." *The MAAA should implement procedures to ensure all deductions or withholdings from pay are properly authorized, supported by adequate documentation, and in compliance with all rules, regulations, and statutes.* *One employee tested received a $20 phone reimbursement. The MAAA lacked a policy regarding cell phone reimbursements and the reimbursement was not part of a written contract or agreement with the employee. We recommend the MAAA implement a policy to address phone reimbursements.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
The APA tested five journal entries totaling $15,983.57. The following issues were noted: *One journal entry totaling $7,150.15 moved costs from the CASA Care Management program to the Level of Care and Targeted Case Management programs. Per discussions with the MAAA, this entry was made because the Care Management personnel costs had been running high. Therefore, the MAAA moved 36% of the costs to Level of Care and 64% of the costs to Targeted Case Management. The MAAA lacked adequate documentation to support the amount of money moved from CASA to Level of Care and Targeted Case Management.* *One journal entry totaling $929.18 moved Howard County personnel costs from IIIB homemaker service to C-1 Congregate meals. Howard County no longer has a homemaker budget, so the entry seems reasonable. However, the MAAA lacked adequate support for the overall personnel costs for Howard County.* *Two journal entries totaling $6,419.24 were made to correct personnel cost coding issues within the system. The costs were ultimately charged based on budgeted time rather than the actual time worked on each program. Additionally, for one of these two coding issues, the MAAA only corrected the wages, and not the taxes, retirement, etc. due to time constraints. Per review of the MAAA's general ledger, this individual had $175.59 in benefits for the September 28, 2018, pay date. As noted above, the MAAA was in the process of completing a time study to correctly allocate these costs in the future.* *One journal entry totaling $1,485 was made to record volunteer hours in Nuckolls County. The APA judgmentally selected two of the twelve volunteers and requested the timecards to support the hours worked. The total hours charged agreed to time cards, which were signed by the volunteers. However, the MAAA lacked documentation showing a supervisory approval of the hours worked.* *We recommend the MAAA implement procedures to ensure costs are allocated based on actual, rather than budgeted costs. We further recommend the MAAA ensure all costs are properly approved.*
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The MAAA pays the bills for six of its counties, so the documentation to support the expenses is sent to the MAAA for payment. The APA test six payments totaling $12,362.84 and noted the following issues: • *Five of the six documents tested had expenses allocated based on budgeted rather than actual costs – a total of $6,755.77. These documents included a mileage expense reimbursement, purchases made using the credit card, rent, membership dues, and raw food expenses.*

- *For the sixth document tested, totaling $4,682.40, the APA was unable to verify the methods used by the MAAA to allocate these costs between programs. A total of $3,347.78 was allocated to C1 (between two different locations) and $1,334.62 was allocated to C2. Per discussion with the MAAA, these costs were allocated based on the actual number of meals provided. However, the MAAA later learned there was an issue with the meal counts it obtained and had to review all of the meals and determined an adjustment was necessary. A journal entry was performed to move $169.18 from C1 to C2 expenses. The APA was unable to verify that either the original charge or the adjusting entry were accurate based upon the documentation provided.*

We recommend the MAAA implement procedures to ensure all costs are allocated based on actual expenses and are adequately supported.

There are two counties who have contracts with the MAAA to provide services. For those counties, the MAAA annually performs subrecipient monitoring on a quarterly basis. The APA noted the MAAA's subawards with these two counties for Title IIIB and IIIC meal programs are based on a per unit/meal cost, rather than on actual expenses. It appears these awards would be considered fixed amount subawards under the Uniform Grant Guidance. Fixed amount subawards are explained in 2 CFR 200.332, as follows:

> With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts up to the Simplified Acquisition Threshold, provided that the subawards meet the requirements for fixed amount awards in § 200.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts.

2 CFR 200.201 states the following:

(a) The Federal awarding agency or pass-through entity must decide on the appropriate instrument for the Federal award (i.e., grant agreement, cooperative agreement, or contract) in accordance with the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6301-08).

(b) Fixed Amount Awards. In addition to the options described in paragraph (a) of this section, Federal awarding agencies, or pass-through entities as permitted in § 200.332 Fixed amount subawards, may use fixed amount awards (see § 200.45 Fixed amount awards) to which the following conditions apply:

(1) The Federal award amount is negotiated using the cost principles (or other pricing information) as a guide. The Federal awarding agency or pass-through entity may use fixed amount awards if the project scope is specific and if adequate cost, historical, or unit pricing data is available to establish a fixed amount award based on a reasonable estimate of actual cost. Payments are based on meeting specific requirements of the Federal award. Accountability is based on performance and results. Except in the case of termination before completion of the Federal award, there is no governmental review of the actual costs incurred by the non-Federal entity in performance of the award. Some of the ways in which the Federal award may be paid include, but are not limited to:

(i) In several partial payments, the amount of each agreed upon in advance, and the "milestone" or event triggering the payment also agreed upon in advance, and set forth in the Federal award;

(ii) On a unit price basis, for a defined unit or units, at a defined price or prices, agreed to in advance of performance of the Federal award and set forth in the Federal award; or,

(iii) In one payment at Federal award completion.

(2) A fixed amount award cannot be used in programs which require mandatory cost sharing or match.

(3) The non-Federal entity must certify in writing to the Federal awarding agency or pass-through entity at the end of the Federal award that the project or activity was completed or the level of effort was expended. If the required level of activity or effort was not carried out, the amount of the Federal award must be adjusted.

(4) Periodic reports may be established for each Federal award.

(5) Changes in principal investigator, project leader, project partner, or scope of effort must receive the prior written approval of the Federal awarding agency or pass-through entity.

Section (b)(1)(i) included above seems to allow for the payment of a Federal award on a unit price basis *set forth in the Federal award. However, section (b)(2) indicates that fixed amount awards cannot be used in programs that required mandatory cost sharing or match. The meal programs included in this award are cost sharing arrangements with local governments and matching amounts are required. Therefore, it does not appear fixed cost awards are allowable for the Aging Cluster, under the UGG.*

We recommend the MAAA work with the DHHS to ensure compliance with the requirements of the Uniform Grant Guidance for its subawards.

Additionally, the APA noted the per meal rates in two out of three of the MAAA's subawards with Hall County (Wood River and Doniphan) did not agree to the amounts actually reimbursed. These two subawards showed IIIB services provided up to $10,400 for the year, C1 meals reimbursed at $3.30 per meal, and C2 meals reimbursed at $2.45 per meal. The rates actually reimbursed were based on $20,800 for the year, $7.25 per meal, and $6.08 per meal, respectively.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

See testing above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

For the six direct service counties, the MAAA obtains copies of the bank statements to verify the deposits for client contributions. The MAAA prepares a journal entry to transfer those deposits to the main MAAA bank account monthly.

For the two county subawards, the MAAA should review income received as part of their subrecipient monitoring processes. See subrecipient monitoring section below for further information.

The APA reviewed the amounts recorded for Federal Title XX, NSIP, Income Contributions/Fees, Local Public Cash and Local Other In-kind and noted the following issues:

A local public cash entry did not have adequate documentation to support the method to allocate the audit expense to its various programs. The MAAA created a journal entry to move 25% of the fiscal year 2018 audit expense from a program expense to local match for the III-B, C1, and C2 programs. These three programs have a 25% local match requirement. The total audit expense was $18,000; therefore, $4,500 was originally charged to these programs ($1,500 to each of the three programs). The MAAA reclassified the expense to local match. The money for the local match is received from partner counties paying their dues to the MAAA for the year.

During our testing of Title XX income, the APA determined $325.26 was miscoded as client contributions and should have been coded as Title XX. Additionally, the APA selected one individual to request documentation to support the number of meals reported. The MAAA failed to provide adequate documentation for the individual's 22 meals totaling $126.94, as the wrong month was provided to support the meals. Furthermore, documentation signed by the individual for receipt of the meal was not provided.

The APA selected two counties (Nuckolls and Clay) to verify the number of NSIP meals reported was adequately supported. For Nuckolls County, the APA selected the City of Superior. The MAAA did not provide documentation for the C2 meals in a timely fashion. For September 2018, Superior shows 165 *total meals and 120 total NSIP meals.*

We recommend the MAAA ensure income and matching amounts are properly recorded, supported by adequate documentation, and allocated based on relative benefits received.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

The APA reviewed the reports submitted for September 2018 and noted one expense account code was not requested for reimbursement. Per discussion with the MAAA, when the expense code was added, it was not properly designated to be included in the financial statements. The table below shows the amounts that were in the MAAA's general ledger, but not reported:

Program Charges							Total
IIIB	C1	C2	IIIE	SCO	Waiver	Other	Expenses
$10.30	$10.30	$10.30	$5.15	$12.36	$34.01	$20.60	$103.02

The APA recommends the MAAA implement procedures to ensure all general ledger activity is compared to their reports for accuracy.

Additionally, $325.26 for Title XX meals was incorrectly coded to Client Contributions – Non-Match in the MAAA's general ledger, as previously noted.

Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

Medicaid and LOC payments were considered in the detail expenditure testing section above.

Document the Agency's procedures to monitor its subrecipients, if applicable.

The MAAA did not have adequate procedures to monitor its subrecipients. The two subrecipients recorded the following expenses for September 2018:

Subrecipient	Expenses Reported for August 2017
Hall	$25,361.15
Hamilton	$10,822.30
Total	**$36,183.45**

In October 2018, the MAAA approved a policy that stated subrecipients would be monitored on a quarterly basis (two of which will be onsite). Additionally, the policy stated the MAAA will perform monthly desk reviews of income and expenses claimed that month. The APA requested the most recent monitoring the two subrecipients and the following concerns were noted:

Hall County:

- *Based on the documentation provided by the MAAA for Hall County, it appears that only a check register was requested. Without access to the subrecipient's complete general ledger, the MAAA is unable to review income or matching amounts.*
- *The MAAA's written notes stated that documentation appears adequate for the allocation cost costs between programs. The subrecipient made hand written notes on the invoices provided to document how costs were allocated between programs. Without a review of the general ledger, the MAAA would be unable to verify if these allocations agree to what is actually entered into the system. Additionally, there was no documentation on file to determine that the allocation was based on relative benefits received for each program.*
- *The MAAA included a summary of the documentation requested and received, including payroll, utilities, and other check purchased noted on the check registers, and generally indicated that the documentation provided was adequate. However, additional detail was not documented to*

support documentation reviewed by the MAAA.

Hamilton County

- *The support provided for Hamilton County only included the MAAA's notes on the desk review, as this review had not yet been completed. Due to documentation not being provided for the items reviewed by the MAAA, the APA was unable to verify if the procedures performed were adequate.*

It is our understanding that at the time of the APA monitoring procedures, the subrecipient monitoring policy was newly approved. Therefore, we recommend the MAAA ensure its subrecipient monitoring includes income, matching, and expenses. We also recommend the MAAA ensure amounts allocated to more than one program, including payroll and non-payroll expenses, are supported by records that reflect the relative benefits received by each program. Finally, we recommend the MAAA maintain the documentation reviewed to support the items sampled.

Complete Internal Control Questionnaire
There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subgrant award. The ENOA should develop written procedures for its cost allocation methods that ensures costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions. *The Eastern Nebraska Human Services Agency (ENHSA) is the governing body of the ENOA. The Board of Directors does not review or approve the payments made by the ENOA. The Board receives a quarterly financial statement that summarizes the total activity of the ENOA, not programmatic information. The ENOA should consider providing more detailed financial information, including a list of checks written and programmatic data, so the Board can provided effective financial monitoring and oversight.* *The ENOA changed all of its senior center contracts to subawards for fiscal year 2019. As a result, the ENOA is responsible for performing subrecipient monitoring procedures. The ENOA did not have written subrecipient monitoring policies and procedures as required by the Uniform Grant Guidance. We recommend the ENOA implement written subrecipient monitoring policies.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
The APA reviewed prior year findings. Any issues that still exist are addressed within the body of this summary.
Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2019 transactions
No issues noted.
Review list of individuals authorized to process expenditure transactions in accounting system.
No issues noted.
If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska
The ENOA has indicated they are not a 501(c)(3) corporation.
Obtain a list of employees paid during the period tested
No issues noted.
Perform a detailed test of employee payroll
The APA tested four employees and noted one of the employees had a health insurance deduction treated as a post-tax deduction, which is incorrect. The health insurance deduction should have been a pre-tax deduction. The ENOA should ensure the health insurance deductions are appropriately classified as pre-tax deductions.
Review journal entries to determine the entry and classification of transactions are reasonable and proper
The ENOA records several journal entries at the end of each month to move personnel costs between programs. Generally, the transferred costs are supported by records of actual time worked on the programs. The APA noted that not all employer-paid personnel costs are included in the journal entry calculations. For example, the ENOA pays $9.65 per month per employee who participates in the dental insurance plan. This amount is not moved from the original cost center to align it with the actual hours worked. *Additionally, the APA noted that the October 2018 journal entry that transferred personnel costs between the Medicaid Waiver and Medicaid Level of Care programs was incorrect. The ENOA transferred $53 too much from Waiver to Level of Care for the employer-paid portion of health insurance.* *The ENOA allocated a portion of its administrative expenses to the Medicaid and LOC programs. The allocation was based upon a time study completed by the staff during February 2018. The APA reviewed the time study for four employees selected for testing in the payroll section and determined that one of the four employees had time that was not properly allocated. The staff member coded approximately 36.5 hours to*

activities that were charged to both IIIB and ADRC. All of those hours were allocated evenly between both programs. However, the employee actually worked approximately 73% on IIIB and 27% on ADRC. Therefore, the allocation of the hours recorded to both programs should have been based on the actual hours worked. We recommend the ENOA review the time study to ensure hours that are recorded on the time sheets to more than one program are allocated based on actual time worked.

The ENOA did not specifically include the indirect administrative costs noted above as a separate expense category in its budgets for Waiver and LOC. Indirect costs need to be approved and without being listed separately on the budget, there are questions whether the indirect costs are approved. The ENOA should ensure indirect costs are specifically included in future budgets and approved by DHHS.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA selected 11 documents, totaling $93,607.68, for testing and noted the following:

The APA tested a $54,611.18 contractual food expense to Treat America, the home delivered meals contractor that was charged to the C2 program. The expense was for September meals provided in the metro area, Fremont, and Blair. The APA requested the meal requests for September 20, 2018. The Blair meal request showed a difference of two meals compared to what was paid on the invoice for that date. Additionally, the ENOA had to obtain the meal request for Fremont because they only received a monthly amount for Fremont.

The APA also noted the home delivered meals are not signed or verified by the client receiving the meals.

The ENOA should ensure the meals requested each day agree to the amount billed. The ENOA should also keep documentation on file to support the daily meal requests at each location and should have the clients sign or initial for the meals provided.

The APA tested a $6,006.60 contractual services expense to the Intercultural Center under a subaward to provide a nutrition program and supporting social services. This is the amount charged to the C1 program. Another $5,544.56 was charged to the IIIB program for a total payment of $11,551.16. The Center is required to employee a Director and Nutrition Program Coordinator, to determine the recipients meet the age requirements or are the spouse of an active participant, and generally run the senior center. The annual budget for the program was $138,614, which is $11,551.17 per month. The ENOA provided documentation to support the major costs of the senior center, including personnel costs and rent. The invoice was charged 48% to IIIB and 52% to C1. However, the salaries of the two individuals varied significantly. The following represents the APA's calculation of the allocation to each program based upon the actual hours worked for each employee.

Expense Type	IIIB	C1
Salary and Personnel Costs	$4,720.15	$3,084.43
Rent	$1,873.29	$1,873.29
Totals	**$6,593.44**	**$4,957.72**

It appears the C1 program was charged approximately $1,000 more than the amount it should have been charged based on actual hours worked for each employee. Similarly, the IIIB program was charged approximately $1,000 less than it should have been charged.

The ENOA should consider charging the salary amounts and personnel costs based on the actual time worked for each individual according to the timesheets provided.

The APA tested a $5,764 contractual services expense to Visiting Nurse Health Services under contract to provide bathing/personal care services in Douglas, Sarpy, Dodge, Washington and Cass counties. The expense is charged to the IIIE program. The contract has two rates, $22 and $23 per hour, but the contract does not clearly identify when each rate is to be charged. According to the ENOA the $22 was to be charged to clients in the metro area and $23 to clients in rural areas. The APA recommends the ENOA review the contract to ensure the terms are clearly identified.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

N/A – APA tested contracts above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

For the Title XX income reported, there was a $60 variance between the ENOA records provided and the amount reported on Form A for October 2018. The Form A had $27,713.04 in Title XX income.

The ENOA reported $16,282.88 in contributions from seniors for the C1 program. The APA reviewed the Cash Contribution List of three senior centers and determined none of them had two individuals count cash each day. For three senior centers tested, only one individual initialed the Cash Contributions List provided to the ENOA. The total contributions received for the three senior centers for the month tested was $5,522.34.

The ENOA included $15,720.80 as match related to volunteer hours in the C1 program. Most of the senior centers provided a list or calendar, showing the hours worked by employee. However, in most cases, the volunteers are not approving or signing to verify their hours worked. Volunteer hours should be supported by signed and approved times records for all hours.

Similarly, the ENOA included $4,891.25 in volunteer hours for its home delivered meals, or C2 program. The ENOA maintained a spreadsheet of each route and the amount of time it took to complete each route. However, the volunteer did not sign anything to verify the volunteer hours worked. For October 2018, the ENOA reported 455 hours for its volunteer drivers.

The ENOA also included $1,302.55 as match for the C2 program related to volunteer miles driven for delivering its home delivered meals. The routes for Fremont did not include the number of days the HDM meals were provided or the number of miles per day.

The ENOA should ensure the amounts recorded as income and matching are supported by adequate documentation.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

Variances were identified between the Form A submitted to DHHS and the ENOA general ledger, as follows:

Cost Category	IIIB			C1		
	Form A	GL	Diff	Form A	GL	Diff
Personnel	$ 36,681.30	$ 36,681.30	$ -	$ 30,476.98	$ 30,476.98	$ -
Travel	$ 168.96	$ 168.96	$ -	$ 993.60	$ 993.60	$ -
Printing and Supplies	$ 35.08	$ 35.08	$ -	$ 4,288.58	$ 4,288.58	$ -
Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Building Space	$ 3,044.04	$ 3,044.04	$ -	$ 5,075.28	$ 5,075.28	$ -

Communication& Utilities	$ 999.38	$ 999.38	$ -	$ 2,871.09	$ 2,871.09	$ -
Other	$ 1,243.59	$ 793.59	$ 450.00	$ 465.69	$ 8,216.59	$ (7,750.90)
Raw Food	$ -	$ -	$ -	$ 968.42	$ 968.42	$ -
Contractual Services	$ 77,585.59	$ 77,585.59	$ -	$ 59,243.56	$ 43,522.76	$ 15,720.80
Gross Costs	$ 119,757.94	$ 119,307.94	$ 450.00	$ 104,383.20	$ 96,413.30	$ 7,969.90
Other			$ -	$ -		$ -
Federal Title XX			$ -	$ 1,523.28		$ 1,523.28
NSIP			$ -	$ 5,315.80		$ 5,315.80
Income Contrib/Fees	$ 7,594.73	$ 7,594.73	$ -	$ 16,282.88		$ 16,282.88
Total NonMatch	$ 7,594.73	$ 7,594.73	$ -	$ 23,121.96	$ -	$ 23,121.96
Actual Costs	$ 112,163.21	$ 111,713.21	$ 450.00	$ 81,261.24	$ 96,413.30	$ (15,152.06)
Local Public Cash			$ -	$ -		$ -
Local Public Other			$ -	$ -		$ -
Local Other In Kind	$ 450.00		$ 450.00	$ 15,720.80		$ 15,720.80
Local Other Cash	$ -	$ -	$ -	$ -	$ -	$ -
Total Local Matching	$ 450.00	$ -	$ 450.00	$ 15,720.80	$ -	$ 15,720.80
SUA Cost	$ 111,713.21	$ 111,713.21	$ -	$ 65,540.44	$ 96,413.30	$ (30,872.86)

	C2			IIID		
Cost Category	Form A	GL	Diff	Form A	GL	Diff
Personnel	$ 47,075.81	$ 42,184.56	$ 4,891.25	$ -		$ -
Travel	$ 7,177.29	$ 5,874.74	$ 1,302.55	$ -		$ -
Printing and Supplies	$ 2,760.00	$ -	$ 2,760.00	$ -		$ -
Equipment	$ -	$ -	$ -	$ -		$ -
Building Space	$ 1,521.07	$ 1,521.07	$ -	$ -		$ -
Communication& Utilities	$ 596.18	$ 596.18	$ -	$ -		$ -
Other	$ 1,141.58	$ 1,141.58	$ -	$ -		$ -
Raw Food	$ -	$ -	$ -	$ -		$ -
Contractual Services	$ 57,689.73	$ 57,689.73	$ -	$ 2,660.00	$ 2,660.00	$ -
Gross Costs	$ 117,961.66	$ 109,007.86	$ 8,953.80	$ 2,660.00	$ 2,660.00	$ -
Other	$ -		$ -	$ -	$ -	$ -
Federal Title XX	$ 27,713.04		$ 27,713.04	$ -	$ -	$ -
NSIP	$ 9,709.00		$ 9,709.00	$ -	$ -	$ -
Income Contrib/Fees	$ 18,420.00	$ 18,420.00	$ -	$ -	$ -	$ -
Total NonMatch	$ 55,842.04	$ 18,420.00	$ 37,422.04	$ -	$ -	$ -
Actual Costs	$ 62,119.62	$ 90,587.86	$ (28,468.24)	$ 2,660.00	$ 2,660.00	$ -
Local Public Cash	$ -	$ -	$ -	$ -	$ -	$ -
Local Public Other	$ -	$ -	$ -	$ -	$ -	$ -
Local Other In Kind	$ 8,953.80	$ -	$ 8,953.80	$ -	$ -	$ -
Local Other Cash	$ -	$ -	$ -	$ 266.00	$ -	$ 266.00
Total Local Matching	$ 8,953.80	$ -	$ 8,953.80	$ 266.00	$ -	$ 266.00
SUA Cost	$ 53,165.82	$ 90,587.86	$ (37,422.04)	$ 2,394.00	$ 2,660.00	$ (266.00)

	IIIE		
Cost Category	Form A	GL	Diff
Personnel	$ 13,266.22	$ 13,266.22	$ -
Travel	$ 491.05	$ 491.05	$ -
Printing and Supplies	$ 73.67	$ 73.67	$ -
Equipment	$ -	$ -	$ -
Building Space	$ 431.51	$ 431.51	$ -
Communication& Utilities	$ 105.97	$ 105.97	$ -
Other	$ 3,245.00	$ 3,245.00	$ -
Raw Food	$ -	$ -	$ -
Contractual Services	$ 23,936.06	$ 23,936.06	$ -
Gross Costs	$ 41,549.48	$ 41,549.48	$ -
Other	$ -	$ -	$ -
Federal Title XX	$ -	$ -	$ -
NSIP	$ -	$ -	$ -
Income Contrib/Fees	$ 4,098.48	$ 4,098.48	$ -
Total NonMatch	$ 4,098.48	$ 4,098.48	$ -
Actual Costs	$ 37,451.00	$ 37,451.00	$ -
Local Public Cash	$ 16,246.82	$ -	$ 16,246.82
Local Public Other	$ -	$ -	$ -
Local Other In Kind	$ -	$ -	$ -
Local Other Cash	$ -	$ -	$ -
Total Local Matching	$ 16,246.82	$ -	$ 16,246.82
SUA Cost	$ 21,204.18	$ 37,451.00	$ (16,246.82)

These variances are due to in-kind amounts and the timing of the entries made to the ENOA accounting system. According to the ENOA, the entry into the accounting system is not made until the year end, so the amount does not tie to the GL. The ENOA obtains the in-kind number from other sources. The ENOA should ensure its general ledger ties to the form A reports on a monthly basis.
These variances are also due to the timing of entries being made to the accounting records by the ENOA. The revenue amounts appear to be made quarterly. The ENOA should ensure its general ledger ties to the form A reports on a monthly basis.
The Corrigan Senior Center Board repaid $7,750.90 so this was not included in the Form A report.
The ENOA does not record the local public cash or the county funds to each program specifically. They are simply recorded as A/R and revenue. The ENOA should ensure the amounts used for each grant are specifically recorded as such each month to ensure it is only used for program purposes.
For the income and matching variances noted above, the ENOA doesn't make monthly journal entries to record the activity. At times the activity is recorded at the end of each quarter. Therefore, the amount reported does not agree to the accounting system until these entries are made. Because the entries had not been made, the APA was not able to determine if the amounts were accurate in the accounting system. We recommend the ENOA ensure the income and matching entries are made monthly so that the general ledger can be compared to the Form A reports for those items.
Determine the Medicaid & LOC payments were in accordance with the terms of the contract.
Tested with other expenditures as noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
The ENOA converted all of the senior center contracts to subawards in FY 2019. The ENOA did not have a written subrecipient monitoring policy. The ENOA did perform desk audit and site visits for its subrecipients. We recommend the ENOA implement a subrecipient monitoring policy.

BRAAA
Summary of Results – Subrecipient Monitoring
December 2018 DHHS Payment for November 2018 Activity
FYE 6/30/2019

Complete Internal Control Questionnaire

The Blue Rivers Area Agency on Aging (BRAAA) did not update its process for the allocation of costs between multiple programs to comply with provisions of the Uniform Grant Guidance (UGG) and terms and conditions of the subaward. Generally, the allocation of costs between multiple programs is based on budgets or estimates, which are not adequately supported. The BRAAA should ensure costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions.

For example, the method used to allocate personnel costs was not adequate. Employees who worked on multiple programs had personnel costs allocated based on estimated time worked on each program. The APA tested the November 2018 payroll, totaling in excess of $110,000. The following amounts were allocated to each program for the payroll tested and includes payroll journal entries:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Totals
$ 7,272.11	$ 25,676.53	$ 12,861.52	$ 803.44	$ 2,869.74	$ 5,817.40	$ 13,090.12	$ 68,390.86

The BRAAA provided a credit card policy that indicated it was proposed in July 2018. Additionally, there does not appear to be a written policy for purchasing/bidding requirements or a capital asset policy. It is not clear whether the policies are approved by the Board, as there is not an approval date listed on the policy. The BRAAA should ensure its official policies are approved by its Board.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

The APA obtained the BRAAA independent audit. There was one finding included as a material weakness related to the agency's internal control system and the preparation of financial statements.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions

No issues noted.

Review list of individuals authorized to process expenditure transactions in accounting system.

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

N/A

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested four employees. All four employees had their personnel costs charged to more than one program. There was not adequate documentation to support the percentages used to allocate the costs, as noted above. The following table includes the programs charged for the four employees tested for the November 2018 payroll:

Program Charges								
IIIB	**C1**	**C2**	**IIID**	**IIIE**	**LOC**	**Waiver**	**Other**	**Total**
$203.78	$0.00	$0.00	$254.72	$25.47	$509.44	$1,018.86	$534.91	$2,547.18
$0.00	$1,057.16	$569.23	$0.00	$0.00	$0.00	$0.00	$0.00	$1,626.39
$0.00	$0.00	$0.00	$0.00	$0.00	$557.52	$1,300.88	$0.00	$1,858.40
$97.20	$583.20	$291.60	$0.00	$0.00	$0.00	$0.00	$0.00	$972.00
$300.98	**$1,640.36**	**$860.83**	**$254.72**	**$25.47**	**$1,066.96**	**$2,319.74**	**$534.91**	**$7,003.97**
Percent								
8%	0%	0%	10%	1%	20%	40%	21%	100%
0%	65%	35%	0%	0%	0%	0%	0%	100%

Attachment 5

0%	0%	0%	0%	0%	30%	70%	0%	100%
10%	60%	30%	0%	0%	0%	0%	0%	100%

Because the method used to allocate personnel costs was not documented, the BRAAA was not in compliance with the Uniform Grant Guidance. As mentioned previously, the BRAAA should implement a method of time reporting that more accurately reflects the actual time worked on each program.

In addition to the allocation issues noted above, the APA identified the following issues:

The BRAAA lacked documentation to support payroll deductions for each of the four employees, as follows: One employee lacked support for an Aflac deduction of $20.16. One employee lacked support for an additional $46 in State income tax withholding. One employee's dental insurance deduction did not agree to the premium amount provided. The employee had $36.90 withheld per pay period, but the premium appeared to be $37.79. For two employees tested, the State income tax was being withheld at a different rate than Federal income tax because the employees had a different number of exemptions for Federal and State taxes. The NE Department of Revenue requires the same number of exemptions as for Federal income tax purposes in Title 316 NAC 21-010.

The BRAAA should implement procedures to ensure the correct program is charged for the actual work performed. Additionally, the BRAAA should ensure payroll deductions are properly authorized and agree to the premium amount or amount elected. Finally, the BRAAA should ensure the exemptions claimed by the employee for Federal income tax purposes are the same as the exemptions for State income tax purposes.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a $3,008.54 fuel expense. The amount consisted of purchases on account from Casey's General Store. Each vehicle has a unique card to purchase fuel. The cost of fuel was allocated to each program based upon the purpose of the travel documented on the vehicle mileage logs. The APA had the following concerns related to the vehicle mileage logs:

1) The purposes of the trips did not always contain enough detail to determine which program should be charged. For example, the purposes of some trips were visits, prog-supply, employees, or program. These explanations are not adequate to determine which program should be charged. 2) The trips for Title C1 and C2 were summarized as Title III-C. These trips should be identified as C1 or C2 and should be charged as such. 3) The mileage logs were not mathematically accurate. The beginning and ending balances for the entire month did not agree to the vehicle usage reported per trip. 4) One vehicle was charged 100% to the Title III-C but the logs included "transit" for some of the purposes.

The following table shows the amount of fuel charged to each program:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
$ .55	$ 206.40	$ 118.44	$ .02	$ .04	$ 37.78	$ 70.12	$ 2,575.19	$ 3,008.54

The BRAAA should implement procedures to ensure the mileage logs are accurate and contain adequate information to support the program charged. We also recommend the BRAAA ensure miles *driven for the Title III-C program are accurately split between C1 and C2, according to the miles driven. Finally, if a vehicle is used 100% for one program, the purposes of each trip should reflect such.*

The APA tested an $8,311.98 expense for raw food and printing/supplies purchased for the Davenport Senior Center. The expense consisted of multiple invoices during October 2018 from Pegler Sysco Food Service. The expense was allocated 65% to the C1 program and 35% to the C2 program, as follows:

C1	C2	Total
$5,402.79	$2,909.19	$8,311.98

The BRAAA used this allocation method for all of the nutrition sites, even though the amount of congregate and home delivered meals may vary at each site. The BRAAA should consider allocating costs between C1 and C2 based upon the meals served at each site rather than on an overall basis. For November 2018, the Davenport meals were 149 for C1 and 145 for C2, which is 51% and 49%, respectively.

The APA tested two rent expenses. The first was a $600 monthly rental payment for the Hebron location, and the other was a $675 per month rental payment for the Fairbury location. The expenses were charged to the various programs without adequate documentation to support the allocation method. In general, the costs were charged based upon an estimated amount of space used. The allocation of this cost to the programs is as follows:

IIIB	C1	C2	Other	Total
$120.00	$300.00	$120.00	$ 60.00	$600.00
$ 27.00	$351.00	$189.00	$108.00	$675.00

The BRAAA should implement procedures to ensure adequate support exists for the allocation of rental payments to the various programs.

The APA tested an $11,950 expense charged to "Other Expense" for payment to a CPA firm for the cost of the fiscal year 2018 annual financial statement audit. The expense was allocated to the various programs based upon the overall administration allocation method, which lacked adequate support to ensure the costs were charged based on the relative benefits received. The allocation of this cost to the programs is as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
$2,987.50	$1,792.50	$956.00	$119.50	$239.00	$1,075.50	$1,792.50	$2,987.50	$11,950.00

The BRAAA should ensure there is adequate documentation to support the allocation of costs to each program based upon the relative benefits received, in accordance with the UGG.

The APA tested a contractual service expense for $825 for the Auburn Senior Center. The BRAAA has a subaward with the Auburn Senior Center agreeing to pay an amount not to exceed $9,900 ($825 per month) for the cost of raw food for the program. This appears to be a fixed price award, which is not allowable under 2 CFR 200.201.

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The BRAAA also failed to obtain documentation to support the costs of the raw food purchased by this vendor. Additionally, the allocation of costs between C1 and C2 is not adequate. The cost was allocated 65% to C1 and 35% to C2 based on the total BRAAA meals provided, as follows: Center.

C1	C2	Total
$536.25	$288.75	$825.00

It would be more appropriate to allocate the costs based on the number of meals provided by the Auburn Senior, which for November 2018 was 251 for C1 and 454 for C2, which is 36% and 64% respectively.

The BRAAA should implement procedures to ensure the award is based on actual, allowable costs, and not a fixed price and should require the subrecipient to provide documentation to support the cost of the food purchases. The BRAAA should also implement procedures to ensure costs allocated to more than one program are based upon the relative benefits received by each program. It seems to be more appropriate to allocate specific senior center meal costs based on the actual meals served by the senior center, instead of the agency's overall meal cost allocation.

The APA tested a contractual service expense totaling $695 to an individual for housekeeping services provided during November 2018. The BRAAA provided a "Homemaker/Handyman Payment Agreement" as support for the agreement with the contractor. This agreement did not contain the hourly rate to be paid nor did it contain specific terms and conditions of the work to be performed. Therefore, the agreement was not adequate. The APA also tested 3 of the 13 clients included on the invoice submitted for payment. Two of the three individuals did not have an authorization for services on file that was signed by their care manager.

The APA tested a contractual service expense totaling $808.33 to an individual for housekeeping services provided during November 2018. The BRAAA provided a "Homemaker/Handyman Payment Agreement" as support for the agreement with the contractor. This agreement did not contain the hourly rate to be paid nor did it contain specific terms and conditions of the work to be performed. Therefore, the agreement was not adequate.

The BRAAA should implement procedures to ensure adequate documentation is on file to support all expenses. This would include appropriate written agreements that clearly define the rate of pay and work to be performed. We also recommend the BRAAA ensure all housekeeping services are authorized for each client.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

N/A – APA tested contracts above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted – expenses are cost reimbursement.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

The largest source of income is client contributions, at $26,304.15 in November 2018. The APA selected three deposits and requested documentation to support the amounts deposited. The first deposit for $1,832 contained receipts received in the mail for home delivered meals (C2) and for IIIB *services such as housekeeping and handyman services. The BRAAA maintains a daily log of monies received. That log was traced to the deposit to the bank. The APA determined there was no indication of the program for which the funds were received noted on the daily log. Therefore, the APA could not verify if the coding of the deposit was correct. The bank statement included handwritten notations to identify whether the funds were for IIIB or C2. The BRAAA should document the program for which the funds were received on the initial log of funds received or otherwise maintain documentation to support the amounts coded to each program.*

The BRAAA is reimbursed by Title XX and NSIP, based on the number of meals served. The income reported for these meals in November 2018 is as follows:

Cost Categories	IIIB	Title III-C1	Title III-C2
Title XX	$3,467.30	$ 1,785.61	$ 4,730.17
NSIP		$ 408.50	$ 477.80

The congregate and home delivered meals are documented on "grid" sheets, which contain the pre-printed clients' names and tallies for each meal received. The BRAAA does not require sign-in sheets for congregate meals or route sheets for home delivered meals. Therefore, none of the clients receiving meals has verified the meals received, which increases the risk for errors or fraud.

The BRAAA should consider implementing sign in sheets at its meals sites for the congregate meals to more appropriately document client meals received. Additionally, BRAAA should require the delivery route sheet or mileage log to be signed by the driver and initialed by the client to ensure home delivered meals provided to clients.

The BRAAA reported $22,361.20 for local public in kind services for the III-B program. Of that total, $12,099 was related to in kind volunteer hours. The volunteer hours worked are not adequately documented. Each site simply sends in a summary of the hours worked each day for various activities, including kitchen aides, drivers, dining room aides, etc. None of the sites require its volunteers to keep timesheets. Documentation of the routes driven is not maintained to ensure hours charged for volunteer drivers are accurate. The BRAAA should ensure volunteer hours are supported by timesheets signed by each volunteer that adequately documents the activities worked on each day. Additionally, it appears 23 volunteer hours for the Sterling Senior Center were not recorded and 17.5 hours that appear to have been duplicated.

The APA also tested an entry in the amount of $6,883.32 for the IIIB Information Services in kind services. The activities included are include Table Talk, Newspaper advertising, etc. each activity is counted one time. The dollar value used for these services is not adequately supported. It does not appear to be based upon the market value of the services performed. The BRAAA simply budgeted a total in-kind amount and a budgeted number of total units. The value is determined using these two factors. This does not appear to be in accordance with the Uniform Grant Guidance and the BRAAA should ensure they obtain guidance from the State Unit on Aging before reporting these types of in kind amounts.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

The APA identified a few issues with the amounts reported to DHHS, as follows:

- *IIIB Income: The amount of Income was over reported by $301.61.*
- *C1 and C2 NSIP: The amount reported is based on a calculated amount. The actual amount of NSIP meals is significantly higher than the amount reported. The SUA should ensure the amount of NSIP being reported is accurate and that they understand and concur with the calculation being used, since there has been turnover at the SUA and the previous fiscal contact no longer works in the SUA.*
- *C1 and C2 contractual services: The BRAAA used an incorrect amount for the Beatrice Senior Center contractual services but the amount was previously identified and corrected.*

Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

Tested with other expenditures as noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.

The BRAAA has three subawards with Beatrice, SENCA, and Auburn. The BRAAA obtains all of the supporting documentation for Beatrice each month. The APA observed the documentation provided for November 2018. Some of the raw food invoices provided were not readable. Additionally, the BRAAA did not obtain timesheets to ensure all employees worked 100% on the meal programs.

For SENCA, the BRAAA selects one month each year and reviews the supporting documentation for the one month. The BRAAA last reviewed July 2017. The following tables illustrates the amounts reported for SENCA during for November 2018:

Cost Category	C1	C2
Personnel	$ 5,392.92	$ 3,673.43
Travel	$ 0.00	$ 50.92
Printing & Supplies	$ 0.00	$ 157.58
Communication & Utilities	$ 272.78	$ 71.73
Other	$ 495.71	$ 131.42
Raw Food	$ 806.81	$ 201.71
Gross Costs	**$ 6,968.22**	**$ 4,286.79**
Title XX	$ 95.00	$ 570.00
Federal USDA	$ 309.40	$ 58.80
Income/Contributions	$ 1,743.66	$ 560.00
Subtotal	**$ 2,148.06**	**$ 1,188.80**
Actual Cost	**$ 4,820.16**	**$ 3,097.99**
Local Public Cash Matching	$ 3,539.24	$ 3,183.57
BRAAA Cost	**$ 1,280.92**	**$ (85.58)**

The BRAAA has not performed subrecipient monitoring procedures for its Auburn subaward.

The following concerns were noted in the prior year. Since the BRAAA has not performed its subrecipient monitoring procedures for the year, we will repeat the findings:

- *The written procedures provided by the BRAAA lacked sufficient detail to describe all of the steps needed to be completed. The BRAAA should approve a more detailed, formal subrecipient monitoring policy.*
- *The BRAAA did not have an adequate understanding of the personnel costs reported by SENCA. SENCA provided a general ledger and pay stubs as supporting documentation;*

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however, the amounts provided could not be traced to the amount reported as personnel costs by SENCA. The BRAAA could not explain the process.

- *SENCA reported indirect costs in its Communication & Utilities and Other expense categories, as follows:*

Cost Category	C1	C2
Communication & Utilities	$ 129.16	$ 146.58
Other	$ 282.74	$ 261.00
Total	**$ 411.90**	**$ 407.58**

The BRAAA lacked an adequate and documented understanding of the indirect costs reported by SENCA. The BRAAA indicated the indirect costs were a portion of salary and fringe benefits but did not know whose salary and fringe and lacked the documentation to support the indirect costs.

- *The SENCA recorded 52% of its costs to C1 and 48% of its costs to C2. Documentation was not provided to support this allocation of costs. The BRAAA should ensure that all allocation methods used by its subrecipients are adequately documented in the same manner as required of the BRAAA.*

The BRAAA should implement procedures to ensure all subawards are adequately monitored and the issues noted herein are resolved.

Complete Internal Control Questionnaire

The method used to allocate personnel costs to more than one Federal program was not adequate. Employees who worked on multiple programs had personnel costs allocated based on estimated time worked.

Aging Partners allocated time worked by business unit. Prior to each fiscal year, Aging Partners determined the business unit allocation for each position and enters that allocation into its payroll system. The determination is an estimate of time spent on each activity and is not based on actual time worked.

Each business unit is further allocated to the various Federal programs, which is also based on estimates and not based on actual time worked on each program.

For example, one employee tested was allocated 50% to the Central Kitchen business unit and 50% to Area-Wide Planning and Nutrition business unit. That employee's salary in the Central Kitchen business unit was allocated 96% to C1 and 4% to C2. That employee's salary in the Area-Wide Planning and Nutrition business unit was allocated 31% to IIIB, 50% to C1, 9% to C2, and 10% to IIIE. None of the percentages are supported by the employee's actual time worked.

The APA tested the payroll paid in December 2018, totaling in excess of $622,000 for the Federal programs tested. The following amounts were allocated to each program for December 2018:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Totals
$ 269,066.40	$ 118,801.59	$ 46,489.81	$ 13,142.78	$ 28,395.81	$ 8,156.82	$ 138,093.64	$622,146.85

The Aging Partners also lacked adequate documentation to support the method used to allocate all other expenses to each program. Similar to the personnel costs, the business units were allocated to the Federal programs based on budgeted numbers (or estimates).

Per discussion with Aging Partners, a time study has been completed and is pending approval for use on the Federal program. This time study would be used to allocate payroll and other expenses.

Aging Partners should ensure any costs allocated to more than one program are supported by adequate documentation based on the relative benefit received by each program.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

Issues related to prior year monitoring findings are addressed in the sections below.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions

No issues noted.

Review list of individuals authorized to process expenditure transactions in accounting system.

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

Aging Partners does not operate as a non-profit corporation.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested five employees. All five employees tested had their personnel costs charged to more than one program. There was not adequate documentation to support the percentages used to allocate the costs, as noted above. The following includes the programs charged for the five employees tested for the pay period ending December 12, 2018:

Program Charges														
IIIB		**IIIC1**		**IIIC2**		**IIID**		**IIIE**		**LOC**		**Waiver**		**Total**
$1,429.80	53%	$757.78	28%	$251.92	10%	$60.30	2%	$180.23	7%	$0.00	0%	$0.00	0%	$2,680.03
$0.00	0%	$0.00	0%	$0.00	0%	$0.00	0%	$0.00	0%	$1,063.21	45%	$1,312.00	55%	$2,375.21
$2,166.07	69%	$842.54	27%	$135.18	4%	$0.00	0%	$0.00	0%	$0.00	0%	$0.00	0%	$3,143.79
$1,634.67	60%	$46.24	2%	$0.00	0%	$761.57	28%	$277.43	10%	$0.00	0%	$0.00	0%	$2,719.91
$268.57	15%	$1,255.64	73%	$118.31	7%	$0.00	0%	$84.63	5%	$0.00	0%	$0.00	0%	$1,727.15
$5,499.11		**$2,902.20**		**$505.41**		**$821.87**		**$542.29**		**$1,063.21**		**$1,312.00**		**$12,646.09**

Additionally, for the employee charged to LOC and Waiver above received longevity pay of $44.88. The longevity pay was charged 100% to the Waiver program, rather than being allocated between LOC and Waiver based on the actual hours worked on each. The employee coded 36.5 hours, or 46%, to LOC and 43.5 hours, or 54% to Waiver. Therefore, $20.64 of the $44.88 longevity pay should have been charged to LOC instead of Waiver.

Because the method used to allocate personnel costs was based on estimated or budgeted time worked on each program, Aging Partners was not in compliance with the Uniform Grant Guidance and should implement a method of time reporting that more accurately reflects the actual time worked on each program in order to distribute the costs based on relative benefits received in each program.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA testing 11 documents totaling $73,794.66. The following issues were noted:

The APA tested a $33,607.19 rental expense for its building space. In general, Aging Partners used the office spaces of its staff to allocate the common area spaces for each activity. For each employee, the payroll allocation was used to allocate their space to the various programs. As mentioned previously, the method to allocate personnel costs was based on estimated numbers, which was not adequate to determine the relative benefits received for each program. The allocation of the building space rental costs to the programs is as follows:

IIIB	IIIC1	IIIC2	IIID	IIIE	LOC	Waiver	Total
$ 15,443.70	$10,024.73	$ 624.73	$1,331.20	$ 1,406.46	$ 0.00	$ 4,776.37	$ 33,607.19

If the Aging Partners continues to use the personnel costs allocation percentages to allocate the building space amounts, it should ensure the personnel costs are based on actual time worked on each program.

The APA tested 6 other documents totaling $14,974.64 that were also allocated based on budgeted percentages. The allocation of these costs to the programs is as follows:

Expense	IIIB	IIIC1	IIIC2	IIID	IIIE	LOC	Waiver	Total
Fuel Purchase	$661.05	$209.67	$12.75	$0.00	$0.00	$0.00	$0.00	$883.47
Copier Usage	$1,815.33	$792.93	$56.41	$77.72	$153.50	$0.00	$298.39	$3,194.28
Cell Phone	$532.66	$177.63	$40.61	$5.49	$40.09	$0.00	$1,091.88	$1,888.36
Data Processing	$2,719.12	$1,757.73	$187.42	$146.42	$240.61	$15.40	$1,262.97	$6,329.67

Expense	IIIB	IIIC1	IIIC2	IIID	IIIE	LOC	Waiver	Total
Fitness Instruction	$321.83	$1.61	$0.00	$201.35	$10.71	$0.00	$0.00	$535.50
Food and Supplies*	$0.00	$2,053.34	$90.02	$0.00	$0.00	$0.00	$0.00	$2,143.36
Total	**$6,049.99**	**$4,992.91**	**$387.21**	**$430.98**	**$444.91**	**$15.40**	**$2,653.24**	**$14,974.64**

**Purchase was for the downtown kitchen. Costs were allocated based on the budgeted number of meals to be provided for the III-C1 and III-C2 Programs.*

The method used to allocate these expenses to the various programs was based on budgeted figures, which is not adequate. An allocation method should be based upon the relative benefits received for each program. The Aging Partners should make sure the allocation to the Federal programs is adequately documented and in accordance with the relative benefits received for each program.

Additionally, for the $535.50 in fitness instruction, no contract was on file between the provider and Aging Partners. As noted above, portions of this cost were also coded to the III-C1 program; however, is doesn't appear reasonable to charge fitness instruction costs to this program. We recommend Aging Partners obtain a written agreement with the provider for these services documenting the terms and conditions of the services to be provided.

The APA also tested $2,345.13 in contractual services expense to Elite Professionals Home Care for homemaker and personal care services. Aging Partners did not have adequate documentation on file to verify services were actually provided to each client. Adequate documentation could include a form signed by the client verifying they actually received services for the number of hours billed. We recommend Aging Partners ensure the personal care and homemaker services are confirmed by the clients prior to payment.

The APA tested $12,706 in contractual services expense to Tabitha, Inc. for III-C2 meals provided to clients. Aging Partners was provided a report showing the number of meals provided to each client; however, there was not documentation, such as a form signed by the clients or client contribution statements, to verify these meals were actually provided to each client. We recommend Aging Partners ensure the home delivered meals charged by Tabitha are actually provided to the clients and that this documentation is maintained by Aging Partners.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

N/A – APA tested contracts above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

The APA noted the Aging Partners did not have adequate supporting documentation on file for all NSIP income amounts. One document tested included $9,677.50 for NSIP funds. The APA selected two locations to obtain support for the number of meals being reported by Aging Partners. One location reporting 783 III-C1 meals, totaling $548.10, was adequately supported. However, for the second location, which reported 372 III-C1 meals and 71 III-C2 meals, the Aging Partners was unable to provide supporting documentation in a timely manner to verify these meals were actually provided. The total NSIP funds for these meals was $310.10.

We recommend the Aging Partners implement procedures to ensure they are obtaining adequate documentation from all locations in order to verify all meals being reported for NSIP funds are adequately supported.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

The Aging Partners method to allocate funds to the correct Federal program is based on a number of interlinked Excel spreadsheets and is not conducive to being able to readily trace the funds from the City's financial management system to the Form A's used to report the program data to the DHHS. *The City's accounting system records the transactions based on business units. In other area agencies on aging, each fund or business unit, would represent one of the Federal Programs. This is not the case at the Aging Partners, where many of the business units are developed for the Aging Partners services or activities, such as Administration, Handyman, Central Kitchen, Multi-County Administration, Downtown Senior Center, and more. Each of those services are further allocated to several of the Federal programs. Only some of the business units represent one funding source, including Waiver, Senior Care Options, Care Management, ADRC, etc.* *Additionally, Aging Partners is reporting $335,601.21 Local Public Cash amounts. Per discussion with Aging Partners, this is match amounts from Counties and the City of Lincoln. The APA noted only $13,881.96 of this amount was included in the Aging Partners general ledger. Aging Partners failed to provide documentation of the actual matching amounts, but instead only provide the budgeted amounts.* *2 CFR 200.302(a) states the following:* *Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.* *The Aging Partners should consider whether its accounting system can be modified to account for the cost of each program separately. Furthermore, Aging Partners should obtain appropriate documentation to support the actual amounts of matching provided by the City of Lincoln and Lancaster County.*
Determine the Medicaid & LOC payments were in accordance with the terms of the contract.
Tested with other expenditures as noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
For about the last three years, Aging Partners has not passed Federal funds through to the subrecipient counties. Therefore, the APA did not perform review Aging Partners subrecipient monitoring procedures but instead documented the review process. Aging Partners performs an annual risk assessment on each of its subrecipients. If the risk is deemed low, the Aging Partners performs a site visit every 3 years. The last site visits conducted for all subrecipient counties were in November 2016. The Aging Partners documents the financial controls, but does not look at individual transactions during the monitoring.

Attachment 7

Complete Internal Control Questionnaire

The APA noted the following concerns over the SCNAAA internal controls:

The SCNAAA completed a time study in April 2018 that was used to allocate personnel costs to more than one Federal program or activity. The APA had the following concerns related to the time study as follows:

A total of 15 working days (3 weeks) were included in the time study, equaling 120 hours. The SCNAAA's Time Study Procedure/Guidance Policy dictates that the agency will conduct a time study for a period of four consecutive weeks on an annual basis. Because the time period used in the actual time study did not agree to the Time Study Policy, the SCNAAA failed to comply with the Uniform Guidance. 2 CFR 200.430(a) defines compensation for personal services and the allowability of these costs, as follows:

> Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in § 200.431 Compensation - fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:
> **(1)** Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
> **(2)** Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
> **(3)** Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

As referenced above, paragraph (i)(1) of the same section states:

> Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
> **(v)** Comply with the established accounting policies and practices of the non-Federal entity . . .

The SCNAAA stated that the DHHS State Unit on Aging (SUA) approved the use of only a three week time period. The SUA confirmed they approved the three week time period. Nonetheless, since the time period of the time study did not agree to the period included in its time study policy, the SCNAAA is not in compliance with the UG regarding its allocation of personnel costs.

We recommend the SCNAAA implement procedures to ensure compliance with its own policy in order to adhere to the provisions of the Uniform Guidance. We also recommend the SUA ensure its recommendations to agencies do not contradict the Uniform Guidance.

The APA also found that the time study did not include information or instructions on the use of rounding. For example, for one employee's time study recorded 38.55% to C1 and 19.68% to C2. The actual percentages used to allocate the personnel costs were 38.75% to C1 and 19.25% to C2. The SCNAAA used a summary of all employees' time study results to allocate the personnel costs of three managerial staff. The summarized time study also contained the following variances:

Percentages	IIIB	C1	C2	IIID	IIIE	SCO	Waiver
Actual %	7.01%	9.35%	3.70%	0.47%	2.20%	4.59%	47.67%
Rounded%	7.00%	9.25%	4.25%	0.50%	2.00%	4.00%	48.00%
Variance	0.01%	0.10%	-0.55%	-0.03%	0.20%	0.59%	-0.33%

We recommend the SCNAAA include in its time study its method to round the results of the time study in order to ensure the Federal programs are charged based upon the relative benefits received by each program.

Finally, the APA determined the SCNAAA's time study did not contain provisions related to the total amount of hours worked for each employee. For example, two of the four employees tested did not record 100% of their hours worked during the time study period because leave hours were used by each employee. The agency's policy does not describe the amount of leave time that would render the time study period not representative of the normal work schedule. The two employees used the following amounts of leave during the time study period:

Employee	Hrs Worked	Leave Hours	Total Hours	% of Time Worked
Employee 1	91.00	29.00	120.00	75.83%
Employee 2	93.25	26.75	120.00	77.71%

We recommend the SCNAAA review its time study policy and include information related to the representativeness of the time study period as it relates to the number of hours of leave used.

The APA also found that the coding of senior center expenses by the SCNAAA is not consistent with other area agencies. Most area agencies code all of the senior center expenses as contractual services. SCNAAA records the expenses to the individual cost categories such as personnel, raw food, etc. The SCNAAA should work with the State Unit on Aging to ensure coding of the senior center expenses is consistent. This was also noted in the prior year.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

The APA reviewed prior year findings. Any issues that still exist are addressed within the body of this summary.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2019 transactions

No issues noted.

Review list of individuals authorized to process expenditure transactions in accounting system.

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

N/A

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested four employees of the SCNAAA and five employees at the senior centers. The four SCNAAA employees had their personnel costs charged to more than one program based on the results of the agency's time study. The APA's concerns with the time study are documented above. Three of the five senior center employees tested had time allocated to more than one Federal program and lacked documentation to support the amount charged to each program. Those employees are highlighted in gray in the table below.

The following table includes the programs charged for all nine employees tested for the January 2019 payroll. The first four are SCNAAA employees, and the next five are senior center employees:

Program Charges													
IIIB		**C1**		**C2**		**IIID**		**IIIE**		**LOC**		**Waiver**	
$116.60	7%	$154.08	9.25%	$70.79	4.25%	$8.33	0.50%	$33.31	2%	$66.63	4%	$799.53	48%
										$112.38	7%	$1,493.08	93%
										$126.17	9%	$1,275.71	91%
$92.32	7%	$511.05	38.75%	$253.88	19.25%			$461.60	35%				
		$540.00	100%										
$464.00	40%												
		$2,249.60	100%										
		$243.21	39.74%	$368.79	60.26%								
		$1,033.31	45.44%	$1,240.69	54.56%								
$672.92		**$4,731.25**		**$1,934.15**		**$8.33**		**$494.91**		**$305.18**		**$3,568.32**	

For the first four SCNAAA employees, the questioned costs related to the time study issues are unknown. The amounts highlighted in gray for the senior center employees are questioned costs for those programs.

We recommend the SCNAAA ensure its senior centers maintain adequate documentation to support the personnel costs charged to each program.

The APA also noted the following concerns in testing the personnel costs of the SCNAAA employees:

The SCNAAA did not provide adequate documentation to support the approved rates of pay for its employees. The documentation provided for the annual salary authorizations included a salary statement that was not signed by the Director for all four SCNAAA employees tested.

We recommend the SCNAAA ensure the rates of pay for its employees are adequately documented with the signature or initials of the Director.

The APA noted the following concerns regarding the senior center personnel costs tested:

Two of five senior center employees tested did not have adequate documentation to support the authorized pay rate.

One of five senior center employees had a timesheet that was not signed by anyone other than the employee. The employee tested was the Director of the senior center. The SCNAAA should ensure the timesheets of the senior center employees are adequately approved.

One of five senior center employees tested had incorrect state income taxes, resulting in an incorrect amount paid. The senior center withheld $46.29 for state income taxes and the correct amount was $40.84.

We recommend the SCNAAA strengthen its monitoring of the senior center payroll costs to ensure the allocation of personnel costs to the various programs is adequately documented and is not based solely on budget estimates. The SCNAAA should also ensure the senior centers maintain adequate documentation to support the authorized rate of pay, should ensure timesheets are signed by both the employee and supervisor, and should ensure income taxes are properly calculated.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a $4,250 rental expense for its building space. The allocation of the rent is based upon the square footage of the building space, a total of 5,310 square feet. The APA noted that a total of 3,537 of this space was general space, not chargeable to specific programs, such as hallways, entry way, waiting room, conference rooms, kitchen, bathrooms, and three offices. This space (67%) of the building was allocated evenly to all programs. The remaining space was allocated to specific programs based on the usage of the office.

The method used to allocate general space evenly between the programs does not appear to comply with provisions of the Uniform Guidance, which states that expenses should be allocated based on the relative benefits received. It does not seem reasonable that the IIIE or IIID programs, which are relatively small, should get the same allocation of the general space as the Waiver or Nutrition program, which are larger programs. The allocation of the building space rental costs to the programs is as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
$ 908.23	$ 425.85	$ 425.85	$203.15	$ 196.76	$ 204.00	$ 822.80	$1,063.36	$ 4,250.00

Because 67% of the space was split up evenly, at least 67% of the expense is considered a questioned cost, or $2,847.50.

We recommend the SCNAAA implement procedures to ensure the allocation of the rent expense is based upon the relative benefits receive by the program. The SCNAAA should consider allocating the general space using the summary time study results.

The APA tested a $1,103.48 payment for a VISA bill. The entire document was charged to printing and supplies account, but $175.81 appeared to be travel expenses and $297 was conference registration expenses. Furthermore, one expense totaling $265.61, was payment for a Christmas meal for SCNAAA staff. The receipt included $75 in alcoholic beverages. That bill was allocated to all of the agency's programs based on the overall personnel cost allocation method using the summary time study. The $265.61 is a questioned cost and should be reimbursed by the SCNAAA. The questioned cost would have been allocated as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
$18.69	$24.75	$9.98	$1.33	$5.74	$11.87	$126.80	$66.45	$265.61

We recommend the SCNAAA implement procedures to ensure unallowable expenses are not charged to Federal programs. We also recommend the SCNAAA reimburse the State Unit on Aging for the unallowable amount.

The APA tested a $614 expense coded to the IIIE program as an "other" expense. The payment was made to a provider of meals in Comstock. The entity provided an invoice to the SCNAAA indicating the client served, the number of meals provided, and a cost per meal. For January 2019, the invoice showed 124 meals provided to 10 different clients.

The APA obtained the contract between the SCNAAA and Comstock for these meals. The per meal charge was supposed to be $5 per meal. Most meals were charged at $5.50. Per the SCNAAA the home delivered meals are paid at $5.50 but this is not specified in the contract. We recommend the SCNAAA implement procedures to ensure the amount paid agrees to the contract amount.

The APA also noted that Comstock did not receive the full amount for two of the clients. This is because the contract requires only $600 per client.

At first glance it appears the meal expenses should be charged to the Title C2 program for the client. The SCNAAA should work with the State Unit of Aging to ensure appropriate coding of these funds.

Because of the aforementioned issues, the entire $614 is questioned costs.

The APA tested a $600 respite payment to a caregiver paid from IIIE funds. The SCNAAA lacked a written contract or agreement with the caregiver that documented the terms and conditions of the services to be provided, as well as the rate for the services. Because of the lack of documentation, the entire amount is a questioned cost.

We recommend the SCNAAA implement procedures to ensure written contracts and agreements exist for all contractual arrangements.

The APA tested a $1,196.20 expense charged to the IIIB program for legal services. The contract provided was for a four-year period from July 1, 2018 through June 30, 2022, and stated it was not to exceed $24,000 annually. The invoice provided was for about a two week period in January 2019 for $3,546.20.

In the prior year, the APA found that the SCNAAA had paid the vendor approximately $13,000 as of December 2017. It appeared likely that payments to the vendor would exceed the $24,000 stated in the contract. Therefore, the APA requested the total amount of payments to the vendor in FY2018. The SCNAAA paid the vendor $28,600 in FY 2018, which exceeded the amount of the contract. An amendment to the contract was not provided. Per the SCNAAA, there was an additional legal case in the prior year that cause the contract amount to be exceed.

We recommend the SCNAAA implement procedures to ensure all contract are appropriately amended when payments to the vendor exceed the contractual amount. There are no questioned costs for the current payment tested.

The APA also tested expenses of four senior centers. The APA determined that the subawards between the SCNAAA and the senior centers may not be sufficient as they did not contain the same information as the subaward between the DHHS SUA and the SCNAAA. For example, the subaward between the SUA and SCNAAA contains language that SUA will reimburse the SCNAAA for its actual, allowable, reasonable, and allocable costs. The subawards with the senior centers did not contain the same language.

The APA also noted the following issues:

<u>Harlan County Senior Center (Alma)</u>
The Harlan County Senior Center has a subaward covering programs IIIB, IIIC1 and IIIC2. The C1 and C2 budgets were split using a 55% to C1 and 45% to C2 allocation. This is based on a budgeted

or projected number of meals for each program. So the initial allocation of the expenses is not in accordance with the Uniform Guidance, as it is an estimated rather than actual expense. The SCNAAA should ensure there is adequate documentation to support the allocation of meals between C1 and C2 programs by using a historical number of meals provided.

The payroll section above details the APA's concerns with the allocation of personnel costs to more than one program – a lack of documentation to support the percentages charged to each program.

In addition to the payroll testing from above, the APA also requested documentation to support the raw food expense. The documentation provided agreed to the amount paid. However, the expense appeared to be charged 48% to C1 and 52% to C2, which did not agree with the budgeted allocation.

Other expenses such as utilities, insurance, postage, etc. are charged to all three programs without adequate documentation to support the amount charged to each program. Again, we recommend the SCNAAA ensure that senior center costs charged to more than one program are supported by adequate documentation, such as the actual number of meals provided or the actual amount of time worked on each program.

The following expenses were reported by the senior center for January 2019:

Cost Category	Alma IIIC	Alma IIIB	Alma IIIB In Home	Total Alma
Personnel	$3,984.13	$874.13		$4,858.26
Travel				$0.00
Printing & Supplies	$493.00	$134.61		$627.61
Equipment				$0.00
Bldg Space				$0.00
Comm & Utilities	$154.25	$141.11		$295.36
Other	$100.57	$100.58	$765.68	$966.83
Raw Food	$3,015.10			$3,015.10
Contractual				$0.00
Gross Costs	**$7,747.05**	**$1,250.43**	**$765.68**	**$9,763.16**

Note: The IIIC programs are allocated to C1 and C2 using the estimates described above.

Because there is no basis for the allocation method used by the Harlan County Senior Center, the questioned costs are unknown.

<u>Comstock Den, Inc.</u>
The Comstock Den, Inc. has a subaward covering programs IIIB, IIIC1 and IIIC2. The C1 and C2 budgets were split using a 50% to C1 and 50% to C2 allocation. This is based on a budgeted or projected number of meals for each program. So the initial allocation of the expenses is not in accordance with the Uniform Guidance. The SCNAAA should ensure there is adequate documentation to support the allocation of meals between C1 and C2 programs by using a historical number of meals provided.

The center also provides IIIB In Home services, which appears to be based on a per unit basis. Each month, the senior center reports the number of units of service provided (hours). The senior center pays its contractors $9 per hour but receives $11 from the SCNAAA for these services. This appears to be an effort to pay for the other expenses incurred for the program, such as personnel, utilities, *printing and supplies, etc. The expenses actual expenses incurred by Comstock Den for the IIIB program are not reported to SCNAAA. For the period tested, the senior center reported $2,320.40 of expenses related to the IIIB program but received $1,947 for the actual units of service provided. The payment on a per unit basis does not appear to be in compliance with the Uniform Guidance.*

The payroll section above details the APA's concerns with the allocation of personnel costs to more than one program – a lack of documentation to support the percentages charged to each program. In addition to the payroll testing from above, the APA also requested documentation to support the raw food expense. The documentation provided agreed to the amount paid. However, the expense appeared to be charged 45% to C1 and 55% to C2, which did not agree with the budgeted allocation.

Other expenses such as utilities and printing and supplies are charged to all three programs without adequate documentation to support the amount charged to each program. Again, we recommend the SCNAAA ensure that senior center costs charged to more than one program are supported by adequate documentation, such as the actual number of meals provided or the actual amount of time worked on each program.

The SCNAAA should ensure costs charged directly to the programs are based on the relative benefits received for each program. The method to allocate costs should be supported by adequate documentation.

The following expenses were reported by the senior center for January 2019:

Cost Category	**Comstock III C**	**Comstock IIIB Homemaker**	**Total Comstock**
Personnel	$4,331.36		$4,331.36
Travel	$702.00		$702.00
Printing & Supplies	$84.51		$84.51
Equipment			$0.00
Bldg Space			$0.00
Comm & Utilities	$498.71		$498.71
Other			$0.00
Raw Food	$1,791.96		$1,791.96
Contractual		$1,947.00	$1,947.00
Gross Costs	**$7,408.54**	**$1,947.00**	**$9,355.54**

Note: The IIIC programs are allocated to C1 and C2 using the estimates described above.

Because there is no basis for the allocation method used by the Comstock Den, the questioned costs are unknown.

<u>Minden Senior Center (Community Action Partnership of Mid Nebraska)</u>
The Community Action Partnership of Mid Nebraska operates a nutrition site only for congregate meals at the Minden Senior Center. The APA obtained documentation to support the expenses reported in January 2019.

The personnel expenses of $4,319.64 include salaries and fringe benefits, and indirect costs. According to the Community Action Partnership of Mid-Nebraska, the pay stub includes actual hours worked and actual leave hours used. However, the expense reported to the SCNAAA for salaries *includes the actual hours worked, but the expense for the leave costs is accrued and allocated based on employee class and a year to date cost allocation, rather than the actual monthly leave used. The subaward between the SCNAAA and the SUA requires actual expenses, so it is not clear whether this methodology to report leave and fringe benefits is allowable.*

Furthermore, the Community Action Partnership of Mid Nebraska reported indirect costs in its salary costs. It is not clear whether indirect costs are included and approved by the SCNAAA or the SUA in the budgets.

We recommend the SCNAAA work with the SUA to ensure the personnel costs reported for the Minden Senior Center are allowable in accordance with the terms of the subawards. Specifically, the SCNAAA should ensure the amount of leave used and fringe benefits are actual costs supported by adequate documentation and whether the indirect costs are allowable, supported, and approved.

Spalding Senior Center
The center reports one amount for the Title C programs and then the SCNAAA splits the amounts between C1 and C2. This is based on budget estimates of 40% to C1 and 60% to C2. This budgeted method to allocate expenses is not in accordance with the Uniform Guidance. The following costs were reported for January 2019:

Cost Categories	Spalding
Personnel	$4,679.43
Travel	
Printing & Supplies	$176.87
Equipment	
Bldg Space	
Comm & Utilities	$466.23
Other	$130.83
Raw Food	$1,397.39
Contractual	
Gross Costs	**$6,850.75**

The SCNAAA should ensure the method to allocate costs between C1 and C2 is based on actual meals served or an approved time study.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

N/A – APA tested contracts above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

The income amounts reported by SCNAAA were primarily received at the senior centers. Therefore, the APA selected certain income and matching amounts at the senior centers for testing and noted the following concerns:

Contributions

None of the senior centers tested had adequate controls over the contributions received. The following table is a list of contributions received by senior center.

Senior Center	Contributions and Fees
Harlan Co (Alma)	$3,129.50
Comstock	$2,452.95
Minden	$1,961.10
Spalding	$2,155.31
Total	**$9,698.86**

For Harlan County, it appears the senior center's initial control of contributions coming into the senior center are the bank deposit slips, as that was the only documentation provided by the senior center and appear to have been initialed by two individuals.

Comstock Den also failed to provide an initial control record of contributions received. A weekly deposit summary was provided, along with bank deposit slips. The bank deposit slips contained the initials of one individual.

Spalding Senior Center only provided deposit slips and a receipt ledger. The APA did not receive the daily cash contribution record of funds received at the site for congregate meals.

The SCNAAA should ensure the senior centers have adequate internal controls over all monies received. The senior centers should consider the implementation of a daily record of contributions received to act as the initial control record of the congregate meal contributions. This record would be completed each day for which a meal is served and is signed by the individuals counting the cash received. For other contributions, such as home delivered meals and IIIB program contributions, the senior center should consider the use of a spreadsheet or listing that tracks each contribution that comes in through the mail or otherwise on a daily basis. These procedures would provide better initial control over the contributions received by establishing a record of the receipts each day. This initial control record would later be used to verify the bank deposit to ensure all funds received were deposited.

<u>Matching</u>
The SCNAAA included $500 for in-kind volunteer services for health education and $10,000 (500 hours at $20 per hour) for in-kind volunteer services for health clinics in its senior center IIIB program reporting. The SCNAAA did not provide signed, approved timesheets for the volunteer hours provided. The provided a monthly summary of the monthly activities and the number of participants. The APA could not recalculate or verify the 500 hours used for the January report. The SCNAAA did not provide adequate documentation to support the amounts.

According the SCNAAA, an hourly rate of $20 per hour was determined based on research the SCNAAA performed related to the services provided. However, documentation to support the rate charged was not maintained by the SCNAAA.

We recommend the SCNAAA require and maintain signed and approved timesheets for all volunteer hours and that the hourly rate used is adequately documented and in compliance with the Uniform Guidance.

<u>*Harlan County Senior Center*</u>
The APA also found that the Harlan County Senior Center was not accurately reporting the Title XX income. Documentation provided showed that the senior center recorded $288 to IIIB, $225.03 to C1 and $166.50 to C2. However, the documentation provided for the Title XX funds showed that $144.25 was incorrectly charged as C1 and should have been C2. The SCNAAA should implement procedures to ensure the senior centers are accurately reporting income.

<u>*Spalding Senior Center*</u>
The APA found that some of the senior centers volunteer hours are not properly documented. The volunteer did not sign a time record. Of 165 volunteer hours reported, totaling $1,485, 18 hours or $162, were not signed by the volunteers. They were all included on one calendar and signed by the director. We recommend the senior center ensure all volunteer hours are appropriately signed by the volunteers. These are considered questioned costs.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

The SCNAAA reported $1,308.97 in other expenses for the Waiver program. The APA could not verify that amount from the general ledger provided. According to the SCNAAA, the account is used to record some ins and outs so there is other non-related activity in there. The SCNAAA should ensure the amounts reported to DHHS agree to the general ledger and is accurate.

One senior center provided meals under a contractual arrangement with the SCNAAA, rather than a subaward, like the other senior centers. We recommend the SCNAAA work with the SUA to ensure the arrangement with the Arnold Senior Center is classified appropriately as a contract rather than a subaward and identify the differences with the other senior centers.

Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

Tested with other expenditures as noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.

The SCNAAA worked to improve its subrecipient monitoring procedures over the past year. All senior centers selected for testing had been monitored in the past year. Testing of payroll and raw food expenses were developed and completed.

Most of the senior centers do not have an adequate method to allocate its costs between multiple programs. Most allocate costs based on budget estimates of the number of meals to be provided.

The SCNAAA should also work to improve its monitoring of the internal controls over the collection of contributions at the senior centers. The APA found that 3 of the 4 senior centers tested failed to provide a daily cash contribution record for its congregate meals. Additionally, controls over other contributions, such as the home delivered meals and IIIB contributions could also be improved. An initial control log should list each contribution received and should be reconciled to the deposits by someone other than the individual making the deposit to ensure all funds received were deposited.

Because the senior center activity comprises a majority of the expenses, income and matching amounts reported by the SCNAAA, the agency should consider whether additional monitoring procedures, such as periodic desk reviews should be implemented to supplement the annual onsite review process. Any such reviews should include the major expense, income and matching amounts being reported by the senior centers.

We recommend the SCNAAA continue to strengthen its monitoring of the senior centers to include adequate methods to allocate costs and to strengthen the controls over contributions received.

Complete Internal Control Questionnaire

The AOWN completed a time study for a five-week period beginning June 2018 that was used to allocate personnel costs to more than one Federal program or activity for its central office staff. To allocate personnel costs of senior center staff, the AOWN used the average number of meals provided during the prior fiscal year. The APA reviewed the methods used to allocate personnel costs and noted the following issues for the six employees reviewed.

Employee 1	III-B	III-C1	III-C2	III-D
Time Study Allocation	9.30%	53.46%	36.50%	0.74%
Actual Allocation Used	9.75%	53.61%	35.87%	0.78%

Employee 2	III-B	III-C1	III-E	SCO	Waiver	Other
Time Study Allocation	16.70%	0.00%	6.15%	8.32%	54.42%	14.42%
Actual Allocation Used	9.18%	5.56%	5.92%	8.02%	55.13%	16.19%

Employee 3	III-B	III-C1	III-C2	III-D	III-E	SCO	Waiver	Other
Time Study Allocation	5.63%	4.12%	2.76%	0.06%	4.72%	3.48%	56.34%	22.89%
Actual Allocation Used	5.65%	4.06%	2.72%	0.06%	4.84%	3.64%	54.67%	24.37%

Note: This employee is an administrative staff member; therefore, the personnel costs are allocated based on the average for all other employees. Per discussion with the AOWN, this employee's time was allocated based on a previous time study; however, the prior time study was not verified by the APA.

Employee 4	III-B	III-E	SCO	Waiver	Other
Time Study Allocation	12.71%	10.32%	2.02%	56.02%	18.92%
Actual Allocation Used	12.01%	9.76%	0.69%	56.88%	20.66%

Note: Per discussion with the AOWN, this employee's time was allocated based on a previous time study; however, the prior time study was not verified by the APA.

Employee 5	III-C1	III-C2
Meal Count Allocation	67.00%	33.00%
Actual Allocation Used	67.00%	33.00%

Note: No variances were noted in how this employee's personnel costs were allocated to each program.

Employee 6	III-C1	III-C2
Meal Count Allocation	49.00%	51.00%
Actual Allocation Used	43.00%	57.00%

Note: In addition to the above variance, this employee was paid an additional $32.88 that was not allocated to these Federal awards.

As noted above, five of six employees tested had personnel costs allocated based on a method other than the approved costs allocation policy.

The APA also identified the following issues related to the AOWN's time study procedures:

- *For one employee tested:*
  - *The employee recorded 0.25 hours to Program III-B and included a description of work as "Phone Assistance – Meals". The AOWN failed to explain why this was coded to Program III-B if the work performed was related to meals.*

- *The employee also included a number of work descriptions as "Farmers Market Coupons." Some of the time was charged to Program III-B while other time was charged to Program III-C program. The AOWN failed to explain the coding to the programs.*
- *The employee's time study included multiple days in which a description of work was not identified to verify the correct program was being charged.*
- *Finally, the employee completed the time study for only four weeks; however, the AOWN's time study policy requires the time study be completed for a five-week period.*

- *A second employee tested recorded 56 hours of paid time off (PTO) during the time study period, including an entire week in which only PTO was used. The AOWN included this week in the time study period, even though its time study policy states that the time study is not required to be completed in consecutive weeks and that "a week with sick and vacation leave should be excluded from the study and made up in a week with no sick or vacation leave."*
- *Two employees tested had training coded for one day during the time study. These employees did not record a program to which the training should be charged; therefore, these hours were not included in the time study summary that is ultimately used to allocate personnel costs.*

We recommend the AOWN implement procedures to ensure that time studies are accurately completed in accordance with its stated policies and that the results are accurately used for the allocation of payroll costs.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

Issues related to prior year monitoring findings have been addressed within this summary, or have been corrected.

Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2019 transactions

No issues noted.

Review list of individuals authorized to process expenditure transactions in accounting system.

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

As noted previously, the APA tested six employees who each had personnel costs charged to more than one program. Four employees' personnel costs were allocated to the programs based on the results of the time study and two employees' personnel costs were allocated using the average number of meals provided at the nutrition sites during the previous fiscal year. The APA's concerns with the AOWN's time study are documented above. Of the six employees tested, two employees were paid monthly, while the other four were paid biweekly.

The following table includes the programs charged for all six employees tested for the pay period selected for testing. The first two employees were paid monthly, and the last four were paid biweekly. The APA only tested one biweekly pay period for those four employees:

Employee	III-B	III-C1	III-C2	III-D	III-E	SCO	Waiver	Other	Total
#1	$452.13	$2,486.48	$1,663.73	$35.96	$0.00	$0.00	$0.00	$0.00	$4,638.30
#2	$532.38	$322.41	$0.00	$0.00	$343.18	$464.65	$3,195.61	$938.77	$5,797.00
#3	$56.99	$40.99	$27.42	$0.59	$48.83	$36.71	$551.77	$245.93	$1,009.23
#4	$189.82	$0.00	$0.00	$0.00	$154.16	$10.97	$898.63	$326.42	$1,580.00
#5	$0.00	$440.59	$217.01	$0.00	$0.00	$0.00	$0.00	$0.00	$657.60
#6	$0.00	$329.90	$437.30	$0.00	$0.00	$0.00	$0.00	$0.00	$767.20

	$1,231.32	**$3,620.37**	**$2,345.46**	**$36.55**	**$546.17**	**$512.33**	**$4,646.01**	**$1,511.12**	**$14,449.33**

As noted in the internal control section above, the AOWN did not use the correct percentage allocations for five of the six employees tested. We recommend the AOWN implement procedures to ensure the results of the time study are accurately used to allocate personnel costs, in accordance with the Uniform Grant Guidance and the entity's time study policy.

The APA also noted the following concerns in testing the personnel costs of the AOWN employees tested:

One employee's pay included an additional $55 in both Federal and State income tax withholdings. However, the employee's IRS Form W-4 did not include any additional income tax withholding amounts. Per discussion with the AOWN, the employee had completed an updated IRS Form W-4 that removed these additional withholding amounts, but that form was apparently not provided to the AOWN's payroll processor. We recommend the AOWN ensure all relevant documentation is sent to its payroll processor. Furthermore, we recommend the AOWN implement procedures to ensure payroll is adequately reviewed. Since these income tax withholdings are deductions from the employee's gross pay, they would not be considered questioned costs.

One employee tested had Federal income taxes withheld using 0 allowances, while State income taxes were withheld using 1 allowance. Per review of the employee's most recent IRS Form W-4, 0 allowances were elected.

The Nebraska Department of Revenue, Title 316 NAC 21-010 states:

> *Except as provided in Reg-21.010.01B, when determining the proper amount of income tax to be deducted and withheld from an employee's wages, the employer will allow the number of exemptions claimed by the employee on his or her Employee's Withholding Allowance Certificate, Federal Form W-4, for federal income tax purposes.*

There were no questioned costs related to this issue.

We recommend the AOWN implement procedures to ensure the Federal and State income tax withholdings are withheld according to the employee's IRS Form W-4.

Finally, the APA found that the AOWN failed to properly document the approved pay rates for two of the employees tested. Two senior center employees tested had a salary authorization form that was not signed by an individual with the authority to grant the pay increase. We recommend the AOWN implement procedures to ensure pay rates are adequately authorized and documented.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The following issues were noted related to the APA's testing of agency expenditures:

For the month tested, the AOWN charged $1,658.47 related to mileage for agency-owned vehicles at the Federal General Services Administration (GSA) rate of $0.545/mile. However, the agency owns the vehicles, so the GSA mileage rate is not relevant. Since this is not an actual expense, it is not allowable. Actual expenses related to an agency-owned vehicle include fuel purchases, depreciation, repairs, maintenance, etc. The following table shows the costs as charged to each program:

Program	Actual Charges

III-B	$81.36
III-C1	$81.35
III-C2	$805.13
III-E	$111.79
SCO	$31.80
Waiver	$426.00
Other	$121.04
Total	**$1,658.47**

The entire $1,658.47 is considered questioned costs. We recommend the AOWN implement procedures to ensure only actual expenses related to agency-owned vehicles are charged to the grant.

The APA tested a $522.11 travel expense paid to an employee for personal vehicle mileage in July 2018. The APA selected three days of mileage to test and noted the miles incurred were adequately supported and appeared reasonable. However, the APA questions the method to allocate this cost to the various programs. The AOWN allocated the cost using the time study percentages for the employee.

The APA also compared the Programs identified for the purpose of each trip. Its seems as though mileage costs would be more accurately charged using the purpose of each trip as opposed to the time study percentages. The APA calculated the following variances between the employee's time study percentages and the purpose of the trips documented on the mileage reimbursement form:

Program	Charges by Time Study Percentages	Calculated Charges by Travel Purpose	Variance
III-B	$13.79	$0.00	$13.79
III-E	$2.22	$0.00	$2.22
SCO	$15.01	$40.33	$(25.32)
Waiver	$401.85	$363.61	$38.24
Other	$89.24	$118.17	$(28.93)
Total	**$522.11**	**$522.11**	**$0.00**

We recommend the AOWN implement procedures to ensure costs are allocated to each program based on the relative benefits being received. Issues related to the allocation of costs incurred for travel in personal vehicles were also noted in the previous year.

The APA tested a $3,600 building space expense for a lease agreement in Scottsbluff. The AOWN failed to provide adequate documentation to support the allocation of these costs to each program as the methodology used at this time was prepared by an individual who is no longer employed by the AOWN. The table below shows the amounts that were charged to each program:

Program	Actual Charges
III-B	$428.20
III-C1	$194.64
III-C2	$170.32
III-D	$63.25

III-E	$374.65
SCO	$170.32
Waiver	$1,338.86
Other	$859.76
Total	**$3,600.00**

The AOWN has indicated that these costs are now allocated based on the overall time study results for the employees whose office space is in Scottsbluff. However, this was not tested by the APA as it outside of the period covered by this monitoring. The questioned costs are unknown.

We recommend the AOWN ensure the new procedures to allocate building space expenses are based on the relative benefits being received and in accordance with the Uniform Grant Guidance.

The APA tested a $529.46 telephone expense, which included $407.09 for the Central Office in Scottsbluff and $122.37 for the Sidney Office. Per discussion with the AOWN, these costs were allocated based on a budget estimate for the period tested. The table below shows the amounts that were charged to each program:

Program	Actual Charges
III-B	$29.30
III-C1	$16.27
III-C2	$10.58
III-D	$0.24
III-E	$29.11
SCO	$16.59
Waiver	$295.88
Other	$131.49
Total	**$529.46**

The AOWN has indicated that these costs are now allocated based on the overall time study results for the employees whose office spaces are in these locations. This was not tested by the APA as it was not the procedure during the period being reviewed.

We recommend the AOWN ensure the new procedures to allocate telephone expenses are based on the relative benefits being received and in accordance with the Uniform Grant Guidance.

Similar to the prior year, the AOWN recorded $31,362.25 for in-kind building space for the nutrition site locations during July 2018. The total was allocated as follows: $300 to III-B, and the remainder to Title C; $18,326.73 to C1 (59%) and $12,735.52 to C2 (41%). The documentation to support the allocation of this expense to the programs is not adequate as the allocation to the Title C programs was based on a budget estimate.

The AOWN calculated the amount by requesting the nutrition sites to provide documentation to support the value of the building. The documentation provided by the nutrition sites consisted of assessed and insurance values, but were not based on independent appraisals or the fair rental value of comparable space, as required by the Uniform Grant Guidance. The AOWN then used 1% of the building value as an annual building cost. The annual building cost is expensed as in-kind on a monthly basis.

This method to value the in-kind building space does not comply with the Uniform Grant Guidance, specifically, 2 CFR 200.306(h)(2)(i)(3) states:

> *"The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities. . ."*

These in-kind building expenses do not have a financial impact on the amount reimbursed to the AOWN by the DHHS because the in-kind amounts are recorded both as an expense and as a matching amount, so there are no questioned costs. However, because the amounts are considered matching, the DHHS and the AOWN should work together to ensure the matching requirements of the subawards have been met and to ensure compliance with the Uniform Grant Guidance.

The APA tested a $544 utilities expense charged for the Chadron nutrition site. The amount is included in the agreement with the nutrition site. However, the amount allocated between the C1 program and C2 programs is based upon the 59% and 41% budgeted amounts and do not agree to the actual meal counts for the site. The actual meal counts for the site show the costs should have been allocated 67% to C1 and 33% to C2. The following table shows the variances noted:

Program	Correct Allocation		Actual Allocation Used		Variance
III-C1	$364.48	67%	$320.96	59%	($43.52)
III-C2	$179.52	33%	$223.04	41%	$43.52

As shown in the table above, this resulted in the C1 program being undercharged $43.52 and the C2 program being overcharged $43.52. A similar issue was noted in the previous year.

The AOWN should implement procedures to ensure the costs charged to meal site are allocated based on actual meal counts and not budgeted figures.

The APA tested a $4,725 professional fees expense for legal services provided by University of Nebraska-Lincoln law students. The expense was charged entirely to the III-B program. There were no issues were noted related to this expense.

The APA tested a $4,676.31 payment to the Morrill County Handyman, a subrecipient of the AOWN, to provide homemaker and chore services in Morrill County. Morrill County requests from AOWN reimbursement of expenses, less income and matching, on a monthly basis. The amounts report by the Handyman were as follows:

Cost Category	Amount
Personnel	$600.00
Communications & Utilities	$25.00
Other	$4,678.00
Gross Cost	$5,303.00
Matching	
Income/Contributions (Matching)	$626.69
Net Amount Paid	**$4,676.31**

We noted the following issues:

Morrill County reported $4,678.00 in homemaker and chore services provided by different handypersons during the month of July. The APA observed a summary sheet identifying the number of service units performed and the amount charged for the services provided. The AOWN did not obtain the forms signed by the clients to document services were received; however, they did obtain the signed client forms for one month during its annual monitoring. The APA also found that several of the client-signed forms were not actually signed by the client but included a handwritten note that stated, "via telephone." We recommend the AOWN obtain the client signed forms on a periodic basis to ensure the services were actually provided. We also recommend the AOWN ensure the clients actually sign the form for each service provided.

Additionally, the subrecipient reported $600 in personnel costs. The AOWN obtained verification of the monthly salary, which included letter from the Morrill County Clerk stating the individual was reappointed as the Handyman/Public Transit Director for $600 per month based on a minimum work schedule of 40 hours per week. The entire $600 was charged to the Handyman subaward even though the Handyman timesheet included only 45 hours paid and 8 in-kind hours worked for the entire month of July. We recommend the AOWN ensure the Handyman reports only the salary cost for the Handyman services and not for the salary cost of the Public Transit Director.

The subrecipient also reported $25 for telephone, fax, and internet expenses. The documentation provided to support these expenses was not adequate, as it included only a handwritten invoice from the Morrill County Highway Department to the Morrill County Handyman and not actual invoices to support the expenses. We recommend the AOWN ensure adequate documentation is provided to support the costs charged to the subaward.

Finally, the subrecipient reported $626.69 as income/contributions. As supporting documentation, the AOWN received a listing of the Morrill County Treasurer's miscellaneous receipts, which is the County's record of the amount received from the Handyman. The Handyman initially collects all income/contributions and then remits the funds to the County Treasurer. Since the Handyman is responsible for the collection of the income/contributions, the AOWN should request the supporting documentation from the Handyman that was used to record the initial receipt of the funds. This might include some type of list or ledger to record the amount received, the client, the date, and whether the amount was cash or checks. We recommend the AOWN consider obtaining the Handyman's initial records of monies received to compare to the amounts deposited by the County Treasurer to ensure all funds received are accurate. Since only the Handyman is the only one involved in the billing and collection of funds for the services, the AOWN may also want to consider periodically confirming amounts paid by clients. Similar issues were noted in the previous year.

The APA tested a $607.46 raw food expense paid to CWD for the Gering nutrition site. The AOWN allocated the cost to each program based upon the most recent monthly meal count percentages for that site. For the payment tested, 45% ($273.36) was allocated to C1 and 55% ($334.10) was allocated to C2. Allocation agreed to the meal allocation percentages for the site for June 2018. No issues were noted.

The APA tested a $635.90 raw food expense paid to Walmart. The AOWN allows its nutrition sites to charge food purchases on account at Walmart. The AOWN then allocates the costs to each site based upon the most recent meal count percentages from each site as follows:

- *Scottsbluff charged $271.50, which was allocated 51% to C1 ($138.47) and 49% to C2 ($133.03). This agreed to the June 2018 meal count percentages for this site. No issues were noted.*
- *Harrison charged $364.40, which was allocated 57% to C1 ($207.71) and 43% to C2 ($156.69). This agreed to the June 2018 meal count percentages for this site. No issues were noted.*

The APA tested a $2,400 contractual service expense paid to a CPA for payroll processing services. Per discussion with the AOWN, these costs were allocated to the programs based on an old time study, rather than the *time study that was completed in early July 2018. Therefore, the method used to allocate the expense was not adequately supported and the questioned costs are unknown. The expense was allocated to the various programs as follows:*

Program	Actual Charges
III-B	$135.97
III-C1	$97.12
III-C2	$62.38
III-D	$1.41
III-E	$116.32
SCO	$87.46
Waiver	$1,345.30
Other	$554.04
Total	**$2,400.00**

The AOWN should implement procedures to ensure amounts are allocated to each program in accordance with the relative benefits received. This issue was also noted in the previous year.

Furthermore, the agreement with the CPA appeared to be open-ended and failed to include any "not to exceed" language so that the expenses are capped at a specific amount. We recommend the AOWN revise the language in the agreement to include language limiting the amount that can be requested for payment from the CPA.

Finally, the APA tested a $4,000 contractual service expense paid to the Nebraska Association of Area Agencies on Aging (NE4A). Per discussion with the AOWN, a contract exists between the NE4A and Legal Aid of Nebraska to provide these services. The AOWN stated this contract is for the benefit of all of the Nebraska area agencies on aging (AAA) and the contract is requested by the Directors of the agencies. However, there is not a written agreement between NE4A and AOWN to document the amount that would be paid by each AAA or the number and extent of the services provided. Furthermore, the AOWN is paying for these services at the beginning of the fiscal year, prior to any services being provided. Without adequate documentation, these would be considered questioned costs.

In its subrecipient monitoring of the different AAA's, the APA found that many of the AAA's pay for legal services outside of this contract with Legal Aid of Nebraska. We recommend the DHHS work with the AAA's to determine that costs from this contract are adequately supported, equitably allocated between the AAA's, and based on actual work performed. We further recommend the DHHS work with the AAA's to ensure legal services are not being duplicated.

Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.

N/A – APA tested contracts above.

Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)

No issues noted.

Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.

The APA tested $7,616 in income related to the Nutrition Services Incentive Program (NSIP). The AOWN reported 6,262 III-C1 meals (6,629 total meals, less 7 adjustments) and 4,618 III-C2 meals. The reimbursement rate for these meals is $0.70 per meal. The following variances were noted:

Program	No. of Meals	Reimbursement Rate	Calculated Reimbursement	Actual Reimbursement	Variance
III-C1	6,262	$0.70	$4,383.40	$4,417.28	$33.88
III-C2	4,618	$0.70	$3,232.60	$3,198.72	$(33.88)

We recommend the AOWN implement procedures to ensure NSIP income is accurately reported for each program.

The APA also found issues with the matching amounts for the in-kind building expenses, as noted above. The AOWN should implement procedures to ensure matching amounts are recorded using values in accordance with requirements found in the Uniform Grant Guidance.

Because of the significance of the dollars at issue in the in-kind matching for the Title C programs, the DHHS should ensure the total matching requirements were met at the end of the grant year for the Title C programs.

Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.

The APA found some instances in which the AOWN was reporting activity on the Form A that was not actually recorded in its accounting system until the following month. The yellow highlights in the following tables illustrate these variances.

The APA also determined that the AOWN was recording income/contributions when the invoices were sent rather than when the funds were received. The orange highlights in the following tables identify these variances.

Title III-B:

Cost Category	Title III-B		
	Form A	GL	Difference
Personnel	$4,520.73	$4,520.73	$0.00
Travel	$168.14	$168.14	$0.00
Printing & Supplies	$24.50	$24.50	$0.00
Equipment	$0.00	$0.00	$0.00
Building Space	$1,028.20	$1,028.20	$0.00
Comm & Utilities	$157.92	$157.92	$0.00
Other	$10,018.56	$12,532.56	$(2,514.00)
Raw Food	$0.00	$0.00	$0.00
Contracted Services	$5,515.97	$5,515.97	$0.00
Gross Costs	$21,434.02	$23,948.02	$(2,514.00)
Other Non-matching	$0.00	$0.00	$0.00
Title XX	$0.00	$0.00	$0.00
NSIP	$0.00	$0.00	$0.00
Income Contrib/Fees	$10.50	$10.50	$0.00
Total Non-Match	$10.50	$10.50	$0.00
Actual Costs	$21,423.52	$23,937.52	$(2,514.00)
Local Public Cash	$321.47	$331.37	$(9.90)

Local Public Other	$0.00	$0.00	$0.00
Local Other (In kind)	$784.95	$784.95	$0.00
Local Other (Cash)	$0.00	$0.00	$0.00
Total Local Matching	$1,106.42	$1,116.32	$(9.90)
SUA Cost	$20,317.10	$22,821.20	$(2,504.10)

Title III-C1 and Title III-C2:

	C1			C2		
Cost Category	Form A	GL	Difference	Form A	GL	Difference
Personnel	$30,676.63	$30,676.63	$0.00	$37,906.63	$37,906.63	$0.00
Travel	$514.82	$514.82	$0.00	$1,211.68	$1,211.68	$0.00
Printing & Supplies	$27.71	$24.74	$2.97	$16.43	$16.43	$0.00
Equipment	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Building Space	$36,848.10	$36,848.10	$0.00	$25,641.36	$25,641.36	$0.00
Comm & Utilities	$3,302.89	$3,302.89	$0.00	$2,260.08	$2,260.08	$0.00
Other	$754.23	$707.73	$46.50	$997.66	$971.75	$25.91
Raw Food	$13,306.81	$13,309.78	$(2.97)	$11,443.04	$11,443.04	$0.00
Contracted Services	$97.12	$97.12	$0.00	$62.38	$62.38	$0.00
Gross Costs	$85,528.31	$85,481.81	$46.50	$79,539.26	$79,513.35	$25.91
Other Non-matching	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Title XX	$0.00	$778.94	$(778.94)	$0.00	$3,317.76	$(3,317.76)
NSIP	$4,417.28	$4,417.28	$0.00	$3,198.72	$3,198.72	$0.00
Income Contrib/Fees	$17,634.95	$17,890.95	$(256.00)	$15,600.10	$18,282.60	$(2,682.50)
Total Non-Match	$22,052.23	$23,087.17	$(1,034.94)	$18,798.82	$24,799.08	$(6,000.26)
Actual Costs	$63,476.08	$62,394.64	$1,081.44	$60,740.44	$54,714.27	$6,026.17
Local Public Cash	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Local Public Other	$36,653.46	$36,653.46	$0.00	$25,471.04	$25,471.04	$0.00
Local Other (In kind)	$2,855.92	$2,855.92	$0.00	$3,792.83	$3,792.83	$0.00
Local Other (Cash)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Local Matching	$39,509.38	$39,509.38	$0.00	$29,263.87	$29,263.87	$0.00
SUA Cost	$23,966.70	$22,885.26	$1,081.44	$31,476.57	$25,450.40	$6,026.17

Per discussion with the AOWN, income is now recorded only upon receipt of the actual contributions. However, the APA did not test this procedure as it was outside of the period being monitored. The AOWN reported more income/contributions, reducing the Federal reimbursement; therefore, there would be no questioned costs related to the income/contributions.

For reporting purposes, the AOWN maintains spreadsheets to track the amounts reported on the Form A's for each of the previous months. When preparing the current Form A's, the AOWN runs a report from their accounting system that identifies the total year-to-date activity. This information is compared to the activity previously reported on the Form A's. This process ensures that any timing issues are properly reported and that the totals reported at the end of the year are accurate. These procedures appear adequate; however, the DHHS should be aware of the AOWN's process to reports its financial activity.

We recommend the AOWN and the DHHS implement procedures to ensure income is accurately reported. Furthermore, we recommend the DHHS ensure it adequately understands the process used by the AOWN to record and adjust the amount reported on the Form A's to ensure the amounts reported are properly supported and accurately reflect the actual year-to-date totals.

Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

Tested with other expenditures as noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.

 Attachment 8

The APA tested two of the AOWN's four subrecipients and obtained the most recent monitoring results for the Morrill County and Box Butte County handyman programs. The last monitoring completed for Morrill County was for March 2018, while the last monitoring completed for Box Butte County was for February 2018.

The APA noted the following:

Morrill County
Morrill County reported $1,945.75 in expenses and $136.35 in local matching for the March 2018 time period. Concerns related to documentation received from the Morrill County Handyman were noted in the expenditure section above.

Box Butte County
Box Butte County reported $2,870.73 in expenses and $852.03 in local matching for the February 2018 time period. The costs appear to be charged between homemaker and chore programs based on a budgeted rate of 36% and 64% respectively. However, for the period monitored, the units reported show 61% of the units were related to homemaker and 39% were related to chore. Therefore, the method used to allocate the costs to the two programs is not adequately supported.

Box Butte County reported $1,130.47 in personnel costs. The AOWN failed to obtain timesheets to support allocation of costs to this subaward. Additionally, $157.50 of this amount was related to health insurance costs, and the AOWN failed to obtain documentation to support the costs.

Box Butte County also reported $110 per month for utilities and $283.33 for internal service costs. The AOWN did not obtain documentation to support these expenditures.

Box Butte County reported $852.03 for local matching, of which $670.63 was reported for in-kind costs as both expenses and local matching. The AOWN failed to obtain adequate documentation to ensure the income and matching amounts reported were accurate.

We recommend the AOWN implement procedures to strengthen its monitoring of subrecipients to ensure the expense, income, and matching amounts reported by all subrecipients are accurate and in accordance with the Uniform Grant Guidance.

League of Human Dignity (LHD)
Summary of Results – Subrecipient Monitoring
February 2019 Payment from DHHS for January 2019 Services
FYE 6/30/2019

Complete Internal Control Questionnaire

The League of Human Dignity (LHD) lacked an adequate segregation of duties over its payroll processing, as one individual has the ability to process transactions from beginning to end. Hours worked and pay rate changes are entered by an accounting assistant and approved by the Chief Financial Officer (CFO), who also has access to make changes in the accounting system. There is not an independent review of payroll to ensure there are no unauthorized changes processed by the CFO.

We recommend the LHD implement additional controls over the processing of its payroll. If an adequate segregation of duties is not possible due to a limited staff, the LHD should consider compensating controls, which could include a monthly review and approval of the CFO's payroll by a Board member or the CEO, who do not have access to make changes in the accounting system.

Furthermore, the APA noted the LHD is entering invoices into the accounting system with a general ledger date as of the date of the invoice, rather than the date the invoice is actually being entered. Due to this, there were variances noted between the amounts being reported to the DHHS and the amounts shown in the LHD's general ledger. The variances were explained by the LHD; however, the APA wanted to bring this to the DHHS's attention as it increases the risk for errors in reporting actual costs.

Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.

Issues related to prior year monitoring findings are addressed within this Summary of Results, or have been corrected.

Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2019 transactions

The LHD uses Business Works and a general ledger was obtained for the period tested.

Review list of individuals authorized to process expenditure transactions in accounting system.

See

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The LHD charged $164,835 in personnel and benefit expenses to the Waiver subaward and $34,792.27 in personnel and benefit expenses to the Level of Care (LOC) subaward for the month tested. The APA tested four employees whose personnel costs were charged to the subawards as shown in the table below:

	Waiver	LOC	Total
Employee 1	$5,690.15	$87.16	**$5,777.31**
Employee 2	$1,417.05	$325.55	**$1,742.60**
Employee 3	$674.49	$3,595.23	**$4,269.72**
Employee 4	$4,121.05	$54.62	**$4,175.67**
Total	**$11,902.74**	**$4,062.56**	**$15,965.30**

The APA determined that while Employee 3, included above, recorded 100% of the time worked for the month on the LOC subaward, $674.49 of employer-paid benefits were charged to the Waiver subaward. According to the LHD, this cost was charged to the incorrect subaward in error and was corrected after the APA brought it to the LHD's attention.

We recommend the LHD implement procedures to ensure its personnel costs are appropriately charged to each subaward in accordance with the relative benefit received. A similar issue was noted in the prior year.

Additionally, the APA found that the LHD charged employee payroll bonus costs to the subawards. In December 2018, each employee received a holiday bonus of $54.15 of gross pay, which was then allocated to the different programs. The LHD failed to provide a written policy covering these bonus payments.

2 CFR 200.430(a) states the following:

> *(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and <u>conforms to the established written policy of the non-Federal entity</u> consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.*

[Emphasis added.] We recommend the LHD implement a formal, written policy related to the employee bonus payments in order to comply with the Uniform Grant Guidance.

Review journal entries to determine the entry and classification of transactions are reasonable and proper

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The LHD charged $26,267.35 in expenditures other than payroll and indirect costs to the Waiver subaward and $5,621.44 expenditures other than payroll and indirect costs to the LOC subaward for the month tested. The APA tested five expenditures that were charged to the subawards as shown in the table below:

	Waiver	**LOC**	**Total**
Mileage Reimbursement	$814.78	$0.00	**$814.78**
Mileage Reimbursement	$0.00	$1,186.43	**$1,186.43**
Interpreter Costs	$560.00	$0.00	**$560.00**
Occupancy Costs	$4,031.84	$1,036.76	**$5,068.60**
Telephone Costs	$616.85	$28.62	**$645.47**
Total	**$6,023.47**	**$2,251.81**	**$8,275.28**

The following issues were noted:

Interpreter Costs: The LHD paid interpreters to assist with clients whose primary language was not English. The LHD provided invoices from the interpreters documenting the client services were provided for, date and time of services, and amount charged to the LHD. However, the LHD failed to provide written agreements documenting the rates to be charged. Of the two interpreter invoices tested, one included a rate of $70 per unit and the other included a rate of $35 per unit.

We recommend the LHD implement procedures to ensure that rates paid to interpreters are adequately documented in the form of a written agreement.

Occupancy Costs: The LHD charged the subawards for the costs incurred to maintain agency-owned buildings, as well as the costs incurred to rent or maintain buildings owned by other entities. The APA selected one agency-owned building to test for the month. Occupancy costs for each building were separately tracked in the accounting

system and totaled $9,599.62 for the building tested in January 2019. The APA requested documentation to support three of the building's expenditures totaling $3,128.47, and no issues were noted. *However, the LHD explained that the occupancy costs are allocated to each program based on a budgeted percentage of time worked on each program for the employees who work within each building. For the month tested, 42.0% was charged to Waiver and 10.8% was charged to LOC. Since these allocations are based on budgeted amounts, rather than based on the actual time worked for each program, these would be considered questioned costs. Additionally, the APA was not able to easily determine which employees worked at the location tested in order to determine if the Waiver and LOC subawards were properly charged.* *We recommend the LHD implement procedures to ensure occupancy costs are charged to each program based on actual time worked for a period of time and that the allocations are periodically reviewed throughout the year to ensure the actual time worked does not vary significantly from the original allocation used. We also recommend the LHD formalize this allocation process in its written policies.* *Telephone Costs: The LHD charged the subawards for the office telephone costs. The APA selected one invoice for testing that was paid to the State of Nebraska during the month tested, totaling $1,208.15. The invoice adequately supported the total amount paid.* *However, the LHD explained that office telephone costs are allocated to each program based on a budgeted percentage of time worked on each program for the employee associated with each phone number. For office phones not related to a specific employee, costs are allocated based on the budgeted percentage of time worked for all employees within that office. As noted in the table above, the LHD charged $616.85 of this amount to the Waiver subaward and $28.62 to LOC. Since these allocations are based on budgeted amounts, rather than based on the actual time worked on each program, these would be considered questioned costs.* *We recommend the LHD implement procedures to ensure telephone and other allocated costs are charged to each program based on actual time worked for a past period of time and that the allocations are periodically reviewed throughout the year to ensure the actual time worked does not vary significantly from the original allocation used. We also recommend the LHD formalize this allocation process in its written policies.*
Determine if the agency has significant contracts. If testing deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.
N/A – APA tested contracts above.
Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (2014 45 CFR 92.36)
No issues noted.
Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.
No program income or matching for the Waiver or LOC subawards.
Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements. (Compare financial information obtained to selected reports.) Determine if matching amounts are supported.
The LHD reported a negative amount for Printing & Supplies to the Waiver subaward for the quarter tested. According to the LHD, the negative amount resulted from the incorrect reporting of the year-to-date printing expenses as contractual expenses. Each month, the LHD compares the month's year-to-date expenditures with the prior month's year-to-date expenditures. The difference in the expenses for the two months are reported to DHHS. The LHD provided documentation to verify the difference was corrected in a subsequent period; therefore, there are no questioned costs. The APA reported this item to ensure the DHHS is aware of the situation and to ensure a proper review of the reports provided is performed to identify and explain these variances.

The APA also found a minor variance with the professional fees reported. The LHD reported $2,151.58 for Professional Fees – Other to the Waiver subaward for the quarter tested. However, as shown in the table below, this did not agree to the general ledger provided by the LHD:

General Ledger Total	*$3,886.58*
Amount included in February 2019 Request	*$2,151.58*
Difference Between GL and Request for January 2019 expenses	*$1,735.00*
January 2019 expenses reported after the report was submitted	*$1,915.00*
Net Difference	***$(180.00)***

As shown in the table above, the general ledger provided by the LHD included a total of $3,886.58; however, only $2,151.58 was reported for the expenses in January 2019. The LHD explained that $1,915.00 in other January expenses were recorded in the general ledger after the report was submitted to DHHS, leaving a $180 variance. Without adequate documentation, this $180 variance would be considered questioned costs.

We recommend the LHD implement procedures to ensure the amounts reported by DHHS are supported by adequate documentation.

Determine the Medicaid & LOC payments were in accordance with the terms of the contract.

Tested with other expenditures as noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.

No subrecipients for the Waiver or LOC subawards.