AGREED-UPON PROCEDURES REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
SUBRECIPIENT MONITORING
PUBLIC HEALTH PREPAREDNESS
AND RESPONSE SUBAWARDS

JULY 1, 2018, THROUGH JUNE 30, 2019

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBRECIPIENT MONITORING
PUBLIC HEALTH PREPAREDNESS AND RESPONSE SUBAWARDS

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBRECIPIENT MONITORING
PUBLIC HEALTH PREPAREDNESS AND RESPONSE SUBAWARDS

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
SUBRECIPIENT MONITORING
PUBLIC HEALTH PREPAREDNESS AND RESPONSE SUBAWARDS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Department of Health and Human Services
Division of Public Health
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.

The APA performed the monitoring procedures described below on 31 separate entities. The APA reported separately the results of the monitoring for the University of Nebraska Medical Center subawards, resulting in a total of 34 recipients being included in the results below.

Procedures Performed and Results

1. Complete internal control questionnaire.

After reviewing the responses from each entity's internal control questionnaire, the APA determined that 24 of the 34 subrecipients tested lacked proper internal controls in one or more areas reviewed. The APA identified 13 subrecipients who lacked adequate segregation of duties, 11 who lacked adequate written policies, five who used a budget method to allocate wages or other costs, one who did not respond timely to the request for information, one who used a signature stamp, one whose Director approved her own timesheet, and one who did not have procedures to approve time worked on each grant.

For more details regarding the subrecipients' lack of internal controls, see **Attachments 1-2, 6-7, 9-12, 15, 17-22, 24-26, 28-31, and 33-34**.

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. Twelve of the 34 entities had findings included in their most recent audit reports that related directly to the subrecipient monitoring procedures. If the prior year monitoring findings still existed, they were included elsewhere within the subrecipients' summary.

For more details regarding the subrecipients' prior monitoring findings, see **Attachments 1, 11-12, 15, 17, 24, 26-29, 31, and 33**.

3. Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2018 transactions.

The APA documented the accounting software used by each subrecipient and obtained financial information for one quarter tested. Three subrecipients lacked separate coding in their accounting system for the Public Health Emergency Preparedness (PHEP) grants funds.

For more details regarding the subrecipients' lack of separate coding, see **Attachments 28, 30, and 34**.

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

The APA documented the individuals authorized to process transactions for each subrecipient.

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

For all subrecipients, the APA obtained a list of employees paid from the subaward funds for the quarter tested.

6. Perform a detail test of employee payroll.

For each of the subrecipients, the APA performed detailed payroll testing, which consisted of verifying amounts paid to the authorized pay rates and approved time records, obtaining support and verifying amounts paid for employer-provided benefits, verifying that the payroll costs charged to the subawards were based on the relative benefits received rather than a budgeted amount, etc. The APA found issues with 32 of the 34 subrecipients during the payroll testing. A total of 18 subrecipients had issues with the method used to allocate payroll costs to the subawards. Similarly, 12 subrecipients had issues with the method used to allocate leave to the subawards. Six subrecipients lacked adequate documentation to support various deductions from pay. Six subrecipients lacked documentation to support the income and other taxes withheld from the employees' pay. The APA also determined that six subrecipients had issues with the documented time records to support the amount paid. Five of the subrecipients had issues with the amount of fringe benefits charged to the subawards. Three subrecipients failed to record properly PHEP vs. Hospital Preparedness Program (HPP) hours worked. Three subrecipients had self-insured insurance plans that lacked adequate documentation to support amounts charged to subawards. Three subrecipients lacked adequate personnel or benefit policies. Two subrecipients lacked adequate documentation to support the authorized pay rate. The APA also noted several other issues related to individual subrecipients.

For more detailed information regarding the subrecipients' payroll testing findings, see **Attachments 1-2, 4-28, and 30-34**.

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

The APA did not identify any concerns with the journal entries.

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

The APA did not identify any concerns with negative expenditures.

9. Perform a detailed test of agency expenditures.

The APA performed a test of expenditures, which included obtaining supporting documentation, verifying that the expense was reasonable, determining the method used to allocate the expense, etc. The APA found issues with 18 of the 34 subrecipients tested. Seven subrecipients failed to provide adequate documentation to support the expenses, such as a contract or original invoice. Five subrecipients lacked an adequate method to allocate the expense in accordance with the relative benefits received. Two additional subrecipients paid a contractor personnel costs for which the method to allocate such costs lacked adequate documentation. Four meal or lodging expenses exceeded the General Services Administration per diem rate or were not reasonable. Two subrecipients continued to charge rent expenses for a building owned by the subrecipient. Similarly, two subrecipients charged the subawards mileage expenses for travel in an agency-owned vehicle. Three entities should be reviewed to determine if the arrangement with them is a contract or a subaward. The APA also noted several other issues that can be found in the attachments to this letter.

For more detailed information regarding the subrecipients' expenditure testing findings, see **Attachments 2-3, 6-9, 11, 15, 19-22, 24-27, 29, and 33**.

10. Determine if the agency has significant contracts. If testing is 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 and reported in the findings above related to the test of agency expenditures.

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

No program income or matching is anticipated for these subawards.

12. 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.)

The APA found issues with 18 of 34 subrecipient quarterly reports submitted to DHHS. Eight of the subrecipients provided a general ledger that did not agree to the amounts reported on the quarterly financial reports. Five of the subrecipients reported inaccurate amounts of indirect costs. Three subrecipients used a budgeted method to allocate certain costs that were not previously tested. Two subrecipients used an indirect cost rate that was not specifically approved. Two subrecipient financial reports provided to DHHS failed to include information that adequately described the expenses. Two subrecipients had similar costs reported as both direct and indirect costs. The APA also noted a few other issues that can be found in the attachments to this letter.

For more detailed information regarding the subrecipients' required reporting issues, see **Attachments 2, 7, 9, 11-12, 15, 20-21, 23-28, and 31-34**.

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.

July 19, 2019

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

Attachment 1

Complete Internal Control Questionnaire

The Santee Sioux Nation (Santee) lacked an adequate segregation of duties over the payroll process, as one individual can handle all phases of a transaction from beginning to end. There is not a secondary review of time entered, pay rates, or other changes made in the system to ensure all changes are accurate and authorized.

Santee lacked formal, written policies regarding the use of its credit cards.

We recommend that Santee implement procedures to ensure a proper segregation of duties over the payroll process. If a proper segregation of duties is not possible to due limited staff, additional controls could be implemented to compensate for the lack of segregation of duties. These additional controls could include a documented review of the pay rates and time worked during their payroll approval process. Additionally, Santee should develop and approve a credit card policy.

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

Auditor obtained prior Single audit for the period ending September 30, 2017 from the Federal Audit Clearinghouse. The following issues were identified in the audit report:

- *Internal Control to Prevent Unallowable Costs and miscoding of expenditures*
  - *Voucher authorization controls were overridden on one of 120 items sampled. One item did not have adequate supporting documentation. Two items were incorrectly excluded from capital assets.*
- *Human Resources and Payroll Processing and Records*
  - *Pay authorizations, IRS Form W-4, Form I-9, payroll deduction authorizations, orientation checklist, and/or acknowledgement of sexual harassment policy were not included in the personnel files for some employees.*
- *Accounting and Risk Assessment Policies*
  - *Management had not identified and addressed specific risks relevant to an overall risk assessment for the entire organization. Additionally, there was not a formal process to assess, analyze and manage these risks on an ongoing basis.*

Any additional issues related to these findings during this monitoring were identified in the sections below.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 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

Not provided.

Perform a detailed test of employee payroll

Santee reported $6,396.46 in salary and benefits for quarter four of the 2017-2018 Public Health Emergency Preparedness (PHEP) funds and $1,596.28 in Hospital Preparedness Program (HPP) funds. All of the salary and benefits reported were for one employee. The APA selected two weekly pay periods to test and noted the following issues:

Attachment 1

The employee tested had a weekly payroll deduction of $98.03 for health insurance. This amount was tax sheltered for the calculation of Federal and State income taxes, but it was not tax sheltered for the calculation of Social Security and Medicare taxes. For the two pay periods tested, this resulted in the following variances:

Tax Type	***APA Calculated Tax****	***Tax Paid***	***Variance***
Social Security	*$113.08*	*$125.24*	*$12.16*
Medicare	*$26.45*	*$29.30*	*$2.85*
Totals	***$139.53***	***$154.54***	***$15.01***

**The APA Calculated Tax column was calculated by entering the Health Insurance deduction as a tax sheltered deduction.*

We recommend Santee determine the proper tax handling of its health insurance plans and work with the DHHS to determine if there are any employer-paid insurance benefits that need to be repaid after determining the proper tax disposition of the benefits.

Additionally, the APA determined the employer-paid health insurance is allocated 50% to the PHEP grant, regardless of the actual number of hours worked on each program. This appears to be a budgeted method to allocate the insurance costs, rather than based on the relative benefits received. The monthly amount charged to the PHEP grant is $567.86, which are questioned costs due to the lack of support for the allocation.

Santee completed timesheets for the hours worked on the PHEP/HPP grant as well as for hours worked on other projects. However, the timesheets failed to differentiate between the hours worked on PHEP and the hours worked on HPP. Per discussion with Santee, this employee's hours were charged 75% to PHEP and 25% HPP, which also appears to be a budgeted method to allocate costs. As noted above, $6,396.46 was charged to PHEP and $1,596.28 was charged to HPP for personnel costs. Due to the lack of adequate support for the allocation, these amounts would be considered questioned costs. These amounts also include the $567.86 monthly charge for employer-paid health insurance noted above.

Finally, the APA determined that Santee charged leave hours to each program based on a budgeted method to allocate costs. For example, it appears that 12 hours of leave were charged 50% to PHEP/HPP and 50% to another program for the pay period tested. However, the timesheets show the employee actually worked about 59% of her time on PHEP/HPP. The table below shows the costs associated with this allocation:

Pay Check Date	PHEP/HPP Hours Actually Worked	Other Hours Actually Worked	Total Actual Hours Worked	% of Hours on PHEP/HPP	Gross Wages Paid	PHEP/HPP Wages	75% PHEP	25% HPP
5/16/2018	24	12	36		$1,010			
5/23/2018	16	16	32		$1,010			
Totals	**40**	**28**	**68**	**59%**	**$2,020**	**$1,191.80**	**$893.85**	**$297.95**

Attachment 1

Due to the costs not being allocated based on the actual hours worked on each program, the total $1,191.80 charged to PHEP and HPP would be considered questioned costs.

2 CFR 200.431(b) states:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
> *(1) They are provided under established written policies;*
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

We recommend Santee implement procedures to ensure adequate documentation exists to support the time and effort worked on Federal Programs, including the proper recording of time worked on PHEP and HPP activities. We also recommend Santee implement procedures to ensure any other payroll costs charged to the program, such as employer-paid benefits and leave time is allocated to the program based on actual time worked rather than on budget estimates. Finally, we recommend Santee work with the DHHS to determine whether any wage or benefit amounts need to be repaid based on the actual hours worked for each program.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The Santee reported $466.76 in expenses other than payroll and indirect costs. The APA tested 100% of this amount, which was all related to an employee's travel and registration fees for the Annual Preparedness Symposia in Omaha, NE. No issues were noted related these costs.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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.

No issues noted.

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

N/A – no sub-awards were noted.

Attachment 2

Complete Internal Control Questionnaire
The South Heartland District Health Department (SHDHD) lacked written procedures to ensure costs are necessary and reasonable, allocable, and allowable in accordance with Uniform Grant Guidance. The SHDHD should implement formalized, written procedures covering this area. *For the quarter tested, the SHDHD allocated costs attributable to more than one program using budgeted percentages. Per discussion with the SHDHD this process was changed beginning October 1, 2018, to allocate these costs based on the actual benefit received. We recommend the SHDHD work with the DHHS ensure the new procedures are properly performed and in accordance with the Uniform Grant Guidance.*
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 2018 transactions
The SHDHD uses QuickBooks, and a general ledger was obtained for the quarter.
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 SHDHD reported $15,812.05 in salary and benefits during quarter 4 of the 2017-2018 grant. The APA performed detailed testing of two employees whose costs charged to the grant for the quarter were $14,992.51. The APA noted the following issues during testing: *The SHDHD charged leave hours based on budgeted full-time equivalent (FTE) during the quarter tested. Per discussion with the SHDHD, they implemented new procedures beginning with quarter two of the 2018-2019 grant in order to allocate leave hours based on the actual hours worked on each program. For the employees tested during the quarter, the variance noted between the budgeted and actual leave allocations was insignificant.* *45 CFR 75.431(b) states:* *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:* *(1) They are provided under established written policies;* *(2) The costs are equitably allocated to all related activities, including Federal awards; and,* *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.* *We recommend the SHDHD ensure leave hours under the new procedures are properly allocated based on the Uniform Grant Guidance.* *For one employee tested, the employer-paid Social Security, Medicare, and Health Insurance Cash-Out were not properly allocated to the grant. Due to the improper allocation of leave, as noted above, the $233.54 of Health Insurance Cash-Out was allocated 96.38% to this subaward, rather than 96.53%, as*

recalculated using only the actual hours worked for the pay period tested. The amount undercharged to this grant for the pay period tested was insignificant.

Additionally, one employee's Social Security and Medicare costs for the pay period tested totaled $154.65. 85.24% of these costs were allocated to the subaward, rather than the 96.53% of actual hours worked on the subaward. This resulted in the subaward being undercharged $17.45. Since the subaward is being undercharged, this would not be questioned costs.

Per discussion with the SHDHD, the allocation is performed by their accounting system, so they could not explain the incorrect allocation.

We recommend the SHDHD ensure allocations are accurately calculated and in accordance with the Uniform Grant Guidance.

For a second employee tested, income taxes were withheld using a marital status of "Married". Per review of the IRS Form W-4, the employee failed to indicate the marital status. The SHDHD stated the income withholding was originally entered by a former employee, and they were unable to provide documentation to support the marital status. This is an internal control issue and would not affect gross pay; therefore, there are no questioned costs.

The APA also determined that the second employee tested was not paid for 0.75 hours of work performed on a separate program. Because this did not affect the program tested, there would be no questioned costs related to this subaward.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The SHDHD reported $3,882.84 in expenditures other than payroll and indirect costs. The APA tested expenditures totaling $1,856.56 and noted the following:

The mileage reimbursements for one month, totaling $527.56, was tested. The SHDHD lacked documentation to support the purpose of each trip. Additionally, for one trip tested, the employee's mileage log listed three Nebraska towns for networking and meetings; however, the trip route was not adequately documented. A total of 162 miles were reimbursed for this trip. The APA's recalculation of the miles from the SHDHD to the three towns and back to the SHDHD showed a total of only 130 miles. This is a variance of 32 miles, or 19.75%. Per discussion with the SHDHD, new procedures have been implemented as of October 1, 2018, that requires sufficient documentation to support the miles driven and the purpose of the trips. Due to the lack of adequate documentation, the entire $527.56 would be questioned costs.

The SHDHD should implement procedures to ensure adequate documentation is maintained to support travel reimbursements, which could include meeting minutes, emails documenting meetings, or other independent verification to support the meeting. Adequate documentation should also include detail of the route taken, specifically when multiple locations are visited.

The APA also tested $1,329 for radio public service announcements. No issues were noted regarding this expenditure.

Attachment 2

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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 SHDHD allocates communication charges to the grant based on a calculated percentage of use to the program. This method to allocate costs directly the program is allowable, but not when the de minimis indirect cost rate is also used. A total of $650.74 in communication costs were charged to the grant for the quarter tested. *We recommend the SHDHD implement procedures to ensure that if the de minimis indirect cost rate is used, they are not also directly allocated charges to the program based on a calculated allocation method. Otherwise, the direct costs should be excluded from the Modified Total Direct Cost calculation used to determine the indirect costs.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 3

Complete Internal Control Questionnaire
No issues noted.
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 2018 transactions
The Panhandle Public Health Department (PPHD) uses Quickbooks and general ledgers were obtained for the quarter.
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
Public Health Emergency Preparedness (PHEP) subaward 39047: *The PPHD reported $22,698.27 in salary and benefits during quarter 4 of the 2017-2018 grant. The APA performed detail testing of three employees whose costs charged to the grant for the quarter were $15,879.92. No issues were noted.* ***Panhandle Region Medical Response System (PRMRS) Subaward 38660:*** *The PPHD reported $18,848.23 in salary and benefits during quarter 4 of the 2017-2018 grant. The APA performed detail testing of one employee (PRMRS Coordinator) whose costs charged to the grant for the quarter were $17,548.77. This employee also had hours coded to the PHEP subaward and was included as one of the three employees tested above. No issues were noted.* ***PRMRS Ebola subaward 38931:*** *The PPHD reported $489.15 in salary and benefits during quarter 4 of the 2017-2018 grant. The APA did not perform detail testing of personnel costs for this subaward.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
Public Health Emergency Preparedness (PHEP) subaward 39047: *The PPHD charged $17,670.29 in expenditures other than salaries and benefits to this subaward. The APA tested four items totaling $14,744.03. The following was noted:* *One item tested, totaling $1,731.23, was related to a Basic Public Information Officer course held in Bridgeport, NE on April 4-5, 2018. The training for this course was provided by the Nebraska Emergency Management Agency (NEMA). The PPHD paid $280.00 for a room rental at the Prairie*

Winds Community Center in Bridgeport. Adequate documentation was on file for this purchase. The remaining $1,451.23 was paid to NEMA to reimburse for costs related to putting on this training. The table below shows the costs invoiced by the NEMA:

Description	***Cost***
Meal Reimbursement to Instructor #1	*$51.55*
Meal Reimbursement to Instructor #2	*$53.88*
Three Nights Lodging for Both Instructors	*$558.00*
40 Sets of Student Materials (Printing)	*$252.05*
4 Chart Pads	*$71.02*
Transportation Charges to Travel to Course	*$464.73*
Total	***$1,451.23***

The NEMA sent the PPHD emails noting these are the expenses they would need to be reimbursed for, as well as an invoice for these amounts; however, the PPHD did not receive a contract or other documentation (invoices, receipts, etc.) to support the above amounts were the actual costs incurred by the NEMA to provide this training.

We recommend the PPHD implement procedures to ensure they are receiving adequate documentation to support all amounts paid. Without adequate documentation on file, $1,451.23 could be considered questioned costs.

The PPHD charged the subaward $269.23 related to 494 miles travelled in an agency-owned vehicle. After the APA's discussion with the entity in the prior year regarding mileage in an agency-owned vehicle not being an actual cost of travel per the Uniform Grant Guidance, the PPHD changed their policies beginning May 1, 2018, and began pooling all fuel, repairs, maintenance, depreciation, insurance, etc. related to agency-owned vehicle. These costs were then allocated to the different programs based on the percentage of total miles traveled on each award during the period in which those costs were incurred. The amount charged to the grant for pooled vehicle costs were insignificant for the quarter; therefore, this was not tested by the APA. The $269.23 related to mileage from the use of agency-owned vehicles is considered questioned costs.

We recommend the PPDH and the DHHS ensure the new method being used to charge costs related to travel in an agency-owned vehicle are in accordance with the Uniform Grant Guidance.

Panhandle Region Medical Response System (PRMRS) Subaward 38660:

The PPHD charged $15,347.05 in expenditures other than salaries and benefits to this subaward. The APA tested four items totaling $11,545.10. No issues were noted.

PRMRS Ebola subaward 38931:

The PPHD charged $6,859.68 in expenditures other than salaries and benefits to this subaward. The APA tested two items totaling $5,995.00. No issues were noted.

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.

Significant contracts would be tested above.

Attachment 3

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 issued noted.
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.
No issue noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subrecipients were noted.

Attachment 4

Complete Internal Control Questionnaire
No issues noted.
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
No issues noted.
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
The PTN used Navision Navigator until March 31, 2018, and began using MIP on April 1, 2018. A general ledger detail was obtained for the quarter tested.
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 PTN charged $3,122.95 in salaries and $1,213.33 in benefits to the Public Health Emergency Preparedness (PHEP) program. The PTN also charged $955.21 in salaries and $369.84 in benefits to the Hospital Preparedness Program (HPP). The APA obtained timesheets, pay stubs, authorization for pay rates, etc. for the one individual charged to the programs. The following was noted: *The PTN has a self-insured health insurance plan. The employer-paid cost consisted of both an administrative fee ($293.54) and a premium amount ($657.07) for the plan's reserve.* *The PTN appears to have billed the administrative fees for the third quarter in both the third quarter and the quarter tested – the fourth quarter. The total administrative fee for the three-month period was $880.62 ($293.54 x 3). The cost allocated to the PHEP program was $184.92 (21%) and the cost allocated to the HPP was $52.86 (6%). There would also be some indirect costs associated with these benefits. These amounts are considered questioned costs.* *Furthermore, the method to allocate the administrative expenses between PHEP and HPP was a based upon a budgeted or estimated percentage of time spent on each program and was not based on actual time worked on each program.* *Title 2 CFR §200.431(c) states:* *The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in §200.447 Insurance and indemnification); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or groups(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.* *The APA recommends the PTN implement procedures to ensure costs are charged only once and are allocated to programs based on the relative benefits received. The PTN should work with the DHHS to repay the administrative fees that were charged twice and the associated indirect costs.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No issues noted.

Attachment 4

Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
PHEP (CFDA 93.069): *The PTN charged a total of $191.26 in expenditures other than payroll or indirect costs for the quarter tested. The APA did not perform a detailed test of expenditures other than payroll.* *The PTN charged $1,323.40 in indirect costs for the quarter. The PTN has an indirect cost rate that is approved by the U.S. Department of Interior.* ***HPP (CFDA 93.889):*** *The PTN charged a total of $54.67 in expenditures other than payroll or indirect costs for the quester tested. The APA did not perform a detailed test of expenditures other than payroll.* *The PTN charged $403.30 in indirect costs for the quarter. The PTN has an indirect cost rate that is approved by the U.S. Department of Interior.* *The APA reviewed the PTN indirect cost rate and determined that the PTN charges similar costs, such as office space, office supplies, utilities, telephone, etc., as both direct and indirect costs. In calculating the indirect cost rate, the PTN ensures costs that can be directly charged to a program were not included in the indirect cost calculation. This information is included so that DHHS can ensure it has a proper understanding of the direct and indirect costs charged, so that it can adequately monitor the costs to ensure the same costs are not being charged both directly and indirectly.*
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.
None noted.
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 issued noted.
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.
No issues were noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Complete Internal Control Questionnaire
No issues noted.
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
The APA obtained the Single audit for fiscal year ended June 30, 2018, and found no audit findings that were required to be reported. *Prior year monitoring findings were either corrected or noted in the appropriate sections below.*
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
The NRPC uses Strata and a general ledger was obtained for all expenditures charged to the grants for each quarter tested.
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
Only one of the three subawards with the NRPC included charges for personnel costs - the PHEP subaward. The NRPC charged $57,875.69 in salary and benefits to the subaward for the period tested. The APA tested two employees for whom NRPC charged $47,702.54 in salary and $10,173.15 in benefits to the subaward. Both of the employees were registered nurse specialists in poison information. The following was noted: *The APA reviewed the documentation available to support the insurance costs. Initially, the NRPC provided only an internal spreadsheet that listed the insurance rates, which is not adequate to meet the requirements found in 2 CFR §200.447. Later the APA obtained an independent evaluation of the self-funded health insurance plan. The NRPC paid a portion of the insurance costs and charged it to its subawards. For one of the two employees tested, the cost of the health insurance charged was lower than the rate listed on the evaluation. There are no questioned costs – we are simply bringing this to the attention of the DHHS* *The NRPC failed to provide adequate documentation to support the rates for the dental and vision plans. The NRPC also paid a portion of the dental insurance of its employees, which in turn was charged to its subawards. Questioned costs related to the employer share of dental insurance were $37.80 for the quarter tested.* *A similar finding was noted during the prior year monitoring.* *Additionally, the NPRC provides additional compensation for shifts worked on weekends. For one individual tested, 23.5 hours were paid for hours worked on weekends. The APA identified only 22.5 hours worked on weekends during the time period tested. This resulted in the individual being overpaid $3.78 for the extra one hour of shift differential.* *We recommend the NRPC implement procedures to ensure the cost of benefits are in compliance with Uniform Grant Guidance. We further recommend the NRPC implement procedures to ensure employees are being accurately paid for hours worked.*

Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The APA noted the following during the detailed test of expenditures: ***Subaward 43673 (PHEP) Quarter 1 Fiscal Year 2018-2019:*** *Only payroll expenditures were charged to this award for the period tested.* ***Subaward 44203 (OMMRS) Quarter 1 Fiscal Year 2018-2019:*** *The NRPC requested reimbursement for $4,636.14. The APA tested two payments to one vendor, totaling $3,866.40. There were no issues for the payments tested.* ***Subaward 39657 (HPP Ebola) Quarter 4 Fiscal Year 2017-2018:*** *The APA tested all three expenditures totaling $8,679.46 charged to the subaward for the period tested. There were no issues for the payments tested.*
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
During review of the quarterly reporting documentation, the APA noted the following issues related to indirect costs: ***Subaward 43673 (PHEP) Quarter 1 Fiscal Year 2018-2019:*** *The NPRC did not charge indirect costs for this subaward.* ***Subaward 44203 (OMMRS) Quarter 1 Fiscal Year 2018-2019:*** *The NRPC uses the de minimis rate and charged $421.47 in indirect costs. The total expenditures before indirect costs were $4,214.67. There were no issues identified with the quarterly report. There are no questioned costs related to indirect costs.* ***Subaward 39657 (HPP Ebola) Quarter 4 Fiscal Year 2017-2018:*** *The NRPC uses the de minimis rate and charged $390.90 in indirect costs. The indirect cost base consisted of the cost of personal protective equipment and supplies. There were no issues identified with the quarterly report. There are no questioned costs related to indirect costs.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subawards were noted.

Attachment 6

Complete Internal Control Questionnaire
The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by an individual with first-hand knowledge of the employees' activities that creates an effort of time spent on the various programs. This effort certification percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee actually worked on the subaward activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees. The UNMC employees do not complete timesheets. *The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:* *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.* *2 CFR 200.430(i)(1)(viii) states the following:* *Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.* *As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.* *In its audit of the University, the APA has discussed a lack of timesheets with University Management.* *The APA recommends the UNMC implement procedures to ensure the costs charged to Federal awards are in compliance with the Uniform Grant Guidance and that allocations of employee time worked to multiples grants is supported by proper documentation.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Prior year findings were corrected or noted in the appropriate sections below.
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for quarter 4.
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.

Attachment 6

Perform a detailed test of employee payroll

The APA tested five individuals charged to the PHEP and HPP programs. One individual had a portion of wages charged to both programs. UNMC charged the following amounts for salaries and benefits for each program for quarter four:

	HPP	***PHEP***
Salaries	*$ 21,199.50*	*$ 72,529.78*
Benefits	*$ 5,525.76*	*$ 18,296.63*
Totals	***$ 26,725.26***	***$ 90,826.41***

As noted above, the UNMC allocates payroll costs based on budget estimates and later completes an effort certification to compare to the dollar percentage already charged to the grants. If the effort certification differs by more than 5% to the amount already charged to the grant, an adjustment will be made. As also noted above, the percentages used as the effort certification are not supported by documentation of the actual amount of time worked. As such, the APA believes this method to allocate time is inadequate to determine the actual time charged to each activity.

Furthermore, the effort certification is for a six month time period that does not align with the fiscal year or grant period. For the period tested the effort certification was generally May through October. The grant period ends in June. The effort certification lists one percentage that represents the average effort for the entire six month period. This is not easily translated into monthly or biweekly effort percentages for the quarterly reporting of the subawards. So the certified effort shown in the table below is for the six month period but may not represent the effort for the an individual month or pay period.

The following table shows the percentages charged to the subaward based on the budgeted amount and also shows the effort certification:

PHEP subaward

Employee 1:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/30/2018	*$5,791.67*	*100.00%*	*$5,791.67*	*100.00%*
5/31/2018	*$5,791.67*	*100.00%*	*$5,791.67*	*33.00%*
6/29/2018	*$5,791.67*	*100.00%*	*$5,791.67*	*33.00%*
Totals	***$17,375.01***		***$17,375.01***	

The two periods covered by effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 1 during the quarter tested was $17,375.01, which equals the budgeted percentage.

Employee 2:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/12/2018	*$1,941.38*	*75.39%*	*$1,463.61*	*79.00%*
4/26/2018	*$1,941.40*	*75.39%*	*$1,463.62*	*27.00%*
5/10/2018	*$1,941.38*	*80.00%*	*$1,553.10*	*27.00%*
5/24/2018	*$1,941.38*	*80.00%*	*$1,553.10*	*27.00%*

6/7/2018	*$1,941.38*	*80.00%*	*$1,553.10*	*27.00%*
6/21/2018	*$1,941.39*	*80.00%*	*$1,553.11*	*27.00%*
Totals	***$11,648.31***		***$9,139.64***	

The two periods covered by effort certifications for this individual were October 13, 2017, through April 12, 2018, and April 13, 2018, through October 11, 2018. The total wages charged to the subaward for Employee 2 during the quarter tested was $11,615.64, which is a variance of $2,476.00 between the budgeted percent and the actual amount charged. The amount charged to the subaward includes two July 2018 pay checks, totaling $2,484.99. Therefore, the UNMC charged four months of salary for this individual during quarter four, which is not consistent with its method used to charge personnel costs to other UNMC subawards. Questioned costs include the $2,484.99 and related fringe benefits of $646.10 (26% of wages).

Employee 3:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/30/2018	*$5,000.00*	*57.69%*	*$2,884.50*	*85.00%*
5/31/2018	*$5,000.00*	*69.00%*	*$3,450.00*	*26.00%*
6/29/2018	*$5,000.00*	*90.00%*	*$4,500.00*	*26.00%*
Totals	***$15,000.00***		***$10,834.50***	

The two periods covered by the effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 3 during the quarter tested was $10,834.50, which equals the budgeted percentage.

Employee 4:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/30/2018	*$6,746.25*	*56.90%*	*$3,838.62*	*80.00%*
5/31/2018	*$6,746.25*	*80.00%*	*$5,397.00*	*32.00%*
6/29/2018	*$6,746.25*	*80.00%*	*$5,397.00*	*32.00%*
Totals	***$20,238.75***		***$14,632.62***	

The two periods covered by the effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018.The total wages charged for Employee 4 during the quarter tested was $14,632.62, which equals the budgeted percentage of salary for the quarter.

HPP subaward

Employee 2:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/12/2018	*$1,941.38*	*20.00%*	*$388.28*	*20.00%*
4/26/2018	*$1,941.40*	*20.00%*	*$388.28*	*7.00%*
5/10/2018	*$1,941.38*	*20.00%*	*$388.28*	*7.00%*
5/24/2018	*$1,941.38*	*20.00%*	*$388.28*	*7.00%*
6/7/2018	*$1,941.38*	*20.00%*	*$388.28*	*7.00%*
6/21/2018	*$1,941.39*	*20.00%*	*$388.28*	*7.00%*

Attachment 6

Totals	***$11,648.31***		***$2,329.68***	

The two periods covered by effort certifications for this individual were October 13, 2017, through April 12, 2018, and April 13, 2018, through October 11, 2018. The total wages charged for Employee 2 during the quarter tested was $2,950.95, which is a variance of $621.27 between the budgeted percent and the actual amount charged. As noted above, the amount charged to the subaward for this employee includes two July 2018 pay checks, totaling $621.24. Therefore, the UNMC charged four months of salary for this individual during quarter four, which is not consistent with its method used to charge personnel costs to other UNMC subawards. Questioned costs include the $621.24 and related fringe benefits of $161.52 (26% of wages).

Employee 5:

Pay Check Date	***Gross Pay***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort During 6 Month Period***
4/30/2018	*$6,222.25*	*53.08%*	*$3,302.77*	*84.00%*
5/31/2018	*$6,222.25*	*90.00%*	*$5,600.03*	*30.00%*
6/29/2018	*$6,222.25*	*90.00%*	*$5,600.03*	*30.00%*
Totals	***$18,666.75***		***$14,502.83***	

The two periods covered by effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 5 during the quarter tested was $14,502.81, which agrees to the budgeted percentage of wages for the quarter.

A similar finding regarding support for the distribution of wages was noted in the FY 2018 subrecipient monitoring summary.

The APA also noted the following related to personnel and benefit costs:

The UNMC charges benefits as a percentage of salaries. The rates used are included in a fringe benefit rate agreement between UNMC and the U.S. Department of Health and Human Services. For Employee 2, fringe benefits were charged at 26.5%, which is higher than the approved fringe benefit rate for staff (26%). This caused fringe benefits to be $13.88 higher for HPP and $54.71 higher for PHEP.

Due to the method used to charge personnel costs to various activities, total questioned costs related to personnel expenses are unknown.

We recommend the UNMC work with DHHS to ensure its method to allocate personnel and benefit costs to the DHHS subaward is adequately supported and consistent with the provisions of the Uniform Grant Guidance. Because the UNMC certified effort period crosses subaward years, the DHHS would need to implement procedures to ensure salary amounts that need adjustment are appropriately adjusted prior to the end of the subaward. We also recommend the UNMC and DHHS consider whether any adjustments to this subaward are necessary due to the error in reporting four months of salary and benefits for one employee to both the PHEP and HPP subawards.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

Attachment 6

No issues noted.

Perform a detailed test of agency expenditures

The APA tested ten expenditures totaling $25,459.79 charged to the subaward for costs charged to the PHEP program. UNMC charged a total of $43,288.48 in expenditures (other than payroll) to the grant for the period tested. The APA noted the following related to the expenditures tested:

Contract Costs: The Co-Director of the CPE is employed by Creighton University. The CPE has a subaward agreement with Creighton to reimburse Creighton for a portion of the salary, benefits, and travel costs of the Co-Director.
The UNMC paid Creighton for invoices from July 1, 2017, through June 30, 2018, during the quarter tested. The subaward agreement required quarterly reporting to the UNMC. Therefore, Creighton was not in compliance with the terms of the subaward agreement with the UNMC.

The APA obtained July 1, 2017, through June 30, 2018, general ledger, support for the authorized salary rate, paystubs for two months tested – September2017 and May 2018, and support for the allocation of wages for the two months. For both months, a monthly certification of time spent on the subaward was completed by the Co-Director and approved by a second individual. The effort certified that 19.31% of time worked was spent on CPE activities, which is the same as the budgeted amount in the subaward agreement. Similar to our concerns with the UNMC method to allocate wages, there is lack of adequate documentation to support the wages charged to the award. Creighton charged benefits at 24.2% of wages and has a fringe benefit rate approved by the U.S. Department of Health and Human Services.

The total amount paid to Creighton was $11,695.58, with $9,210.63 in wages, $ 2,229 in benefits, and $255.95 in travel. The questioned costs related to the method to allocate payroll costs are unknown.

Meal Costs: The UNMC CPE reimbursed a speaker $270.80 for transportation and meal costs incurred while presenting at two of its conferences. A portion of the expense included reimbursement for a meal that exceeded the General Services Administration (GSA) rate for dinner in Omaha. The cost of the meal was $41.50 which exceeded the GSA rate of $28 by $13.50. The questioned costs related to meal costs are $13.50.

Lodging Costs: The UNMC CPE requested lodging reimbursement for three employees to attend the Annual Preparedness Summit in Atlanta, Georgia for four nights in April 2018. The APA tested the three employee's lodging costs, totaling $2,604.95, and determined lodging for two of the three was not reasonable because it exceeded the GSA rate for the location. Neither of the hotels was the location that the conference was held. The following table shows the costs:

Hotel	Total Nights Stayed	Amount Paid	GSA Allowable Amount	Difference
Atlanta Marriott Marquis	6	$1,424.63	$888.00	$536.63
Aloft Downtown Atlanta	2	$346.68	$296.00	$50.68
Total	8	$1,771.31	$1,184.00	$587.31

Note: The GSA lodging rate for Atlanta, Georgia in April 2018 was $148 per night.

Conference Registration Fees: The APA also obtained the conference registration information for the Annual Preparedness Summit in Atlanta. Total registration fees paid for the three employees were $1,715. One individual's registration fee was $200 higher than the other two individuals. The cost is not questioned, the APA simply wanted the UNMC CPE to be aware of and take advantage of cost savings related to early registration discounts.

Attachment 6

Transportation Costs: The UNMC CPE requested reimbursement for rental vehicles used to travel. The APA tested two rental vehicle transactions, totaling $939.32, and determined that the cost of one of those was not reasonable. The following table shows the difference between using the rental vehicle and a personal vehicle:

Event	Locations	Distance	Cost of Personal Vehicle Mileage Reimbursement	Rental Car Cost	Difference
Rural Road Show	CPE – Norfolk – CPE	233	$126.99	$549.95	$422.97

The UNMC CPE stated that a larger vehicle was necessary for the travel, however, if a personal vehicle was used, the cost would have been significantly lower.

We recommend the UNMC CPE implement procedures to ensure that all costs, including those of its subrecipients, are in accordance with University policy, Federal regulations, and are reasonable. Furthermore, we recommend the UNMC CPE consider the cost of renting a vehicle, particularly for shorter trips, compared to reimbursing for personal vehicle mileage expenses, to ensure the amounts charged are reasonable.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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.

No issues noted.

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

The CPE performs a risk assessment for subrecipients annually. Creighton qualified as a low risk subrecipient, and the UNMC required only invoices to be submitted for payment. The invoices included amounts for the salary, benefits, and travel requested for reimbursement. The invoices failed to document the actual amount of time worked on the subaward. Because adequate documentation was not provided to support the time spent and amount charged to the subaward, the subrecipient monitoring procedures were not adequate to ensure costs are in accordance with Uniform Grant Guidance.

We recommend the UNMC CPE implement procedures to adequately monitor subrecipients to ensure costs are in accordance with Uniform Grant Guidance.

Complete Internal Control Questionnaire
The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by an individual with first-hand knowledge of the employees' activities that creates an effort of time spent on the various programs. This effort certification percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee actually worked on the subaward activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees. The UNMC employees do not complete timesheets. *The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:* *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.* *2 CFR 200.430(i)(1)(viii) states the following:* *Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.* *As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.* *In its audit of the University, the APA has discussed a lack of timesheets with University Management.* *The APA recommends the UNMC implement procedures to ensure the costs charged to Federal awards are in compliance with the Uniform Grant Guidance and that allocations of employee time worked to multiples grants is supported by proper documentation*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
N/A
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for the period tested.
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

UNMC charged $8,417.46 in salary and benefits to the subaward for the quarter tested. The APA tested three of those UNMC employees who charged $5,905.10 to the subaward.

As noted above, the UNMC allocates payroll costs based on budget estimates and later completes an effort certification to compare to the dollar percentage already charged to the grants. If the effort certification differs by more than 5% to the amount already charged to the grant, an adjustment will be made. As also noted above, the percentages used as the effort certification are not supported by documentation of the actual amount of time worked. As such, the APA believes this method to allocate time is inadequate to determine the actual time charged to each activity.

Furthermore, the effort certification is for a six month time period that does not align with the fiscal year or grant period. For the period tested the effort certification was generally May through October. The grant period ends in June. The effort certification lists one percentage that represents the average effort for the entire six month period. This is not easily translated into monthly effort percentages for the quarterly reporting of the subawards. So the certified effort shown in the table below is for the six month period but may not represent the effort for the individual month

Employee 1:

Pay Check Date	Gross Pay	Budgeted %	Wages Based on Budget	Certified Effort During 6 Month Period
4/30/2018	$7,114.58	10.62%	$755.57	5%
5/31/2018	$7,114.58	10.62%	$755.57	2%
6/29/2018	$7,114.58	10.62%	$352.60	2%
Totals	**$21,343.74**		**$1,863.74**	

Note: Only 14 days were charged on the June 29, 2018 paycheck.

The two periods covered by effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 1 during the quarter tested was $1,863.74, which equals the budgeted percentage.

Employee 2:

Pay Check Date	Gross Pay	Budgeted %	Wages Based on Budget	Certified Effort During 6 Month Period
4/30/2018	$8,717.75	5.02%	$437.63	5%
5/31/2018	$8,717.75	5.02%	$437.63	1%
6/29/2018	$8,717.75	5.02%	$204.23	1%
Totals	**$26,153.25**		**$1,079.49**	

Note: Only 14 days were charged on the June 29, 2018 paycheck

The two periods covered by effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 2 during the quarter tested was $1,079.49, which equals the budgeted percentage.

Employee 3:

Pay Check Date	Gross Pay	Budgeted %	Wages Based on Budget	Certified Effort During 6 Month Period
4/30/2018	$19,120.50	4.08%	$780.12	5%
5/31/2018	$19,120.50	4.08%	$780.12	1%
6/29/2018	$19,120.50	4.08%	$364.05	1%

Attachment 7

Totals	***$57,361.50***		***$1,924.29***	

Note: Only 14 days were charged on the June 29, 2018 paycheck

The two periods covered by effort certifications for this individual were November 1, 2017, through April 30, 2018, and May 1, 2018, through October 31, 2018. The total wages charged for Employee 2 during the quarter tested was $1,929.02, a variance of $4.73 from the budgeted percentage.

Because the method to allocate personnel costs is not adequately documented, the questioned costs are unknown.

A similar finding regarding the distribution of wages was noted in the FY 2018 subrecipient monitoring summary.

The UNMC has a Federally approved fringe benefit rate. The approved fringe benefit rate for faculty in FY 2017-2018 was 21%. For one individual charged to the award, the UNMC charged the award using the FY 2016-2017 fringe benefit rate for faculty of 23%. Benefits charged were $9.54 higher than if the FY 2017-2018 fringe benefit rate was used, resulting in questioned costs of $9.54.

As noted above, we recommend the UNMC work with DHHS to ensure the salary and benefits charged to Federal programs are in accordance with the Uniform Grant Guidance and are adequately supported. We also recommend the UNMC implement procedures to ensure the fringe benefit rate charged to the subawards is accurate.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

All expenditures charged to the subaward other than payroll and indirect costs of $3,114.46 were incurred by the UNMC's subrecipient, Nebraska Medicine. The total amount paid to Nebraska Medicine was $72,469.05 ($3,672.04 on the Year 2 carryforward and $68,797.01 on the Year 3 subaward). The APA noted the following issues:

Personnel Costs:
Nebraska Medicine charged $38,707.11 ($2,852.57 on the Year 2 carryforward and $35,854.54 on the Year 3 subaward) in salary and $8,715.74 ($485.65 on the Year 2 carryforward and $8,230.09 on the Year 3 subaward) in benefits for the period tested.

Nebraska Medicine requested reimbursement for $28,669.53 in wages and $6,296.10 in benefits for staff that regularly worked on the award. The APA tested two Nebraska Medicine employees with $12,162.14 in salaries and $2,872.73 in benefits charged to the Year 3 subaward. The APA obtained paystubs, time certifications, and salary authorizations, and noted the following:

For the two employees tested, Nebraska Medicine charged 20% and 40% of salaries and benefits to the subaward. The APA obtained a time and effort reporting form for the quarter tested for both employees. The time and effort reporting forms were not signed by the employee, a supervisor, or any other individual. Therefore, the documentation to support the allocation of these costs is inadequate.

Even if the time and effort certifications had been signed, it does not appear they are adequate to determine the proper allocation between each program. Similar to the method used by the UNMC to

charge personnel costs described previously, the method to determine the amount to charge each program lacks adequate documentation to support the percentages used. As a result the questioned costs for personnel charges are unknown.

Training Costs:
Nebraska Medicine requested reimbursement for salaries and benefits of 30 employees that attended training at the Biocontainment Unit, totaling $10,037.58 for salaries and $2,419.64 for benefits. The APA selected 3 employees that attended training at the Nebraska Biocontainment Unit during the quarter tested and obtained salary authorizations to support the rate charged to the award. For one of three individuals, the authorized rate did not agree to the rate charged. The individual was paid $13.80 per hour and the authorized rate was $12.75 per hour. Nebraska Medicine failed to provide support for the change in pay rates. Nebraska Medicine charged the award for two hours at $13.80 per hour, or $27.60. The allowable amount based on the authorized rate is $25.50. Questioned costs are $2.10.

Furthermore, the APA determined that Nebraska Medicine appears to be charging salaries for six regular staff members, which is two more than the number listed in the approved budget for the subaward. An amended budget was not provided. We recommend the DHHS work with the UNMC to ensure the costs charged to the subaward agree to the budgeted amounts. We also recommend the UNMC ensure there is adequate documentation to support the rates charged for employees who attended training.

Other Expenditures:
Nebraska Medicine charged a total of $18,458.11 in expenditures other than payroll and indirect costs to the grant for the period tested. The APA tested four expenditures totaling $17,627.06 charged to the Year 2 subaward. The following was noted:

Operating expenses: Nebraska Medicine budgeted and requested $13,000 in operating expenses for the quarter. The documentation provided to the APA in support of those expenses included a list of bills paid by the City of Omaha, which totaled $12,765.09. Nebraska Medicine had included payments of $10,000 to the Omaha Fire Department in its original budget.

Because the list of bills did not represent the original documentation, such as invoices or receipts to support the payment of the expenses, the APA selected for testing an invoice for $8,960 for the purchase of a bariatric cot. Nebraska Medicine was unable to provide the original invoice to support the payment of the expense. Therefore, the documentation to support the expense was not adequate and was not in accordance with Uniform Grant Guidance. Questioned costs are $13,000.

Travel: The APA tested a payment for $543.67 for expenses related to a trip to Des Moines, Iowa for a training exercise. The expense included $512.96 for two hotel rooms for the individuals who participated in the training exercise. The amount exceeded the Federal GSA rate of $109 per room per night by a total of $294.96. Questioned costs related to travel are $294.96.

Supplies: The APA tested a purchase of supplies totaling $4,083.39. The initial support received consisted of an invoice in Microsoft Word listing the description and unit prices of the items purchased. The APA selected one line item on the document to test, which was two stainless steel housekeeping carts at $1,187 each or a total of $2,374. The APA requested the original invoice to support the purchase of the carts. Nebraska Medicine failed to provide the original invoice to support the purchase of the carts. Therefore, the documentation to support the expense was not adequate and was not in accordance with Uniform Grant Guidance. Questioned costs are $4,083.39.

Total questioned costs related to Nebraska Medicine expenditures other than payroll are $17,378.35. *We recommend the UNMC ensure its subrecipients comply with requirements in the Uniform Grant Guidance and ensure adequate supporting documentation is available for all purchases requested for reimbursement, which would include the actual invoice or receipt at the time of purchase. We also recommend that the DHHS determine whether the information provided on the Nebraska Medicine subaward is adequate for the DHHS to ensure the UNMC and its subawards comply with the terms and conditions of the subaward and the Federal guidelines.*
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.
Significant contracts would be tested during the detailed test of agency expenditures.
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 issued noted.
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 determined that the quarterly reports submitted by the UNMC and its subrecipients failed to include documentation to support the specific expenses charged to the subaward. For other subawards, entities are required to submit budget justifications that detail the specific expenses charged under each cost category. *We recommend the DHHS consider the need for additional quarterly reporting from the UNMC, such as a budget justification, that details the specific costs incurred.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
The UNMC performs a risk assessment of subrecipients annually to determine the nature and extent of monitoring procedures. Nebraska Medicine was identified as a low risk entity, and the UNMC required only invoices to be submitted for payment. The invoices failed to document the actual amount of time worked on the subaward for each employee to support the amounts charged as personnel costs. Furthermore, the invoices failed to appropriately identify the specific expenses charged to the subaward but included only the cost category, such as supplies, travel, or operating expenses. Because adequate documentation was not provided to support the time spent and specific expenses charged to the subaward, the subrecipient monitoring procedures were not adequate to ensure costs are in accordance with Uniform Grant Guidance. *We recommend the DHHS and the UNMC work together to require and obtain more detailed information from its subrecipients, including invoices to support the actual expense incurred for each cost category and adequate documentation to support the allocation of personnel costs to the subaward in accordance with Uniform Grant Guidance.*

Attachment 8

Complete Internal Control Questionnaire

No issues noted.

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

No issues noted.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions

The Lincoln Lancaster County Health Department (LLCHD) uses JD Edwards and a general ledger was obtained for the period tested.

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 LLCHD reported $53,925.67 in salary and benefits during quarter 4 of the 2017-2018 grant. The APA performed detailed testing of three employees charged to the grant for the quarter. The following issues were noted:

Timesheets for employees showed only the total hours to be charged to each program. They do not include the number of hours actually worked on each program by day. We recommend the LLCHD implement procedures to ensure timesheets show the actual amount of hours worked on each program to ensure time allocations are accurate.

As an example, one employee (Public Health Nurse II) tested recorded 60 hours worked each pay period. The LLCHD allocated 52 of those 60 hours to this grant each pay period, which is not based on her actual hours worked each day. For the pay period tested, the employee actually worked 29 regular hours and had 31 leave hours. Because the timesheets lacked the detail of time worked on each program each day, the APA was unable to determine if the actual time worked represented 86.7% (52/60) of her total time worked. The LLCHD charged 52 hours, or $1,519.96, to this grant for the pay period tested. The LLCHD charged a total of $12,512.13 for the Public Health Nurse II's wages for the quarter tested. When the allocation method used is not adequately supported, the $12,512.13 related to the Public Health Nurse II would be considered questioned costs.

Because the actual time worked by day was not recorded, the APA was also unable to determine if the employer-paid benefits (which are allocated based on the percentage of wages charged to each program) were accurately allocated. The table below shows the employer-paid benefits charged to this program for the period tested:

Benefit Type	***Amount Charged to Grant***
Health Insurance	*$1,208.53*
Dental Insurance	*$39.63*
Life Insurance	*$9.09*
Pension	*$357.82*
FICA Taxes	*$261.47*
Post-Employment Health Plan	*$44.16*
Total	***$1,920.70***

2 CFR 200.431(b) states the following:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
> *(1) They are provided under established written leave policies;*
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

We recommend the LLCHD implement procedures to ensure the allocation of payroll costs is based on the actual hours worked on each program, in accordance 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 LLCHD reported $5,414.00 in expenditures other than payroll and indirect costs. The APA tested two expenditures totaling $3,718.80 and noted the following:

The APA tested $2,183.88 related to computer purchases for two program staff. The first amount of $1,169.73 was for an employee who works 100% on this program. The remaining $1,014.15 was allocated to this program using the 86.7% budgeted percentage described above for the Public Health Nurse II and not based on actual hours worked. Additionally, the support on file with the LLCHD was only an invoice from City of Lincoln and did not include the original invoice from the vendor. Without the original invoice from the vendor, the LLCHD is unable to verify the amounts charged to this grant were the actual costs incurred for the purchase of the computers. After the APA's request, the LLCHD was able to obtain the original invoices from the City of Lincoln. When the allocation method used is not adequately supported, the $1,014.15 related to the Public Health Nurse II would be considered questioned costs.

The APA tested $1,534.92 in rent expense for 400.5 square feet of space used for program staff. The Public Health Nurse II used office space of 149.5 square feet. The allocation of the office space for this employee was based also on the 86.7% of the budgeted time worked on the program and not based on the actual time worked. The LLCHD charged $498.23 to this grant for the Public Health Nurse II in the quarter tested. When the allocation method used is not adequately supported, this $498.23 would be considered questioned costs.

2 CFR 200.405(a) states the following:

> *A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.*

We recommend the LLCHD implement procedures to ensure costs are allocated to the subaward based on the actual amount of time spent on each program and in accordance with the Uniform Grant Guidance. We further recommend the LLCHD ensure adequate documentation is on file for all purchases.

Attachment 8

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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issues noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subrecipients were noted.

Attachment 9

Complete Internal Control Questionnaire
The NCDHD lacked an adequate segregation of duties related to its processing of transactions as two staff members, including the Director, have access to perform all tasks within the accounting system. The Director also signed each check. There are not adequate controls to compensate for the lack of segregation of duties because the governing Board was not provided with complete financial information on each transaction. Rather, the Board received a listing of all payments each month (after the payments have been made), but they are not provided with the documentation to support each payment, including copies of the bills, invoices, or receipts. The governing board also lacked access to and has not reviewed the NCDHD bank statements to ensure all bank activity is authorized. A similar finding was also noted in the NCDHD's audit report for the year ended June 30, 2018. *We recommend the NCDHD implement procedures to ensure the Board is providing effective oversight and monitoring of its financial activities, through documented reviews of each payment with its supporting documentation and a review of the monthly bank statements.* *The APA also determined that the NCDHD failed to comply with the APA's request for information in a timely manner. The APA's initial email was sent to the Director on January 22, 2019. Nearly three weeks later, the APA had not received a response to the initial request for information, so the APA provided the NCDHD the following statute on February 13, 2019.* *Neb. Rev. Stat. 84-305 (2) (Cum. Supp. 2018) states the following:* *Upon receipt of a written request by the Auditor of Public Accounts for access to any information or records, the public entity shall provide to the auditor as soon as is practicable and without delay, but not more than three business days after actual receipt of the request, either (a) the requested materials or (b)(i) if there is a legal basis for refusal to comply with the request, a written denial of the request together with the information specified in subsection (1) of this section or (ii) if the entire request cannot with reasonable good faith efforts be fulfilled within three business days after actual receipt of the request due to the significant difficulty or the extensiveness of the request, a written explanation, including the earliest practicable date for fulfilling the request, and an opportunity for the auditor to modify or prioritize the items within the request. No delay due to the significant difficulty or the extensiveness of any request for access to information or records shall exceed three calendar weeks after actual receipt of such request by any public entity. The three business days shall be computed by excluding the day the request is received, after which the designated period of time begins to run. Business day does not include a Saturday, a Sunday, or a day during which the offices of the custodian of the public records are closed.* *The APA received the last of the information requested on February 21, 2019.* *We recommend the NCDHD implement procedures ensure compliance with all statutory requirements, including the requirement to provide the State Auditor with requested information in a timely manner.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Issues related to the prior year monitoring findings are 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 2018 transactions
The NCDHD uses QuickBooks and a general ledger was obtained for all expenditures charged to the grant for quarter 4.
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 noted the following during the detailed test of payroll:

Subaward 39049 (PHEP):

The NCDHD charged $19,171.32 in salary and benefits to the grant for the period tested. The APA tested the two employees that were charged to the grant: the Emergency Response Coordinator (ERC) and the Surveillance Coordinator. The following was noted:

For both employees tested, the NCDHD failed to provide authorized salary rates. The documentation provided was signed by the employee but not by an individual authorized to approve the salary. We recommend the NCDHD implement procedures to ensure salary rates paid to employees are adequately approved. Because of the lack of documentation to support the authorized rates of pay, the questioned costs are unknown.

The NCDHD offered an 18% benefit package to its employees that is documented on the salary authorization form that is signed by the employees. The NCDHD does not have a formal written policy regarding this benefit. We recommend the NCDHD create a written policy regarding this benefit.

Additionally, the NCDHD's time records appear to be a budgeted amount of time charged to each program, rather than actual hours worked because the exact same number of hours were charged to the PHEP program each day. The NCDHD time records showed the ERC reported 7.6 hours each day, or 95% of the hours worked, to the PHEP grant and the Surveillance Coordinator reported 2.8 hours each day, or 35% of the hours worked, to the PHEP grant. Because the same amount was reported each day, it appears the time reported could be a budgeted amount of time spent on the program, rather than actual time. We recommend the NCDHD implement procedures to ensure time records accurately reflect actual time worked on the various activities.

The APA also determined that the NCDHD actually charged 100% of the ERC's wages and benefits to the PHEP grant, even though the ERC only recorded 95% of the hours worked were for the PHEP grant.

2 CFR 200.430(a) states:

> *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 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.*

We recommend the NCDHD implement procedures to ensure wages and benefits charged to the grant are allocated based on actual time worked rather than on budgeted amounts. Due to the lack of adequate documentation to support how personnel costs should be allocated to this grant, questioned costs are unknown.

The NCDHD offers a "production bonus" to employees who are not covered by the entity's health insurance plan. This "production bonus" is intended to assist employees with the costs of out-of-pocket insurance premium expenses. The bonus payments are $75 per pay period for employee only coverage, $100 per pay

period for employee and spouse coverage, and $150 per pay period for family coverage. The NCDHD's policy requires that the payment be made for actual costs up to the approved rates noted above. However, the NCDHD failed to obtain documentation to support the level of coverage and rates paid by the employees for the period tested, during which time a total of $660.00 was charged for production bonuses. According to the NCDHD, they have since implemented procedures to obtain the documentation to support the level of insurance coverage and premium amounts. However, since the new procedures were implemented outside of the period tested, the APA did not verify the operation of the new procedures. We recommend the NCDHD ensure its procedures to obtain documentation to support the coverage and amount of health insurance premiums is operating effectively. These payments are considered questioned costs.

Finally, the APA noted that the NCDHD manually adjusted the Surveillance Coordinator's State income taxes for the pay period tested. Per discussion with the NCDHD, this was related to an error in the calculation of the employee's health savings account deduction. The NCDHD was unable to adequately support the manual adjustment. We recommend the NCDHD implement procedures to ensure benefit amounts and the associated taxes are accurately calculated at the approved rates. This would not be considered questioned costs, as these are deductions from the employee's gross pay.

Subaward 38669 (RROMRS):
The NCDHD charged $20,999.21 in salary and benefits to the grant for the period tested. The APA tested the two employees that were charged to the grant: The Healthcare Coalition (HCC) Coordinator and the Rural Region One Medical Response System (RROMRS) Assistant. The following was noted:

The NCDHD entered into an agreement with the HCC Coordinator to meet the deliverables of the subaward with DHHS for a total contract value of $61,574 for the grant year. First, the NCDHD considered the individual to be an independent contractor but reported the cost as a "personnel cost" in its budget. The categorization of the cost may be more appropriate as contractual services rather than personnel costs.

Next, it appears the agreement between the NCDHD and the HCC Coordinator is a subaward, rather than a contract.

2 CFR 200.92 provides the following definition for a subaward:

> *Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.*

2 CFR 200.330(a) states the following:

> *A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:*
>
> *(1) Determines who is eligible to receive what Federal assistance;*
> *(2) Has its performance measured in relation to whether objectives of a Federal program were met;*
> *(3) Has responsibility for programmatic decision making;*
> *(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and*
> *(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.*

The agreement with the HCC Coordinator contains the following language:

WITNESS THAT:

NCDHD and the Coordinator do mutually agree as follows:

1. **Services to be provided by the Parties**

   a. The Coordinator will submit a work plan and budget to meet the deliverables of the 2017-2018 Nebraska DHHS contract for RROMRS, which has been approved by the RROMRS Executive & Steering Committee.

   b. NCDHD will provide such assistance and guidance as may be required and will provide compensation for services completed as set forth in Section 3 below.

Because the agreement requires the HCC Coordinator to meet the deliverables of the subaward agreement with the DHHS, this arrangement should be considered a subaward. The Uniform Grant Guidance at 2 CFR 200.331 includes a list of information that is required to be included in subawards, most of which was not included in the agreement with the HCC Coordinator.

We recommend the NCDHD ensure the costs are appropriately classified as contractual services rather than personnel costs and then work with the DHHS to ensure the proper classification of this agreement as a subaward, including implementing appropriate subrecipient monitoring procedures over the agreement.

The APA also found that the amount reported for quarter 4 of the 2017-2018 grant was $2,368.23 higher than the amount included in the general ledger provided by the NCDHD. It appears the NCDHD failed to include both of the May 2018 payments in the general ledger that it provided to the APA. We recommend the NCDHD ensure their general ledger is complete and includes all activity of the grant for the period.

The NCDHD failed to provide an authorized salary rate for the RROMRS Assistant. The documentation provided was signed by the employee but not by an individual authorized to approve the salary. We recommend the NCDHD implement procedures to ensure salary rates paid to employees are adequately approved. Because of the lack of documentation to support the authorized rates of pay, the questioned costs are unknown.

The NCDHD offered an 18% benefit package to its employees that is documented on the salary authorization form that is signed by the employees. The NCDHD does not have a formal written policy regarding this benefit. We recommend the NCDHD create a written policy regarding this benefit.

The personnel costs for the RROMRS Assistant were also tested, and the APA found that the RROMRS Assistant's time reports appear to also be budgeted amounts rather than actual time worked on a program. Each day the employee recorded 1.6 hours to the program, or 20% of the time worked.

Additionally, the NCDHD charged 40% of the employee's wages and benefits to this grant, rather than the 20% recorded on the time records.

2 CFR 200.430(a) states:

> *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 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.

We recommend the NCDHD implement procedures to ensure time records reflect the actual time worked each period and the amount charged to the grant is based on actual time worked and not a budgeted amount. Due to the lack of adequate documentation to support how personnel costs should be allocated to this grant, questioned costs are unknown.

The APA also noted that the RROMRS Assistant's IRS Form W-4 included a marital status of married, zero withholding allowances and an additional $10 to be withheld each pay period. However, for the pay period tested, income taxes were actually withheld using a marital status of married, one withholding allowance, and no additional tax withholdings. This discrepancy resulted in approximately $29 in Federal income taxes and $4 in State income taxes not being properly withheld from the employee's pay for the period tested.

We recommend the NCDHD implement procedures to ensure income taxes are properly withheld according to the employee's instructions on the IRS Form W-4. There are no questioned costs related to these taxes, as they would be deductions from the employees pay.

Subaward 38930 (RROMRS Ebola):
There were no payroll wages and benefits charged to this subaward during the grant year.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA noted the following during the detailed test of expenditures:

Subaward 39049 (PHEP):
A total of $7,435.45 in expenditures other than payroll and indirect costs were charged to the award for the period tested. The APA tested four expenditures, totaling $4,805.43, charged to the subaward during the quarter tested. The following was noted for three of the four expenditures:

The NCDHD charged the grant $250 per month related to billboard expenses, or a total of $750 for the quarter tested. The approved budget included $250 per month per billboard for two billboards. The documentation to support the billboard expenses included seven different land lease agreements upon which an outdoor advertising structure would be erected on each piece of land. Each land lease agreement called for annual rental payments of amounts ranging from $250 to $500 per year, a total annual payment of $2,300. The documentation provided, which included $2,300 in annual land rental payments, is not adequate to cover the $250 charged to the grant per month. Furthermore, it would appear the $250 per month charge should only be related to one billboard; however, the support provided was related to seven different land lease agreements.

Additionally, one of the seven lease payments made to the landowner was $500, but the land lease agreement was for only $250.

We recommend the NCDHD implement procedures to ensure only actual costs are charged to its subawards and that the costs are adequately supported. Due to the lack of adequate documentation to support these charges, questioned costs would be unknown.

The second document tested was a $1,167.95 payment for travel-related costs of the ERC to attend the Preparedness Summit in Atlanta, Georgia from April 16-20, 2018. The following items were noted related to this payment:

- *The NCDHD charged the grant $213.10 for 391 miles traveled in an agency-owned vehicle at a rate of $0.545/mile. However, since this is not an actual expense, because the travel was incurred in an agency-owned vehicle and the mileage rate was not actually paid, it is not an allowable expense and is considered a questioned cost. Actual expenses related to an agency-owned vehicle would include fuel purchases, depreciation, repairs, maintenance, etc. The NCDHD pointed out that this issue was initially brought to their attention in May 2018. However, due to the timing of the current monitoring procedures, the NCDHD had yet to update their processes until after the end of the 2017-2018 grant year. The APA did not verify the issue has been corrected since it was after the period selected for testing.*
- *The NCDHD reimbursed the employee $18.25 for a lunch reimbursement on April 19, 2018. However, per review of the conference agenda, lunch was provided as part of the conference on this day. Therefore, the expense is unallowable and a questioned cost. The NCDHD stated this was related to a working lunch to meet with other Nebraska ERCs, but nonetheless the lunch expense is not allowable.*

We recommend the NCDHD ensure their new procedures to charge expenses related to an agency-owned vehicle are in accordance with the Uniform Grant Guidance. We also recommend the NCDHD ensure all expense reimbursements charged to the Federal award are reasonable and adequately supported.

The third document tested by the APA included $1,518.75 for rent expense. As noted in the prior year, there is not a rental agreement as this is a building owned by the NCDHD. Since the rent charges are for a building owned by the NCHD, they are not allowable and are considered questioned costs as they are not supported by an actual expense made by the NCDHD. Furthermore, these types of expenses are likely covered by the NCDHD's de minimis indirect cost rate.

The APA also followed up on the following prior year issues that included the following expenses charged during the quarter tested:

Cost	Amount	Description
Utilities	$ 303.75	Based on budgeted amounts, not actual
Telephone	$ 300.00	No documentation to support the expense
IT Support	$ 300.00	Contract for $2,400. 50% charged to the grant without adequate documentation to support amount charged.

These issues were first discussed with the NCDHD in May 2018. Due to the timing of the current monitoring procedures for quarter 4 of the 2017-2018 grants, the NCDHD had not updated its processes until after the end of the 2017-2018 grant period.

These costs may also be included in the indirect cost rate charged by the NCDHD. However, the NCDHD stated they now charge office space and utilities costs by determining the actual costs incurred for depreciation, insurance, repairs, maintenance, utilities, etc. during the period and allocating these costs based on the percentage of time employees spend on each program. This was not verified by the APA since it was not the procedure in place for the period tested. Due to the lack of information to support the expense or the allocation of the expense to the program, the above costs are considered questioned costs.

We recommend the NCDHD ensure its method to charge utilities, telephone costs and IT support is adequately documented, the amounts are supported by proper documentation, and are in accordance with the Uniform Grant Guidance. We also recommend the NCDHD ensure the costs are not considered both direct and indirect costs.

Subaward 38669 (RROMRS):
A total of $24,958.61 in expenditures other than payroll and indirect costs were charged to the subaward. The APA tested two expenditures totaling $23,155.88 charged to the subaward for the period tested. No issues were noted for these two expenditures.

The APA also followed up on the following prior year issues that included the following expenses charged during the quarter tested:

Cost	Amount	Description
IT Support	$ 300.00	Contract for $2,400. 50% charged to the grant without adequate documentation to support amount charged.

These issues were first discussed with the NCDHD in May 2018. Due to the timing of the current monitoring procedures for quarter 4 of the 2017-2018 grants, the NCDHD had not updated its processes until after the end of the 2017-2018 grant period.

These costs may also be included in the indirect cost rate charged by the NCDHD. However, the NCDHD stated they now charge office space and utilities costs by determining the actual costs incurred for depreciation, insurance, repairs, maintenance, utilities, etc. during the period and allocating these costs based on the percentage of time employees spend on each program. This was not verified by the APA since it was not the procedure in place for the period tested. Due to the lack of information to support the expense or the allocation of the expense to the program, the above costs are considered questioned costs.

We recommend the NCDHD ensure its method to charge IT support is adequately documented, the amounts are supported by proper documentation, and it is in accordance with the Uniform Grant Guidance. We also recommend the NCDHD ensure the costs are not considered both direct and indirect costs.

The prior year monitoring also included a review of the photocopy fee expenses charged to this grant. In the prior year the NCDHD charged black and white copies at $0.10 per copy and color copies at $0.50 per copy. However, the NCDHD's agreement with One Office Solutions included rates of $0.008 per black and white copy and $0.048 per color copy. Per discussion with the NCDHD, procedures had not changed for the current quarter tested. Amounts charged to the grant for this quarter were insignificant; therefore, the APA did not perform additional testing for this quarter. We recommend the NCDHD implement procedures to ensure photocopy fees charged to the grant are adequately supported.

Subaward 38930 (RROMRS Ebola):
A total of $3,221.10 in expenditures other than payroll and indirect costs were charged to the award for the period tested. The APA tested one expenditure totaling $2,464.76 charged to the subaward. No issues were noted.

Attachment 9

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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
During review of the quarterly reporting documentation, the APA noted the following issues related to indirect costs: ***Subaward 39049 (PHEP):*** *As noted in the prior monitoring, the NCDHD incorrectly calculated its indirect costs using the additional $25,000 related to providing subawards. However, the NCDHD did not have any subawards during the grant year. Actual direct costs charged to the subaward for the grant year were $88,944.34; therefore, indirect costs should not have exceeded $8,894.43. Indirect costs were overstated by $887.73, all of which could be considered questioned costs. Per discussion with the NCDHD, procedures were updated after the end of this grant year, after this was brought to their attention by the APA in May 2018.* *We recommend DHHS and the NCDHD ensure the revised procedures ensure indirect costs are appropriately calculated and expended.* ***Subaward 38669 (RROMRS):*** *As noted in the prior monitoring, the NCDHD incorrectly calculated its indirect costs using the additional $25,000 related to providing subawards. However, the NCDHD did not have any subawards during the grant year. Actual MTDC for the grant year were $121,053.27; therefore, the indirect costs charged to the grant should have been $12,105.33. Indirect costs were overstated by $1,394.67, all of which could be considered questioned costs. Per discussion with the NCDHD, procedures were updated after the end of this grant year, after this was brought to their attention by the APA in May 2018.* *We recommend DHHS and the NCDHD ensure the revised procedures ensure indirect costs are appropriately calculated and expended. If the NCDHD properly categorizes and documents the agreement with the RROMRS Coordinator as a subaward, the additional $25,000 related to providing subawards would be allowable for this subaward only.* *Additionally, the APA noted the NCDHD included an insignificant amount of phone expense with postage on the quarterly invoice. Per review of the approved budget for this subaward, there is only a category for postage expenses, and not one for phone. The APA noted other NCDHD subawards included a category for communication expenses which included both phone and postage. The DHHS should be aware of this categorization for future subawards.* *As noted in the payroll section above, the general ledger provided by the NCDHD did not include all payments made to the HCC Coordinator. The APA also found that the general ledger failed to include $606.03 in wages that were paid to the RROMRS Coordinator. Per discussion with the NCDHD, this activity was included in the general ledger as of July 1, 2018. The wages paid were for time worked prior*

to June 30, 2018; therefore, it appears reasonable these amounts would be requested for reimbursement. There would not be questioned costs related to these items; however, the DHHS should be aware of how these amounts are being reported. We recommend the NCDHD ensure its general ledger accurately reflect the activity that is being reported.

Subaward 38930 (RROMRS Ebola):
The NCDHD elected to use the 10% de minimis rate to charge indirect costs to the grant. For the 2017-2018 grant year, the NCDHD charged $7,137.66 in direct expense to this grant. Therefore, indirect costs should have been 10% of this amount, or $713.77. However, the NCDHD actually charged $738.06. Per discussion with the NCDHD, procedures were updated after the end of this grant year, after this was brought to their attention by the APA in May 2018. We recommend DHHS and the NCDHD ensure the revised procedures ensure indirect costs are appropriately calculated and expended. The $24.29 the grant was overcharged for indirect costs would be considered questioned costs.

The NCDHD reported $3,420.57 in total expenses for the quarter tested; however, the general ledger provided by the NCDHD only included $3,406.17 in total expenses for this period, or a total variance of $14.40. The following table shows what is included in this variance:

Cost Category	***Amount Reported***	***General Ledger***	***Variance***
Printed Materials	*$350.91*	*$331.91*	*$19.00*
Meeting and Training Costs	*$405.43*	*$410.03*	*$(4.60)*
Total			***$14.40***

The NCDHD was unable to explain these variances. We recommend the NCDHD implement procedures to ensure the amounts being reported and the amounts in the general ledger agree and are accurate. Without adequate support, the $14.40 variance between the report and the general ledger would be considered questioned costs.

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

N/A – no sub-awards were noted.

Complete Internal Control Questionnaire
The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by an individual with first-hand knowledge of the employees activities that creates an effort of time spent on the various programs. This effort certification percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee actually worked on the subaward activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees. The UNMC employees do not complete timesheets. *The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:* *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.* *2 CFR 200.430(i)(1)(viii) states the following:* *Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.* *As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.* *In its audit of the University, the APA has discussed a lack of timesheets with University Management.* *The APA recommends the UNMC implement procedures to ensure the costs charged to Federal awards are in compliance with the Uniform Grant Guidance.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Prior year findings still exist and are discussed in the payroll section below.
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
UNMC uses SAP and a Payroll Detail report was obtained (payroll was the only expenditure charged to the grant for quarter 1).
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 two employees whose personnel costs were charged to the subaward. Those two employees' payroll costs were the only charges to the subaward in quarter 1 and totaled $10,842.64.

Attachment 10

As noted above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The APA does not feel this method is adequate to determine the actual amount of time worked on each program. The following table shows the employees' quarterly wages, budgeted percentage, calculated wages based on the budgeted percentage, certified effort percent, calculated wages based on effort, and actual wages charged to the subaward:

Employee Tested	*Quarterly Wages*	*Budgeted %*	*Wages Based on Budget*	*Certified Effort %*	*Wages Based on Effort*	*Actual Wages Charged to Grant*
Employee 1	*$9,164.00*	*55.67%*	*$5,101.60*	*31.98%*	*$2,930.65*	*$3,961.53*
Employee 2	*$21,294.24*	*20.00%*	*$4,258.85*	*13.39%*	*$2,851.30*	*$4,258.86*

As shown in the table above, the actual wages charged for Employee 1 did not agree to either the budgeted wages or the certified effort wages. The UNMC failed to adequately explain the method used to charge the employee's wages to the subaward. The wages for employee 2 were reported using the budgeted percentage.

The UNMC has a fringe benefit rate that is approved by the U.S. Department of Health and Human Services and charges benefits at 31.9% of wages.

A similar finding was noted during prior monitoring.

Because there was a lack of adequate documentation to support the amounts charged to the award, the questioned costs are unknown.

We recommend the UNMC implement procedures to ensure costs charged to Federal awards are in compliance with the Uniform Grant Guidance.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

No expenditures outside of payroll charged to the grant for the quarter tested.

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

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.

N/A

Attachment 10

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.
No issues noted
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Complete Internal Control Questionnaire
The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by an individual with first-hand knowledge of the employees' activities that creates an effort of time spent on the various programs. This effort certification percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee actually worked on the subaward activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees. The UNMC employees do not complete timesheets. *The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:* *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.* *2 CFR 200.430(i)(1)(viii) states the following:* *Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.* *As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.* *In its audit of the University, the APA has discussed a lack of timesheets with University Management.* *The APA recommends the UNMC implement procedures to ensure the costs charged to Federal awards are in compliance with the Uniform Grant Guidance.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
In the prior year monitoring performed by the APA, we noted that the NPHL paid for two extended service agreements during one grant period. One service agreement was for the period of June 29, 2019 through June 28, 2020, which was outside the grant period. This finding has not been resolved. *Other prior year monitoring findings were either corrected or noted in the appropriate sections below.*
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for quarter 1.
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 UNMC charged $72,584.45 in salary and $22,584.27 in benefits for the period tested. The APA tested four employees whose personnel costs were charged to the subaward.

As noted above, the UNMC allocates payroll costs based on budget estimates and later completes an effort certification to compare to the dollar percentage already charged to the grants. If the effort certification differs by more than 5% to the amount already charged to the grant, an adjustment will be made. As also noted above, the percentages used as the effort certification are not supported by documentation of the actual amount of time worked. As such, the APA believes this method to allocate time is inadequate to determine the actual time charged to each activity.

Furthermore, the effort certification is for a six month time period that does not align with the fiscal year or grant period. For the period tested the effort certification was generally May through October. The grant period ends in June. The effort certification lists one percentage that represents the average effort for the entire six month period. This is not easily translated into monthly or biweekly effort percentages. So the certified effort shown in the table below is for the six month period but may not represent the effort for the an individual month or pay period.

The following table shows the wages, budgeted percentage, calculated wages based on the budget percentage, certified effort percent for the six month period, and actual wages charged to the subaward for each employee tested:

Employee Tested	***Quarterly Wages***	***Budgeted %***	***Wages Based on Budget***	***Certified Effort %***	***Actual Wages Charged to Grant***
Employee 1	*$15,988.26*	*45.00%*	*$7,194.72*	*30.00%*	*$7,194.72*
Employee 2	*$16,523.76*	*48.00%*	*$7,931.40*	*30.00%*	*$7,629.00*
Employee 3	*$17,320.74*	*50.00%*	*$8,660.37*	*34.00%*	*$8,660.37*
Employee 4	*$14,451.51*	*50.00%*	*$7,225.76*	*34.00%*	*$7,225.77*
Totals	***$64,284.27***		***$31,012.25***		***$30,709.86***

As shown in the table above, the actual wages charged for Employee 2 did not agree to the budgeted wages. The UNMC failed to adequately explain the method used to charge the employee's wages to the subaward. The wages for the other employees tested were reported using the budgeted percentages.

The UNMC charges fringe benefits as a percentage of salaries in accordance with a rate agreement approved by the U.S. Department of Health and Human Services. Fringe benefits were charged at 31.9% for staff and 25.3% for faculty members.

A similar finding was noted during prior monitoring.

Because there was a lack of adequate documentation to support the actual effort worked, the questioned costs are unknown.

We recommend the UNMC implement procedures to ensure costs charged to Federal awards are in compliance with the Uniform Grant Guidance. Because the UNMC certified effort period crosses subaward years, the DHHS would need to implement procedures to ensure salary amounts that need adjustment are appropriately adjusted prior to the end of the subaward. We also recommend the UNMC and DHHS consider whether any adjustments to this subaward are necessary due to the amount of salary and benefits reported for Employee 2.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested 7 expenditures totaling $19,732.86 charged to the subaward. The UNMC charged a total of $40,600.51 in expenditures (other than payroll) to the grant for the period tested. The APA noted the following related to the expenditures tested:

The UNMC charged the award for 50% of the total cost for two items tested, a maintenance service agreement and supplies used during testing. The UNMC was unable to provide documentation to support the distribution of costs between cost centers. The following table shows the distribution of the costs:

Description of Expense	Invoiced Amount	Charged to Subaward	Charged to Other
Service Agreement	$ 1,677.35	$ 838.67	$ 838.68
Testing Supplies	$ 2,373.79	$ 1,186.90	$ 1,186.89

Questioned costs related to the expenses above are unknown.

The UNMC charged $2,000 per month, or annual amount of $24,000, for the operation of the Biosafety Level-3 (BSL-3) lab, a high containment lab. The funds charged to the grant are intended to cover the operating expenses of the lab. However, the expenses incurred in the quarter tested were less than the amount recorded as revenues and received from the grant. This is not allowable as the subaward is on a cost-reimbursement based award. It appears the DHHS is funding the lab for future purchases.

The funds received from DHHS are held in two separate cost centers that the UNMC uses to account for the expenses of the lab. The following table shows the activity for the two cost centers for quarter 1 of the 2018-2019 grant:

Cost Center Description	Subaward Revenue from DHHS	Total Lab Expenses	Variance
P3 Facility	$ 3,000	$ 1,866.34	$ 1,133.66
P3 Facility-Sambol	$ 3,000	$ 2,134.22	$ 865.78
Totals	**$ 6,000**	**$ 4,000.56**	**$ 1,999.44**

A similar finding was noted in the prior monitoring performed by the APA.

The NPHL also charged the award $3,500 per month for maintenance of the BSL-3 laboratory, totaling $10,500 for the quarter and $42,000 for the year. The APA did not received support for the $3,500; therefore, the amount charged to the award lacked adequate documentation.

Section II(B)(1) of the NPHL subaward states the following:

> *DHHS shall reimburse the University for actual, allowable and allocable costs in accordance with the approved budget . . . and budget justification. . . .*

Neither amount included above appears to represent actual costs, which is contradictory to the language in the subaward. The APA questions $1,999.44 for the BSL-3 lab and the entire $10,500 for the maintenance charges since adequate documentation was not provided to support the expenses.

We recommend the DHHS and the NPHL implement procedures to ensure the amounts reimbursed are adequately supported and based on actual costs, in accordance with the terms of the subaward.

Furthermore, certain costs categories are included in both the lab operating expenses (the $2,000 monthly charge) and as direct charges to the subaward, which increases the risk for duplication of costs charged to the grant. These cost categories included lab supplies and office supplies. It is unclear why some costs are directly charged to the grant, while others are run through the lab operating cost centers. We recommend the DHHS obtain a better understanding of these charges to ensure items are in accordance with Uniform Grant Guidance and the terms of the subawards and are not duplicative.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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 detail provided to DHHS in the quarterly financial report, budget justification and other documentation does not include sufficient details for DHHS to understand the specific costs requested for reimbursement or whether they are in accordance with the terms of the subaward and budget.

The table below includes a number of specific transactions tested. Each of them was included in a summary total called "Supplies (Operating Expenses; Lab)" in the Quarterly Financial Report. The budget justification and Cost Breakdown provided to DHHS were slightly more detailed as noted below, but the specific expenses were not identified.

Expense Tested	Amount	Category per Cost Breakdown	Amount Reported per Category
LRN B & C Reagents per Budget Justification			
Roche Diagnostic Service Agreement	$ 838.67	R & M Research Equip	$ 20,818.36
Thermo Fischer Service Agreement	$ 7,446.69	R & M Research Equip	$ 20,818.36
BSL-3 Maintenance Charges	$ 10,500.00	R & M Research Equip	$ 20,818.36
LRN-B & C Disposable Supplies per Budget Justification			
Strata Reagents	$ 1,186.90	Reagents & Disposables	$ 4,011.01
InMark Shipping Containers	$ 2,113.81	Reagents & Disposables	$ 4,011.01

As noted above, the $3,500 per month maintenance expenses of the BSL-3 lab were identified as only R & M Research Equipment in the most detailed breakdown provided to DHHS.

We recommend the DHHS require the NPHL to provide a listing of the specific costs being reimbursed on each quarterly financial report or other submitted documentation so that DHHS can ensure the amounts are allowable and in accordance with Federal regulations and the terms of the subaward agreement.

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

No issues noted.

Attachment 12

Complete Internal Control Questionnaire

The WCDHD lacked a written capital asset/inventory policy. We recommend the WCDHD ensure written policies and procedures covering all aspects of financial accounting are created and maintained.

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

The audit report for the fiscal year ended June 30, 2018 included one finding due to management requesting the auditors prepare the financial statements and related disclosures. No issues related directly to this program were noted.

Issues related to the prior year monitoring findings are addressed in the sections below, or have been corrected.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions

The WCDHD uses QuickBooks and a general ledger was obtained for the quarter tested.

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 WCDHD charged $11,547.97 in salaries and benefits to the subaward for the quarter tested. The APA tested both the incoming and outgoing Emergency Response Coordinators (ERC) and the Assistant ERC, for whom the WCDHD charged a total of $8,819.78 for the quarter tested. The following was noted:

When salaried employees worked over 80 hours during a bi-weekly pay period, the salary amount charged to each grant is not accurate. The WCDHD used only 80 hours in the calculation of the percentage to charge to each grant. The differences can be seen in the examples included below:

Outgoing ERC:

Calculated PHEP Allocation	
PHEP Hours Worked	45.30
Total Hours Worked	83.68
% of Hours Worked on PHEP	54.13%

Actual PHEP Allocation	
PHEP Hours Worked	45.30
Total Hours Worked	80.00
% of Hours Worked on PHEP	56.63%

Note: The Actual PHEP Allocation table above shows the APA's calculation of the percentage ultimately used. The WCDHD actually charged the grant by multiplying the hours worked on PHEP by the employee's calculated hourly rate. The resulting amount charged to the program is the same using both methods.

	Total Paid	Calculated Allocation	Calculated Charge to PHEP	Actual Allocation	Actual Charge to PHEP	Variance
Wages	$1,826.40	54.13%	$988.63	56.63%	$1,034.20	$45.57
Social Security	$105.04	54.13%	$56.86	56.63%	$59.48	$2.62
Medicare	$24.56	54.13%	$13.29	56.63%	$13.91	$0.62
Retirement	$123.28	54.13%	$66.73	56.63%	$69.81	$3.08
			$1,125.51		**$1,177.40**	**$51.89**

Incoming ERC:

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Calculated PHEP Allocation	
PHEP Hours Worked	17.73
Total Hours Worked	88.70
% of Hours Worked on PHEP	19.99%

Actual PHEP Allocation	
PHEP Hours Worked	17.73
Total Hours Worked	80.00
% of Hours Worked on PHEP	22.16%

	Total Paid	% of Hours on PHEP	Calculated Charge to PHEP	Actual Allocation	Actual Charge to PHEP	Variance
Wages	$1,831.21	19.99%	$366.06	22.17%	$405.92	$39.86
Social Security	$113.53	19.99%	$22.69	22.17%	$25.17	$2.48
Medicare	$26.55	19.99%	$5.31	22.18%	$5.89	$0.58
Retirement	$123.61	19.99%	$24.71	22.17%	$27.40	$2.69
			$418.77		**$464.38**	**$45.61**

Note: The percentages in the actual allocation column vary from the Actual PHEP Allocation table above by up to 0.02% due to rounding.

As a result of the calculation issue noted above, the WCDHD overcharged the grant by a total of $97.50 for these two employees for the one pay period tested for each employee. This would be considered questioned costs.

The APA also determined that the employer-paid portions of the Assistant ERC's social security taxes, Medicare taxes, retirement contributions, and health insurance reimbursement were not properly allocated to the grant for the pay period tested. The Assistant ERC worked 65.33% of their time on the grant for this pay period, as illustrated below. However, the WCDHD's accounting software included the Paid Time Off (PTO) hours in the calculation.

PHEP Hours Worked	47.93
Total Hours Worked	73.37
% of Hours Worked on PHEP	65.33%

PHEP Hours Worked	47.93
Total Hours Worked	73.37
PTO Payout Hours	34.68
Total Hours Paid	108.05
PHEP % of Total Hours Paid	44.36%

	Total Paid	Calculated Charge to PHEP at 65.33%	Actual Charge to PHEP at 44.36%	Variance
Health Insurance Reimbursement	$456.37	$298.15	$202.45	$(95.70)
Social Security	$79.48	$51.92	$35.26	$(16.66)
Medicare	$18.59	$12.14	$8.25	$(3.89)
Retirement	$118.37	$77.33	$52.51	$(24.82)
		$439.54	**$298.47**	**$(141.07)**

As a result of the incorrect calculation using the PTO hours noted above, the WCDHD undercharged the grant $141.07 for the pay period tested. Since the grant was undercharged, this would not be considered questioned costs.

We recommend the WCDHD implement procedures to ensure wages and benefits are charged to the Federal programs based on the actual hours worked for each program.

Finally, the APA found that the Incoming ERC was hired during the quarter being tested and for one pay period tested, Federal and State income taxes of $141.90 and $60.77, respectively, were not withheld from the employee's pay in error. This would not have an effect on questioned costs, since the

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amounts are deductions to the employee's pay. We recommend the WCDHD implement procedures to ensure taxes are appropriately withheld upon hiring new employees.
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The WCDHD charged $3,472.25 in expenditures other than payroll and indirect costs to the subaward for the quarter tested. The APA tested one expenditure totaling $2,730.00. No issues were noted.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 WCDHD has an approved indirect cost rate of 36.17% of direct salaries and fringe benefits. For the quarter tested, a total of $11,547.97 in salaries and fringe benefits were charged to the grant, which would calculate to $4,176.90 in indirect costs. The WCDHD charged $4,476.02 in indirect costs for the quarter; therefore, indirect costs were overstated by $299.12, which would be considered questioned costs. Per discussion with the WCDHD, this was corrected moving forward. We recommend the WCDHD work with the DHHS to ensure indirect costs for the grant year are correctly reported.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

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Complete Internal Control Questionnaire

No issues were noted.

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

Issues related to the prior year monitoring findings are addressed in the sections below, or have been corrected.

Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2018 transactions

The WTN uses Sage Intacct. The APA obtained a backup of the Bioterrorism subledger for the quarter.

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 WTN charged $5,685.99 in salary and benefits to the PHEP subaward and $1,206.13 in salary and benefits to the HPP subaward. The APA tested the only employee charged to the awards for the period tested (the Public Health Emergency Preparedness Specialist). The following was noted:

The WTN failed to provide the APA with support for amounts deducted from the employee's pay, including $167.50 in payroll deductions and $683.81 in employer-paid benefits. The table below shows the employer-paid benefits for the period tested:

Benefit Type	***Benefit Amount***
401(k) Employer Match	*$56.25*
Dependent Life Insurance	*$2.50*
Medical Insurance	*$600.00*
Accidental Death & Dismemberment	*$1.50*
Long-Term Disability	*$15.06*
Life Insurance	*$8.50*
Total	***$683.81***

Per discussion with the WTN, the 401(k) Employer Match is paid as 75% of the employee's contribution, up to 4% of wages. This employee contributed $75, so the employer match was correctly calculated; however, the APA was not provided documentation to support the employee's contribution or the WTN's policy of matching up to 75% of the employee's contribution. The WTN also stated the Medical and Life Insurance amounts above had been carried forward from previous years and they were unable to provide documentation for these amounts. The WTN noted they had only obtained reports and invoices for the amounts currently charged for medical and life insurance.

Without adequate documentation, the $683.81 in employer-paid benefits could be considered questioned costs. The $167.50 in payroll deductions would not be questioned costs as these are amounts that would be paid by the WTN to the employee through net pay if they were not deductions. We recommend that the WTN ensure it maintains adequate documentation to support all employer-paid benefits, as well as amounts deducted from employees' pay.

Furthermore, the WTN charged the subawards based on the budgeted percentage of time the employee was expected to work on each program. Timesheets provided showed that 100% of the Specialist's time

was worked on Environmental Health. However, only a portion of the costs were allocated to the Bioterrorism subledger based on the budgeted Full-Time Equivalency (FTE) for the employee - PHEP (33%) and HPP (7%). Per discussion with the WTN, the worked performed by this employee for each program is similar enough that it is not easily separated. However, the WTN was unable to provide documentation to support how these percentages were determined.

2 CFR §200.430(i)(1) states the following, in relevant part:

> *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*
>
> ****
>
> *(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*
> *(viii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:*
> *(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;*
> *(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and*
> *(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.*

Without adequate documentation on file to support how personnel costs are charged to the grant, the entire $6,892.12 charged between the PHEP and HPP subawards could be considered questioned costs.

The APA recommends the WTN implement procedures to ensure amounts charged to Federal awards are in accordance with the Uniform Grant Guidance.

Review journal entries to determine the entry and classification of transactions are reasonable and proper
Nothing significant noted.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
No costs other than payroll were charged to the grant for the period tested.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.

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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 WTN did not charge indirect costs to either the PHEP or HPP awards for the quarter tested. Per review of the reports submitted by the WTN, their indirect cost rate of 22.18% had been approved, but they had not yet received the paperwork back to support the approval of the rate. The WTN also noted that the indirect costs related to this quarter would be billed the following quarter. It appears reasonable the WTN did not charge indirect costs for this quarter. The DHHS should be aware of this to ensure future indirect costs are accurately charged to the grant.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Complete Internal Control Questionnaire

No issues were noted.

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

N/A

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 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

Subrecipient is a non-profit organization in the State of Nebraska.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The CAPWN reported $1,459.47 in salary and benefits during quarter 1 of the 2018-2019 grant. The APA performed detailed testing of both of the employees whose personnel costs were charged to this grant. The APA noted the following issues during testing:

The CAPWN did not charge any leave usage (holidays, vacation, sick, etc.) to this grant. Due to the lack of leave hours being allocated based on the actual time worked, the grant was undercharged for salaries and benefits. The table below shows the actual hours worked by the employee, the total wages they received, and the variance between the APA calculated wages for this grant and the actual wages charged to this grant for the pay period tested:

Employee	Hours Worked on Grant	Total Hours Worked	% of Hours on Grant	Total Wages	Calculated Wages to Grant	Actual Wages to Grant	Variance
Emergency Planning Specialist	10.00	26.00	38.46%	$1,162.98	$447.28		
Infection Disease Control Specialist	4.00	70.00	5.71%	$2,648.65	$151.24		
Total Variance					**$598.52**	**$410.76**	**$(187.76)**

Using the same procedures as above for the employees' wages, the APA calculated the variance between the APA calculated employer paid benefits and the actual employer paid benefits that were charged to the grant. The table below summarizes these variances:

Employee	Total FICA Taxes	APA Calc. FICA to Grant	Actual FICA to Grant	FICA Variance	Total Retirement	APA Calc. Retirement to Grant	Actual Retirement to Grant	Retirement Variance
Emergency Planning Specialist	$88.52	$34.04			$29.07	$11.18		
Infection Disease	$202.61	$11.57			$66.21	$3.78		

Control Specialist								
Total Variance		**$45.61**	**$31.42**	**$(14.19)**		**$14.96**	**$10.26**	**$(4.70)**

As noted in the table above, since the CAPWN did not allocate leave hours to the grant, the subaward was undercharged $187.76 for wages, $14.19 for FICA taxes, and $4.70 for employer retirement contributions for the pay period tested. Due to the grant being undercharged by $206.65 in total, these are not considered questioned costs.

2 CFR 200.431(b) states the following:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
> *(1) They are provided under established written leave policies;*
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

We recommend the CAPWN implement procedures to ensure to ensure all costs are allocated to the grant in accordance with the actual benefit received and in accordance with the Uniform Grant Guidance. Since the grant is being undercharged, there are no questioned costs related to this grant.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No negative expenditures noted.

Perform a detailed test of agency expenditures

Community Action Partnership of Western Nebraska uses an indirect cost rate of 16.98%, approved by the U.S. Department of Health and Human Services. The rate was correctly applied to the appropriate base of total salaries and benefits to arrive at indirect costs for the period of $247.81.

There were no expenditures other than personnel costs and indirect costs charged to the grant for the quarter tested.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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.

No issues were noted.

Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

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Complete Internal Control Questionnaire

The APA has used the following acronyms related to the SEDHD's various subawards:

PHEP: Public Health Emergency Preparedness Program (called Bioterrorism by SEDHD)
SENHCC: Southeast Nebraska Healthcare Coalition
SENHCC Ebola: Southeast Nebraska Healthcare Coalition – Ebola
NPHCC: Nebraska Plains Healthcare Coalition
NPHCC Ebola: Nebraska Plains Healthcare Coalition – Ebola

The APA documented the internal controls related to the SEDHD's financial processes and noted the following concerns:

- *The SEDHD lacked an adequate segregation of duties over its financial processes. Three individuals had access to the QuickBooks software used to record financial transactions, including the Director. The Director also reviewed and approved all expenditures for payment and was one of the two required signatures on checks, with the other being the Administrative Assistant. The Board did not provide an adequate monitoring of the financial transactions.*
- *The SEDHD's cost allocation policy is not adequate, nor does it include all of the allocation methods used. The policy provided included instructions on tracking mileage expenses and hours worked for the various grants. However, the SEDHD also allocated costs using a percentage of each program's income compared to the total income received. This methodology is neither documented, nor does it comply with the Uniform Grant Guidance. Under the Uniform Grant Guidance, the costs must be assignable to a Federal award in accordance with the relative benefits received. The SEDHD's shared office costs, or facilities and overhead costs, were allocated using this method. See the reporting section below for the amounts reported for each grant.*

We recommend the SEDHD implement procedures to strengthen its internal control processes. Although an adequate segregation of duties is likely not possible due to limited staff, the SEDHD and its Board could implement additional financial monitoring and review processes to compensate for the lack of segregation of duties. For example, the Board or a designated Board member could review payroll summary reports to ensure salary rates and hours worked agree to the approved rates and time records. Additionally, the Board or a designated Board member could review a detailed list of all payments processed, along with the related documentation, to ensure all payments were authorized and accurate. Finally, a review of the bank statements by the Board or a designated Board member would identify whether any unauthorized transactions were processed.

We also recommend the SEDHD consider a revision to its cost allocation policy to ensure all methods used to allocate costs are included and that the methods to allocate costs are based upon the relative benefits received by each program.

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

The audit report for the fiscal year ended June 30, 2018 included one finding due to the SEDHD exceeded the special revenue fund expenditures budget by $35,581 without amending the budget. No findings related specifically to this program were noted.

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

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

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See reporting section below for issues between the reported amounts and the general ledgers for quarter 1.

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

See issues related to segregation of duties noted above.

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 following amounts were charged as wages and benefits to each of the subawards for quarter 1:

Position	44169 PHEP	43665 SENHCC	43669 SENHCC Ebola	43666 NPHCC	43670 NPHCC Ebola	Totals
HCC Coordinator		$14,136.62				$14,136.62
ERC	$2,895.30					$2,895.30
Director		$959.42		$878.05		$1,837.47
Admin Asst	$173.04	$741.20	$235.05	$344.78	$131.70	$1,625.77
Asst Epidemiologist	$5,796.74					$5,796.74
Totals	**$8,865.08**	**$15,837.24**	**$235.05**	**$1,222.83**	**$131.70**	**$26,291.90**

The APA performed detailed testing for three of the five employees: the HCC Coordinator, the Administrative Assistant, and the Assistant Epidemiologist. The following issues were noted:

HCC Coordinator:
The SEDHD charged 100% of the HCC Coordinator's hours worked to the SENHCC subaward. However, per review of the Coordinator's timesheets, some of the Coordinator's travel costs were charged to the SENHCC Ebola subaward. Therefore, it appears a portion of the employee's personnel costs should have been charged to the SENHCC Ebola subaward.

2 CFR 200.430(a) states:

> *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 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.*

The questioned costs related to the allocation of wages is unknown.

Furthermore, the employee was paid for 20 hours of leave during the quarter tested. None of this leave was charged to the subaward, resulting in the subaward being undercharged.

2 CFR 200.431(b) states the following:

Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:

(1) They are provided under established written leave policies;
(2) The costs are equitably allocated to all related activities, including Federal awards; and,
(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

We recommend the SEDHD implement procedures to ensure wages, including leave hours paid, are charged to each program in accordance with the relative benefit received, as required by the Uniform Grant Guidance.

Administrative Assistant:

The SEDHD failed to properly allocate the personnel costs of the Administrative Assistant to the various programs and grants. The following tables show the variances in gross pay allocated to each program for the Administrative Assistant, who was charged to all five subawards being tested. The total hours column is from the timesheet for hours worked only – not including leave hours. The actual PHEP Charge is the amount reported by the SEDHD in the quarterly request for reimbursement and was calculated by taking the hours worked on the subaward multiplied by the employee's hourly pay rate.

PHEP:

Pay Period	PHEP Hours	Total Hours	% of Hours on PHEP	Monthly Salary	Calculated Salary to PHEP	Hourly Rate	Actual PHEP Charge	Variance
July 1-15, 2018	3.00	70.00	4.29%	$1,791.64	$76.86	$20.67	$62.01	$(14.85)
July 16-31, 2018	3.00	100.00	3.00%	$1,791.64	$53.75	$20.67	$62.01	$8.26
August 1-15, 2018	1.00	90.00	1.11%	$1,791.64	$19.89	$20.67	$0.00	$(19.89)
August 16-31, 2018	1.00	74.00	1.35%	$1,791.64	$24.19	$20.67	$0.00	$(24.19)
September 1-15, 2018	1.00	58.50	1.71%	$1,791.64	$30.64	$20.67	$0.00	$(30.64)
September 16-30, 2018	1.00	70.00	1.43%	$1,791.64	$25.62	$20.67	$0.00	$(25.62)
	10.00	**462.50**			**$230.95**		**$124.02**	**$(106.93)**

Note: The SEDHD only charged this subaward for 6 hours during the quarter tested. Therefore, the last four pay periods during the quarter were shown as a $0.00 actual PHEP charge, as 6 hours were already included in the first two pay periods.

Using the same method as above, the APA also recalculated the variances related to the other four subawards being tested for the Administrative Assistant.

SENHCC and SENHCC Ebola:

	SENHCC			SENHCC Ebola		
Pay Period	Calculated Salary to SENHCC	Actual SENHCC Charge	Variance	Calculated Salary to SENHCC Ebola	Actual SENHCC Ebola Charge	Variance
July 1-15, 2018	$102.30	$82.68	$(19.62)	$51.24	$41.34	$(9.90)
July 16-31, 2018	$71.67	$82.68	$11.01	$17.92	$20.67	$2.75
August 1-15, 2018	$79.55	$82.68	$3.13	$39.77	$41.34	$1.57
August 16-31, 2018	$96.93	$82.68	$(14.25)	$24.19	$20.67	$(3.52)
September 1-15, 2018	$122.55	$82.68	$(39.87)	$30.64	$20.67	$(9.97)
September 16-30, 2018	$102.30	$82.68	$(19.62)	$51.24	$41.34	$(9.90)

	$575.30	**$496.08**	**$(79.22)**	**$215.00**	**$186.03**	**$(28.97)**

NPHCC and NPHCC Ebola:

	NPHCC			NPHCC Ebola		
Pay Period	Calculated Salary to SENHCC	Actual SENHCC Charge	Variance	Calculated Salary to SENHCC Ebola	Actual SENHCC Ebola Charge	Variance
July 1-15, 2018	$25.62	$20.67	$(4.95)	$0.00	$0.00	$0.00
July 16-31, 2018	$17.92	$20.67	$2.75	$0.00	$0.00	$0.00
August 1-15, 2018	$19.89	$20.67	$0.78	$19.89	$20.67	$0.78
August 16-31, 2018	$48.37	$41.34	$(7.03)	$24.19	$20.67	$(3.52)
September 1-15, 2018	$30.64	$20.67	$(9.97)	$30.64	$20.67	$(9.97)
September 16-30, 2018	$51.24	$41.34	$(9.90)	$25.62	$20.67	$(4.95)
	$193.68	**$165.36**	**$(28.32)**	**$100.33**	**$82.68**	**$(17.65)**

Because the SEDHD charged only the actual hours worked to each subaward, no leave hours were charged to these subawards. As shown in the tables above, this resulted in each of the five subawards being undercharged for the quarter tested. It should be noted there would likely be variances in the employer-paid taxes and benefits charged to the subawards due to this difference in allocation. However, the APA was unable to directly tie the amounts reported on the reimbursement request to the general ledgers provided by the SEDHD (see reporting section below).

Assistant Epidemiologist:
Similar to the issue noted above, the SEDHD also failed to properly allocate the personnel costs of the Assistant Epidemiologist to the various programs and grants. The Assistant Epidemiologist had time charged only to the PHEP subaward and other Department programs that were not part of our review. The following table shows the variances noted:

Pay Period	PHEP Hours	Total Hours	% of Hours on PHEP	Monthly Salary	Calculated Salary to PHEP	Hourly Rate	Actual PHEP Charge	Variance
July 1-15, 2018	28.00	73.00	38.36%	$2,359.40	$905.07	$27.22	$762.16	$(142.91)
July 16-31, 2018	18.00	45.00	40.00%	$2,359.40	$943.76	$27.22	$489.96	$(453.80)
August 1-15, 2018	33.00	90.00	36.67%	$2,359.40	$865.19	$27.22	$898.26	$33.07
August 16-31, 2018	40.00	96.00	41.67%	$2,359.40	$983.16	$27.22	$1,088.80	$105.64
September 1-15, 2018	32.00	68.00	47.06%	$2,359.40	$1,110.33	$27.22	$871.04	$(239.29)
September 16-30, 2018	32.00	75.00	42.67%	$2,359.40	$1,006.76	$27.22	$871.04	$(135.72)
					$5,814.27		**$4,981.26**	**$(833.01)**

As shown in the table above, the PHEP subaward was undercharged by $833.01. Again, this was due to leave hours not being allocated to the subaward. Additionally, as noted for the Administrative Assistant, there would likely be a variance in the benefits charged to the subawards; however, the APA is unable to determine the dollar variance due to issues noted with the general ledgers provided by the SEDHD (see reporting section below). Therefore, questioned costs are unknown.

2 CFR 200.430(a) states:

> *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 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.*

2 CFR 200.431(b) states the following:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
> *(1) They are provided under established written leave policies;*
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

We recommend the SEDHD implement procedures to ensure all costs are allocated to the subawards based on the actual benefit received and in accordance with the Uniform Grant Guidance.

During the previous year's monitoring, the APA questioned whether the SEDHD's overtime policy was compliant with the Fair Labor Standards Act, as the rate paid for extra hours worked is stated to be the regular rate. The number of hours worked to qualify for overtime is not included, and the time period of the work week for overtime is not addressed. Per discussion with the SEDHD in the current year, it was noted that a revised policy has been drafted, but has not yet been submitted to and approved by the Board of Health.

We recommend the SEDHD review its overtime policies to ensure they comply with the Fair Labor Standards Act.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested other operating expenses as follows:

Transactions Allocated to all five subawards:
The APA tested three transactions that were allocated to all five subawards. The SEDHD allocated certain expenses, such as insurance, audit costs, IT contracts, etc., using a percentage of each grant's funding compared to the total grants funds received for the month. The table below shows how these three expenditures were charged:

Insurance expenses recorded in the general ledger on July 30, 2018:

PHEP	SENHCC	SENHCC Ebola	NPHCC	NPHCC Ebola	Others	Totals
$928.57	$2,507.14	$92.85	$0.00	$0.00	$5,757.16	$9,285.72
10.00%	27.00%	1.00%	0.00%	0.00%	62.00%	100.00%

Audit expense recorded in the general ledger on September 12, 2018:

PHEP	SENHCC	SENHCC Ebola	NPHCC	NPHCC Ebola	Others	Totals
$562.50	$1,250.00	$62.50	$750.00	$62.50	$3,562.50	$6,250.00
9.00%	20.00%	1.00%	12.00%	1.00%	57.00%	100.00%

Network Contract Services recorded in the general ledger as noted below:

General Ledger Date	PHEP	SENHCC	SENHCC Ebola	NPHCC	NPHCC Ebola	Others	Totals
July 3, 2018	$54.00	$145.80	$5.40	$75.60	$5.40	$253.80	$540.00
	10.00%	27.00%	1.00%	14.00%	1.00%	47.00%	100.00%
August 2, 2018	$54.00	$145.80	$5.40	$0.00	$0.00	$334.80	$540.00
	10.00%	27.00%	1.00%	0.00%	0.00%	62.00%	100.00%
September 4, 2018	$48.60	$108.00	$5.40	$64.80	$5.40	$307.80	$540.00
	9.00%	20.00%	1.00%	12.00%	1.00%	57.00%	100.00%

This methodology used to allocate costs is neither documented, nor does it comply with the Uniform Grant Guidance. Under the Uniform Grant Guidance, the costs must be assignable to a Federal award in accordance with the relative benefits received.

Subaward 44169 (PHEP):
The SEDHD reported $4,857.23 in non-personnel expenditures. In addition to the $1,647.67 charged to PHEP for costs allocated to all programs, the APA tested one expenditure totaling $1,979.16 for a payment to Region V Systems related to the Southeast Nebraska Disaster Volunteer Database. No issues were noted.

Subaward 38658 (SENHCC):
The SEDHD reported $32,283.50 in non-personnel expenditures. In addition to the $4,156.74 charged to SENHCC for costs allocated to all programs, the APA tested three expenditures totaling $24,183.64. No issues were noted related to the items tested.

Subaward 43669 (SENHCC Ebola):
The SEDHD reported $406.48 in non-personnel expenditures. $171.55 was included above with items charged to SENHCC Ebola for costs allocated to all programs. No additional detail testing was performed.

Subaward 40292 (NPHCC):
The agency reported $16,050.05 in non-personnel expenditures. In addition to the $890.40 charged to NPHCC for costs allocated to all programs, the APA tested three expenditures totaling $14,598.37. The following was noted:

Attachment 15

The SEDHD paid $13,000.02 to an individual to act as a Coordinator for the NPHCC during the quarter tested. The SEDHD reported 100% of these costs to the NPHCC grant. However, per review of the Coordinator's timesheet and expense form, the employee also reported costs related to the NPHCC Ebola grant. The timesheets for the Coordinator do not distinguish between time worked for NPHCC and NPHCC Ebola. We recommend the SEDHD implement procedures to ensure costs related to the Coordinator are equitably split between these two grants. Because the timesheets failed to distinguish between the hours worked on each grant, questioned costs are unknown. A similar issue was noted during the prior year monitoring.

Additionally, the agreement between the SEDHD and the Coordinator required the Coordinator to meet the deliverables of the subaward with DHHS for a total contract value of $52,000 for the grant year. It appears the agreement between the SEDHD and the Coordinator is a subaward rather than a contract.

2 CFR 200.92 provides the following definition for a subaward:

> *Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.*

2 CFR 200.330(a) states the following:

> *A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See §200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:*
>
> *(1) Determines who is eligible to receive what Federal assistance;*
> *(2) Has its performance measured in relation to whether objectives of a Federal program were met;*
> *(3) Has responsibility for programmatic decision making;*
> *(4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and*
> *(5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.*

The agreement with the NPHCC Coordinator contains the following language:

> **SEDHD and the Coordinator do mutually agree as follows:**
>
> 1. **Services to be provided by the Parties**
>
> a. The Coordinator will submit a work plan and budget to meet the deliverables of the 2018-2019 DHHS contract for NPHCC, which has been approved by NPHCC Executive Committee.
> b. SEDHD will provide such assistance and guidance as may be required and will provide compensation for services completed as set forth in Section 3 below.

Because the agreement requires the Coordinator to meet the deliverables of the subaward agreement with the DHHS, this arrangement should be considered a subaward. The Uniform Grant Guidance at 2 CFR 200.331 includes a list of information that is required to be included in subawards, most of which was not included in the agreement with the HCC Coordinator. The SEDHD would also be required to implement subrecipient monitoring procedures related to the subaward.

We recommend the SEDHD work with the DHHS to ensure the proper classification of this agreement as a subaward, including implementing appropriate subrecipient monitoring procedures over the agreement.

The SEDHD paid for office space ($1,140) and telecommunication services ($230.76) for the NPHCC Coordinator during quarter 1. All of the costs were charged solely to the NPHCC subaward and were not allocated to the NPHCC Ebola subaward. The SEDHD should ensure these expenses are properly allocated to each subaward based on the relative benefit received. The APA recommends the SEDHD work with DHHS to determine if amounts should be reallocated among the two subawards. Because the Coordinator's timesheets failed to distinguish between the hours worked on each grant to determine how these costs should be allocated, questioned costs are unknown. A similar issue was noted during the prior year monitoring.

Subaward 43670 (NPHCC Ebola):
The SEDHD reported $1,004.40 in non-personnel expenditures. In addition to the $73.30 charged to NPHCC Ebola for costs allocated to all programs, the APA tested one expenditure totaling $646.57 for travel-related expenses for the NPHCC Coordinator to attend the National Ebola Training & Education Center (NETEC) Emerging Infectious Disease Workshop in Omaha, Nebraska in September 2018. No issues were noted.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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 several variances between the amounts included on the 1st quarter reports submitted to the DHHS and the amounts shown in the general ledgers for the quarter for the five subawards. The SEDHD failed to provide adequate documentation from its accounting software to support the amounts reported on the 1st quarter reports submitted to DHHS for the five subawards. The SEDHD explained many transactions were reported in either the 4th quarter of the previous grant year or 2nd quarter of the current grant year. Because the amounts reported failed to agree with the accounting records for the quarter tested and many of the expenditures appear to have been reported in different quarters, the risk for error is significant.

For the items tested in the expenditures section above, the APA traced the expenditure to a subsequent general ledger to verify it was actually recorded within the accounting software. The following tables provide a comparison of the amounts reported for reimbursement by the SEDHD and the amounts contained within the general ledger for the five subawards:

Subaward 44169 (PHEP):

Cost Category	Q1 Report	GL	Difference
Personnel	$7,585.68	$4,659.10	$2,926.58
Taxes and Benefits	$1,279.40	$302.78	$976.62
Communications	$385.00	$387.12	$(2.12)

Office Supplies and Copy Costs	$134.00	$66.00	$68.00
In State Travel	$346.41	$82.95	$263.46
Contracts	$1,979.16	$1,979.16	$0.00
Shared Office Costs	$2,012.66	$2,040.62	$(27.96)
Utilities	$0.00	$147.99	$(147.99)
Total	**$13,722.31**	**$9,665.72**	**$4,056.59**

The SEDHD explained that the personnel cost variance exists because the net pay, rather than gross pay, is entered into the accounting system. The SEDHD failed to explain the variance related to taxes and benefits expenses. The remaining variances were due to timing issues, meaning expenses were reported in the fourth quarter of the previous year, but included in the general ledger in the current quarter, or items were included in the report for this quarter, but were not in the general ledger until the second quarter. Additionally, some expenses were included in the general ledger but were not requested for reimbursement because they weren't included in the approved budget. However, there was a $4.10 variance for in-state travel that was unexplained by the SEDHD.

Subaward 43665 (SENHCC):

Cost Category	Q1 Report	GL	Difference
Personnel	$12,311.08	$9,540.99	$2,770.09
Taxes and Benefits	$3,526.16	$913.42	$2,612.74
Printed Materials and Office Supplies	$69.66	$69.66	$0.00
Postage	$48.47	$56.20	$(7.73)
Equipment*	$23,517.00	$63,327.46	$(39,810.46)
Meetings, Training, and Exercise Costs	$895.50	$895.50	$0.00
In State Travel	$780.37	$864.07	$(83.70)
Out of State Travel	$495.00	$556.07	$(61.07)
Overhead and Facilities	$6,477.50	$6,085.20	$392.30
Total	**$48,120.74**	**$82,308.57**	**$(34,187.83)**

**The APA verified that the total Equipment charges ($23,517) were actually included in the SEDHD's general ledger for the second quarter.*

Again, the personnel cost variance exists because the net pay, rather than gross pay, is entered into the accounting system. The SEDHD failed to explain the variance related to taxes and benefits expenses. The remaining variances were due to timing issues, meaning expenses were reported in the fourth quarter of the previous year, but included in the general ledger in the current quarter, or items were included in the report for this quarter, but were not in the general ledger until the second quarter.

Subaward 43669 (SENHCC Ebola):

Cost Category	Q1 Report	GL	Difference
Personnel	$186.03	$128.64	$57.39
Taxes and Benefits	$49.02	$17.83	$31.19
In State Travel	$106.55	$58.31	$48.24
Overhead and Facilities	$299.93	$248.93	$51.00
Total	**$641.53**	**$453.71**	**$187.82**

Again, the personnel cost variance exists because the net pay, rather than gross pay, is entered into the accounting system. The SEDHD failed to explain the variance related to taxes and benefits expenses. The remaining variances were due to timing issues, meaning expenses were reported in the fourth quarter of the previous year, but included in the general ledger in the current quarter, or items were included in the report for this quarter, but were not in the general ledger until the second quarter.

Subaward 43666 (NPHCC):

Cost Category	Q1 Report	GL	Difference
Personnel	$945.36	$554.97	$390.39
Taxes and Benefits	$277.47	$43.31	$234.16
Contracted Services	$13,867.78	$14,366.56	$(498.78)
Equipment	$57.67	$0.00	$57.67
NPHCC Office Costs	$1,290.00	$1,290.00	$0.00
Overhead and Facilities	$834.60	$871.80	$(37.20)
Total	**$17,272.88**	**$17,126.64**	**$146.24**

Again, the personnel cost variance exists because the net pay, rather than gross pay, is entered into the accounting system. The SEDHD failed to explain the variance related to taxes and benefits expenses. The SEDHD also explained that the contracted services costs are for the NPHCC Coordinator and are allocated between the NPHCC and NPHCC Ebola subawards. In order to review the total variance, the NPHCC and NPHCC Ebola subawards need to be considered together for contracted services. The net variance of $215.99 between the contracted services categories for the NPHCC and NPHCC Ebola subawards was not explained by the SEDHD. It also appears that the contracted services costs are shown in the incorrect subaward's general ledger. The APA also determined that $64.80 for an IT contract payment, included as overhead and facilities costs above, was overlooked and not requested for reimbursement. The remaining variances were due to timing issues, meaning expenses were reported in the fourth quarter of the previous year, but included in the general ledger in the current quarter, or items were included in the report for this quarter, but were not in the general ledger until the second quarter.

Subaward 43670 (NPHCC Ebola):

Cost Category	Q1 Report	GL	Difference
Personnel	$82.68	$36.87	$45.81
Taxes and Benefits	$49.02	$10.07	$38.95
Exercise Supplies	$89.24	$89.24	$0.00
Contracted Services	$845.96	$131.19	$714.77
Overhead and Facilities	$69.20	$72.30	$(3.10)
Total	**$1,136.10**	**$339.67**	**$796.43**

Again, the personnel cost variance exists because the net pay, rather than gross pay, is entered into the accounting system. The SEDHD failed to explain the variance related to taxes and benefits expenses. As noted above for the NPHCC subaward, the SEDHD also explained that the contracted services costs are for the NPHCC Coordinator and are allocated between the NPHCC and NPHCC Ebola subawards. In order to review the total variance, the NPHCC and NPHCC Ebola subawards need to be considered together for contracted services. The net variance of $215.99 between the contracted services categories for the NPHCC and NPHCC Ebola subawards was not explained by the SEDHD. It also appears that the contracted services costs are shown in the incorrect subaward's general ledger. The APA also determined that $5.40 for an IT contract payment, included as overhead and facilities costs above, was

overlooked and not requested for reimbursement. The remaining variances were due to timing issues, meaning expenses were reported in the fourth quarter of the previous year, but included in the general ledger in the current quarter, or items were included in the report for this quarter, but were not in the general ledger until the second quarter. *As noted previously, the SEDHD failed to adequately explain the method used to accumulate and report taxes and benefits costs for all five subawards. Questioned costs related to the reporting variances are unknown. Similar issues were noted during the prior year monitoring.* *We recommend the SEDHD implement procedures to ensure that adequate documentation exists to support the amounts reported to DHHS. We also recommend that the DHHS implement more detailed monitoring of the SEDHD related to the undocumented amounts reported and the timing issues between the amounts reported and the amounts included in the accounting system. Finally, we recommend DHHS determine whether any amounts should be reimbursed or reduced from future payments as a result of the inadequate documentation provided, particularly with the payroll taxes and benefit costs.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 16

Complete Internal Control Questionnaire

No exceptions noted.

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

The audit report for the fiscal year ended June 30, 2018, was obtained. No findings related specifically to this program were noted.

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 2018 transactions

The University of Nebraska-Lincoln uses SAP, and a general ledger was obtained for the period tested.

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 University of Nebraska-Lincoln (UNL) Public Policy Center (PPC) charged $3,874.83 in personnel costs for three individuals during the quarter tested. These costs are considered service center costs and include more than the wages and benefits for each employee. The following table explains the calculation of the rate charged by UNL PPC during 2018-2019:

Labor Category		Average Annual Salary	Average Benefit %	Average Benefits	Average Personnel Costs	Average Annual Project Hours	Personnel Rate	Operating Rate (see below)	Total Rate
Senior Research Director	SR RD	$ 115,845	27%	$ 30,907	$ 146,752	1,340	$ 109.52	$ 14.56	$ 124.08
Senior Research Manager	SR RM	$ 73,984	30%	$ 22,410	$ 96,394	1,440	$ 66.94	$ 14.56	$ 81.50
Senior Research Specialist	SR RS	$ 60,688	33%	$ 19,815	$ 80,503	1,564	$ 51.47	$ 14.56	$ 66.03
Research Specialist 2	RS 2	$ 52,037	30%	$ 15,835	$ 67,872	1,564	$ 43.40	$ 14.56	$ 57.96
Research Specialist 1	RS 1	$ 43,244	41%	$ 17,860	$ 61,104	1,612	$ 37.91	$ 14.56	$ 52.47
Research Coordinator	RC	$ 38,500	36%	$ 14,029	$ 52,529	1,612	$ 32.59	$ 14.56	$ 47.15
Project Assistant	PA	$ 36,039	50%	$ 18,020	$ 54,059	1,510	$ 35.81	$ 14.56	$ 50.37
Research Assistant	RA	$ 4,810	0%	$ -	$ 4,810	520	$ 9.25	$ 14.56	$ 23.81

The operating rate is calculated by taking the projected, off-campus, centerwide annual expenses divided by the projected number of centerwide project hours. Operating expenses include things like personnel costs for administrative and support personnel, office rent, supplies, computer equipment and software, professional training, and other miscellaneous expenses associated with operating the research center. The projected expenses are reduced by state aid received as well as any anticipated balance in the service center account to ensure that no profit is being retained for services charged. The calculations are reviewed by UNL Accounting annually to review rate calculations ensure that proper guidelines are being followed.

The APA noted the following issues with the calculation of the billable rates included above:

- *The average annual salary is based on the average budgeted salary for all employees who hold that specific job title, rather than actual salary for those charged to the subaward.*
- *The average benefit percentage is based on the University's fringe benefit rate estimates, which is based upon budgeted amounts.*

- *The Average Annual Project Hours are calculated using anticipated total billable hours of staff members.*
- *The Operating Rate is also based on budgeted amounts and neither the DHHS nor UNL has provided adequate documentation to support the costs. The operating rate includes the center operating costs such as rent, computer and technical support services, communications, and other costs that support projects.*

The UNL PPC further explained that the service center is allowed a surplus or deficit of 15% of annual operating expenses per the University's policy and under Appendix V of the Uniform Grant Guidance at 2 CFR 200. However, the APA understands that specific section of the Uniform Guidance to be applicable to State/Local Government central service cost allocation plans. Whether or not the Appendix applies to the University is in question.

Additionally, as noted in the previous monitoring, earning a profit is explicitly prohibited by the Uniform Grant Guidance, at 45 CFR 75.216(b) as follows:

Prohibition against profit. Except for awards under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer Research (STTR) programs (15 U.S.C. 638), no HHS funds may be paid as profit to any recipient even if the recipient is a commercial organization. Profit is any amount in excess of allowable direct and indirect costs.

Therefore, in light of the questions surrounding the billed rates charged to the subawards, the APA recommends that the DHHS obtain written documentation from its Federal partners on whether UNL is allowed to retain excess federal funds on hand as described above. If the Appendix is determined to be applicable to the University, then DHHS would need to ensure all of the requirements of the Appendix are adhered to – specifically, whether UNL has no more than 60 days cash reserves on hand.

The APA also questions whether the DHHS has determined that the indirect costs charged to the subaward using the 10% rate exclude the amounts included in the operating costs described in the table above. The operating costs included in the billable rate also appear to be an allocation of costs of the service center. Therefore, both indirect costs and an operating rate were charged to the subaward. The DHHS should ensure the costs charged are not duplicative.

For each of the three employees charged to the subaward during the quarter, the APA compared the actual hourly rate to the billable rate charged by UNL PPC, as noted below:

Title	Hourly Rate Per Paystub	Rate Charged to HPP	Hours Charged	Total Cost
Senior Research Specialist	$28.45/$29.33	$66.03	32	$2,112.96
Senior Research Manager	$35.69	$81.50	21	$1,711.50
Project Assistant	$17.50	$50.37	1	$50.37

Note: There are two hourly rates included above for the Senior Research Specialist as the employee received a raise during quarter 2.

The questioned costs related to these issues are unknown.

We again recommend the DHHS ensure the method used to charge personnel costs to the subaward is in compliance with the terms and conditions of the subaward, which requires reimbursement for actual expenses, and with the Uniform Grant Guidance.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Attachment 16

Perform a detailed test of agency expenditures
The UNL PPC charged $387.82 in expenditures other than personnel costs for the period tested. The APA recalculated the $387.51 of indirect costs. See payroll section above for issues related to indirect costs being calculated in addition to the operating rate.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 PPC receives interagency billing invoices for personnel services the month after the services were performed. The invoice for Quarter 2 only includes personnel costs for September, October, and November as the December personnel costs have not been charged to the PPC yet. Quarter 3 would include December personnel costs. Quarter 4 would include personnel costs incurred in March through June as there is a longer period to close out the grant and ensure all costs incurred during the period of performance are reported. The APA wants to ensure the DHHS is aware of this procedure to ensure costs are accurately reported in total for the grant year.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 17

Complete Internal Control Questionnaire

The OTN lacked a formal, written policy for capital assets/inventory. Additionally, the OTN failed to provide a copy of its updated procurement policy. We recommend the OTN ensure all policies are up-to-date and in accordance with the Uniform Grant Guidance.

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

Per review of the fiscal year ended September 30, 2017 audit report, the following findings were noted, which were similar to prior year audit:

- *The OTN's accounting system had not been maintained to allow accurate and efficient account reconciliations, and routine monthly reconciliations weren't being performed.*
- *The OTN did not have an effective process to ensure a capital asset inventory was completed at least once every two years, and a capital asset policy did not formalize the roles and responsibilities for a physical inventory count.*
- *The OTN had not prepared or implemented policies and procedures to ensure adequate controls around information technology.*

No findings related directly to this subaward were noted. Issues related to the prior year monitoring findings are addressed in this Summary of Results, or have been corrected.

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

The OTN uses Abila and a general ledger was obtained for quarter 2.

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 OTN charged $6,490.63 in salaries and benefits to the Public Health Emergency Preparedness (PHEP) program. The OTN also charged $1,622.66 in salaries and benefits to the Hospital Preparedness Program (HPP). The total for salaries and benefits for the subaward is $8,113.29. The APA tested the only employee charged to the subaward for the quarter, the PHEP Specialist. The following was noted:

It appears the OTN charged the subaward for the employee's time based on a budgeted amount each week. The table below shows the number of hours and amount charged to each subaward per pay period.

Pay period	PHEP Allocation of Bi-Weekly Hours	HPP Allocation of Bi-Weekly Hours	Total Hours Budgeted per pay period	Hourly Rate	Amount Total
10/4/2018	14	3.5	17.5	$31.56	$552.30
10/18/2018	28	7	35	$31.56	$1,104.60
11/1/2018	28	7	35	$31.56	$1,104.60
11/15/2018	28	7	35	$31.56	$1,104.60
11/29/2018	28	7	35	$31.56	$1,104.60
12/13/2018	28	7	35	$31.56	$1,104.60
12/27/2018	28	7	35	$31.56	$1,104.60
Total for Quarter 2	**182**	**45.5**	**227.5**		**$7,179.90**

Note: For pay period 10/4/18, the OTN charged 17.5 hours to Quarter 1 and 17.5 hours to Quarter 2.

Additionally, the bi-weekly timesheets provided by the OTN reflected a total of 17.5 hours per week and did not separately record PHEP and HPP activities. The budgeted hours for PHEP is 14 hours per week and for CRI a budget of 3.5 hours per week. Per discussion with the OTN, the hours allocated to these two grants are based on budget hours and not the actual time worked. This was also a prior year finding. *We recommend the OTN implement procedures to ensure the hours charged to the subawards are based on actual hours worked and that the PHEP and HPP hours are separately recorded in its time reports.* *The APA determined that for pay date November 29, 2018, the employee's manual record of time worked on the subawards reflected a total of 34 hours worked for the PHEP and HPP programs. As mentioned above, the OTN charged 35 hours of work to the subawards each pay period.* *We recommend that the OTN implement procedures to ensure the amounts on both time records agree and that the proper amount is charged to the subawards.* *The APA also determined that the OTN charged the subaward only payroll taxes and no other fringe benefits, such as employer-paid benefits for basic life insurance, short-term disability, health insurance, etc. According to the OTN, those fringe benefits were not charged to this subaward because they were not approved in the budget.* *We recommend DHHS obtain an understanding of the methods used by the OTN to charge costs to the subaward and ensure the additional costs are not funded with other Federal monies.* *The OTN could not find the employee's vision premium benefits deduction form that supported the November 14, 2018 pay check. The OTN updated the deduction form for the employee as of April 16, 2019, which appears to be the same vision amount of $4.75 per pay period. This was noted in prior year's subrecipient monitoring. Because this is an employee deduction from pay, there are no questioned costs.* *Additionally, the employee had an extra $10 in state income taxes withheld for the pay period tested without appropriate authorization from the employee. According to the OTN, a new payroll employee failed to deduct the appropriate state income taxes. Therefore, an additional $10 was withheld to make up for the original error. Because this amount is not charged to the subaward, there are no questioned costs.* *We recommend that the OTN implement procedures to ensure adequate documentation is on file for all deductions from the employees pay, including amount withheld for taxes.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
N/A
Perform a detailed test of agency expenditures
The APA did not perform a detail test of expenditures.
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.
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.

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Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issued noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

[3]

Attachment 18

Complete Internal Control Questionnaire

The APA determined that one individual is capable of handling all aspects of processing transactions from beginning to end for payments less than $1,000. The CFO can process the payment and sign the checks. There is not an adequate control to compensate for the lack of segregation of duties.

The APA also noted that expenses that are allocated to more than one program are based on budgeted quarterly salaries.

We recommend the Charles Drew Health Center (CDHC) implement procedures to ensure a proper segregation of duties exists over its transaction processing. If an adequate segregation of duties is not possible, we recommend the CDHC implement controls to compensate for the lack of segregation. Such controls could include a detailed review of all transactions and supporting documentation by the CEO and/or Board member.

We also recommend the CDHD use actual time worked instead of budgeted salaries when allocating expenses to more than one program.

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

Obtained audit for the fiscal year ended August 31, 2017, and no findings directly to this subaward were noted. Issues related to the prior year monitoring findings are addressed in 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 2018 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 Charles Drew Health Center (CDHC) requested reimbursement of $9,241.63 in salary and benefit costs of one employee for quarter 2 of the 2018-2019 Public Health Emergency Preparedness (PHEP) subaward. The APA obtained documentation to support the rate of pay and hours worked for the employee and performed additional detailed testing. The APA identified the following concerns over the personnel and benefit costs:

The CDHC appears to charge a 40% budgeted percentage of the employee's time to the PHEP subaward. The table below shows budgeted amount that was charged to PHEP per pay period:

Pay Period	Wages	Budgeted Allocation	Charged to PHEP
10/12/2018	$ 2,423.20	40%	$ 969.28
10/26/2018	$ 2,561.52	40%	$ 1,024.61
11/9/2018	$ 2,496.00	40%	$ 998.40
11/21/2018	$ 2,496.00	40%	$ 998.40
12/7/2018	$ 2,496.00	40%	$ 998.40
12/21/2018	$ 2,496.00	40%	$ 998.40
1/4/2019	$ 2,496.00	40%	$ 998.40
Totals	**$ 17,464.72**		**$ 6,985.89**

The CDHC provided monthly time and effort reports showing the actual time worked on each program during the quarter. The time and effort reported for each month for the PHEP subaward was: October 46% of hours worked; November 43% of hours worked; and December 45% of hours worked. Personnel costs were not allocated to this subaward based on the relative benefits received. Questioned costs are unknown.

We recommend that the CDHC implement procedures to ensure personnel costs charged to the PHEP subaward are based on actual hours worked, rather than a budgeted amount.

For the pay period tested, 16 hours of leave was allocated 100% to the PHEP subaward. However, as noted above, the employee was not working 100% of their time on the subaward.

2 CFR 200.431(b) states:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met: (1) They are provided under established written leave policies; (2) The costs are equitably allocated to all related activities, including Federal awards; and, (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

The questioned costs related to the allocation of leave hours are unknown.

We recommend the CDHC implement procedures to ensure leave hours paid are charged to the Federal programs based on the actual hours worked for each program.

The APA also determined that the CDHC lacked adequate documentation to support the amount it charged to the subaward for employer-provided health insurance. The APA determined the cost for medical insurance was $1,052.29 per month. The employee's share of the medical insurance is $217.08 per month. The CDHC also provided and paid for life, accidental death and dismemberment, and long-term disability insurance at a cost of $22.98 per month.

The CDHD share of the insurance costs were $858.19 per month. However, the CDHC charged an additional $416.76 to the subaward for the quarter tested. The table illustrates the differences between the amount charged and the actual insurance costs as well as the allocation of the undocumented costs to the PHEP subaward. This amount is unsupported and is considered a questioned cost.

Month	Monthly Employer Insurance Cost	Insurance Cost Charged to Programs	Undocumented Variance	PHEP Allocation	Undocumented Amount Charged to PHEP
October 2018	$858.19	$1,124.00	$ 265.81	40%	$ 106.32
November 2018	$858.19	$1,246.25	$ 388.06	40%	$ 155.22
December 2018	$858.19	$1,246.25	$ 388.06	40%	$ 155.22
Totals			**$ 1,041.93**		**$ 416.76**

Additionally, the CDHC did not provide adequate documentation to support the $22.98 employer-paid life, accidental death and dismemberment, and long-term disability insurance that was paid each month.

We recommend the CDHC implement procedures to ensure all costs charged to the subaward are supported by adequate documentation and represent actual costs, in accordance with the terms of the subaward and the Uniform Grant Guidance.

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

No significant journal entries.

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Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
No testing performed.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issues were noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
The CDHC did not make any subawards from the PHEP funds.

Attachment 19

Complete Internal Control Questionnaire

The Douglas County Health Department (DCHD) has written policies to determine whether costs are necessary and reasonable, allocable and allowable. However, as noted prior year, the policies are not current and do not reference the Uniform Grant Guidance.

The DCHD updated its policies and effective July 1, 2019, the new policies will refer to the Uniform Grant Guidance.

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

Obtained audit report for the fiscal year ended June 30, 2018. No weaknesses were noted.

Issues related to the prior year monitoring findings are addressed in the sections below, 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 CDHD uses Oracle. Obtained General Ledger for Quarter 2.

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 DCHD had two different subawards to which salary and benefit expenses were charged. For the PHEP subaward, the DCHD charged a total of $96,346.69 in salary and benefits to the subaward. A total of six employees had time charged to the subaward. For the CRI subaward, the DCHD charged a total of $17,143.63 in salary and benefits to the subaward. A portion of one employee's salary was charged to the subaward.

The APA selected two individuals for testing and noted the following:

The DCHD failed to charge leave hours based on the number of actual hours worked for each program. The table below shows the hours worked and leave charged to each program for one of the two employees selected for testing:

Pay Period	PHEP Hrs	PHEP Leave Hrs	Total PHEP Hrs	PHEP %	CRI Hrs	CRI Leave Hrs	Total CRI Hrs	CRI %
9/9/2018 to 9/22/2018	36.00	2.50	38.50	48.13%	41.50		41.50	51.88%
9/23/2018 to 10/6/2018	37.00		37.00	46.25%	43.00		43.00	53.75%
10/7/2018 to 10/20/2018	24.00	19.00	43.00	53.75%	16.00	21.00	37.00	46.25%
10/21/2018 to 11/3/2018	29.00		29.00	36.25%	51.00		51.00	63.75%
11/4/2018 to 11/17/2018	25.00		25.00	31.25%	37.50	17.50	55.00	68.75%
11/18/2018 to 12/1/2018	21.00	8.40	29.40	36.75%	36.50	14.10	50.60	63.25%
12/2/2018 to 12/15/2018	50.00		50.00	62.50%	30.00		30.00	37.50%

At times the employee charged all leave for the pay period to one program; other times, the employee attempted to allocated the leave used between programs. In neither instance did the allocation of leave agree to the actual time worked on the program.

2 CFR 200.431(b) states,

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met: (1) They are provided under established written leave policies; (2) The costs are equitably allocated to all related activities, including Federal awards; and, (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

The questioned costs related to the allocation of leave hours are unknown as the amount of time charged to each subaward each pay period varies.

We recommend the DCHD implement procedures to ensure the leave hours paid are charged to the Federal programs based on the actual hours worked for each program.

As noted in the prior year, certain employees project the entire amount of time worked each pay period because the timecard is filled out prior to the pay period. Other employees, including the two selected for testing, only project one or two days, as the timecards are submitted just prior to the end of the pay period. For example, for one pay period the time card was submitted on October 18, 2018; however, the pay period ended on October 20, 2018. Therefore, the employees projected their time worked for one day, as the other day was a weekend.

Finally, the APA reviewed one employee's activity log that documented specific activities performed for each subaward. For the quarter tested, the APA identified a variance of two hours between the activity log and the accounting system time records between the PHEP and CRI subawards. However, the amount paid agreed to the accounting system time records, so the APA simply wanted to bring this to the attention of the DCHD.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

For the PHEP grant, the APA tested a total of $1,279.77 of administrative direct costs. For the CRI grant, the APA tested $192.50 of administrative direct costs.

The APA tested three expenditures included in the administrative direct costs. According to the DCHD, a budgeted amount of Full Time Equivalents (FTE) was initially used to allocate these costs to each program. The DCHD stated that the FTE amounts were reviewed and updated each quarter, or more often if necessary, to more accurately reflect the actual time worked. The following table shows the amounts allocated to both the PHEP and CRI subawards for the quarter tested:

Type of Admin Expense	Total Expense	Allocated to PHEP	Allocated to CRI
DotComm Expenses	$26,640	$842.72	$126.79
City-wide Maintenance	$4,481.16	$177.27	$26.66
Security Services	$6,883.95	$259.78	$39.05

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The APA recommends the DCHD ensure the amounts charged for these administrative costs are based on actual time worked on each program. *Additionally, the APA found that for the Citywide Maintenance and the Security Services, the DCHD was charged 53% of the total county bill, which is based upon the total square footage of each building. This allocation method has not been updated since 2013 and documentation was not provided to support the amount charged to the DCHD.* *We recommend the DCHD implement procedures to ensure a comparison to actual expenses is performed with adjustments made for significant variances between the budget and actual FTE. Furthermore, we recommend the DCHD ensure the square footage amounts used to calculate its share of the county cost of these administrative expenses is documented and up-to-date.*
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issues noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subrecipients were noted.

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Complete Internal Control Questionnaire
The ECDHD lacks adequate, written procedures regarding the allocation of costs between its various programs. This would include procedures for the allocation of payroll costs to more than one program, as well as general operating costs that might provide benefits to more than one program. The ECDHD should implement written policies and procedures to ensure costs are allocated to its programs based on the relative benefits received.
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Obtained audit report for the fiscal year ended December 31, 2017. No findings were noted. Per discussion with the ECDHD, the audit report for the fiscal year ended December 31, 2018, is not expected to be completed until September 2019. The APA also issued a letter on March 6, 2019, which identified multiple issues with payments made by the ECDHD, including suspected fraudulent activity by the former CEO, who was later terminated. *Issues related to the prior year monitoring findings are addressed in the sections below or have been corrected.*
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
The ECDHD uses MIPS and general ledger detail was obtained for the quarter tested.
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 ECDHD reported $13,563.48 in personnel costs during quarter 2. The APA tested one employee (the Emergency Response Coordinator) whose personnel costs for the quarter totaled $12,609.43. The following was noted: *The IRS Form W-4 provided for this employee was signed on the date that documentation was requested by the APA. The elections on this form agreed to the withholdings used on the employee's paystubs; however, the ECDHD was unable to provide an IRS Form W-4 that would have been in effect during the pay period tested. There are no questioned costs as this would only have an effect on the employee's deductions, and not the amounts paid, or charged to this subaward, by the ECDHD. We recommend the ECDHD implement procedures to ensure adequate documentation is on file to support all benefit and deduction information elected by employees.* *Additionally, in the prior year subrecipient monitoring, issues were noted related to the ECDHD's allocation of leave hours. The employee tested by the APA in fiscal year 2019 charged 100% of their time, including leave hours, to this subaward. As a result, no allocation issues were noted. However, the APA also tested employees for the Good Neighbor Community Health Center's (GNCHC) PHEP subaward, which shares the same management as the ECDHD. During the detailed test of employee payroll for the GNCHC, it was noted that leave hours (holiday, sick, vacation, etc.) were allocated based on the budgeted amount of time that employees were expected to work on each program. Leave hours were not allocated based on the actual percentage of time worked. There are no questioned costs related to this subaward; however, the APA wants to ensure the DHHS is aware of the allocation methods used for the ECDHD and the GNCHC.*

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Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The ECDHD charged $3,382.52 in expenses other than payroll and indirect costs to the subaward for the quarter tested. The DHHS disallowed and did not reimburse the ECDHD for $971 of this amount as it was related to rent costs for an agency-owned building. Utility costs were detail tested during the APA's testing of the GNCHC, which shares the same management as the ECDHD. The APA also noted that the utility and cell phone costs were overcharged for the quarter tested. See the reporting section below for additional information. No additional detail testing was performed.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 ECDHD charged $2,472.31 in indirect costs to the subaward for the quarter tested. The indirect cost rate is applied on the actual salary and wages plus fringe benefit amounts. The rate was 18.45% as of July 1, 2018. The ECDHD provided a copy of an internally generated indirect cost rate agreement, which was provided to DHHS as part of the budget process. Specific approval of the rate was not provided. We recommend the DHHS implement formal procedures for the review and approval of subrecipient indirect cost rate agreements and ensure that other costs being allocated directly to the grant, such as rent and utilities, are not also part of the indirect costs being claimed. We further recommend the DHHS provide explicit approval of such agreements. *The DHHS reduced the request for reimbursement by $1,794 for unallowable rent expenses. This includes the $971 mentioned in the expenditures section above for the quarter tested, and an additional $823 for the first quarter of the grant year. The APA is including this for informational purposes.* *The request for reimbursement included an additional $163.42 in payroll taxes and benefits, $107.28 in utilities, and $50.31 in cell phone costs. Per discussion with the ECDHD, journal entries were made in the general ledger to remove these amounts; however, they were not also removed from the request for reimbursement. The additional $321.01 for these costs categories would be considered questioned costs. We recommend the ECDHD implement procedures to ensure the request for reimbursement is adequately supported by the actual costs that were incurred for the program.* *The request for reimbursement included $303 for contractual services, which was not in the original general ledger provided by the ECDHD. These costs were incurred in the first quarter, but not requested for reimbursement until the second quarter; therefore, they did not show up on the general ledger for the second quarter. The ECDHD provided a general ledger for the first quarter, which*

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included this amount. It appears these costs were actually incurred, the APA wanted to ensure the DHHS was aware of this timing issue to ensure the costs were not reported twice.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subrecipients were noted.

Attachment 21

Complete Internal Control Questionnaire

The GNCHC lacks adequate written procedures regarding the allocation of costs between its various programs. This would include procedures for the allocation of payroll costs to more than one program, as well as general operating costs that might provide benefits to more than one program. The GNCHC should implement written policies and procedures to ensure costs are allocated to its programs based on the relative benefits received.

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

Obtained audit report for the fiscal year ended December 31, 2017. No findings were noted. Per discussion with the GNCHC, the audit report for the fiscal year ended December 31, 2018, is not expected to be completed until September 2019. The APA also issued a letter on March 6, 2019, which identified multiple issues with payments made by the GNCHC, including suspected fraudulent activity by the former CEO, who was later terminated.

Issues related to the prior year monitoring findings are addressed in the sections below, or have been corrected.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions

The GNCHC uses MIPS and general ledger detail was obtained for the quarter tested.

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 the only employee charged to the subaward, the Infection and Disease Control Specialist. The GNCHC charged $5,469.18 in salary and benefits to the subaward for the quarter. The following was noted:

Per discussions with the GNCHC, employees allocate their regular hours worked to programs based on the actual time worked. However, leave hours (holiday, sick, vacation, etc.) are charged to the subaward based on a budgeted estimate of time for each project that the employees anticipate working, rather than based on actual hours worked during the pay period.

For example, for the November 16, 2018, pay check date, the Infection and Disease Control Specialist used a total of 31.75 leave hours and charged 13.25, or 41.73%, of these hours to this subaward. The GNCHC estimated this employee would spend 40% of the time worked on the subaward for the pay period. As a result, total personnel costs are not allocated based on the percentage of actual time worked on the subaward. The table below shows the variances noted due to this allocation method:

APA Calculated PHEP Allocation	
PHEP Hours Worked	19.00
Total Hours Worked	48.25
% of Hours Worked on PHEP	39.38%

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	Total Paid	APA Calculated PHEP Allocation	APA Calculated Charge to PHEP	GNCHC Actual Charge to PHEP	Variance
Wages	$2,054.40	39.38%	$809.02	$828.18	$19.16
Payroll Taxes	$157.16	39.38%	$61.89	$63.35	$1.46
Retirement	$102.72	39.38%	$40.45	$41.41	$0.96
STD (Note 1)	$23.51	39.38%	$9.26	$9.15	$(0.11)
LTD	$1.36	39.38%	$0.54	$0.54	$0.00
Life Insurance	$1.59	39.38%	$0.63	$0.64	$0.01
Totals	**$2,340.74**		**$921.79**	**$943.27**	**$ 21.48**

Note 1: The total short-term disability (STD) amount above is from the invoice provided to the APA by the GNCHC. However, the GNCHC actually allocated STD costs to the subaward using a total paid during the pay period of $22.68.

As noted above, the subaward was overcharged by a total of $21.48 for the one pay period tested during the quarter. This would be considered questioned costs.

2 CFR 200.431(b) states the following:

> *Leave.* The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:
>
> (1) They are provided under established written leave policies;
>
> (2) The costs are equitably allocated to all related activities, including Federal awards; and,
>
> (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.
>
> (i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.
>
> (ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

We recommend the GNCHC implement procedures to ensure personnel costs, including leave, are allocated based on the percentage of actual time worked on each program.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

Total expenditures other than payroll and indirect costs charged to the subaward were $701.23. The APA tested $588.01 rent and utilities expense charged to the subaward for the quarter tested. The following was noted:

The rent and utilities expense consisted of $136.01 in utility costs that were allocated to the program and properly supported by invoices from various utility companies.

The expense also consisted of $452 for "rent". As noted in the prior monitoring, the GNCHC charged each of its programs a fair market value cost per square foot to pay for such items as the mortgage on the building, building insurance, maintenance, upkeep, etc. on the agency-owned building. The GNCHC

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accumulated these funds in their building fund and then made payments from the building fund for costs associated with the building, including its mortgage payment.

Per the subaward agreement, section IV. General Terms and Assurance, FF. Payment of Costs and Audit Requirements:

> 1. *All payments made under this subaward must be consistent with 2 CFR § 200 et seq. and any other regulations for the federal funding source, as applicable, including but not limited to 45 CFR § 75 et seq. and 45 CFR § 95 et seq. The Subrecipient shall ensure all costs requested under this subaward are **actual**, and meet all federal allowability, allocability, and reasonableness requirements for the funds involved, including but not limited to all requirements for allowability under 2 CFR §§ 200.400 through 475 and 45 CFR §§75.400 through 477.*

(Emphasis added)

Because the specific amount charged to this subaward was not an actual cost of the program, but rather used to accumulate funds in the building fund, the payment was not allowable under the terms of the subaward.

Additionally, the DHHS disallowed similar rent costs for the East Central District Health Department (ECDHD). The ECDHD and the GNCHC share management; therefore, it appears the rent also should have been disallowed for the GNCHC. The entire $452 of rent would be considered questioned costs.

We recommend the GNCHC implement procedures to ensure only actual costs incurred are charged to the subaward, as required by the subaward agreement.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issues noted.

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 GNCHC charged $1,005.37 in indirect costs to the subaward for the quarter tested. The indirect cost rate is applied on the actual salary and wages plus fringe benefit amounts. The rate was 18.45% as of July 1, 2018. The GNCHC provided a copy of an internally generated indirect cost rate agreement which was provided to DHHS as part of the budget process, but specific approval of the rate was not provided.

We recommend the DHHS implement formal procedures for the review and approval of subrecipient indirect cost rate agreements and ensure that other costs being allocated directly to the grant, such as rent and utilities, are not also part of the indirect costs being claimed. We further recommend the DHHS provide explicit approval of such agreements.

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

N/A – no sub-awards were noted.

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Complete Internal Control Questionnaire

Central District Health Department lacked adequate segregation of duties over its financial processes. While two individuals are primarily responsible for entering new employees into the accounting system, entering changes in pay rates, preparing payroll, preparing vendor payments, and creating checks, there are several other employees who have full access to key financial functions in the accounting system, including the Executive Director. The Executive Director acts as the compensating control for the other employees by reviewing and approving the financial activities. However, the CDHD lacks adequate compensating controls related to the Executive Director.

Furthermore, the CDHD uses signature stamps to sign checks. The Executive Director and Board President are the authorized check signers, and there is a stamp for each of them. The Executive Director uses her own stamp; however, because the Board only meets every other month, the Board President's stamp is used by CDHD staff to sign the checks.

We recommend the CDHD implement procedures to ensure a proper segregation of duties exists over its transaction processing. We recommend the Board document its review of the Executive Director's payroll, including the rate paid and hours worked. We also recommend the Board document its review of claims paid by designating a Board member to initial the claims listing. Finally, we recommend the Board review the bank statements to ensure all transactions are appropriate. Additionally, the APA recommends the CDHD discontinue the use of a signature stamp for signing checks. The purpose of a dual signature check is to provide more effective internal controls. That control is eliminated when individuals other than the authorized signer are allowed to use the stamp to sign checks.

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

Obtained FY18 audit. No issues noted.

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

The CDHD uses QuickBooks. The APA obtained backups of the expenses for the PHEP grant and the HPP grant.

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

Obtained. See control issues noted in the internal control section above.

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 CDHD reported $24,391.36 in personnel costs during quarter 2. The APA reviewed paystubs, timesheets, and salary authorizations for two employees charged to the grant as follows:

Employee	Pay Check Date	Gross Pay	Amount Charged to Subaward	Percent Charged
Emergency Response Coordinator	11/29/2018	$ 2,180.80	$2,180.80	100%
Epidemiologist Nurse	12/27/2018	$ 2,419.20	$967.68	40%

The CDHD included in its budget .1 FTE, or 10%, for the position of Epidemiologist Nurse. During our testing of the quarter 2 report, which included pay checks from October 4, 2018, through December 27, 2018, the CDHD requested reimbursement for the Epidemiologist Nurse, which was between 37% and 43% of her actual hours worked. The amount requested for reimbursement is greater than the 10% included in the budget for the position. The APA wanted to bring this to the attention of DHHS, so they

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can ensure the CDHD does not charge more than the budgeted amount for that position at the end of the subaward grant period. *The APA also noted that the Epidemiologist Nurse charged 3 hours each day to the subaward when leave was not used, which appears to be a budgeted amount, rather than actual hours worked.* *We recommend that the CDHD implement procedures to ensure the amounts charged to the subaward are in accordance with the approved budget and are based on actual hours worked.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The CDHD reported $11,210.89 in non-personnel expenditures during quarter 2. No testing was considered necessary as the CDHD had an approved indirect cost rate and the indirect costs were $10,836.75 of the non-personnel costs. *The APA reviewed the CDHD's indirect cost rate of 38%. The indirect cost rate is higher than other indirect cost rates the APA has reviewed. This appears to be due to the number of salaried individuals included in the indirect cost rate calculation. The rate has been approved by the DHHS, but the APA wanted to bring this to the attention of the DHHS so that they can ensure the rate is appropriate during their budgeting process. There are no questioned costs associated with this.*
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issues noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Complete Internal Control Questionnaire

No issues noted.

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

Issues related to the 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 2018 transactions

The NNPHD uses QuickBooks and a general ledger was obtained for the quarter tested.

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 NNPHD charged $13,725.29 in salaries and benefits to the subaward for the quarter tested. The APA tested one employee, the Emergency Response Coordinator, whose personnel costs for the quarter totaled $12,033.65. The following was noted:

The NNPHD did not charge any leave hours to the subaward. The table below shows the allocation variance noted:

Calculated PHEP Allocation	
PHEP Hours Worked	63.00
Total Hours Worked	72.00
% of Hours Worked on PHEP	87.50%

Actual PHEP Allocation	
PHEP Hours Worked	63.00
Total Hours Paid (Included 8 hours of PTO)	80.00
% of Hours Worked on PHEP	78.75%

Note: The NNPHD failed to allocate leave hours to the PHEP grant. The calculated PHEP allocation, shown above, includes the percentage of actual time worked on the PHEP program, without the leave hours. The NNPHD allocated only 78.75% of the time to the PHEP grant, as shown above.

As a result, the PHEP subaward was undercharged $222.01 for the pay period tested, as shown in the table below:

	Total Paid	Calculated Allocation	Calculated Charge to PHEP	Actual Charge to PHEP	Variance
Wages	$2,304.92	87.50%	$2,016.81	$1,815.13	$(201.68)
Payroll Taxes	$166.89	87.50%	$146.03	$139.31	$(6.72)
Retirement	$155.58	87.50%	$136.13	$122.52	$(13.61)
Totals			**$2,298.97**	**$2,076.96**	**$(222.01)**

Note: The NNPHD calculated payroll taxes by multiplying the wages charged to the subaward by 7.65% (combined Federal rate). However, this employee had tax sheltered deductions; therefore, it would be more accurate to use the percentage of actual hours worked. The wages and retirement amounts actually charged to the subaward can be recalculated by multiplying the total paid by the 78.75% actual allocation noted in the tables above.

Since the grant is being undercharged, there would not be any questioned costs.

Furthermore, the NNPHD allocated the employer cost of health insurance to the PHEP subaward based on a calculated hourly rate, rather than using the percentage of time actually worked on the subaward. The table below shows the method used by the NNPHD to allocate employer-paid health insurance to this subaward:

Employer Share of Monthly Premium	$978.13	
X	12	months
Annual Premium	$11,737.56	
/	2,080	hours per year
NNPHD Hourly Charge	$5.64	per hour
PHEP Hours for Quarter	311.75	
PHEP Charge	**$1,758.27**	

The APA calculated the health insurance allocation using the percentage of actual time worked on the program shown in the table below:

Pay Period Ending	Total Hours Paid	PTO Hours Used	Total Hours Actually Worked	PHEP Hours Actually Worked	% PHEP Hours Worked
10/14/2018	80.00	16.00	64.00	57.25	89.45%
10/28/2018	80.00	16.00	64.00	51.00	79.69%
11/11/2018	80.00	8.00	72.00	63.00	87.50%
11/25/2018	80.00	24.00	56.00	54.00	96.43%
12/9/2018	80.00	16.00	64.00	51.50	80.47%
12/23/2018	80.00	0.00	80.00	35.00	43.75%
Totals	**480.00**	**80.00**	**400.00**	**311.75**	**77.94%**

The APA used this table to calculate the portion of the employer-paid health insurance allocable to the PHEP subaward:

Monthly Premium	$978.13	
X	3	months
Quarterly Premium	$2,934.39	
X	77.94%	
Calculated PHEP Charge	$2,287.06	
Actual PHEP Charge from Above	$1,758.27	
Variance	$(528.79)	

The APA's calculation shows that the NNPHD undercharged the subaward $528.79 for employer-paid health insurance. The issue is also related to the allocation of leave. The NNPHD's method to allocate health insurance is based upon 2,080 hours – which would include all leave hours used. Since the subaward is being undercharged, there would not be any questioned costs.

2 CFR 200.431(b) states the following:

Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met: *(1) They are provided under established written leave policies;* *(2) The costs are equitably allocated to all related activities, including Federal awards; and,* *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.* *We recommend the NNPHD implement procedures to ensure personnel costs are allocated to the subaward in accordance with the Uniform Grant Guidance. The employee's pay, leave, taxes, health insurance, and retirement should be allocated according to actual time worked on the PHEP program.*
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 NNPHD charged $1,085.21 in expenditures other than payroll and indirect costs to the subaward for the quarter tested. No detail testing of these expenditures was performed.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 NNPHD elected to use the 10% de minimis indirect cost rate. Indirect costs were being charged to the grant based on one-fourth of the budgeted indirect costs each quarter. Budgeted indirect costs were $7,409.80; therefore, $1,852.45 was charged for indirect costs during the quarter tested. However, total direct costs for the quarter totaled $14,810.50 so indirect costs should not have exceeded $1,481.05. Indirect costs were overstated by $371.40 for the quarter tested, which would be questioned costs. *We recommend the NNPHD implement procedures to ensure indirect costs are properly calculated and charged in accordance with the Uniform Grant Guidance. We further recommend the NNPHD and the DHHS ensure indirect costs are appropriately calculated for the grant year and are based on actual costs.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 24

Complete Internal Control Questionnaire

The PHS lacked an adequate segregation of duties over the processing of payroll and other accounts payable expenditures. One individual handled all phases of a transaction from beginning to end, including entering hours worked and pay rates into the accounting system. The same individual prepared vendor claims, reconciled credit card statements, and prepared checks. The Health Director reviewed and approved all payments; however, the Health Director also has access to the accounting system.

The PHS lacked formal written policies and procedures regarding capital assets/inventory.

We recommend the PHS implement procedures to ensure a proper segregation of duties exist. If a proper segregation of duties is not possible due to a limited staff, the PHS should implement additional controls to compensate for the lack of segregation of duties, which could include a detailed review of transactions, supporting documentation, and bank statements by its Board. We also recommend the PHS ensure it has a formally approved capital asset/inventory policy.

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

The audit report for the fiscal year-ended June 30, 2018, included findings for an inadequate segregation of duties and for the accountant preparing the entity's financial statements.

Issues related to the prior year monitoring findings are 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 2018 transactions

The PHS uses QuickBooks and a general ledger was obtained for all expenditures charged to the grant for the quarter tested.

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 PHS charged $15,965.05 in salary and benefits to the grant for the period tested. The APA tested the two employees that were charged to the grant: The Emergency Response Coordinator (ERC) and the Training Coordinator. The following was noted:

The PHS inappropriately included leave hours in its allocation of personnel costs to the PHEP subaward, which resulted in a lower percentage charged than would be allowed. The tables below show the variances noted for the Training Coordinator:

Calculated PHEP Allocation	
PHEP Hours Worked	24.00
Total Hours Worked	75.00
% of Hours Worked on PHEP	32.00%

Actual PHEP Allocation	
PHEP Hours Worked	24.00
Total Hours Worked	75.00
PTO Hours Paid	8.00
Total Hours Paid	83.00
PHEP % of Total Hours Paid	28.92%

This PHEP award was undercharged as noted below for this employee:

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	Total Paid	Calculated Allocation	Calculated Charge to PHEP	Actual Allocation	Actual Charge to PHEP	Variance
Wages	*$1,407.60*	*32.00%*	*$450.43*	*28.92%*	*$407.08*	*$(43.35)*
Social Security	*$86.03*	*32.00%*	*$27.53*	*28.92%*	*$24.88*	*$(2.65)*
Medicare	*$20.12*	*32.00%*	*$6.44*	*28.92%*	*$5.82*	*$(0.62)*
Retirement	*$95.01*	*32.00%*	*$30.40*	*28.92%*	*$27.48*	*$(2.92)*
Dental Insurance	*$16.47*	*32.00%*	*$5.27*	*28.92%*	*$4.76*	*$(0.51)*
Medical Insurance	*$307.66*	*32.00%*	*$98.45*	*28.92%*	*$88.98*	*$(9.47)*
Total			***$618.52***		***$559.00***	***$(59.52)***

As shown from the table above, the grant was undercharged a total of $59.52 for the one pay period tested. Because the subaward was undercharged, there are no questioned costs.

2 CFR 200.431(b) states the following:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
>
> *(1) They are provided under established written leave policies;*
>
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
>
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

The ERC did not use leave during the pay period tested. For periods in which leave was used, the same issue as noted above would apply.

We recommend the PHS implement procedures to ensure all costs are allocated to the subaward in accordance with the actual benefit received and in accordance with the Uniform Grant Guidance.

The ERC had Federal income taxes withheld using a marital status of married, but withhold at the higher single rate. State income taxes were withheld using a marital status of married. Per review of the employee's IRS Form W-4, a marital status or married, but withhold at the higher single rate was elected. As a result, State income taxes were improperly withheld from the employee's pay for the period tested. This would not be considered questioned costs as it is a deduction from the employee's gross pay.

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.*

We recommend the PHS implement procedures to ensure income taxes are withheld according to employees' IRS Form W-4.

The PHS covered the cost employee-only health, life, long-term disability, and accidental death and dismemberment insurance and charged the PHEP subaward an amount that was based upon a budgeted percentage. At the beginning of the fiscal year, the PHS determined the insurance cost per employee and then allocated this same amount to the subaward each pay period, regardless of the amount actually billed. The APA obtained one monthly invoice from the quarter tested and noted the following variance:

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Health Insurance Monthly Cost Per Employee	*Life, LTD, and AD&D Insurance Monthly Cost Per Employee*	*Total Monthly Insurance Cost Per Employee*	*Budgeted Monthly Amount Used to Allocate Costs*	*Variance*
$623.00	*$6.39*	*$629.39*	*$660.60*	*$31.21*

As noted above, the total amount allocated to each program is higher than the actual insurance costs for the month reviewed. The difference is an overcharge that is allocated to each program based on the budgeted percentage of time worked on each program, which did not approximate the relative benefits received, as previously noted. The questioned costs are unknown.

We recommend the PHS implement procedures to ensure employer-paid health insurance costs are charged based on the actual costs incurred, rather than based on budgeted rates.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The PHS charged $2,636.07 in expenses other than payroll and indirect costs to the grant for the period tested. The APA tested a $1,450 computer purchase for the ERC. The computer was allocated 100% to the PHEP subaward, even though the ERC only recorded 62.85% of the actual hours worked to the subaward during the pay period tested. Therefore, the expense was not allocated in accordance with the relative benefits received. We recommend the PHS implement procedures to ensure costs are charged to the grant in accordance with the relative benefit being received and in accordance with the Uniform Grant Guidance.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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.

Indirect costs for the quarter were calculated based on total direct costs of $18,601.12. The PHS has an indirect cost rate of 19.77% that was approved by the DHHS for July 1, 2018, through June 30, 2020. This resulted in the PHS charging the grant for $3,677.44 in indirect costs for the quarter tested.

However, the approved indirect cost rate agreement states that the indirect cost base will be "Direct salaries and wages including fringe benefits". Direct wages and benefits for the period were $15,965.05; therefore, indirect costs should have been only $3,156.29. Indirect costs for this quarter were overstated by $521.15, which would be considered questioned costs. We recommend the PHS implement procedures to ensure indirect costs are charged in accordance with the approved indirect cost rate agreement.

Attachment 24

Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subawards were noted.

Attachment 25

Complete Internal Control Questionnaire

The APA noted that the Department does not have a formal, written policy for inventory/capital assets, does not complete an annual inventory, and does not appear to add assets to its inventory list as soon as items are purchased. We recommend the Department implement procedures to strengthen controls over its inventory/capital assets by adopting a formal inventory/capital asset policy, completing an annual physical inventory, and ensuring all items are added to the listing upon purchase.

One employee has the ability to prepare vendor claims, has access to a credit card to make purchases, and prepares the vendor checks. The Director and a Board member sign all checks. The Department should ensure there is an adequate review of all supporting documentation prior to signing the checks to ensure payments are authorized.

The APA determined that the Director approved her own timesheets. We recommend the Department ensure there is an independent review of the Director's timesheets.

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

Obtained audit report for the fiscal year ended June 30, 2018. No weaknesses were noted.

Issues related to the prior year monitoring findings are 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

Obtained general ledgers for both the PHEP and CRI grants for the quarter tested.

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

For the Public Health Emergency Preparedness (PHEP) grant: The Department reported $28,146.40 in personnel costs during quarter 2. The APA reviewed paystubs, timesheets, and salary authorizations for three employees charged to the grant.

For the Cities Readiness Initiative (CRI) grant: The Department reported $7,191.60 in personnel costs during quarter 2. The APA obtained paystubs, timesheets, salary authorization for the two employees charged to the grant.

The APA noted that leave hours are charged 100% to a predetermined program and are not allocated in accordance with the actual time worked on each program. The following tables show the amount of time worked on the PHEP and CRI grants for the pay period selected for testing.

For one employee:

Hours Worked on PHEP	% Worked on PHEP	Hours Worked on CRI	% Worked on CRI	Total Hours Worked
49.90	64.81%	27.10	35.19%	77.00

The employee was also paid for 3 hours of leave, which was charged 100% to the PHEP grant.

For the second employee tested:

Hours Worked on PHEP	% Worked on PHEP	Hours Worked on Other	% Worked on Other	Total Hours Worked
58.00	93.55%	4.00	6.45%	62.00

The employee was also paid for 18 hours of leave, which was charged 100% to the PHEP grant.

For a third employee:

Hours Worked on PHEP	% Worked on PHEP	Hours Worked on CRI	% Worked on CRI	Hours Worked on Other	% Worked on Other	Total Hours Worked
9.00	11.88%	14.00	18.48%	52.75	69.64%	75.75

The employee was also paid for 4.25 hours of leave, which was charged 100% Other (general program activities).

2 CFR 200.431(b) states,

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met: (1) They are provided under established written leave policies; (2) The costs are equitably allocated to all related activities, including Federal awards; and, (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

The questioned costs related to the allocation of leave hours are unknown.

We recommend the Department implement procedures to ensure the leave hours paid are charged to the Federal programs based on the actual hours worked for each program.

For one employee tested, medical and vision elections could not be located in order to verify the deductions from the employee's pay. There are no questioned costs related to this issue as the amounts are deductions from the employee's pay and are not charged to the grants. The APA recommends that Department implement procedures to ensure adequate documentation is on file to support all deductions elected by employees.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

For the PHEP grant, the APA tested a total of $5,450.82 in non-payroll expenses, including $3,950.82 for rent expenses for the quarter. For the CRI grant, the APA tested $1,659.36 in non-payroll expenses, which was the amount of rent expense for the quarter.

Attachment 25

The rental invoice and lease agreement included an additional rental charge of $3.25 per square foot for common areas. The lease agreement required the landlord to provide a statement each year detailing the common area expenses, real estate taxes, and insurance, for which this additional amount was derived. The Department failed to obtain the billing statement until it was requested by the APA; therefore, the documentation supporting the common area rental charge was not adequate. This was noted in the prior year audit. Subsequent to the APA's completion of this monitoring, the Department obtained the billing statement and provided it to the APA. The APA did not review this statement, since it was not provided until after the monitoring was completed.

Questioned costs related to the lack of documentation for the common area expenses are unknown.

We recommend the Department implement procedures to ensure the statement detailing the common area expenses is obtained to ensure the amount charged for rent is supported.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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 noted a few variances between the amounts charged to the PHEP and CRI grants and the amounts provided in the general ledgers.

The Department charged the PHEP grant $148.15 in administrative costs related to the Verizon bill that were actually paid in January 2018, after the quarter tested. This is included in the report for the benefit of the DHHS to understand that the amount reported by the Department might be paid in a different quarter. The DHHS should implement procedures to ensure the amounts are only charged to the grant once.

The Department also under charged the CRI grant for payroll taxes in the amount of $34.85. The majority of the error related to the amount charged to the grant for retirement contributions. According to the Department, there was an error made in the FTE allocation that caused this issue. Because the amount was undercharged, there are no questioned costs. We recommend the Department implement procedures to ensure the amounts reported are accurately allocated to each program.
The Department reported $248.40 for the PHEP grant and $69.57 for the CRI grant related to copier lease expenses. The APA found that the copier lease amount allocated to each grant was not adequately supported. The budget stated the annual expense for copier lease was $5,125.08. However, the Department used an actual annual lease amount of $4,656. Neither of these annual lease amounts were supported by adequate documentation. The questioned costs related to the copier lease portion of the administrative costs is unknown.

We recommend the Department ensure documentation exists to support the annual copier lease amount.

Attachment 25

The APA noted that the Department reported $1,659.36 in the CRI grant for rent expense in the quarter tested. However, the general ledger only included $1,106.24. Auditor observed a general ledger from the Department showing that one month's rent payment ($553.12) was made in September 2018. The total amount reported appears reasonable based on the actual rent expense incurred during this quarter; therefore, there are no questioned costs. The DHHS should be aware of this timing issue to ensure only 12 months of rent are reported during the grant year.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subrecipients were noted.

Attachment 26

Complete Internal Control Questionnaire

The APA determined the FCHD lacked adequate segregation of duties over its accounting processes, as one individual is able to perform all tasks within the accounting system. This was also a finding in the FCHD's audit report for the fiscal year ended December 31, 2018, due to a limited number of personnel. We recommend the FCHD evaluate its internal controls with the use of limited personnel and ensure compensating controls, such as additional reviews and financial monitoring, are performed and documented by individuals without access to the accounting system.

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

Per review of the fiscal year ended December 31, 2018, audit report, the only finding was related to an inadequate segregation of duties due to a limited number of personnel.

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 2018 transactions

The FCHD uses QuickBooks and a general ledger was obtained for the quarter tested.

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

Issues related to segregation of duties were noted above.

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

A total of $15,095.91 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the Executive Director and the Emergency Response Coordinator (ERC), for whom the FCHD charged $10,592.52 in salary and benefits to the subaward for the quarter. The following was noted:

For the two employees tested, the FCHD did not properly allocated personnel costs to the subaward, as follows:

Executive Director: *The FCHD incorrectly excluded certain hours worked in its calculation of the percentage of time worked. Hours recorded to "Uncompensated time" were used to record hours worked on programs that did not have a funding source. The Executive Director recorded 15.25 hours to this category in the pay period tested. Since these hours are related to actual time worked, it appears they should be considered in the allocation of personnel costs.*

The FCHD charged 37.5% of the Executive Director's time to the subaward by taking 30 hours worked on the subaward by 80 total hours paid. The APA calculated 31.5% of time worked on the subaward by taking 30 hours worked on the subaward by 95.25 total hours worked. The table below shows the variances noted for the one pay period tested:

	Total Paid	APA Calculated Allocation	APA Calculated Charge to PHEP	FCHD Actual Allocation	FCHD Actual Charge to PHEP	Variance
Wages	$2,600.00	31.50%	$819.00	37.50%	$975.00	$156.00
Retirement	$175.50	31.50%	$55.28	37.50%	$65.81	$10.53
Social Security	$161.20	31.50%	$50.78	37.50%	$60.45	$9.67

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Medicare	$37.70	31.50%	$11.88	37.50%	$14.14	$2.26
Accrued PTO	$239.85	0.00%	$0.00	37.50%	$89.94	$89.94
Total			**$936.94**		**$1,205.34**	**$268.40**

The table above shows a total overcharge of $268.40 for one pay period tested during quarter three.

***ERC**: The FCHD incorrectly included leave hours used in its calculation of the ERC's percentage of time worked. For the pay period tested, the ERC recorded a total of 79.63 hours; however, 7.38 of those hours were vacation leave.*

The ERC recorded 68.25 hours worked on this subaward for the pay period tested. The FCHD calculated this to be 85.71% of the 79.63 total hours paid. The APA calculated the percentage of time worked on this subaward at 94.46% by taking the 68.25 hours worked on this subaward by 72.25 total hours worked. The table below shows the variances noted for the one pay period tested:

	Total Paid	**APA Calculated Allocation**	**APA Calculated Charge to PHEP**	**FCHD Actual Allocation**	**FCHD Actual Charge to PHEP**	**Variance**
Wages	$1,498.64	94.46%	$1,415.62	85.71%	$1,284.47	$(131.15)
Retirement	$101.16	94.46%	$95.56	85.71%	$86.70	$(8.86)
Social Security	$92.30	94.46%	$87.19	85.71%	$79.11	$(8.08)
Medicare	$21.59	94.46%	$20.39	85.71%	$18.50	$(1.89)
Health Insurance	$419.16	94.46%	$395.94	85.71%	$359.26	$(36.68)
Accrued PTO	$134.83	0.00%	$0.00	85.71%	$115.56	$115.56
Total			**$2,014.70**		**$1,943.60**	**$(71.10)**

In this case, the FCHD undercharged the award by $71.10 for the pay period tested in quarter three.

Additionally, as noted in the tables above, the FCHD allocated accrued paid time off (PTO) to the subaward. However, this would not be an actual disbursement of FCHD funds; therefore, this would not be allowable. The FCHD charged a total of $937.59 in accrued PTO to the subaward, which is a questioned cost.

We recommend the FCHD implement procedures to ensure personnel costs are allocated based on the actual percentage of time employees are working on each program. We further recommend the FCHD ensure only actual costs incurred are charged to the subaward. Questioned costs are unknown.

The APA also determined that the FCHD lacked adequate documentation to support the authorized rate of pay for the ERC. In March 2019, the Board of Health approved a 3% or 4% raise for employees based upon the results of a performance review. The ERC was given a 3% raise; however, per discussion with the FCHD, a performance review was not completed as the ERC had submitted a resignation notice at the time the reviews were completed. We recommend the FCHD implement procedures to ensure adequate documentation is on file to support the rate of pay for all employees. Questioned costs are unknown.

Finally, the APA noted that the FCHD lacked adequate documentation to support whether the ERC elected participate in the health or dental insurance plans. The ERC had a deduction from pay for dental insurance and the FCHD charged health insurance expenses to the subaward on behalf of the ERC, but the FCHD failed to provide documentation indicating the ERC elected coverage under the

plans. Total questioned costs are unknown. We recommend the FCHD implement procedures to ensure adequate documentation is on file to support all employee benefit elections.
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
A total of $1,666.83 in expenditures other than salary and benefits were charged to the subaward for the quarter tested. The APA tested one expenditure totaling $989.58 for management of a volunteer database. The following was noted: *The amount paid agrees to the contract with Region V Systems for the management of the database. However, the contract also notes that Region V will provide an invoice for amounts due; however, the FCHD was unable to provide a copy of the invoice for the payment being tested. We recommend the FCHD implement procedures to ensure adequate documentation is on file for all payments being made.*
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 FCHD elected to use the 10% de minimis indirect cost rate and charged $2,457.96 in indirect costs to the subaward for the quarter tested. However, per discussion with the FCHD, they did not fully understand how to calculate these costs during the first two quarters of the grant year. As a result, indirect costs were undercharged in the first two quarters. In the third quarter, the FCHD obtained an understanding of the de minimis calculation and charged more indirect costs to make up for the first two quarters; however, the grant is still undercharged by a total of $397.32 after the third quarter of the grant year. Since the subaward is being undercharged, there are no questioned costs. We recommend the FCHD implement procedures to ensure they have an adequate understanding of how to charge de minimis indirect costs. We further recommend that the FCHD and the DHHS work together to ensure that the indirect costs for the entire grant year are properly calculated and charged to this subaward. *The APA noted that the FCHD charged agency-owned vehicle costs to the subaward using a mileage rate. However, since this is not an actual expense, it is not allowable. Examples of actual expenses for its agency-owned vehicles would include fuel purchases, depreciation, repairs, maintenance, etc. The FCHD charged $178.20 to the subaward for travel in agency-owned vehicles during the quarter tested. We recommend the FCHD implement procedures to ensure only actual expenses are charged to the subaward, in accordance with the Uniform Grant Guidance. The total amount of $178.20 is a questioned cost for the third quarter.*

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Per review of the quarterly report, the APA noted the Executive Director's cell phone costs were charged to this subaward. The FCHD charged 8% of the Executive Director's phone bill to the subaward, which amounted to $13.17 for the quarter tested. Per discussion with the FCHD, the allocation is based on the amount of time the employees were budgeted to work on the program. The FCHD does not review the costs based on the actual amount of time worked on the program. The FCHD stated they plan to remove this cost from future subaward budgets and instead have it be covered through indirect costs. We recommend the FCHD implement procedures to ensure costs are equitably allocated to each program based on actual time worked. Without adequate documentation to support the allocation, these would be considered questioned costs.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 27

Complete Internal Control Questionnaire

No issues noted.

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

The audit report for year ended June 30, 2018, noted a lack of adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions. Per discussion with the Loup Basin Public Health Department (LBPHD), controls have now been implemented to include an independent review of the transaction detail and associated supporting documentation by the Director. Additionally, all checks have to be signed by two individuals, one of which does not have access to the accounting system. Compensating controls appear adequate.

Issues related to the prior year monitoring findings are 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 2018 transactions

The LBPHD uses QuickBooks and a general ledger was obtained for all expenditures charged to the grant for the quarter tested.

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 LBPHD charged $16,448.76 in salaries and benefits to the PHEP subaward for the quarter tested. The APA tested two employees that were charged to the grant: the Emergency Response Coordinator (ERC) and the Back-Up ERC. The following was noted:

The LBPHD charged the subaward based on the budgeted percentage of time each employee expected to work on the subaward, rather than based on the actual hours worked. The table below shows the percentage of time actually worked on the subaward for one pay period tested:

Employee	PHEP Hours	Total Hours	% of Hours on PHEP	Actual PHEP Allocation Used
ERC	73.50	88.51	83.04%	80.00%
Back-Up ERC	18.00	75.07	23.98%	25.00%

As a result of these differences in the percentage allocation, the following variances were noted between the calculated charge to each subaward and the actual employer-paid amounts charged for each employee:

ERC:

ERC						
	Total Paid	Calculated Allocation	Calculated Charge to PHEP	Actual Allocation	Actual Charge to PHEP	Variance
Wages	$1,750.00	83.04%	$1,453.20	80.00%	$1,400.00	$(53.20)

Retirement	$118.18	83.04%	$98.14	80.00%	$94.50	$(3.64)
Social Security	$103.41	83.04%	$85.87	80.00%	$82.73	$(3.14)
Medicare	$24.19	83.04%	$20.09	80.00%	$19.35	$(0.74)
Health Insurance	$657.62	83.04%	$546.09	80.00%	$526.10	$(19.99)
Total			**$2,203.39**		**$2,122.68**	**$(80.71)**

Back-Up ERC:

Back-Up ERC						
	Total Paid	**Calculated Allocation**	**Calculated Charge to PHEP**	**Actual Allocation**	**Actual Charge to PHEP**	**Variance**
Wages	$2,070.00	23.98%	$496.39	25.00%	$517.50	$21.11
Retirement	$139.73	23.98%	$33.51	25.00%	$34.93	$1.42
Social Security	$128.34	23.98%	$30.78	25.00%	$32.09	$1.31
Medicare	$30.02	23.98%	$7.20	25.00%	$7.51	$0.31
Total			**$567.88**		**$592.03**	**$24.15**

The above tables show the variances noted for the one pay period tested. Total questioned costs are unknown. A similar issue was noted during the prior year monitoring.

2 CFR §200.430(i)(1) states:

> *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*
>
> * * * *
>
> *(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*
> *(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:*
> *(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;*
> *(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and*
> *(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.*

We recommend the LBPHD ensure personnel costs charged to the subaward are allocated based on the actual time worked on the subaward, as required by the Uniform Grant Guidance.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Attachment 27

Perform a detailed test of agency expenditures

The LBPHD charged $5,330.43 in non-personnel costs to the PHEP subaward. The APA tested $3,012.74 in expenditures related to the ERC's and Back-Up ERC's travel to St. Louis, Missouri, for the Annual Preparedness Summit. The following was noted:

The LBPHD charged the subaward $54.98 related to lunches for the ERC and Back-Up ERC on March 27-28, 2019. However, according to the conference agenda, lunch was provided as part of the conference on those two days. Per discussion with the LBPHD, these amounts were reimbursed to the employees and requested for reimbursement from the DHHS because the employees incurred the expenses for a networking opportunity with Nebraska DHHS staff and other Nebraska ERC's.

We recommend the LBPHD work with the DHHS to determine if these meals are allowable expenses when a meal has already been included as part of the conference registration. If the meals are allowable, we further recommend the LBPHD ensure adequate documentation exists to support the occurrence of such meetings.

Additionally, one $34.45 receipt lacked the itemized details of the purchase. An LBPHD policy states that if a receipt is lost or not obtained, employees may still be reimbursed upon completion of a "Lost Receipt Affidavit", which includes details about what was purchased and a certification that no alcohol, tobacco, gift cards, or gift certificates were purchased. The form is signed by the employee and either the Director or Assistant Director. The LBPHD provided this form for the amount in question; however, the form was not signed and dated until after the APA requested additional documentation to support this purchase. Without adequate supporting documentation, this would be considered a questioned cost.

We recommend the LBPHD implement procedures to ensure adequate documentation is on file and completed prior to requesting reimbursement.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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 LBPHD requested reimbursement for the following amounts recorded as administrative costs during the quarter tested:

Administrative Cost Category	*Amount*
Company Vehicle	*$405.35*
Facility Cost	*$1,013.17*
Telephone and Internet	*$262.69*
Total	***$1,681.21***

Per discussion with the LBPHD these costs are calculated as follows:

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Company Vehicle: The LBPHD accumulates all vehicle depreciation, insurance, and maintenance costs from the prior fiscal year. That amount is then evenly distributed over 12 months and charged to each program based on the percentage of total miles travelled for each program during the month. Actual fuel receipts for the month are also included in the company vehicle costs and are allocated using the percent of miles travelled for each program. This was included for informational purposes to ensure the DHHS was aware of the allocation method used by the LBPHD.

Facility Cost: The LBPHD accumulates all building and equipment depreciation, insurance, repairs and maintenance, office supplies, and utilities from the prior fiscal year. That amount is then divided by twelve months and then further divided by the number of full-time equivalent employees to determine the cost per full-time employee per month. At that point, the cost is allocated to the different programs based on the budgeted percentage of time each employee is expected to work on each program. Since the facility costs are allocated based on budgeted, rather than actual, time worked, questioned costs are unknown.

Telephone and Internet: The LBPHD charges employee cell phones, office telephone, and internet through this category. The cell phone costs are only charged for the ERC and the Back-Up ERC. The ERC's cell phone costs are 100% charged to this subaward, while 20% of the Back-Up ERC's cell phone costs are charged to this subaward. Per the budget justification, these amounts are charged in order to allow a primary and back-up on-call cell phone to have a 24/7 contact for public health emergency. These costs are charged at the same rate each month, and not compared to the actual percentage of time the employees are working on each program. The APA questions whether it is reasonable for more than one cell phone cost to be charged to the subaward, especially when the allocation does not agree to the percentage of time the employee is working.

The total costs incurred for the office telephones and internet service is divided by the number of programs and evenly charged to each. This method does not appear to equitably allocate these costs based on the relative benefit received by each program.

The LBPHD noted they review the total vehicle and facility costs that are actually incurred during the year and compare this to the amounts that were actually charged using the methods noted above based on prior year costs incurred. Typically, these costs increase each year, so the LBPHD does not adjust for actual costs to prevent exceeding the subaward; however, the LBPHD stated they would reduce the reimbursement request if costs were lower than the prior year. The APA obtained the general ledger for the facility costs for the period July 1, 2018, through March 31, 2019, and compared total costs actually incurred to the amounts accumulated from the prior fiscal year. Actual costs through three quarters were about the same as the entire previous fiscal year. Therefore, the method used by the LBPHD to compare the actual costs appears reasonable.

Questioned costs related to the administrative costs are unknown.

We recommend the LBPHD implement procedures to ensure administrative costs are allocated to each program based on the relative benefits received, including allocating costs based on the actual percentage of time employees are working on each program, where applicable.

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

N/A – no sub-awards were noted.

Attachment 28

Complete Internal Control Questionnaire

The Three Rivers Public Health Department (3RPHD) lacks an adequate segregation of duties over its accounting processes as two employees have access to perform all tasks within the accounting system. These two employees are also authorized check signers. This finding was also noted in the 3RPHD's audit report for the fiscal year ended June 30, 2018. A Board member does review the documentation to support purchases; however, due to the small staff size, there is an increased risk that a purchase could be made without being reported to the Board. We recommend the 3RPHD continue to weigh the costs of hiring additional personnel and implementing additional controls to ensure all transactions are properly authorized.

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

The audit report for fiscal year ended June 30, 2018, noted that there was a lack of segregation of duties as the Executive Director had access to functions of the accounting system, approves invoices, and signs checks. As noted above, this was also noted by the APA.

Issues related to prior year monitoring findings have been corrected, or are noted below in this Summary of Results.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions

The 3RPHD uses QuickBooks. The 3RPHD does not use separate time codes or ledgers to allocate costs to these subawards in its accounting system. The 3RPHD relies on a manual calculation of the time and effort spent on programs to allocate salaries and benefits. The APA obtained a payroll summary report for payroll from October through December 2018. No issues were noted; however, the APA wanted to ensure the DHHS was aware of the method used to allocate costs to these subawards.

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

See segregation of duties issues noted above.

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 3RPHD charged $20,003.98 in salaries and benefits to the PHEP subaward and $7,134.37 in salaries and benefits to the CRI subaward during the quarter tested. The APA tested two employees that were each charged to both subawards: the Disease Surveillance Coordinator and the Emergency Response Coordinator (ERC). The table below shows the amount of salaries and benefits charged to each subaward for these two employees during the quarter tested:

Employee	*PHEP*	*CRI*	*Total*
ERC	*$4,374.39*	*$3,062.07*	*$7,436.46*
Disease Surveillance Coordinator	*$10,019.06*	*$834.93*	*$10,853.99*
Total	***$14,393.45***	***$3,897.00***	***$18,290.45***

The following concerns were noted:

The 3RPHD allocated personnel costs to each subaward based on a budgeted percentage of time worked on each program. Payroll taxes and benefits are then allocated at a budgeted 34% of the salary charged to each subaward.

The table below shows the allocation percentages used by the 3RPHD:

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Employee	PHEP	CRI
ERC	50%	35%
Disease Surveillance Coordinator	60%	5%

The APA obtained the employees' timesheets to determine the actual amount of time worked on each program and compared the actual time worked to the budgeted percentage actually charged to the subaward. The tables below show the variances noted:

ERC:
Actual hours worked on each program:

	PHEP		CRI		Other		Total
Pay Period	Hrs	%	Hrs	%	Hrs	%	Hrs
10/12/2018	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
10/26/2018	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
11/9/2018	20.00	49.38%	16.75	41.36%	3.75	9.26%	40.50
11/23/2018	36.00	49.15%	25.50	34.81%	11.75	16.04%	73.25
12/7/2018	33.00	48.53%	25.50	37.50%	9.50	13.97%	68.00
12/21/2018	39.50	49.22%	27.75	34.58%	13.00	16.20%	80.25
	128.50	**49.05%**	**95.50**	**36.45%**	**38.00**	**14.50%**	**262.00**

Wages: Variance between APA calculated and actual 3RPHD allocated salary costs:

Program	Total Wages	3RPHD % Allocation	3RPHD Calculated Allocation	APA % Allocation	APA Calculated Allocation	Variance
PHEP	$6,528.94	50%	$3,264.47	49.05%	$3,202.45	$62.02
CRI	$6,528.94	35%	$2,285.13	36.45%	$2,379.80	$(94.67)

Payroll Taxes and Benefits: Variance between APA and 3RPHD allocated taxes and benefit costs:

Program	Total Employer-Paid Taxes and Benefits*	3RPHD % Allocation**	3RPHD Calculated Allocation**	APA % Allocation	APA Calculated Allocation	Variance
PHEP	$952.55	34%	$1,109.92	49.05%	$467.23	$642.69
CRI	$952.55	34%	$776.94	36.45%	$347.20	$429.74

**The Total Employer-Paid Taxes and Benefits includes Social Security, Medicare, retirement contributions, and unemployment.*
***As previously noted, the 3RPHD allocates benefits and taxes based on a budgeted 34% of the wages charged to each program. Therefore, the 3RPHD Calculated Allocation column is 34% of the $3,264.47 (PHEP) and $2,285.13 (CRI) in wages that were charged to each program, as shown in the table above comparing the salary costs.*

As shown from the tables above, the 3RPHD overcharged the PHEP subaward by a total of $704.71 and overcharged the CRI subaward by $335.07 for the quarter tested. These are both considered questioned costs.

Disease Surveillance Coordinator:
Actual hours worked on each program:

	PHEP		CRI		Other		Total
Pay Period	Hrs	%	Hrs	%	Hrs	%	Hrs
10/12/2018	73.5	88.82%	0	0.00%	9.25	11.18%	82.75
10/26/2018	62.5	81.97%	0	0.00%	13.75	18.03%	76.25
11/9/2018	76	86.36%	0	0.00%	12	13.64%	88

11/23/2018	*62.5*	*89.29%*	*0*	*0.00%*	*7.5*	*10.71%*	*70*
12/7/2018	*62.25*	*91.54%*	*0*	*0.00%*	*5.75*	*8.46%*	*68*
12/21/2018	*70.75*	*90.13%*	*0*	*0.00%*	*7.75*	*9.87%*	*78.5*
Totals	***407.5***	***87.92%***	***0***	***0.00%***	***56***	***12.08%***	***463.5***

Wages: Variance between APA and 3RPHD allocated salary costs:

Program	*Total Wages*	*3RPHD % Allocation*	*3RPHD Calculated Allocation*	*APA % Allocation*	*APA Calculated Allocation*	*Variance*
PHEP	*$12,461.52*	*60%*	*$7,476.91*	*87.92%*	*$10,956.17*	*($3,479.26)*
CRI	*$12,461.52*	*5%*	*$623.08*	*0.00%*	*$0.00*	*$623.08*

Payroll Taxes and Benefits: Variance between APA and 3RPHD allocated taxes and benefit costs:

Program	*Total Employer-Paid Taxes and Benefits**	*3RPHD % Allocation***	*3RPHD Calculated Allocation***	*APA % Allocation*	*APA Calculated Allocation*	*Variance*
PHEP	*$1,794.46*	*34%*	*$2,542.15*	*87.92%*	*$1,577.69*	*$964.46*
CRI	*$1,794.46*	*34%*	*$211.85*	*0.00%*	*$0.00*	*$211.85*

**The Total Employer-Paid Taxes and Benefits includes Social Security, Medicare, retirement contributions, and unemployment.*
***As previously noted, the 3RPHD allocates benefits and taxes based on a budgeted 34% of the wages charged to each program. Therefore, the 3RPHD Calculated Allocation column is 34% of the $7,476.91 (PHEP) and $623.08 (CRI) in wages that were charged to each program, as shown in the table above comparing the salary costs.*

As shown from the tables above, the 3RPHD undercharged the PHEP subaward by a total of $2,514.80 and overcharged the CRI subaward by $834.93 for the quarter tested. The overcharged amount to the CRI subaward is considered questioned costs.

2 CFR 200.430(i)(1) states the following:

> *Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*
>
> * * * *
>
> *(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*
> *(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:*
>
> *(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;*
> *(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and*
> *(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.*

We recommend the 3RPHD implement procedures to ensure that personnel costs are allocated to the subawards based on the actual benefit being received, as required by the Uniform Grant Guidance and that overcharges are appropriately resolved with the DHHS.

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

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No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
The 3RPHD charged $112.50 in expenditures other than payroll and indirect costs to the PHEP subaward during the quarter tested. No detail testing was performed on these expenditures. The 3RPHD did not charge any costs other than payroll and indirect costs to the CRI subaward during the quarter tested.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 3RPHD elected to use the 10% de minimis indirect cost rate and charged indirect costs to the subawards by charging one-fourth of the budgeted indirect costs to the subawards each quarter. The 3RPHD charged $809.88 to the CRI subaward and $2,176.44 to the PHEP subaward each quarter. This was one-fourth of the budgeted $3,239.50 and $8,669.76, respectively, in indirect costs for each subaward. *Additionally, one of the expenses the indirect costs are intended to cover is communication expenses. The PHEP subaward included directly charged communication costs. For the PHEP subaward, it appears communication charges are included as both direct and indirect charges, which is not allowable.* *We recommend the 3RPHD implement procedures to ensure indirect costs are properly charged to the subaward and calculated based on actual, rather than budgeted, expenditures each quarter. We further recommend the 3RPHD and the DHHS ensure the indirect costs do not include expenses that are also charged directly to the subawards. Finally, DHHS and 3RPHD should work together to ensure that indirect costs are properly charged in total for the grant year.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 29

Complete Internal Control Questionnaire

The TRPHD lacks an adequate segregation of duties over its accounting processes as four employees have access to perform all tasks within the accounting system. This finding was also noted in the prior year and in the TRPHD's audit report for the fiscal year ended June 30, 2018. We recommend the TRPHD implement procedures to ensure adequate financial monitoring exists, including a documented review of the detailed payroll reports by a board member, documentation to support the board review and approval of the supporting documentation for all claims paid, and an independent board review of the bank statements to ensure there are no unauthorized transactions. The TRPHD could also consider removing the accounting system access of the Director in order to improve the internal controls.

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

Per review of the fiscal year ended June 30, 2018, audit report, the only findings noted were for inadequate segregation of duties due to a small staff size, and for financial reporting processes due to the auditors preparing the financial statements and related disclosures.

Issues related to the prior year monitoring findings are 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 2018 transactions

The TRPHD uses QuickBooks and a Profit and Loss Detail was obtained for the quarter tested.

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

Issues related to segregation of duties were noted above.

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 TRPHD charged $11,749.49 in salaries and benefits to the PHEP subaward and $12,204.53 in salaries and benefits to the TRIMRS subaward. The APA tested two employees that were each charged to both subawards: the Emergency Response Coordinator (ERC) and the Healthcare Coalition (HCC) Coordinator. The table below shows the amount of salaries and benefits charged to each subaward for these two employees during the quarter tested:

Employee	***PHEP***	***TRIMRS***	***Total***
ERC	*$4,962.95*	*$708.42*	*$5,671.37*
HCC Coordinator	*$524.24*	*$11,404.12*	*$11,928.36*
Total	***$5,487.19***	***$12,112.54***	***$17,599.73***

No issues were noted.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The TRPHD charged $1,948.69 in expenditures other than payroll and indirect costs to the PHEP subaward and $13,819.81 in expenditures other than payroll and indirect costs to the TRIMRS

Attachment 29

subaward for the quarter tested. The APA tested one expenditure totaling $10,666.64 that was charged to the TRIMRS subaward. The following was noted: *The TRPHD had an agreement for a contractor to complete tasks related to the TRIMRS subaward at a cost of up to $1,333.33 per month, plus travel expenses. During other subrecipient monitorings completed by the APA, it was noted that the agreements were treated as contracts, but appear to be subawards, per the requirements of 2 CFR 200.330. However, this agreement notes that the contractor will partner with the TRPHD to monitor the program measures, outcomes, and promotion of the TRPHD across all programs. It appears this agreement is different from the ones noted in other subrecipient monitorings completed by the APA. We recommend the DHHS review the agreement to ensure it is correctly classified per the requirements in 2 CFR 200.330.*
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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 TRPHD charged $4,125.24 in indirect costs to the PHEP subaward and $2,043.96 in indirect costs to the TRIMRS subaward. The PHEP amount was correctly calculated based on the approved indirect cost rate of 35.11% of direct salaries and wages, including fringe benefits. The indirect costs for the TRIMRS subaward calculated to $4,285.01 for the quarter using the approved indirect cost rate. However, this amount was reduced in order to not exceed the total budget. This appears reasonable; however, the APA wanted to ensure the DHHS was aware of the reduction of indirect costs charged to the subaward.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

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Complete Internal Control Questionnaire
Bluestem Health (BH) employees enter only the total time worked into its time tracking system, which does not allow separate tracking of time worked by program. Therefore, employees track time worked by program on an Excel spreadsheet. BH lacked a documented review and approval of the hours worked by program.
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
The audit report for the fiscal year ended December 31, 2018, was obtained. No issues were noted. *Issues related to prior year monitoring findings are 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 2018 transactions
BH uses Sage for their accounting and finance software, NextGen Healthcare for billing software, and Paycor for payroll processing. *BH failed to provide a detailed general ledger to support the amounts charged to the subaward. The detail provided for the quarter's expenditures was an internally generated Excel spreadsheet, as BH did not have a code in their accounting system to charge costs directly to this subaward. BH did provide payroll journals to support the payroll amounts paid for the quarter. We recommend the DHHS ensure they have a proper understanding of the subrecipient accounting processes.*
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
BH charged $5,618.40 in salary and benefits to the subaward for the quarter tested. The APA tested one employee that was charged to the subaward: the Risk Analyst. The following was noted: *BH has a self-funded insurance plan. For the employee tested, BH was invoiced $291.65 from the plan administrator for administrative fees during one month tested; however, BH was using an employee-only insurance premium of $781.27 per month. Per discussion with BH, the difference is due to an amount being contributed to the reserve in order to pay for claims as they become due. The total monthly premium amount of $781.27 was determined by an insurance provider and appears reasonable. The APA included this for informational purposes to ensure the DHHS was aware of the method used to determine the insurance premium calculations.* *BH did not have adequate documentation on file to support the employer-paid retirement contributions. BH charged a total of $1,413.12 in employer retirement contributions to the subaward for the quarter tested. Per discussion with BH, the Board Meeting Minutes include the approval of the 2018 budget, which included employer contributions at 4%; however, the minutes do not explicitly identify the percentage of the employer contribution. We recommend BH implement procedures to ensure adequate documentation is on file for all fringe benefits. This issue was also noted during the prior year monitoring.* *BH uses Paycor to track total hours worked each pay period. Paycor does not track time worked by program; therefore, employees track time worked on each program using an Excel spreadsheet. For the*

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PHEP subaward, the Team Leader provided the hours worked on the subaward to the Risk Analyst for review. The Risk Analyst sends the hours in an Excel spreadsheet to the CFO to review prior to submitting the quarterly report to the DHHS. BH does not have a documented review of this spreadsheet; therefore, the APA was unable to verify the hours charged to this subaward were approved by a supervisor. We recommend BH implement procedures to ensure there is adequate approval of hours charged to each program. *Furthermore, for its calculated allocation percentage charged to the subaward, BH used different time periods for the subaward hours worked and the total hours actually worked. For the subaward hours worked, BH used the period January 1, 2019, through March 31, 2019. However, for the total hours actually worked, BH used the six pay periods in the quarter, which covered the period December 30, 2018, through March 23, 2019. The difference in the time periods used caused a variance between the personnel costs that could have been allocated to the subaward versus the personnel costs that were actually allocated to this subaward. However, the total variance throughout the grant year due to these different time periods is likely minimal in total and the total budget was exceed prior to the end of the third quarter. Therefore, there are likely no questioned costs related to this variance. This information is included so that DHHS has an understanding of how the personnel costs are allocated.* *We recommend BH implement procedures to ensure the calculation of the amount of time worked on the subaward uses a consistent time period. We further recommend BH and the DHHS implement procedures to ensure budgets are accurately created at the time of the award being made, in order to prevent personnel costs exceeding the budget with a large portion of the grant year remaining. When personnel costs exceed the total budget, there is an increased risk that other Federal dollars could be used to cover the additional costs related to this subaward.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
BH did not charge any expenditures other than payroll to the subaward during the quarter tested.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
No issued noted.
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.
No issued noted.
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no subawards were noted.

Complete Internal Control Questionnaire
As noted in the prior subrecipient monitoring, the Dakota County Health Department (DCHD) lacked formal, written policies and procedures. Since the last monitoring, the DCHD updated its Standard Operating Procedures with an Expense Management Section that included a Procurement Policy, Credit Card Usage Policy and a Fees Policy. The APA determined that the Credit Card Policy failed to specifically prohibit the personal use of the DCHD credit cards. Additionally, policies covering the descriptions of the functions of financial and performance management, for determining whether costs are necessary, reasonable, allocable, and allowable in accordance with the UGG and terms and conditions of the subaward, and related to inventory/capital assets were not included. The APA recommends that the DCHD consider the need for additional written policies and procedures as mentioned. *The APA also noted that there is an overall lack of segregation of duties at the County level. The DCHD prepares claims and submits them to the County Clerk. In its financial audit of the County, the APA cited a lack of segregation of duties as employees in the Clerk's office have access to perform all tasks within the accounting system. While an adequate segregation of duties may not be possible, additional monitoring procedures can be implemented to alleviate the lack of segregation of duties. This would include a documented review of all supporting documentation for all claims and a detailed documented review of the bank statements.*
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
Per review of the audit report for the fiscal year ended June 30, 2018, the following findings were noted: • *An inadequate segregation of duties, as one person could handle all aspects of processing a transaction from beginning to end.* • *The County was unable to provide a full listing of County charge cards or policies regulating the use of such cards.* • *Unauthorized petty cash funds.* • *There were instances in which Board members did not abstain from voting on related party transactions.* • *Multiple claims paid lacked adequate supporting documentation.* • *Claims were paid that did not appear to be an appropriate use of County funds.* *It should be noted that the above findings were related to the County overall, and were not necessarily specific to the DCHD. It should also be noted that there were additional findings noted in the report; however, those findings were specifically related to other County offices; therefore, they were not included above.* *Issues related to the prior year monitoring findings are 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 2018 transactions
Dakota County uses MIPS and an All Checks listing was obtained. See reporting section below for timing issues noted with the All Checks listing.
Review list of individuals authorized to process expenditure transactions in accounting system.
There is a lack of segregation of duties within the County. The DCHD prepares claims that are provided to the County Clerk's Office. Ultimately, all claims are approved by the County Board. The DCHD does not have access to MIPS. Employees within the Clerk's Office have access to perform all tasks within the MIPS system, creating a lack of segregation of duties. Per the APA's experience with County governments, this has often been noted. It is often outside of a county's budget to hire additional staff to

alleviate segregation of duties concerns. Dakota County should continue to weigh the options of hiring additional staff or implement other controls to compensate for the lack of segregation of duties.

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 the one employee who was charged to the subaward, the Emergency Response Coordinator (ERC). The DCHD charged $9,132.21 in salary and benefits to the grant for the period tested. The following was noted:

The DCHD employees are eligible for the County's benefits. Dakota County offers an employer-paid life insurance benefit, as well as health and dental insurance that is funded by the County. The health insurance is partially self-funded and the dental insurance is fully-self funded.

The employee tested elected family coverage for the health and dental insurance. For the pay period tested, the County's share of these insurance benefits was $295.91. The quarterly total of the County-paid insurance was $1,775.46, which was requested for reimbursement from the subaward.

According to 2 CFR 200.447(d) contributions to a reserve for certain self-insurance programs are allowable according to the following provisions:

(1) The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, must not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the non-Federal entity's settlement rate for those liabilities and its investment rate of return.
(2) Earnings or investment income on reserves must be credited to those reserves.
(3)(i) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverages will normally be limited to the value of claims:
- **(A)** Submitted and adjudicated but not paid;
- **(B)** Submitted but not adjudicated; and
- **(C)** Incurred but not submitted.

(ii) Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.
(4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the non-Federal entity. If individual departments or agencies of the non-Federal entity experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.
(5) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund or unrestricted account), refunds must be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with applicable Federal cognizant agency for indirect cost, claims collection regulations.

The County indicated that its County Budget Committee set the premium rates based on the insurance company's monthly aggregate reports and renewal presentation.

We recommend the DCHD and the DHHS work together to ensure the County-paid insurance benefits comply with the provisions of 2 CFR 200.447(d).

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

N/A – Expenditures other than payroll were immaterial and therefore were not tested for this quarter. Expenditures were traced to the All Checks listing.

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.

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 and matching is correctly determined, recorded and used in accordance with applicable requirements.

No issued noted.

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 DCHD reported as equipment amounts paid to Cable One for monthly cable services. The DCHD utilizes two televisions, one in the ERC office and another in the main office area for increased surveillance of local, regional, and national news, as well as public health related information.

For the quarter three report, for the period January 2019 to March 2019, the DCHD reported amounts paid to Cable One as follows:

Month Paid	Amount
February	$56.19
March	$63.32
April	$63.32
Total	**$182.83**

As noted in the above table, the DCHD is reporting the payment for April 2019, which had not yet occurred at the end of quarter three.

We are bringing this to the attention of DHHS to ensure the service is properly classified as equipment and to make DHHS aware of the timing issue noted above to ensure the amounts are properly reported.

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

N/A – no sub-awards were noted.

Complete Internal Control Questionnaire

No issues noted.

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

Issues related to the prior year monitoring findings are 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 2018 transactions

The ELVPHD uses QuickBooks and general ledger detail was obtained for the quarter tested.

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

Obtained list of authorized individuals. 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

A total of $20,630.67 in salaries and benefits were charged to the subaward for the period tested. The APA tested the Public Health Nurse, for whom the ELVPHD charged $8,625.98 in salary and benefits to the subaward for the quarter. The following was noted:

The ELVPHD randomly allocated holiday hours to each of its subawards. The holiday hours should be allocated separately based upon the amount of time worked on each program. The APA prepared the following table based upon the ELVPHD timesheets and pay records:

Pay Period	PHEP (BT) Hrs Worked	Total Hrs Worked	APA Calculated %	Hourly Pay	Holiday Pay	Total	APA Calculated %	Amount Charged To PHEP Subaward	Variance
1/11/2019	28	44	63.64%	$1,171.72	$745.64	$1,917.36	$1,220.21	$1,065.20	$155.01
1/25/2019	45	74.5	60.40%	$1,983.94	$0.00	$1,983.94	$1,198.30	$1,198.35	($0.05)
2/8/2019	37	71.5	51.75%	$1,904.05	$213.04	$2,117.09	$1,095.59	$1,198.35	($102.76)
2/22/2019	40	78.25	51.12%	$2,083.81	$0.00	$2,083.81	$1,065.24	$1,065.20	$0.04
3/8/2019	32.5	62.75	51.79%	$1,671.06	$213.04	$1,884.10	$975.78	$865.48	$110.30
3/22/2019	39	69.5	56.12%	$1,850.80	$0.00	$1,850.80	$1,038.67	$1,038.57	$0.10
Totals							**$6,593.79**	**$6,431.15**	**$162.64**

Because the actual amount charged to the subaward is lower than the amount based upon actual time worked, there is an undercharge to this subaward and no questioned costs. However, DHHS should be aware of the method to allocate payroll costs in order to appropriately monitor compliance with Federal regulations.

45 CFR 75.431(b) states:

> *Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*
>
> *(1) They are provided under established written leave policies;*
>
> *(2) The costs are equitably allocated to all related activities, including Federal awards; and,*
>
> *(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*
>
> *(i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.*

(ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

The ELVPHD charges PTO time to its subawards when it is accrued and not when it is earned. The APA wanted to bring this to the attention of DHHS so that it can be appropriately monitored.

We recommend the DHHS ensure it has an appropriate understanding of the payroll and benefits charged to the subaward. We also recommend the ELVPDH ensure holiday hours are allocated in accordance with the relative benefits received.

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

No significant journal entries.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The ELVPHD charged $2,189.39 in administrative costs to the subaward. The APA's concerns with the administrative costs are documented below.

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.

No significant contracts were tested.

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 issued noted.

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 request for reimbursement included $6,903.45 for payroll taxes and benefits; however, the general ledger provided by the ELVPHD only included $6,886.50, or a difference of $16.95. Per discussion with the ELVPHD, the variance was due to a journal entry that credited the employer-paid benefits by $16.95. The journal entry had a general ledger date of March 31, 2019, and so it was included in this quarter's general ledger. The documentation for the journal entry shows that it was not approved by the Health Director until June 4, 2019. Due to the approval date, this credit was not included in the request for reimbursement for the quarter being tested. Per discussion with the ELVPHD, this credit will be included with the fourth quarter request for reimbursement. This appears reasonable, the APA just wants to ensure the DHHS is aware of this credit for the next quarter's request for reimbursement.

Additionally, the APA determined that the ELVPHD charged $2,189.39 in administrative costs to subaward for the quarter tested. The following was noted:

The ELVPHD used a budgeted amount of overhead and facility costs to allocate to the subaward based on the number of FTE for each program. In the quarter tested, the budgeted amount was $600 per month. To calculate the per pay period amount, the $600 was multiplies by 12 and divided by 26 to get $276.92 per FTE. The ELVHD determined the FTE number each pay period based upon the timesheets documenting the hours worked on each program. For the quarter tested, the following table shows the administrative costs charged per pay period:

Pay Period	PHEP Hrs	Pay Period Hrs	Pay Period FTE	Estimated Admin Per PP	Total Admin Per PP
1/4/2019	108	80	1.35	$276.92	$373.84
1/22/2019	121.75	80	1.521875	$276.92	$421.44
2/8/2019	116	80	1.45	$276.92	$401.53
2/22/2019	103	80	1.2875	$276.92	$356.53
3/8/2019	102	80	1.275	$276.92	$353.07
3/22/2019	81.75	80	1.021875	$276.92	$282.98
Total					**$2,189.39**

The ELVPHD broke the administrative expenses out to the following categories for the quarter tested:

Norfolk/ Tekamah Rent	$ 479.65
Admin payroll	$ 485.39
Telecommunications	$ 276.47
Repairs /Services	$ 105.41
Snow removal/Lawn Mowing	$ 93.75
Audit/Budget Prep	$ 138.98
Wisner City bill	$ 104.72
Bathroom and Kitchen supplies	$ 11.87
Insurance	$ 252.78
Memberships/Subscriptions and Dues	$ 13.04
Post Office box	$ 2.72
Durable Supplies	$ 210.43
Payroll update, Checks, W2, bank charges	$ 14.18
Total	$ 2,189.39

The APA reviewed the supporting documentation for the rent, admin payroll, and total administrative expenses and determined that the ELVPHD's estimate of the administrative costs is significantly lower than if they would have charged those costs according to the actual percentage of time worked each pay period. DHHS should be aware of this allocation since is it based on a budgeted amount of administrative costs per month to ensure the actual costs exceed the budget estimate and that no other State or Federal funds are incurring those additional administrative costs not charged to the subaward..

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

N/A – no sub-awards were noted.

Attachment 33

Complete Internal Control Questionnaire

The APA noted a lack of segregation of duties over the payroll process. Payroll is reviewed and approved by the CFO, who has access to the payroll system. In addition, the MHC failed to provide the MHC's policy for inventory/capital assets as requested by the APA. The MHC did not feel like this item was relevant to the information charged to the grant. For the quarter tested, payroll, conference and training registration, in-state travel, out-of-state travel, and contracted services were charged to the subaward.

We recommend that the CEO, who does not have access to the payroll system, perform a review of payroll registers after payroll has been run to ensure that the CFO was paid the authorized rate and the correct number of hours. We also recommend DHHS determine whether such policies are relevant for purposes of subrecipient monitoring of the grant funds.

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

The fiscal year ended September 30, 2017, audit report included a finding related to the job description for accounting personnel did not require personnel to have the knowledge and training to prepare financial statements, schedule of expenditures of federal awards, Data Collection Form and related note disclosures required by U.S. generally accepted accounting principles. Instead the MHC relies on the Board and the auditors. No findings specifically related to this subaward were noted. Midtown indicated the fiscal year ended 2018 audit report has not been issued and an extension has been requested.

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

The MHC used QuickBooks and Sage for the period tested, and general ledger detail was obtained. As noted in the prior year, the MHC started to use Sage as the accounting system for all items other than payroll on January 1, 2018. QuickBooks is still used for payroll processing.

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

A total of $3,988.07 in salaries and benefits were charged to the subaward for the period tested. The APA tested the RN Manager, for whom the MHC charged $1,289.52 in salary, FICA taxes, SUTA taxes, health insurance, and retirement to the subaward for the quarter. The APA obtained time cards, pay stubs, and approved salary for the quarter tested. The following was noted:

The MHC's calculation of actual hours worked on the subaward is slightly incorrect for the RN Manager, who did not work 100% on the subaward. The following table compares the APA's recalculation of the percentage of hours worked on the PHEP subaward to Midtown's calculation:

Check Date	APA calculation			Midtown Calculation		
	PHEP Hours	Total Hours Worked	% of Hours on PHEP	PHEP Hours	Total Hours Worked	% of Hours on PHEP
1/10/2019	5.00	50.50	9.90%	5.00	80.00	6.25%
1/24/2019	10.42	69.42	15.01%	10.42	81.00	12.86%
2/7/2019	0.00	73.20	0.00%	0.00	80.00	0.00%
2/21/2019	3.35	80.30	4.17%	3.35	80.30	4.17%
3/7/2019	10.00	72.00	13.89%	10.00	81.00	12.35%
3/21/2019	10.00	76.20	13.12%	10.00	81.15	12.32%

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Using the percentages in the table above, the following table shows the allocation of the salary for the employee tested for the quarter:

RN Manager				
Check Date	***Salary per Pay Period***	***APA Calculated Salary***	***Midtown Calculated Salary***	***Variance***
1/10/2019	*$2,267.34*	*$224.47*	*$141.71*	*$(82.76)*
1/24/2019	*$2,267.35*	*$340.33*	*$291.58*	*$(48.75)*
2/7/2019	*$2,267.34*	*$0.00*	*$0.00*	*$0.00*
2/21/2019	*$2,267.35*	*$94.55*	*$94.55*	*$0.00*
3/7/2019	*$2,267.35*	*$314.93*	*$280.02*	*$(34.91)*
3/21/2019	*$2,267.34*	*$297.48*	*$279.34*	*$(18.14)*
	Totals	***$1,271.76***	***$1,087.20***	***$(184.56)***

Based on the information included above, Midtown has undercharged the grant compared to the actual hours worked. The APA also noted that the related payroll taxes and employer-paid benefits of health insurance and retirement were also undercharged. As such, there are no questioned costs.

In its time reporting system, Midtown also records hours worked but not paid to an "Unpaid" category. Per discussions with the MHC, these are administrative hours actually worked but unrelated to this subaward. The MHC did not consider these hours in its calculation of total hours worked. The APA would have included the unpaid hours in the total hours worked calculation. However, only the February 7, 2019, pay period included these unpaid hours – and no time was charged to the subward for that pay period for the employee tested.

We recommend the MHC implement procedures to ensure the percentage of actual time worked is accurately calculated in order to appropriately charge salaries to the subaward. We further recommend the MHC work with the DHHS to ensure the costs associated with the understatement on this subaward is not being covered by other Federal programs.

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

Most of the entries on the general ledger are journal entries as they are manual transactions for payroll costs. Those entries would be tested with payroll above. No other significant journal entries noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

A total of $3,889.31 in non-payroll related costs were charged to the subaward for the period tested. The APA tested $3,050.62 of those expenditures, which included conference registrations and hotel stays for the COO and Grant Manager.

The APA noted that for the hotel stays, the amounts were recorded in the general ledger in a subsequent quarter and not the quarter tested, although they were requested for reimbursement in the quarter tested. The APA is bringing this to the attention of DHHS to ensure these expenses are not reported twice.

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.

Significant contracts would be tested above.

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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 issued noted.

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 was unable to trace the payroll taxes and employer-paid benefit amounts from the budget justification to the general ledger. Additionally, the APA found that $109.01 for health insurance costs charged to the subaward were not included in the general ledger originally provided to the APA.

Upon review of the APA's questions related to its general ledger, the MHC explained that those costs were not properly recorded in the general ledger due to oversight issues related to the use of its financial and payroll accounting systems, as well as the method used to allocate those costs to the subaward.

The MHC later provided the APA a corrected version of both the general ledger and a corrected budget justification. The following table shows the original amount of taxes and benefits reported and the corrected amounts:

Employee	Original Amounts Reported	Corrected Amounts
Employee 1 – FICA	$6.19	$5.90
Employee 1 – SUTA	$0.74	$0.47
Employee 1 – Medical Health Insurance	$6.88	$3.83
Employee 1 – Retirement	$1.25	$3.24
Employee 2 – FICA	$83.17	$72.72
Employee 2 – SUTA	$9.89	$4.92
Employee 2 – Medical Health Insurance	$92.41	$105.18
Employee 2 – Retirement	$16.85	$43.49
Employee 3 – FICA	$71.90	$73.50
Employee 3 – SUTA	$8.56	$0.00
Employee 3 – Health Ins. reimbursement	$0.00	$20.85
Employee 3 – Retirement	$14.60	$38.43
Employee 4 – FICA	$25.27	$25.17
Employee 4 – SUTA	$3.01	$0.70
Employee 4 – Retirement	$0.00	$3.47
Employee 5 – FICA	$48.20	$88.36
Employee 5 – SUTA	$5.74	$9.59
Totals	**$394.66**	**$499.82**

The amounts originally reported are lower than the actual amount, so there are no questioned costs. The APA is bringing this to the attention of the DHHS so they can determine if prior quarters should be reviewed.

The APA also noted there were some payroll costs included in the general ledger that were not reported to DHHS in the budget justification.

Attachment 33

The APA was unable to trace the FICA and SUTA amounts from the budget justification to the general ledger, as those amounts were not recorded by employee in the general ledger and, as noted above, there were other employees' payroll costs on the general ledger that were not reported to the DHHS. *We recommend the MHC implement procedures to ensure payroll taxes and benefits are reported properly to the DHHS and agree to the general ledger. We further recommend the MHC work with the DHHS to ensure the costs associated with the understatement on this subaward is not being covered by other Federal programs.*
Document the Agency's procedures to monitor its subrecipients, if applicable.
N/A – no sub-awards were noted.

Attachment 34

Complete Internal Control Questionnaire

The APA noted a lack of segregation of duties over the payroll process. Payroll is completed and reviewed by individuals who all have access to the payroll system. We recommend OneWorld document the review of after-the-fact payroll registers to ensure those individuals with access to the system were paid the authorized rate and the correct number of hours. We also recommend an employee without access to the payroll system review the CFO pay each pay period.

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

APA obtained fiscal year ended February 28, 2018, audit report and no findings were noted.

Issues included in the APA's prior subrecipient monitoring were reviewed and any remaining issues are included within this document.

Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions

No issues noted. OneWorld does not separately track the expenses for this subaward in its accounting system. Therefore, most of the expenses are allocated to the subaward based on an allocation of total expenses. OneWorld only charged payroll and benefit costs to the subaward.

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

OneWorld reported $7,609.84 in personnel costs and benefits for the PHEP grant. The APA performed detail testing for the Infection Control Assistant.

OneWorld reports the same budgeted amount for the Infection Control Assistant each pay period, rather than the actual amount of wages. The time records show the Assistant worked 100% of her time on the subaward for Quarter 3. The table below shows a comparison of the Assistant's actual wages and the budgeted amount charged to the subaward.

	Budget (Charged to Subaward)	Actual
Wages	$ 5,319.60	$ 8,082.22

Note: Actual amounts are from pay checks dated 1/16/2019-3/27/2019

Per 45 CFR §75.430(i)(1):

Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

* * * *

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; *(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and* *(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.* *The time records of OneWorld support more hours worked than being charged to the subaward. The APA wanted to bring the differences between the actual hours worked and the amount budgeted to the attention of DHHS.*
Review journal entries to determine the entry and classification of transactions are reasonable and proper
No significant journal entries.
Review negative expenditures to determine if transactions were reasonable and proper
No issues noted.
Perform a detailed test of agency expenditures
OneWorld only charged personnel costs to the PHEP award.
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.
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 and matching is correctly determined, recorded and used in accordance with applicable requirements.
Not applicable.
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.
OneWorld charged its employer-paid payroll taxes and benefits using 25% of the reported wages, which clearly contradicts the guidance provided by DHHS on its budget justification forms. *For the employee selected for testing, OneWorld charged $1,521.97 for taxes and benefits. This amount is calculated by taking the reported wages of $6,087.87 for both employees charged to the subaward, times 25%.* *The APA compared the actual employer-paid taxes and benefits per the employee pay stubs and determined that the actual amount of employer-paid benefits exceeded the 25% calculation for the employee selected for testing. The table below shows the differences in the actual amount of employer-paid benefits and the reported amount.*

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	Budget (Charged to Subaward)	Actual
Payroll Taxes and Employer-Paid Benefits	$ 1,521.97	$ 2,425.48

Note: Actual amounts are from pay checks dated 1/16/2019-3/27/2019

The actual amounts of payroll taxes and employer-paid benefits paid by OneWorld exceeds the amount reported and charged to the subaward; therefore, there are no questioned costs. The APA wanted to bring the differences between the actual benefits and the amount reported to the attention of DHHS.

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

N/A – no sub-awards were noted.