

**AGREED-UPON PROCEDURES REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
SUBRECIPIENT MONITORING
AGING AND MEDICAID PROGRAMS
JULY 1, 2019, THROUGH JUNE 30, 2020**

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Issued on July 8, 2020

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

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

KEY OFFICIALS AND AGENCY CONTACT INFORMATION

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

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

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the engaging party, the program management of the Nebraska Department of Health and Human Services (DHHS), on the subrecipients' (responsible party) financial reports (subject matter) and whether they were accurate and in compliance (assertion) with Federal cost principles (criteria) during the period July 1, 2019, through June 30, 2020. Management of DHHS is responsible for ensuring the criteria used is applicable. The responsible party, each subrecipient, is responsible for ensuring the accuracy of the reports and compliance with Federal cost principles. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed and Results

1. Complete the Internal Control Questionnaire.

The APA determined that seven of nine agencies tested lacked proper internal controls in one or more areas reviewed. Many continued to have issues related to the time study used to allocate personnel and other costs to various programs. Other issues identified included the lack of adequate segregation of duties, lack of or inadequate written policies, lack of proper monitoring of contracts, lack of monitoring provided by the governing body, and failure to record senior center expenses consistently.

For more details regarding each subrecipient's lack of internal controls, see **Attachments 2-8**.

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 financial audit reports and followed up on the findings of the prior-year subrecipient monitoring. One subrecipient failed to correct its use of signature stamps, which was addressed in the previous monitoring, and failed to update required policies. For most of the subrecipients, the prior-year issues were addressed within the other sections of the summary report.

For more details regarding the subrecipients' prior monitoring findings, see **Attachment 1**.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2020 transactions.

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

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

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

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

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

6. Perform a detailed test of employee payroll.

For each of the nine subrecipients, the APA performed detailed employee payroll testing, which consisted of numerous steps for the employees selected for testing. A majority of the subrecipients continued to have issues with the methods used to allocate personnel costs to more than one program, such as allocating time incorrectly, using leave time in allocation calculations, not recording all hours worked, inadequate policies, etc. The APA also found several other concerns, including lack of authorized pay rates and employer-paid insurance amounts, issues with income tax withholdings, and unsigned timesheets, to name a few.

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

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

The APA reviewed any journal entries included in the financial information provided by the subrecipient. No issues were noted.

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

No concerns were noted during this test.

9. Perform a detailed test of agency expenditures.

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

The APA also found a number of other concerns with all nine subrecipients tested, lack of support for in-kind amounts for building space, overpayments, unallowable expenses, lack of adequate documentation for payment and in contract terms, including rates, documentation for IIIB services performed, lack of verification by the clients for home-delivered meals, variances between meal logs and invoices, and similar issues with senior center expense testing.

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

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

Any significant contracts were tested per the step above.

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

No issues were noted during this step.

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

The APA determined that six of the nine subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including another Federal program income included in an agency's income amount. Those same subrecipients also lacked daily contribution logs or had logs that were not signed by two individuals at both the area agency and its subrecipient senior centers to document client contributions received. Additionally, contribution logs did not equal the bank deposits; clients did not verify meals received; there was a lack of signature on volunteer work hour logs; matching amounts at senior centers were not verified; contract documentation was inadequate; there were variances in the general ledger amounts to amounts reported to DHHS; and income amounts lacked documentation.

For additional details for each subrecipient, see **Attachments 3-8**.

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

The APA found concerns with the amounts reported for seven of the nine subrecipients. In general, the amounts reported to DHHS were not supported by the financial information provided by the subrecipient. Most had variances between the financial information provided to the APA and the amount reported to DHHS. Other issues included at least one agency that included another Federal program in its reports to DHHS, one that included agency-owned vehicle mileage expense in the report to DHHS, which is not allowable, and one that did not have an accounting system capable of tracking each program separately.

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

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

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

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

The APA noted issues with the subrecipient monitoring procedures performed by three of the nine subrecipients. Some of the issues noted included insufficient subrecipient monitoring policies; lack of an understanding of the method to allocate costs by the subrecipient/contractor; lack of client verification for handyman services provided; lack of written summary of monitoring procedures; issues with in-kind amounts reported by subrecipients/contractors; lack of understanding or documentation for indirect costs charged; and lack of documented monitoring of income and matching amounts.

For additional details regarding the subrecipients tested, see **Attachments 2, 7, and 8**.

* * * * *

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.

A handwritten signature in black ink, appearing to read "C. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

July 1, 2020

Complete Internal Control Questionnaire
<i>No current issues noted.</i>
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
<p><i>A few issues from the prior monitoring were not properly resolved, as follows:</i></p> <p><i>The APA noted that the Director and three Board members have signature stamps that are used to sign checks. The Director maintains her signature stamp, which is locked in her office. The three Board member stamps are locked in the fiscal officer's office. The use of signature stamps to sign checks is an internal control weakness, as there is a risk the stamp could be used by someone other than the authorized signer of the checks. Therefore, we recommend the WCNAAA discontinue its use of signature stamps to sign checks.</i></p> <p><i>The personnel cost allocation policy was not modified to include the WCNAAA's determination regarding the amount of leave time used during the time study period. The policy also failed to identify any limits on the recording of administrative time – as opposed to coding time to specific programs. Furthermore, the policy lacked specific guidance on the proper allocation of time when an employee charges time to more than one program. We recommend the WCNAAA update their policies to provide adequate guidance for time reporting when leave is used or when administrative time is coded. We also recommend the WCNAAA address the charging of one unit of time to more than one program.</i></p>
Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2020 transactions
<i>QuickBooks and back-up for July 2019 obtained.</i>
Review list of individuals authorized to process expenditure transactions in accounting system.
<i>Obtained and reviewed. No issues noted.</i>
Obtain a list of employees paid during the period tested
<i>Obtained.</i>
Perform a detailed test of employee payroll
<i>All payroll costs were allocated in accordance with the personnel cost allocation method derived from the time study for each employee selected for testing. The issues related to the time study were included above with the prior monitoring findings.</i>
Review journal entries to determine the entry and classification of transactions are reasonable and proper
<i>No issues noted.</i>
Review negative expenditures to determine if transactions were reasonable and proper
<i>No issues noted.</i>
Perform a detailed test of agency expenditures
<p><i>The APA tested a \$125 payment to an individual who had provided assisted transportation services to a client. The payment was made using Title IIIIE funds. The APA had the following concerns:</i></p> <ol style="list-style-type: none"> <i>1) The calendar documenting the services provided included four dates and a total of 12.5 hours of services provided. The calendar did not include the purpose of the travel or the destination travelled, which is a lack of adequate documentation to support the expense and to determine whether it is reasonable.</i> <i>2) The payment included an hourly rate of \$10 per hour for the 12.5 hours of services. There is not documentation to support the rate paid. According to the WCNAAA, the rate is determined between the provider and the client.</i> <i>3) The payment was made using Title IIIIE funds. However, there is no documentation in the WCNAAA's State Plan that identifies assisted transportation as a Title IIIIE service. The</i>

WCNAAA specifically includes assisted transportation in its Title IIIB services, but not its IIIE services.

This is a questioned cost.

We recommend the WCNAAA implement procedures to ensure adequate support is on file for its assisted transportation services, including documentation of the purpose and destination of the travel as well as documentation to support the rate paid. We also recommend the WCNAAA work with the DHHS SUA to properly document its Title IIIE services in its State Plan documents.

The APA also tested three payments to vendors who provide senior center services, including meals and Title IIIB programming. In the prior year, the APA noted that the WCNAAA's subawards for the Title IIIC meal programs were based upon a per meal cost, rather than on actual expenses. At the time, it appeared these awards would be considered fixed amount subawards under the Uniform Grant Guidance.

After consultation with its Federal partner, DHHS issued guidance to the AAAs regarding the identification of entities as subcontractors or subrecipients. The DHHS indicated that contractors were able to use this per meal cost arrangement. Subrecipients would have to provide documentation of its income and expenses and true up the award at the end of the award year. According to DHHS, in its discussions with its Federal contact, the determination of eligibility is the most important factor.

The applicable Federal regulations are found in the Uniform Guidance at 45 CFR 75.351, which states the following:

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with HHS awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The HHS awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) *Subrecipients.* 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 § 75.2 *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.

(b) *Contractors.* A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See § 75.2 *Contract*. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) *Use of judgment in making determination.* In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

The APA obtained the “Checklist to Determine if Entity Receiving Federal Funds has a Subrecipient or Contractor Relationship with DHHS” for three entities selected for testing – Gothenburg Senior Service Center, City of McCook, and Wauneta Senior Center. This form is used by the WCNAAA to determine the type of relationship it has with various entities who provide services.

Each of the three checklists included the following language, “Operate and manage the Program and facilities utilized in the program in compliance with all local, state, and federal laws and regulations . . .”

However, in the subrecipient sections of the each checklist, the requirement that the entity had the responsibility for adherence to federal program requirements was not marked despite the previous language that the entity was responsible for adherence to the federal laws and regulations.

The APA determined that three of the five subrecipient requirements and three of the five contractor requirements on each checklist were or should have been marked. As a result, there does not appear to be clear evidence that the entities were contractors, as indicated by the WCNAAA on the forms.

The three payments selected for testing during July 2019 are included below.

Gothenburg Senior Service Center:

Federal Program		Amount
Title III	B	\$ 1,213.18
Title III	C1	\$ 2,298.79
Title III	C2	\$ 1,340.78
Total July 2019		\$ 4,852.75

City of McCook:

Federal Program		Amount
Title III	B	\$ 2,079.01
Title III	C1	\$ 3,712.58
Title III	C2	\$ 2,524.46
Total July 2019		\$ 8,316.05

Wauneta Senior Center:

Federal Program		Amount
Title III	B	\$ 355.47
Title III	C1	\$ 944.74
Title III	C2	\$ 121.69
Total July 2019		\$ 1,421.90

Furthermore, the APA noted the fiscal year 2020 budget submitted by the WCNAAA refers to these arrangements as subawards.

We recommend the WCNAAA work with the DHHS SUA to ensure there is clear evidence supporting its determination of the entities as contractors or subrecipients, perhaps by adding additional information on the checklist that explains explicitly how the determination was derived.

The APA also reviewed the documentation to support the number of IIIB services provided. Each contract requires one unit of IIIB services to be provided for every three meals. In our review of Gothenburg, McCook, and Wauneta, the APA determined that Wauneta had only reported 143 units of

IIIB services, but based upon the number of meals it provided in July 2019, it was required to provide 160 units of service.

The APA also noted that the WCNAAA did not require documentation of the units of service on a monthly basis and also failed to maintain documentation to support its own verification of the units during the annual assessment.

The APA also found that the WCNAAA allocated these units of service to the IIIB Access program based upon a predetermined budgeted percentage.

We recommend the WCNAAA ensure all required IIIB units of service are provided, periodically obtain adequate documentation to support the IIIB units of service, and ensure the IIIB charge is allocated based on the actual units of service provided.

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

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

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

No issues noted.

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

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.)

No issues noted.

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

The WCNAAA policy is to monitor its subrecipients annually. The APA obtained the documentation of the most recent monitoring procedures for Gothenburg Senior Service Center, the City of McCook senior center, and the Wauneta Senior Center. The WCNAAA had visited each of them in either March or April of 2019.

No issues were noted.

Complete Internal Control Questionnaire

The AOWN required its employees to document time worked on each program for every pay period. This documentation was used to charge costs to the various agency programs. This differed from the method included in the agency's written Financial Policies, which provided for a time study period of one month to be used to allocate costs.

The current practice requires leave used during the pay period to be allocated according to the results of the time study for that pay period.

We recommend the AOWN implement procedures to ensure its written policies are kept current and reflect the actual practices of the agency.

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

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

Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2020 transactions

No issues noted.

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

No issues noted.

Obtain a list of employees paid during the period tested

Obtained. No issues noted.

Perform a detailed test of employee payroll

The APA selected three employees for testing and determined that all three had their payroll costs incorrectly charged to the agency's programs. The issues noted included the following:

One employee tested recorded the programs on which she worked on a daily basis. The APA noted an error in the calculation of one of the daily summaries of time worked. The employee recorded 5.98 hours to Medicaid Waiver but it was reflected in the overall summary for that pay period as Title IIIE. The following table shows the allocation of her pay for the one pay period selected for testing:

Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
IIIB	\$154.56	9.58%	\$154.56	9.58%
Waiver	\$1,174.66	72.83%	\$1,295.28	80.31%
LOC	\$162.96	10.11%	\$162.96	10.11%
IIIE	\$120.62	7.48%	\$0.00	0.00%
Total	\$1,612.80		\$1,612.80	

One employee tested was in an administrative position who did not record time worked on each program each day. AOWN used the rest of the staff's time study results to allocate this individual's pay. Because of the error noted above, this employee's time was also allocated incorrectly. The table below reflects the allocation of her pay for the pay period selected for testing:

Aging Office of Western Nebraska (AOWN)
Summary of Results – Subrecipient Monitoring
August 2019 Payment from DHHS for July 2019 Services
FYE 6/30/2020

Attachment 2

Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
IIIB	\$81.46	8.29%	\$81.46	8.29%
III C1	\$36.14	3.68%	\$36.14	3.68%
III C2	\$29.39	2.99%	\$29.39	2.99%
IIIE	\$99.01	10.07%	\$94.10	9.57%
LOC	\$51.35	5.22%	\$51.35	5.22%
Waiver	\$485.20	49.37%	\$490.11	49.87%
Other	\$200.33	20.38%	\$200.33	20.38%
Total	\$982.88		\$982.88	

Finally, the third employee tested worked in one of the many senior centers operated by the agency. The senior centers employees' pay is allocated based on the number of Title C1 and C2 meals provided each month. The APA also found an error in the calculation of the average number of meals on the spreadsheet provided by the AOWN. The formula in the spreadsheet failed to include one of the monthly columns, so the calculation in the spreadsheet was incorrect. The table below shows the allocation of the employee's pay for the pay period tested:

Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
III C1	\$218.89	43.03%	\$239.85	47.15%
III C2	\$289.80	56.97%	\$268.84	52.85%
Total	\$508.69		\$508.69	

For each of the three employee tested, not only was the payroll allocated incorrectly, as shown in the tables above, but the employer-paid portion of FICA, retirement, health insurance, and long term disability was also allocated incorrectly.

These amounts are considered questioned costs, but the total questioned costs related to the payroll allocation is unknown.

We recommend the AOWN implement procedures to ensure personnel costs are properly allocated. Because the agency uses a number of interlinked spreadsheets to determine the allocation of pay, a second individual should review the spreadsheets for accuracy.

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

Significant journal entries tested in other sections.

Review negative expenditures to determine if transactions were reasonable and proper

No significant negative expenditures were tested.

Perform a detailed test of agency expenditures

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

The APA tested a \$3,600 building space expense for a lease agreement in Scottsbluff. In reviewing the allocation spreadsheets the AOWN used, the APA determined there was an error in one of the formulas. The AOWN allocated this expense using the payroll allocation percentages for only the employees who work in that office. The table below shows the amounts that were charged to each program and the APA calculated amounts:

Aging Office of Western Nebraska (AOWN)
Summary of Results – Subrecipient Monitoring
August 2019 Payment from DHHS for July 2019 Services
FYE 6/30/2020

Attachment 2

Program	Actual Charges		APA Calculated	
	%	\$	%	\$
III-B	3.51%	\$126.39	3.30%	\$118.80
III-C1	8.19%	\$294.86	7.10%	\$255.60
III-C2	7.40%	\$266.44	6.41%	\$230.76
III-E	0.13%	\$4.85	0.11%	\$3.96
SCO	6.24%	\$224.47	5.87%	\$211.32
Waiver	50.08%	\$1,802.91	54.59%	\$1,965.24
Other	24.45%	\$880.08	22.62%	\$814.32
Total		\$3,600.00		\$3,600.00

The differences between the actual charge and the APA calculation would be a questioned cost.

We recommend the AOWN ensure the method used to allocate expenses is accurate and has been properly reviewed by a separate individual and is accurate.

The APA tested a \$3,704 in kind building expense for the Hay Springs site. The expense was allocated in accordance with the meal count percentage allocation method, but the APA found an error in the spreadsheet used to calculate the percentages, as one month was not included in the average column. Therefore, the allocation of the expense was not accurate. The table below shows the amounts that were charged to each program and the APA calculated amounts:

Program	Actual Charges		APA Calculated	
	%	\$	%	\$
III-C1	52.54%	\$1,946.09	58.34%	\$2,160.91
III-C2	47.46%	\$1,757.91	41.66%	\$1,543.09
Total		\$3,704.00		\$3,704.00

The differences between the actual charges and the APA calculated charges would be questioned costs.

The APA also requested documentation to support compliance with the Uniform Guidance requirements regarding in kind building space, which can be found at 2 CFR 200.306(i)(3) as follows:

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

The AOWN did not provide the requested documentation.

The AOWN recorded \$31,067.16 to in-kind building space for July 2019, which was reflected as \$16,143.25 to C1 and \$14,923.91 to C2. This was also noted in the prior year.

These in-kind building expenses do not have a financial impact on the amount reimbursed to the AOWN by the DHHS because the in-kind amounts are recorded both as an expense and as a matching amount, so there are no questioned costs. However, because the amounts are considered matching, the AOWN should work to ensure the

matching requirements of the subawards have been met and to ensure compliance with the Uniform Grant Guidance.

We recommend the AOWN implement additional procedures to ensure the calculations used to allocate costs to various programs are accurate. We also recommend the AOWN ensure its subrecipients have adequate documentation to support compliance with the Uniform Guidance for the value of in kind building space.

The APA tested the allocation of a \$382.84 communications expense, as this coding was an issue in the prior monitoring. The expense tested was for communications for Gordon, Rushville/Hay Springs, and Chadron. The Chadron site office communications expense of \$234.03 was allocated in accordance with the time study for three individuals who worked from the Chadron office. No issues were noted with this portion of the allocation. However, the remaining cost allocated to the senior center or meal sites was allocated using the meal count percentage allocation method. As noted previously, the APA found an error in the spreadsheet used to calculate the percentages. Therefore the allocation of these expenses were not accurate. The table below shows the amounts that were charged to each program and the APA calculated amount.

Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
Chadron				
III C1	\$24.72	64.36%	\$26.82	69.83%
III C2	\$13.69	35.64%	\$11.59	30.17%
Total	\$38.41		\$38.41	
Gordon				
III C1	\$24.20	46.68%	\$25.29	48.79%
III C2	\$27.64	53.32%	\$26.55	51.21%
Total	\$51.84		\$51.84	
Rushville				
III C1	\$33.13	56.57%	\$36.32	62.02%
III C2	\$25.43	43.43%	\$22.24	37.98%
Total	\$58.56		\$58.56	

The differences between the actual allocation and the APA calculation would be questioned costs.

We recommend the AOWN implement additional procedures to ensure the calculations used to allocate time to various programs are accurate.

The APA tested the allocation of a \$500 payment to the City of Alliance for its site utilities, as specified in its written agreement. This was also an issue in the prior monitoring. The expense was allocated using the meal count percentage allocation method. As noted previously, the APA found an error in the spreadsheet used to calculate the percentages. Therefore the allocation of the expense was not accurate. The table below shows the amounts that were charged to each program and the APA calculated amount:

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Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
III C1	\$213.66	42.73%	\$235.75	47.15%
III C2	\$286.34	57.27%	\$264.25	52.85%
Total	\$500.00		\$500.00	

The difference between the actual allocation and the APA calculation would be questioned costs.

We recommend the AOWN implement additional procedures to ensure the calculations used to allocate time to various programs are accurate.

The APA tested a \$524.72 payment to Cash Wa Distributing for one invoice for Gering raw food. The expense was allocated using the meal count percentage allocation method. As noted previously, the APA found an error in the spreadsheet used to calculate the percentages. Therefore the allocation of the expense was not accurate. The table below shows the amounts that were charged to each program and the APA calculated amount:

Program	Actual Charges		APA Calculated	
	%	\$	%	\$
III-C1	50.41%	\$264.51	52.37%	\$274.80
III-C2	49.59%	\$260.21	47.63%	\$249.92
Total		\$524.72		\$524.72

The difference between the actual allocation and the APA calculation would be questioned costs.

We recommend the AOWN implement additional procedures to ensure the calculations used to allocate time to various programs are accurate.

The APA tested the allocation of a \$2,750 payment to its CPA for services provided, as the allocation of this expense was an issue in the prior monitoring. The AOWN allocated the expense using the overall time study of its office employees. The APA found an error in spreadsheet used to calculate this expense. Therefore the allocation of the expense was not accurate. The table below shows the amounts that were charged to each program and the APA calculated amount:

Program	Actual Charges		APA Calculated	
	%	\$	%	\$
III-B	8.29%	\$227.94	8.05%	\$221.38
III-C1	3.68%	\$101.10	4.75%	\$130.63
III-C2	2.99%	\$82.23	3.86%	\$106.15
III-E	10.07%	\$277.02	9.51%	\$261.53
SCO	5.22%	\$143.68	5.17%	\$142.18
Waiver	49.37%	\$1,357.55	48.39%	\$1,330.73
Other	20.38%	\$560.48	20.27%	\$557.43
Total		\$2,750.00		\$2,750.00

The difference in the actual charges and the APA calculated charges would be questioned costs.

The APA also noted this methodology to allocate certain expenses does not consider the time allocation of its staff at senior centers or meal sites. Therefore, perhaps, the amounts charged to the nutrition programs, C1 and C2, are not properly reflected in the current methodology.

We recommend the AOWN implement additional procedures to ensure the calculations used to allocate time to various programs are accurate.

The APA also selected a payment made to one of its subrecipients, a \$1,572.50 payment to the Morrill County Handyman. The APA obtained the reports submitted by the subrecipient to support the payment. The AOWN does not require its subrecipients to provide documentation to support the financial information reported each month, including documentation to support expenses, income, or matching amounts. Rather, the AOWN performs its own monitoring of its subrecipients on an annual basis and reviews one month of documentation during that monitoring. Therefore, the APA reviewed the supporting documentation received under this subaward under the subrecipient monitoring section included 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.

N/A – APA tested contracts above.

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

No issues noted.

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

The APA tested \$4,776.50 meal contributions for the Sidney site, a \$1,347.50 volunteer in kind entry for volunteer services, and the \$4,685.07 for Title XX meals. No issues were 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.

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

Tested with other expenditures as noted.

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

The APA tested two of the AOWN's four subrecipients and obtained the most recent monitoring results for the Morrill County and Box Butte County handyman programs. The last monitoring completed for both was for the period March 2019.

The APA noted the following:

Morrill County Handyman

The APA tested a \$1,723.75 payment to the Morrill County Handyman, a subrecipient of the AOWN, to provide homemaker and chore services in Morrill County. Morrill County requests from AOWN reimbursement of expenses, less income and matching, on a monthly basis. The amounts report by the Handyman were as follows:

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Cost Category	Amount
Personnel	\$600.00
Communications & Utilities	\$25.00
Other	\$1,297.50
Gross Cost	\$1,922.50
Matching	
Income/Contributions (Matching)	\$198.75
Net Amount Paid	\$1,723.75

We noted the following issues:

Morrill County reported \$1,297.50 in homemaker and chore services provided by different handypersons during the month of July. The APA observed a summary sheet identifying the number of service units performed and the amount charged for the services provided. The AOWN obtained the signed client forms documenting the work performed for one of the providers. Similar to the prior year, the APA also found that the forms were not actually signed by the client receiving the service. Some had the client sign for the first service and then included a quotation mark on the line below or had a line drawn from the signature to the other units below. One also included a handwritten note that stated, “via telephone.” If the subrecipient does not get signatures for every service provided, we recommend the AOWN obtain the client signed forms on a periodic basis to ensure the services were actually provided.

We also noted the AOWN did not provide a written report or summary of its subrecipient monitoring procedures. We recommend the AOWN implement procedures to provide the subrecipient with a written summary of results of the monitoring.

Box Butte County Handyman

Box Butte County reported \$3,053.49 in expenses and \$519.55 in client contributions and local matching for the March 2019.

Box Butte County reported \$1,535.84 in personnel costs. The AOWN obtained timesheets and payroll registers to document the time worked and authorized salary rate of the employee. The APA determined that the total amount allocated to the Handyman program did not agree to the actual hours worked on the timesheet. Rather, the amount charged to the handyman program for the employee seemed to be a budgeted percentage, as it was the same for each period, 30% of pay. However, the employee did not work the same amount of hours on the program each pay period. Based on the employee timesheets provided, the employee worked on the Handyman program between 34.57% and 40.38% of her actual time worked.

Box Butte County also reported \$83.33 per month for in kind building space. The AOWN lacked documentation to ensure the value of the in kind building space complied with the requirements in the Uniform Guidance, which are included above.

We also noted the AOWN did not provide a written report or summary of its subrecipient monitoring procedures. We recommend the AOWN implement procedures to provide the subrecipient with a written summary of results of the monitoring.

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

Complete Internal Control Questionnaire

The NENAAA did ensure the matching amounts reported by the subrecipients were supported by adequate documentation. NENAAA stated that the subrecipients are required to match or provide a certain percentage of its budgeted expenses. The NENAAA did not ensure the matching amounts reported were actual expenses.

The Uniform Grant Guidance sets out matching requirements at 2 CFR 200.306(b) as follows:

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E - Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

The NENAAA should implement procedures to obtain documentation from its subrecipients to ensure matching amounts are based on actual expenses incurred by the subrecipient.

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

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

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

No issues noted.

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

Obtained and reviewed. No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA performed detail testing of two employees and noted the following issues:

The NENAAA conducted a time study for a one month period in order to have a basis for allocating payroll costs to the appropriate programs. The APA found the following issues with the time study:

1. *Employees were only required to document time worked on each program throughout the day, for example, time coded to III-B, or IIIE. However, the actual time study allocation used by the NENAAA allocates costs to multiple activities within each of these programs, such as IIIB outreach, IIIB legal assistance, IIIB chore, IIIB information and assistance, etc. The documentation provided did not always support the allocation of costs to those specific activities within each program. Although this does not have an effect on the overall allocation of costs to the Federal programs, DHHS should be aware of the method NENAAA uses to allocate costs for budgeting purposes. This issue was noted in the prior year.*
2. *The NENAAA does not have a policy addressing situations in which an employee has leave hours reduced when the employee recorded in excess of 40 hours during the week. Currently, NENAAA employees and their supervisors make the determination of which leave category (vacation, sick, compensated time) to reduce in those situations. We recommend the NENAAA*

include in its personnel policies a guideline on which leave hours to reduce when an employee has greater than 40 hours for a week.

3. *For one employee tested, the NENAAA overcharged Care Management by 2.25 hours, overcharged Waiver by 1.50 hours, and undercharged Title C2 by 4.0 hours on the monthly time study. This resulted in the time study percentages being incorrectly stated, as follows:*

Program	Actual	Correct
Care Management	4.01%	2.11%
Waiver	84.18%	82.74%
C2	6.33%	9.68%

This would also have a small effect on the overall percentages that are used to allocate expenditures other than payroll, along with the Executive Director and Fiscal Officer's payroll amounts. The questioned costs are unknown. We recommend the NENAAA ensure the time study calculations are accurate and reviewed by a second individual prior to implementation.

4. *The NENAAA had to make adjustments to its time study allocation percentages as a result of the SUA's change in its definition of services, effective July 1, 2019. The adjustments made to the time study were based on budget projections which are not allowable under the Uniform Guidance. The following tables show the effect of the adjustments on the two employees selected for testing:*

Program	Per Time Study	Actual Allocation
IIIB	0.21%	0.70%
IIIE	0.00%	0.20%
CM	4.01%	3.30%

Program	Per Time Study	Actual Allocation
IIIB	13.95%	17.20%
IIIE	16.09%	17.60%
CM	24.68%	20.00%

Note: Minor differences in total due to rounding.

The NENAAA moved a portion of the State-funded Care Management costs to the Title III-B and III-E programs. This would affect all employees who charged time to Care Management. The questioned costs are unknown.

The use of a projection for allocating expenses is not allowable per 2 CFR 200.430(8)(viii), which 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.

The APA recommends the NENAAA ensure all costs are allocated using a method that complies with the UGG.

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

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA performed detail testing of three expenditures totaling \$10,669. The following issues were noted:

One \$923 expense reimbursement expense was paid to an employee for mileage to conduct assisted living facility and provider renewals and referrals. The NENAAA allocated this cost based on the employee's percentages determined from the time study. The following table shows the allocation of the expense tested:

Program	%	\$
IIIB	1.5%	\$13.85
C1	0.40%	\$3.69
C2	6.40%	\$59.07
IIIE	0.20%	\$1.85
Care Management	3.30%	\$30.46
Medicaid Waiver	84.20%	\$777.17
Ombudsman	3.80%	\$35.07
SMP	0.20%	\$1.84
Totals	100.00	\$923.00

However, the employee actually recorded that all of the trips were related to the Waiver program on the mileage log. It appears that using the program noted on the mileage log might be a more appropriate way to allocate the mileage expenses. The \$145.83 that was not charged to the Waiver program is a questioned cost.

We recommend the NENAAA implement procedures to ensure the proper coding of its expenditures in accordance with the relative benefits received by each program.

The APA also tested two payments, totaling \$4,700.59, to senior centers for services provided, including meals and Title IIIB programming, and noted the following:

In the prior year, the APA noted that the NENAAA's subawards for the Title IIIC meal programs were based upon a per meal cost, rather than on actual expenses. At the time, it appeared these awards would be considered fixed amount subawards under the Uniform Grant Guidance.

After consultation with its Federal partner, DHHS issued guidance to the AAAs regarding the identification of entities as subcontractors or subrecipients. The DHHS indicated that contractors were able to use this per meal cost arrangement. Subrecipients would have to provide documentation of its income and expenses and true up the award at the end of the award year. According to DHHS, in its discussions with its Federal contact, the determination of eligibility is the most important factor.

The applicable Federal regulations are found in the Uniform Guidance at 2 CFR 200.330, which states the following:

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

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(a) *Subrecipients.* 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.

(b) *Contractors.* A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See § 200-22 *Contract*. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) *Use of judgment in making determination.* In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

The APA obtained the "Checklist to Determine if Entity Receiving Federal Funds has a Subrecipient or Contractor Relationship with DHHS" for two entities selected for testing – Crofton Senior Center and Elgin Senior Center. This form is used by the NENAAA to determine the type of relationship it has with various entities who provide services.

Each of the two checklists included a requirement asking whether the entity had the responsibility for adherence to federal program requirements. The requirement was not marked despite the evidence that shows the senior centers are responsible to comply with the nutrition guidelines set by the program.

Had this requirement been appropriately marked, the APA noted that three of the five subrecipient requirements and three of the five contractor requirements on each checklist should have been marked. As a result, there does not appear to be clear evidence that the entities were contractors, as indicated by the NENAAA on the forms.

We recommend the NENAAA work with the SUA to ensure its checklists to determine whether an entity is a subrecipient or a contractor are properly completed and contain clear evidence of the NENAAA's determination of the relationship.

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

The APA tested August payment to the Crofton Golden Age Senior Center for contractual services totaling \$2,453.34. The payment consisted of the following amounts by program:

Program	Amount
IIIB	\$ 431.42
C1	\$ 1,221.30
C2	\$ 568.40
IIIE	\$ 232.22
Total	\$ 2,453.34

The APA noted the following issues:

- *The APA reviewed the sign-in sheets for home delivered (C2) and congregate meals (C1) for one day during the month and determined the clients did not verify receipt of the home delivered meals with a signature. Since signatures for meals were not required, the NENAAA required the senior center to verify the meal receipts on a sample basis each month. For the month tested, Crofton failed to obtain monthly meal verifications from the home delivered meal clients for this month. Therefore, the NENAAA lacked documentation to verify that the clients actually received the meals reported.*
- *For the congregate meals (C1) tested for one day, the APA identified three clients from the sign in sheet that were not included in the daily total on the meal log. The APA also found one client from the meal log was not listed on the sign-in sheet.*

We recommend the NENAAA implement procedures to clients are periodically confirming the home delivered meals received and the sign in sheets for meals are accurately reported on the meals logs. These issues were also noted in the prior year.

The APA tested August payment to the Elgin Senior Citizen and Community Center for contractual services totaling \$2,247.25. The payment consisted of the following amounts by program:

Program	Amount
IIIB	\$ 803.55
C1	\$ 1,051.10
C2	\$ 126.00
IIIE	\$ 266.60
Total	\$ 2,247.25

The APA noted the following issues:

- *The APA reviewed the sign-in sheets for home delivered (C2) and congregate meals (C1) for one day during the month and noted that the home delivered meal driver signs the route sheet to indicate all meals were delivered. However, the clients are not verifying the receipt of the meals. The NENAAA required the senior center to verify the home delivered meal receipts on a sample basis each month. For the month tested, Elgin failed to provide the monthly meal verifications from the home delivered meal clients. Therefore, the NENAAA lacked documentation to verify that the clients actually received the meals reported.*
- *The APA obtained the documentation to support a sample of the IIIB services. For one service tested, information services, the senior center reported 22 units for radio ads but lacked documentation to support the radio ads. The senior center received \$99 for the unsupported services.*

We recommend the NENAAA implement procedures to ensure clients are periodically confirming the home delivered meals received, and the units of IIIB services are adequately supported. These issues were also noted in the prior year.

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

N/A – significant contracts would be tested above.

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

No issues noted.

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

The NENAAA reviews the monthly matching amounts reported from the senior centers, but it does not require or review documentation supporting the matching amounts. The APA noted that 2 CFR 200.306(b)(1) requires match to be verifiable. The following matching amounts were reported by each of the subrecipients tested for the period August 2019. (This month was used to test the match process, even though it didn't agree to the match reported in August 2019 – which would have been for July 2019 senior center services.)

Type of Match	IIIB	C1	C2	Total
Crofton Senior Center				
Local Cash	\$2,433.32	\$0.00	\$0.00	\$2,433.32
Elgin Senior Center				
Local Cash	\$2,087.94	\$1,308.13	\$373.70	\$3,769.77

Because the match amounts were not verified, the matching amounts are questioned costs.

We recommend NENAAA implement procedures to ensure that matching amounts are properly supported by adequate documentation and are in accordance with the UGG.

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

Immaterial differences were noted and discussed with the NENAAA.

However, the APA determined that the NENAAA was adding an automobile charge to its Form A reporting for the travel expense category. This automobile charge was the agency's calculated cost for the use of its agency-owned vehicles. The NENAAA applied the IRS per mileage rate to the miles driven in its agency-owned vehicles and charged this to the DHHS in its Form A reports.

Because the amount is not an actual expense, i.e. the amount was not paid to an employee as an expense reimbursement, the amounts are not allowable under the terms of the subaward with DHHS or the Uniform Guidance. 2 CFR 200.474 contains definition for travel costs. Subsection (a) states the following:

General. Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of § 200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

The following amounts were reported to DHHS for August 2019:

Program	Form A	GL	Diff
IIIB	\$ 1,178.30	\$ 443.48	\$ 734.82
C1	\$ 141.85	\$ 10.09	\$ 131.76
C2	\$ 147.66	\$ 64.34	\$ 83.32
IIIE	\$ 857.61	\$ 203.32	\$ 654.29

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	Ombudsman	\$ 264.88	\$ 41.84	\$ 223.04
	SCO	\$ 452.62	\$ 301.44	\$ 151.18
	Waiver	\$ 3,724.28	\$ 3,236.68	\$ 487.60
	Totals	\$ 6,767.20	\$ 4,301.19	\$ 2,466.01
<p><i>The difference is the amount of the automobile charges reported on the Form A. These are questioned costs.</i></p> <p><i>We recommend the NENAAA discontinue reporting these automobile charges to DHHS for reimbursement. We further recommend the DHHS implement procedures to ensure these charges are not reimbursed for the rest of the fiscal year and beyond.</i></p>				
Determine the Medicaid & LOC payments were in accordance with the terms of the contract.				
<i>N/A – this would be reviewed during the testing above.</i>				
Document the Agency's procedures to monitor its subrecipients, if applicable.				
<p><i>The NENAAA's subrecipient monitoring policy requires the agency to perform monitoring on one-third of the subrecipient sites each year.</i></p> <p><i>The NENAAA also contracts with a local CPA firm to conduct agreed-upon procedures at half of the subrecipients each year.</i></p> <p><i>No exceptions were noted.</i></p>				

Complete Internal Control Questionnaire

The method used to allocate personnel costs was not adequate or in accordance with the UGG. The MAAA is attempting to record time worked on its various programs in real-time using a couple of different time keeping systems. However, neither of these systems was fully operational for the period tested – September 2019. The APA noted that one of the time keeping systems included a couple of categories that include more than one program – grants and NAMIS data entry. Those categories are manually allocated evenly between different programs. According to the MAAA, they intend to review the data in 6 months and perform adjustments as necessary to these programs. Therefore, for the current period tested, certain payroll costs were not allocated in accordance with the Uniform Guidance.

The APA also determined that employees are not recording leave hours properly, as they were recorded as time worked in one program instead of being allocated in accordance with time actually worked on the various programs.

We recommend the MAAA implement procedures to ensure payroll costs are allocated to its programs using an acceptable method to calculate the amount charged to each program and that the allocation method is supported either by actual time worked or an approved time study method. We also recommend the MAAA implement procedures to ensure leave hours are appropriately recorded in the time keeping system and are charged based on the hours worked in each program. Since the method used to allocate payroll was not fully operational during the month tested, the APA recommends the SUA perform additional procedures to ensure the allocation method complies with the Uniform Guidance.

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

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

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

No issues noted.

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

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 two employees and could not verify whether the correct program was charged for the duties performed for either employee. As mentioned previously, the MAAA is currently implementing a new time keeping system in which the hours worked on each program will be documented in real time.

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

Employees Tested	Program Charges							Salary for Pay Period
	IIIB	C1	C2	IIIE	SCO	Waiver	Other	
Employee 1	\$2,052.94	\$55.08	\$55.08	\$665.70	\$0.00	\$0.00	\$0.00	\$2,828.80
Employee 2	\$0.00	\$0.00	\$0.00	\$0.00	\$697.64	\$2,476.00	\$5.56	\$3,179.20
Totals	\$2,052.94	\$55.08	\$55.08	\$665.70	\$697.64	\$2,476.00	\$5.56	\$6,008.00

Employee 1 charged 83.5 hours of work to transportation. These hours were inappropriately charged to the IIIB program. Additionally, the 13.5 hours, or \$220.32, charged to data entry were allocated evenly between the IIIB, C1, C2, and IIIE programs. Likewise, 74.83 hours, or \$1,221.25, was allocated evenly between IIIB Chore, IIIB Homemaker, IIIE Respite, and IIIE Supportive Services. This method of

allocation is not in accordance with the Uniform Guidance.

The APA also determined 24 leave hours were included in the 74.83 hours worked, as noted above. The leave time should be recorded as leave and should be allocated in accordance with the time worked on all programs for that employee.

The MAAA lacked documentation to support the amount of time charged to each program for Employee 2. Support was provided that showed the employee charged 1 hour to Care Management, but not a full hour was allocated to that program. No additional support was provided for the allocation of pay between the Senior Care Options program and the Medicaid Waiver program.

The APA also noted that Employee 2 had 10 hours of leave included as time worked on the pay stub. The leave time should be recorded as leave and should be allocated in accordance with the time worked on all programs for that employee.

The APA considers all of the personnel costs questioned costs for September 2019 since documentation was not adequate to support the allocation of these costs to the various programs.

We recommend the MAAA implement procedures to ensure personnel costs are allocated in accordance with the relative benefits received for each program in accordance with the Uniform Grant Guidance. The method used to allocate costs should be based on actual costs. If budget estimates are used, those must be compared to actual costs and adjusted. We also recommend the MAAA implement procedures to ensure leave is properly recorded and allocated according to the total time worked for each employee.

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

The APA reviewed six difference journal entry transactions and found no issues. Many of the journal entries for income and matching were tested below.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested six documents, totaling \$33,564.91, and noted the following issues:

One document tested was a \$595.12 payment for fuel related to the transportation program. The expenses was charged to the IIIB program even though it related to another Federal program from the Nebraska Department of Transportation. This is a questioned cost.

We recommend the MAAA implement procedures to ensure financial activities of its Federal programs are not comingled.

In the prior year, the APA noted that some of the MAAA's subawards for the Title IIIC meal programs were based upon a per meal cost, rather than on actual expenses. At the time, it appeared these awards would be considered fixed amount subawards under the Uniform Grant Guidance.

After consultation with its Federal partner, DHHS issued guidance to the AAAs regarding the identification of entities as subcontractors or subrecipients. The DHHS indicated that contractors were able to use this per meal cost arrangement. Subrecipients would have to provide documentation of its income and expenses and true up the award at the end of the award year. According to DHHS, in its discussions with its Federal contact, the determination of eligibility is the most important factor.

The applicable Federal regulations are found in the Uniform Guidance at 2 CFR 200.330, which states

the following:

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) *Subrecipients.* 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.

(b) *Contractors.* A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See § 200-22 *Contract*. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the contractor:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) *Use of judgment in making determination.* In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

The APA obtained the MAAA's checklist used for determining if an entity is a subrecipient or contractor. The APA selected two entities for testing – Senior Citizens Industries, Inc. (SCII) and Hamilton County Senior Services.

The checklists provided seem to include evidence that the entities fit the criteria for both a subrecipient and a contractor, although the contractor checklist includes more positive responses. We recommend the MAAA work with the SUA to ensure its checklists to determine whether an entity is a subrecipient or a contractor contain clear evidence of the MAAA's determination of the relationship.

The APA tested a \$16,179.35 payment to the Senior Citizens Industries, Inc. (SCII) for services provided at the Grand Generation Center in September 2019. The MAAA has a contract with the SCII to provide meals and IIIB services at the center. The contract allows \$3.60 per C1 meal and \$2.45 per C2 meal. Additionally, the contract requires IIIB services to be provided, but the contract does not contain a unit price or number of services – it simply contains a total amount available per year.

The MAAA provided documentation to support the number of meals reimbursed, but documentation was not adequate to support the IIIB services provided. The MAAA did not obtain activity logs or a listing of clients who attended each activity. The MAAA reimbursed the SCII \$350 for the IIIB social activities. Since documentation to support the activities was not provided, we consider this amount to be a questioned cost.

The APA also found that the MAAA failed to require either the clients to sign for each home delivered meal or periodically verify the receipt of the monthly meals from the clients.

The APA also tested a \$10,286.07 payment to the Hamilton County Senior Services for services provided during September 2019. The MAAA has a contract with the Hamilton County Senior Services to provide meals and IIIB services. The contract allows for \$4.70 per C1 meal and \$3.00 per C2 meal. Additionally, the contract requires IIIB services to be provided, but the contract does not contain a unit price or number of services – it simply contains a total amount available per year.

The APA found that the MAAA failed to require either the clients to sign for each home delivered meal or periodically verify the receipt of the monthly meals from the clients.

The APA tested a \$4,605 payment to the Village Diner for home delivered meal. The APA determined that MAAA failed to either require the clients to sign for each home delivered meal or periodically verify the receipt of the monthly meals from the clients.

The MAAA reported that it sent meal reports to clients who received home delivered meals but did not ask for verification of the meals. The MAAA felt this methodology was approved by the SUA.

We recommend the MAAA implement procedures to ensure the IIIB social activity services are adequately supported with activity logs identifying the activity and clients participating each day. We also recommend the MAAA either have clients sign for home delivered meals or provide a periodic verification from the clients that meals were received.

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

See testing above.

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

No issues noted.

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

The APA reviewed the amounts recorded by the MAAA as Other Income, Income Contributions, Local Public Cash, and Local In Kind during September 2019 and noted the following issues:

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

The other income amount of \$26,971.21 consisted mostly of income from another Federal program from the Nebraska Department of Transportation. All but \$755 was for this other Federal program.

Some of the income contributions amount reported by the senior centers was also related to the other Federal program. For example, the APA tested the income reported for Howard County during September 2019 and found that \$505 was income from transportation fares in the other Federal program.

We recommend the MAAA implement procedures to ensure the financial activities of its Federal grants are kept separate and are not comingled.

The APA also determined the MAAA lacked documentation to verify the daily contributions are counted by two individuals at the center. For Howard County, the site director was recently terminated and the records were discarded due to their condition. Therefore, the daily contribution report that is signed by

the individuals who count the cash, was not maintained. The MAAA also indicated that the director would at times use some of the contributions received for needed purchases instead of depositing all contributions.

We recommend the MAAA implement procedures to ensure adequate control is maintained over cash contributions collected at its senior centers. All cash received should be counted by two individuals and deposited.

The MAAA arbitrarily determines the amount to record to local public cash each month. These amounts are related to the membership fees received from the local subdivisions. For the fiscal year the MAAA had \$27,222 in local public cash available. For September 2019, the MAAA recorded \$6,218.82. According to the MAAA, more is charged at the beginning of the fiscal year until the Federal funds for the new fiscal year are approved. Because the APA only tests one month per year, we recommend the SUA implement procedures to ensure the local match amount for the year was reported properly.

The MAAA reported \$11,436.80 for local other in kind. The APA reviewed the Hall County volunteer match for September 2019, totaling \$5,193, and determined that one volunteer activity – Bingo – did not have the signature of each volunteer. The total number of hours reported for this activity was 40 hours at \$9 per hour, or \$720. We recommend the MAAA ensure all volunteer hours are supported by time records that are signed by both the volunteer and supervisor.

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 MAAA had included a completely separate Federal fund, from the Nebraska Department of Transportation, in its reporting for the Aging programs being monitored. Specifically, transit costs related to this other Federal program were included in Title IIIB as follows:

Cost Category	IIIB Transportation
Personnel	\$ 28,290.02
Travel	\$ 48.72
Printing and Supplies	\$ 216.08
Equipment	\$ -
Building Space	\$ 406.13
Communication & Utilities	\$ 197.64
Other	\$ 3,348.89
Raw Food	\$ -
Contractual Services	\$ -
Gross Costs	\$ 32,507.48
Other	\$ 26,216.21
Federal Title XX	\$ 72.50
Income Contrib/Fees	\$ 1,601.42
Total NonMatch	\$ 27,890.13
Actual Costs	\$ 4,617.35
Local Public Cash	\$ 3,299.77
Local Public Other	\$ -
Local Other In Kind	\$ -
Local Other Cash	\$ -
Total Local Matching	\$ 3,299.77
SUA Cost	\$ 1,317.58

These costs should not be included in the Title IIIB program and are all questioned costs.

MAAA
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Attachment 4

The MAA noted that its initial IIIB transportation budget as well as two months of fiscal reports were previously approved by the SUA.

We recommend the MAAA ensure all transit services under the NDOT grant are removed from the IIIB program since the beginning of the fiscal year. We also recommend the MAAA ensure it has a proper understanding of the Uniform Grant Guidance. Furthermore, we recommend the DUA implement procedures to perform a proper analytical review of the AAA's budget and financial reporting to determine when significant changes such as this have occurred.

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

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

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

The MAAA considered all of its relationships with the entities to be contractual. Therefore, subrecipient monitoring would not be required under the Uniform Guidance. The MAAA obtains monthly financial reports from the senior centers for review.

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Complete Internal Control Questionnaire

The Eastern Nebraska Human Services Agency (ENHSA) is the governing body of the Eastern Nebraska Office on Aging (ENOA.) The Board of Directors does not approve the payments made by the ENOA – either before or after the fact. The Board receives a quarterly financial statement that summarizes the total activity of the ENOA, not programmatic information. The ENOA should consider providing more detailed financial information, including a list of checks written and programmatic data, so the Board can provided effective financial monitoring and oversight.

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

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

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

No issues noted.

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

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested three employees for one pay period in October 2019. The payroll for the three employees payroll was allocated as follows:

Employee	IIB	C1	C2	Waiver	LOC	Total
Employee 1	\$ 2,632.00	\$ -	\$ 632.00	\$ -	\$ -	\$ 3,264.00
Employee 2	\$ -	\$ -	\$ -	\$ 2,962.56	\$ 125.45	\$ 3,088.01
Employee 3	\$ 1,374.54	\$ 1,427.06	\$ -	\$ -	\$ -	\$ 2,801.60
Totals	\$ 4,006.54	\$ 1,427.06	\$ 632.00	\$ 2,962.56	\$ 125.45	\$ 9,153.61

Note: This table only includes salary/wages and not other benefits.

The ENOA initially records personnel costs for each employee to one program. At the end of the month, the ENOA performs journal entries to move payroll costs to the various programs based upon daily time records completed by the employees.

The APA determined that the method used to allocate personnel costs is not adequate, as the leave (personal, vacation, sick, or holiday) amounts are not allocated to all of the programs, but instead is charged to only one program.

The following table shows the variance between the ENOA allocation of pay and the APA calculated amount, which allocated the leave hours:

Employees Tested	Salary for Pay Period	ENOA Allocation Percentage	Transferred Amount	APA Calculated Allocation	APA Transfer Amount	Variance
Employee 1	\$3,264.00	19.3627%	\$632.00	20.1626%	\$658.11	(\$26.11)
Employee 2	\$3,088.01	4.0625%	\$125.45	4.7016%	\$145.19	(\$19.74)
Employee 3	\$2,801.60	49.0625%	\$1,374.54	49.6051%	\$1,389.74	(\$15.20)
Totals	\$9,153.61		\$2,131.99		\$2,193.04	(\$61.05)

Note: This table only includes salary/wages and not other benefits.

These would be considered questioned costs.

The APA also noted that Employee 2 failed to record six hours worked to any of the programs. For purposes of the table above, those six hours were included in the employee's initial program, Waiver. The ENOA should ensure the time records for each employee above appropriately reflects each program worked.

Because personal time, vacation, and sick leave are not allocated among programs based on percentage of hours worked, the ENOA was not in compliance with the Uniform Grant Guidance, including 45 CFR § 75.430.

We recommend the ENOA implement procedures to ensure all leave time is properly allocated to the various programs based on the actual hours worked.

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

No issues noted during testing.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA selected 6 documents, totaling \$117,101.18, for testing and noted the following:

The APA tested a \$6,743.97 contractual expense to the City of Omaha. The contract is for the City to provide the nutrition program at a number of sites. The ENOA reimburses the City each month for the personnel costs of the managers of the sites. The costs were allocated between two programs: C1 congregate meals and IIIB social activities.

Similar to the payroll section above, the ENOA failed to properly allocate the leave hours worked by the managers; instead allocating those hours to the C1 program. Consequently, an additional \$87.10 was charged to C1 that should have been charged to IIIB. The table below shows the ENOA allocation and the APA calculated allocation.

Program	ENOA Allocation	APA Calculated Allocation	Variance
C1 - Congregate Meals	\$5,116.27	\$5,029.17	\$87.10
III B - Social Activities	\$1,627.70	\$1,714.80	-\$87.10
Total	\$6,743.97	\$6,743.97	

The APA recommends the ENOA implement procedures to ensure the leave hours are properly allocated to each program worked based on the actual hours worked each month.

The APA tested a \$70,925.74 contractual food expense to Treat America. The expense was charged to the C1 and C2 programs. The ENOA has a contract with Treat America to provide both congregate and home delivered meals to the elderly in the ENOA service area.

Treat America provides monthly invoices for each site. The APA selected two congregate meal sites for testing and requested the meal logs for September 13, 2019, in order to compare the meals from the meal log to the invoice. For one senior living center, the APA identified a 2 meal variance for the date tested and a 35 meal variance for the month tested when comparing the number of meals ordered and the number of meals served. The ENOA did not maintain adequate documentation to support the reason for the variances. Generally, the sites are required to place their order for the following day and there are limits on the number

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of meals that can be changed after the initial order is placed. At the other senior center, the variance between the meal log and the invoice was only one meal.

The APA also tested the documentation to support the home delivered meals, which consisted of an ENOA prepared spreadsheet documenting the number of meals ordered. The APA requested the delivery logs for September 13, 2019, and found a 17 meal variance between the numbers of meals ordered (paid for) and number of meals served.

The APA also determined that clients who received home delivered meals are not required to sign or verify the receipt of the meals.

We recommend the ENOA ensure the meals served each day agree to the amount ordered and paid. Any variances over a certain percentage should be supported by adequate documentation to support the amount billed. We also recommend the ENOA implement procedures to ensure the home delivered meal clients sign for each meal or periodically verify the receipt of the meals each month.

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

N/A – APA tested contracts above.

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

No issues noted.

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

The APA tested \$23,454.45 for Title XX income reported for home delivered meals and noted a \$137.28 variance between the ENOA records provided and the amount reported on Form A for October 2019. The variance included a \$100 error and a \$37.28 unknown variance.

The APA also noted that two rates in the ENOA Title XX report did not agree to the \$5.89 rate for Title XX meals. One individual had a rate of \$5.389 and another had a rate of \$5.75 per meal. The ENOA could not explain the variances.

Additionally, one client confirmed a different number of meals than the number of meals paid. It is possible that the client cancelled a meal after the deadline. However, documentation was not maintained to support the reason for the variance.

We recommend the ENOA ensure the amounts recorded as Title XX income are supported by adequate documentation and that the per meal rates agree to the Title XX meal rate. We also recommend the ENOA correct the \$100 error in the next reporting period and ensure documentation is maintained to support any variances is meals paid to those confirmed with Title XX clients.

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

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

Cost Category	IIIB		
	Form A	GL	Diff
Printing and Supplies	\$ 284.49	\$ 274.37	\$ 10.12
Other	\$ 860.90	\$ 260.90	\$ 600.00

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Local Public Cash	\$ 698.18	\$ -	\$ 698.18
Local Other In Kind	\$ 600.00	\$ -	\$ 600.00

IIIB Variances: The \$10.12 was a missed expense from September 2019 that was added to the October 2019 Form A. The \$600 variances is Other Expenses and Local Other in Kind Match is due to the recording of in-kind by ENOA. ENOA books the in-kind entries at year end. Therefore, the APA could not verify that the in kind entries in the GL agree to the reported in kind amounts. The SUA will have to perform procedures at year end to verify these amounts. The \$698.18 variance is for local funds. The ENOA does not record the local funds to individual cost centers; rather, they use an administrative cost center to record the funds in the GL. This method also does not allow the APA to determine if the local public cash amounts are accurate. The SUA will have to perform procedures at year end to verify the amounts.

Cost Category	C2		
	Form A	GL	Diff
Printing and Supplies	\$ 3,446.54	\$ 686.54	\$ 2,760.00
Federal Title XX	\$ 21,972.27	\$ 21,872.27	\$ 100.00
Local Other In Kind	\$ 2,760.00	\$ -	\$ 2,760.00

C2 Variances: The \$2,760 is an in-kind amount for October. ENOA books the in-kind entries at year end. Therefore, the APA could not verify that the in-kind entries in the GL agree to the reported in kind amounts. The SUA will have to perform procedures at year end to verify these amounts. The \$100 variance is an error that will need to be corrected.

Cost Category	IIID		
	Form A	GL	Diff
Income Contrib/Fees	\$ 422.66	\$ -	\$ 422.66

IIID Variance: The IIID income amount received was not recorded in the general ledger.

Cost Category	IIIE		
	Form A	GL	Diff
Local Public Cash	\$ 5,662.01	\$ -	\$ 5,662.01

IIIE Variance: The \$5,662.01 variance is for local funds used as match. The ENOA does not record the local funds to individual cost centers; rather, they use an administrative cost center to record the funds in the GL. This method also does not allow the APA to determine if the local public cash amounts are accurate. The SUA will have to perform procedures at year end to verify the amounts.

We recommend the ENOA implement procedures to ensure the \$100 error is appropriately corrected and that all amounts reported on the Form A agree to the accounting records. We also recommend the SUA implement procedures to ensure the local public funds and the in-kind amounts are properly reported at year end since the amounts are not recorded as program activity in the accounting system in the month tested.

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

Tested with other expenditures as noted.

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

The ENOA converted all of its contractual agreements to contracts for FY 2020. No subrecipient monitoring is required.

Complete Internal Control Questionnaire

The Aging Partners implemented a time study to allocate costs to its various programs for fiscal year 2020. The APA found a number of issues with the time study and methodology used to allocate costs, as follows:

- 1) *The time study allowed employees to record time worked on more than one program into a category labelled “Split Across All Programs.” Time recorded to this category was not recorded to a specific fund but was allocated according to the employees overall time study allocation percentages at the end of the time study period. The APA has cautioned area agencies on the use of this category, requiring agencies to define a minimal amount of time that should be recorded to this category. The Aging Partners did not define a minimal number of hours that could be recorded to this category. The APA noted one of the employees tested had recorded 18.75 hours for the month to this category. This was over 10% of the total time recorded for the month.*
- 2) *The Aging Partners also did not have written documentation to define how many leave hours could be recorded in the time study period. If an employee had a large amount of leave used, the time study period may not be representative of the employees actual work performed for the year.*
- 3) *Once an employee had completed the time study, the employees were grouped together by business unit. The Aging Partners summarized the time study results for all employees assigned to each business unit. The allocation of payroll costs was based upon the summarized total for the business unit and not for the individual employee. So in some cases, the payroll costs of employees were allocated to programs that the employee did not actually work on. See examples below in the payroll testing section.*

The APA tested the payroll paid in November 2019, totaling in excess of \$413,000 for the Federal programs tested. The following amounts were allocated to each program for November 2019:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Total
\$ 182,958.99	\$ 41,873.97	\$ 10,252.17	\$ 6,908.88	\$ 11,083.02	\$ 11,848.31	\$ 148,803.53	\$413,728.88

- 4) *The time study allocation was used to determine allocations for administrative employees. However, time studies were not locked after the fact, and cells in the summary workbook remained linked. Thus, the administrative allocations are slightly different than the overall allocation for all employees, and the APA was unable to verify the allocation was determined correctly.*
- 5) *The APA noted that the time study percentages were supposed to be used to allocate costs to the business units. However, some of the business units included percentages that did not match the time study allocation for the business unit. See examples highlighted below for the Personnel and Family Service business unit:*

Cost Category	III-B	III-C1	III-C2	III-D	III-E	Totals
Personnel	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Travel	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Print/Supply	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Equipment	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Bldg Space	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Comm/Utility	91.89%	0.84%	0.24%	0.14%	6.89%	100.00%
Other	96.61%	0.35%	0.10%	0.06%	2.88%	100.00%
Cont Service	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%

We recommend the Aging Partners review its policy to allocate costs and ensure personnel costs are allocated based upon the employees’ individual time study calculation. All other costs may be allocated using the overall time study percentages but should be consistently reported. Any costs not using the time study methodology should contain adequate documentation to support the allocation of costs. Proper allocation methods and calculations ensure costs are allocated based on the relative benefit received by each program, in accordance with the Uniform Guidance. .

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

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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

No issues noted.

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

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested three employees. All three employees tested had personnel costs charged to more than one program. As noted above, the Aging Partners implemented the use of a time study to allocate hours worked to the various programs. The time study was completed during July and August of 2018. See above for issues identified by the APA with the time study methodology. The following table includes the programs charged for the three employees tested for the pay period ending November 13, 2019:

Program Charges															
Empl	III-B		III-C1		III-C2		III-D		III-E		LOC		Waiver		Total
1	1,911.44	91.89%	17.39	0.84%	5.07	0.24%	2.94	0.14%	143.41	6.89%					2,080.24
2	24.04	2.00%	782.99	65.27%	371.14	30.94%	12.86	1.07%	8.57	0.71%					1,199.60
3											260.03	12.50%	1,820.20	87.50%	2,080.23
	1,935.48		800.38		376.20		15.81		151.98		260.03		1,820.20		5,360.07

For employees 1 and 2, the table below represents the actual time charged for each program according to the employee's time study calculation.

Employee	IIIB	IIIC1	IIIC2	IIIE	Total
1	77.47%			22.53%	100.00%
2		92.57%	7.43%		100.00%

As noted, Employee 1 only recorded time worked on the III-B and III-E programs. However, the payroll was coded to III-B, III-C1, III-C2, III-D, and III-E. Similarly, Employee 2 recorded time worked on the III-C1 and III-C2 programs; yet payroll was recorded to III-B, III-C1, III-C2, III-D, and III-E.

Employee 3 was an employee whose costs were normally charged to Medicaid Waiver. These employees record any time worked on the LOC program each pay period. For the pay period tested, Employee 3 recorded 10 hours in the LOC program. The Aging Partners charged those 10 hours to the LOC program. However, the employee also recorded 16 hours of leave in the pay period tested. The Aging Partners recorded 100% of the leave hours to the Waiver program. Leave hours should be allocated according proportionately to the time worked in each program.

The APA considers all personnel costs as questioned costs.

Because the method used to allocate personnel costs did not agree to the employees' time study calculation, the APA does not feel the payroll allocations comply with the Uniform Guidance. The Aging Partners should ensure its employees' payroll costs are allocated based upon their individual time study results. Furthermore, leave should be allocated proportionately to the total time actually worked in each program.

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

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

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Attachment 6

Perform a detailed test of agency expenditures

The APA testing seven documents totaling \$61,153.02. The following issues were noted:

The Aging Partners failed to provide adequate documentation to support its \$32,974.90 building space expense. The APA requested the rental agreement to document the rental rate and square footage of the building space included in the expense. However, only an invoice and certain amendments to the master lease agreement for the property were provided. An agreement documenting the square footage occupied and the rental rates for Aging Partners was not provided. The following is included from the monthly invoice:

THIS BILLING IS FOR November, 2019:

Past Due Balance:		\$ 0.00
Rent for November, 2019:	DSC:	\$ 29,781.25
	9 th & J St:	\$ 3,881.65
	Building Security	\$ 559.68
	Parking Stalls (2)	\$ 60.00
	Parking Fund	\$ 451.35
AMOUNT NOW DUE:		\$ 34,733.93

Note: The amount of the bill shown above does not agree to the amount paid because some of the bill was paid with funds not tested by the APA.

We recommend the Aging Partners obtain adequate documentation from the City to support the building rental rates paid to ensure the amount agrees to the master lease agreements on file.

The APA tested a contract expense of \$2,835.50 to Paula Ritter-Gooder for nutrition counseling and determined the documentation provided to support the expense was not adequate. The APA received a contract and invoice showing 53.5 hours of service provided at a rate of \$53 per hour. However, the log documenting the clients who received services did not include the date or time of service. It only shows clients served and number of hours worked. Without adequate documentation, there is a risk that the contract is paid for clients who were not actually provided services.

We recommend the Aging Partners require the contractor to identify the dates and times of the services provided to clients.

The APA also tested a payment of \$12,390 to Tabitha for home-delivered meals. The contractor provided an invoice showing 6,195 meals were delivered at a rate of \$2.00 per meal. The APA requested documentation to determine whether the clients are verifying the receipt of the meals provided, such as a log with client signatures or a monthly verification of the number of meals received. No verification of the clients' receipt of meals was provided. The Aging Partners relies on Tabitha to track meals delivered and simply pays the amount billed.

We recommend the Aging Partners obtain periodic verification of home delivered meals received by clients to ensure the amounts paid to the contractors are reasonable.

The APA tested a data processing services expenditure totaling \$6,274.81. According to the Aging Partners, the total data services expense is a budgeted amount, determined prior to the fiscal year, and then charged in 12 equal monthly installments. It does not appear to be actual costs incurred, which would be unallowable. Furthermore, the APA found that the allocation to a number of the business units did not agree to the time study allocations percentages. The following business units were charged for the data processing services, but not in accordance with the time study percentages:

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BU	III-B	III-C1	III-C2	III-D	III-E	Total
2005	\$ 672.79	\$ 6.12	\$ 1.78	\$ 1.04	\$ 50.48	\$ 732.20
2007	\$ 718.18	\$ 98.44	\$ 0.40	\$ -	\$ 0.31	\$ 817.33
2010	\$ 2.77	\$ 90.13	\$ 42.72	\$ 1.48	\$ 0.99	\$ 138.09
210011	\$ 249.93	\$ 0.24	\$ -	\$ 61.75	\$ 7.60	\$ 319.52
210181	\$ 33.13	\$ 1,333.85	\$ 11.01	\$ 82.21	\$ -	\$ 1,460.20
210201	\$ 102.30	\$ -	\$ -	\$ -	\$ 7.07	\$ 109.37
Totals						\$ 3,576.71

The entire amount is considered questioned costs.

The Aging Partners provided a cost allocation plan for its billed information services that was prepared in January 2020 for use in fiscal year 2020-2021. Although this plan does not have an effect of the current testing, the plan appears to adequately distribute the information service costs going forward.

We recommend the Aging Partners implement procedures to ensure expenses are based on actual expenses and not budgeted expenses and that the method to allocate the expense to various programs agrees to the percentages determined in the time study.

The APA also tested a payment of \$2,442.17 to Cash-Wa Distributing for groceries for the meal programs. According to staff, food costs are allocated based on the time study personnel percentages for employees whose primary business unit is Central Kitchen. However, the Central Kitchen business unit employees also charge some time to the Title III-B, III-D, and III-E programs, as follows:

III-B	III-C1	III-C2	III-D	III-E
2.00%	65.27%	30.94%	1.07%	0.71%

The Aging Partners made adjustments to the time study so that the food costs are only charged to the Title III-C1 and III-C2 programs. This adjustment was made arbitrarily and was not supported. The adjusted percentages were as follows:

III-C1	III-C2
\$1,611.83 66.00%	\$830.34 34.00%

We recommend the Aging Partners consider using number of meals served each month to properly allocate food costs, or otherwise provide adequate documentation for the allocation to the programs.

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

N/A – APA tested contracts above.

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

No issues noted.

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

The APA tested two documents that included funds received as income contributions/fees.

One document, for \$3,149.13, included funds from various sources, including home delivered meal contributions, congregate meal donations, and transportation donations. The APA requested cash contribution log sheets from one senior center included in the document tested to verify that cash was counted and verified by two individuals. However, no such information was provided. Instead, Aging Partners explained that two individuals count cash and

immediately fill out deposit slip; however, since many of the deposit slips provided contained only one signature, this could not be verified.

The other document tested, totaling \$3,238.50 was for congregate housing services program meals. These are meals provided under contract to various housing centers. Aging Partners received \$4.00 per noon meal delivered and \$2.50 per evening meal. However, a contract or agreement supporting the rates paid was not provided. Furthermore, the APA selected one day for two centers and requested the meal logs to support the number of meals provided. On the date selected, neither of the meal logs agreed to the amount paid. Both were off by a total of two meals. Per discussion with Aging Partners, this was an error and will be corrected with a journal entry.

We recommend the Aging Partners implement procedures to ensure cash contribution log sheets are verified by two individuals and that the verification is documented with initials or signatures. We also recommend that the Aging Partners maintain its contracts and agreements on file and readily accessible. Finally, we recommend Aging Partners implement procedures to ensure the meal logs agree to the amounts received by periodically reviewing the meal logs for the centers.

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 City's accounting system records the transactions based on business units. In other area agencies on aging, each fund or business unit, would represent one of the Federal Programs. This is not the case at the Aging Partners, where many of the business units are developed for the Aging Partners services or activities, such as Administration, Handyman, Central Kitchen, Multi-County Administration, Downtown Senior Center, and more. Each of those services are further allocated to several of the Federal programs. Only some of the business units represent one funding source, including Waiver, Senior Care Options, Care Management, ADRC, etc.

2 CFR 200.302(a) states the following:

Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

The Aging Partners should consider whether its accounting system can be modified to account for the cost of each program separately.

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

Tested with other expenditures as noted.

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

For the last several years, Aging Partners has not passed Federal funds through to the subrecipient counties. Therefore, the APA did not review Aging Partners subrecipient monitoring procedures but instead documented the review process. Aging Partners performs an annual risk assessment on each of its subrecipients. If the risk is deemed low, the Aging Partners performs a site visit every 3 years. The last site visits conducted for all subrecipient counties were in November 2019. The Aging Partners documents the financial controls, but does not look at individual transactions during the monitoring.

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Complete Internal Control Questionnaire
<i>The Blue Rivers Area Agency on Aging (BRAAA) attempted to update its processes for the allocation of costs between multiple programs to comply with provisions of the Uniform Grant Guidance (UGG) and terms and conditions of the subawards. In the past, the allocation of costs between multiple programs was based on budgets or estimates, which were not adequately supported. The BRAAA attempted to allocate time to its various programs using a six month time study methodology. However, the spreadsheets used by the BRAAA were not supported by records of hours worked. In December of 2019, the Executive Director resigned and documentation for the allocation method has been hard to find.</i>
<i>We recommend the BRAAA ensure costs are reasonable, allocable, and in accordance with the UGG and its subawards terms and conditions.</i>
<i>The BRAAA's Executive Director has access to the accounting system, which leads to a lack of segregation of duties over accounting processes. This process began after termination of the previous Director out of necessity. Because of this change, the BRAAA does not currently have an adequate segregation of duties. To compensate for the lack of segregation of duties, we recommend the BRAAA implement additional monitoring procedures, preferably by the governing board to ensure all transactions were authorized and proper. The additional monitoring procedures could include a review of bank statements check images, payroll detail reports, check registers, etc.</i>
<i>There does not appear to be a formal, written policy for purchasing/bidding requirements, capital asset policies, or subrecipient monitoring. The APA could not determine whether the BRAAA official policies are approved by the Board, as approval dates are not listed on the policy. We recommend the BRAAA implement procedures to ensure it has appropriate financial policies that are approved by its Board.</i>
<i>Finally, the BRAAA failed to perform the required monitoring of its own subrecipients. The last actual monitoring was performed in fiscal year 2018. The BRAAA obtained certain financial information from its subrecipients each month but the procedures performed are not adequate. See information below for more detailed information regarding subrecipient monitoring.</i>
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
<i>The APA obtained the BRAAA independent audit. There was one finding included as a material weakness related to the agency's internal control system designed to provide for the preparation of financial statements.</i>
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2020 transactions
<i>No issues noted.</i>
Review list of individuals authorized to process expenditure transactions in accounting system.
<i>No issues noted.</i>
Obtain a list of employees paid during the period tested
<i>No issues noted.</i>
Perform a detailed test of employee payroll
<i>The BRAAA reported \$92,840.74 in personnel costs during December 2019. The APA selected four employees for testing. All four employees had their personnel costs charged to more than one program. The BRAAA lacked adequate documentation to support the method used to allocate the personnel costs to each program, as noted above. The following table includes the programs charged for the four employees during the December 2019 pay period tested:</i>

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Program Charges								
Empl.	III-B	III-C1	III-C2	III-E	LOC	Waiver	Other	Total
1	\$ 395.52	\$ 148.32	\$ 39.55	\$ -	\$ 49.44	\$ 98.88	\$ 257.09	\$ 988.80
2	\$ -	\$ -	\$ -	\$ -	\$ 189.60	\$ 1,706.40	\$ -	\$ 1,896.00
3	\$ 197.89	\$ 247.20	\$ 69.34	\$ 49.43	\$ 49.43	\$ 49.45	\$ 326.06	\$ 988.80
4	\$ 46.00	\$ 579.60	\$ 294.40	\$ -	\$ -	\$ -	\$ -	\$ 920.00
	\$ 639.41	\$ 975.12	\$ 403.29	\$ 49.43	\$ 288.47	\$ 1,854.73	\$ 583.15	\$ 4,793.60
Percent								
1	40%	15%	4%	0%	5%	10%	26%	100%
2	0%	0%	0%	0%	10%	90%	0%	100%
3	20%	25%	7%	5%	5%	5%	33%	100%
4	5%	63%	32%	0%	0%	0%	0%	100%

Because the method used to allocate personnel costs was not documented, the BRAAA was not in compliance with the Uniform Grant Guidance. The questioned costs related to personnel costs are unknown.

We recommend the BRAAA implement procedures to ensure a proper method to allocate personnel costs exists and is in accordance with the Uniform Grant Guidance.

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

For two of the four employees tested, the BRAAA lacked written authorization for the employee's pay rate. One employee was paid \$12.36 per hour and the other employee was paid \$11.50 per hour. Neither employees' rate of pay was documented with a hiring letter or other documentation from the Executive Director.

We recommend the BRAAA implement procedures to ensure the rates of pay of its employees is properly documented by a hiring letter or other documentation signed by the Executive Director.

One employee tested had a monthly insurance premium of \$1,841.56. The employee paid share was \$500 per month and the remainder was covered by the BRAAA. The amount of insurance paid by the BRAAA for its employees was not adequately documented. The only information provide was an email between BRAAA staff stating that the employee share should be \$500 per month.

We recommend the BRAAA implement procedures to ensure its governing body approves all policy and financial decisions.

Review journal entries to determine the entry and classification of transactions are reasonable and proper								
No issues noted.								
Review negative expenditures to determine if transactions were reasonable and proper								
No issues noted.								
Perform a detailed test of agency expenditures								
The APA tested a \$4,774.35 expense for printing and supplies from Eakes Office Solutions. The majority of this purchase was for color and black and white copies. The BRAAA provided a log of copies made by day but the program for which the copies were used was not indicated, making it impossible for the APA to determine if the copies were correctly allocated. Furthermore, the BRAAA allocated some of the copy costs, for example, for Table Talk, using an allocation method that was not documented.								

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The following table shows the supplies amount charged to each program:

III-B	C1	C2	III-E	LOC	Waiver	Other	Total
\$ 310.02	\$ 1,846.28	\$ 962.35	\$ 20.47	\$ 51.19	\$ 153.56	\$ 1,430.48	\$ 4,774.35

The questioned costs are unknown. We recommend the BRAAA implement procedures to ensure the amount allocated to each program is adequately supported and in compliance with the Uniform Grant Guidance.

The APA tested two raw food and printing/supplies expenses for two of its senior centers, as follows: \$5,184.67 for the Syracuse Senior Center and \$3,394.59 for the Beatrice Senior Center. Both expenses were paid to Pegler Sysco Food Service and were allocated 66% to the C1 program and 34% to the C2 program, as follows:

Center	C1	C2	Total
Syracuse	\$3,421.89	\$1,762.78	\$5,184.67
Beatrice	\$2,240.43	\$1,154.16	\$3,394.59

The BRAAA failed to provide adequate documentation to support the percentage used to allocate the costs. Furthermore, the BRAAA uses this allocation method for all of its nutrition sites, even though the amount of congregate and home delivered meals vary at each site. For comparison purposes, during November 2019, Syracuse served 283 C1 meals and 267 C2 meals, which is 51.5% and 48.5%, respectively. Beatrice served 681 C1 meals and 197 C2 meals, which is 77.5% and 22.5%, respectively.

The questioned costs are unknown. We recommend the BRAAA implement procedures to ensure the amount allocated to each program is supported by adequate documentation and in compliance with the Uniform Grant Guidance.

The APA tested an “other” expense payment of \$1,126 for association dues to the Nebraska Association of Area Agencies on Aging. The BRAAA lacked adequate documentation to support the allocation of this cost. The costs were allocated as follows:

III-B	C1	C2	LOC	Waiver	Other	Total
\$ 281.50	\$ 182.98	\$ 98.52	\$ 28.15	\$ 253.35	\$ 281.50	\$ 1,126.00

The questioned costs are unknown. We recommend the BRAAA implement procedures to ensure the amount allocated to each program is supported by adequate documentation and in compliance with the Uniform Grant Guidance.

The APA tested two rent expenses. The first was a \$4,500 monthly rental payment to the RLT Association for office space, and the other was an \$804.50 expense for utility payments relating to an agreement with the Village of Alexandria.

The \$4,500 rental payment was split evenly between the employees of the central office and then further allocated using the same six month time study methodology described above for personnel costs. The costs were allocated among programs as follows:

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III-B	C1	C2	III-E	LOC	Waiver	Other	Total
\$ 592.93	\$ 455.29	\$ 177.35	\$ 243.54	\$ 232.94	\$ 945.00	\$ 1,852.95	\$ 4,500.00

The method to allocate the costs was not supported by adequate documentation.

The other rental payment to the Village of Alexandria included utilities and \$100 monthly for rent in exchange for use senior center to serve meals. Similarly to the two purchases noted above, the BRAAA allocated these costs using the same allocation – 66% to C1 and 34% to C2. See the table below for cost allocation:

C1	C2
\$ 530.97	\$ 273.53

This allocation method is not supported by adequate documentation. In fact, the APA noted that the senior center in Alexandria only provided C1 meals in November 2019.

Furthermore, the BRAAA overpaid the utility portion of the invoice to the Village. The Village requested \$80, which is the amount the BRAAA paid, even though the invoice documenting the costs was only for \$78. The BRAAA was unaware they had overpaid until the APA brought it to its attention.

The total questioned costs are unknown. We recommend the BRAAA implement procedures to ensure the amount allocated to each program is adequately supported and in compliance with the Uniform Grant Guidance.

The APA tested a IIIB contractual service expense totaling \$960 to an individual for housekeeping services provided during December 2019. The BRAAA provided a “Homemaker/Handyman Payment Agreement” as support for the agreement with the contractor. This agreement was not considered adequate as it did not contain the hourly rate to be paid nor did it contain specific terms and conditions of the work to be performed.

We recommend the BRAAA ensure adequate documentation is available to support its contracts with individuals to provide services. The documentation should include an hourly rate paid as well as other terms and conditions of the work to be performed.

The APA tested in-kind information services reported totaling \$6,154.24.

Insufficient documentation was provided by the BRAAA to support this expenditure. The in-kind information services were reported as 128 units of service at \$48.08 per service. The BRAAA lacked any documentation to support the in-kind services being provided, such as a log of services, date or times the services were provided or who provided the service. It appears the in-kind services reported was simply an amount that was budgeted.

2 CFR 200.306 provides guidance for cost sharing or matching arrangements. Specifically, section (e) states the following:

(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In

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either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

The entire amount of in-kind tested, \$6,154.24 is a questioned cost.

We recommend the BRAAA implement procedures to ensure adequate documentation is on file to support all expenses, including in-kind services, and that amounts are 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.

N/A – APA tested contracts above.

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

No issues noted – expenses are cost reimbursement.

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

The largest source of income is client contributions, at \$22,422.63 for December 2019. The APA selected two deposits and requested documentation to support the amounts deposited. The first deposit for \$2,314.36 contained cash and checks received for congregate meals (C1) at the Beatrice Senior Center. The BRAAA provided a daily log of monies received that was signed by two individuals. The APA traced the log to the deposit at the bank. For one of the days, the contribution log sheet did not agree to the bank deposit and the error was not caught by the senior center prior to submission to the BRAAA. The log sheet was understated by \$32, resulting in program income for the month testing being understated as well. Once the BRAAA found the issue, they requested a correction by the senior center.

We recommend the BRAAA ensure its senior centers have appropriate procedures to properly record the cash contributions.

The BRAAA is reimbursed by Title XX based on the number of meals served. The income reported for these meals in December 2019 is as follows:

Cost Categories	III-B	Title III-C1	Title III-C2
Title XX	\$3,910.50	\$ 1,695.07	\$ 4,262.12

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

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

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

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

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- *IIIB: The housekeeper program was incorrectly reported in October 2019. The BRAAA made an adjustment in December 2019 to reflect the actual year-to-date activity. Therefore, the December Form A did not agree to the GL amounts. However, the six month totals appeared to be correct.*
- *C1 and C2 Contractual Services: The contractual services reported for C1 and C2 in December 2019 were incorrect. The variances were \$535.17 for C1 and \$400.05 for C2.*
- *C2 Title XX: The Title XX amount reported for December 2019 was \$20 too high.*

We recommend the BRAAA implement procedures to ensure the amounts reported each month are accurate.

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

Tested with other expenditures as noted.

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

The BRAAA has two subawards with SENCA and Auburn. The APA observed the documentation provided for the SENCA subaward for December 2019.

In prior years, the APA noted that for SENCA, the BRAAA selects one month each year and reviews the supporting documentation for the one month. However, the BRAAA last reviewed July 2017. Therefore, the subrecipient monitoring performed by the BRAAA is not adequate.

The following tables illustrates the amounts reported for SENCA during for December 2019:

Cost Category	C1	C2
Personnel	\$ 5,030.30	\$ 4,033.75
Travel	\$ 0.00	\$ 0.00
Printing & Supplies	\$ 0.00	\$ 103.21
Communication & Utilities	\$ 310.08	\$ 194.60
Other	\$ 417.89	\$ 230.06
Raw Food	\$ 303.64	\$ 202.43
Gross Costs	\$ 6,061.91	\$ 4,764.05
Title XX	\$ 625.00	\$ 410.00
Federal USDA	\$ 283.50	\$ 77.70
Income/Contributions	\$ 1,350.00	\$ 775.00
Subtotal	\$ 1,738.50	\$ 1,262.70
Actual Cost	\$ 4,323.41	\$ 3,501.35
Local Public Cash Matching	\$ 3,539.24	\$ 3,221.74
BRAAA Cost	\$ 784.17	\$ 279.61

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

- *The written procedures provided by the BRAAA lacked sufficient detail to describe all of the steps included in the subrecipient monitoring process. The BRAAA should approve a more detailed, formal subrecipient monitoring policy.*
- *The BRAAA did not have an adequate understanding of the personnel costs reported by SENCA or how they were allocated to each program.*

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- *SENCA reported indirect costs in its Other expense category, as follows:*

C1	C2
\$ 405.06	\$ 221.50

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

- *The SENCA recorded 60% of its costs to C1 and 40% of its costs to C2. Documentation was not provided to support this allocation of costs. The BRAAA should ensure that all allocation methods used by its subrecipients are adequately documented in the same manner as required of the BRAAA.*

We recommend the BRAAA implement procedures to ensure its subawards are adequately monitored in accordance with the Uniform Grant Guidance.

Complete Internal Control Questionnaire

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

The SCNAAA has one individual responsible for processing all of its financial transactions from beginning to end. Because of the size of the staff an adequate segregation of duties is not possible. The SCNAAA has implemented controls to compensate for the lack of segregation of duties. Those controls consist primarily of documented reviews of financial reports and information by the Executive Director. This issue was also addressed in the agency's financial audit.

We recommend the SCNAAA continue to monitor the lack of segregation of duties issue and perform the controls it implemented to compensate for the lack of segregation of duties.

The SCNAAA completed a time study in February 2019 that was used to allocate personnel costs to when an employee worked on more than one Federal program or activity. The APA had the following concerns related to the time study as follows:

One of two employees tested who participated in the time study failed to record break time in accordance with the SCNAAA's Time Study Guidance, which states the following:

5. Staff are allowed two 15 minute paid breaks in an 8 hour work day. As the break is paid time, the break should be indicated on the time study form. If you work on a program prior to the break, and the same program after the break, the break should be billed to that program. If you work on a different program before and after the break, the time will be split between those programs, based on the percent of time in those programs.

It appears the employee recorded the break time each day to the C1 meal program, regardless of the program worked on before and after the break period.

Both employees tested who participated in the time study had excessive leave usage during the time study period that should have rendered the results not representative of the time study period. The Time Study Guidance states the following:

12. In order for the time study to be valid it must be representative of an employee's normal work schedule. Should a staff person not work at least 85% of his/her normal work week during the time study, it would render his/her time study results not representative of a normal work period and would be considered unusable. This is in accordance to the Auditor of Public Accounts.

The following table shows the amount of time worked by each employee in the time study period:

Description	Employee 1	Employee 2
Hours Per Time Study	114.5	126
Leave Hours	45.5	34
Total Hours in Time Study Period	160	160
Percentage of Time Worked	71.56%	78.75%

As shown above, neither employee worked the required amount of time for the time study period to be considered representative of a normal work week.

Finally, the APA tested one administrative employee whose time was allocated in accordance with the agency's overall time study percentages. The APA found that the SCNAAA had rounded the percentages of time worked by all employees using a method that did not comply with its Time Study Guidance, which states:

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11. Time study percentages may be rounded up or down. Percentages ending in a .5 will be rounded up. Those ending below a .5, will be rounded down. For example, 38.5% would be rounded to 39%. If, for example, the percentage is 38.4% it would be rounded down to 38%. However, adjustments may be necessary, and are allowable, to the extent a particular budget has the necessary funds to cover costs associated with said program.

The following tables show the percentages resulting from summarizing all of the employees' time studies and the percentages actually allocated to each activity:

III B											
Method	Hmkr	Chore	Mat Dist (ERS)	Info & Assist	Health Promo Non Evid	Cnsng	Outreach	Legal Assist	Legal Outreach	ADMIN	Total IIIB
All Emp	0.84%	0.50%	0.21%	0.07%	0.55%	6.25%	0.00%	6.24%	0.04%	0.05%	14.75%
Actual	0.90%	0.60%	0.00%	0.38%	0.00%	6.00%	0.38%	6.00%	0.00%	0.25%	14.51%
Variance	-0.06%	-0.10%	0.21%	-0.31%	0.55%	0.25%	-0.38%	0.24%	0.04%	-0.20%	0.24%

	C1				C2			III D
	MC	NUT ED.	ADMIN	Total C1	MC	ADMIN	Total C2	Health Promo-Evid Based
All Emp	8.23%	0.54%	0.08%	8.85%	3.09%	0.06%	3.15%	0.19%
Actual	9.00%	0.00%	0.25%	9.25%	3.00%	0.25%	3.25%	0.00%
Variance	-0.77%	0.54%	-0.17%	-0.40%	0.09%	-0.19%	-0.10%	0.19%

Allocation	III E				SCO	WAIVER	Other
	Respite	Suppl Services	Info & Assist	Total IIIE			
All Emp	0.75%	0.41%	0.23%	1.39%	3.77%	47.79%	20.11%
Actual	1.08%	0.58%	0.34%	2.00%	4.00%	48.00%	19.00%
Variance	-0.34%	-0.17%	-0.11%	-0.61%	-0.23%	-0.21%	1.11%

A summary of the above tables by program is listed below:

Program	All Staff Time Study %	Actual % Used for Admin	Per Rounding Policy
IIIB	14.73%	14.51%	15.00%
C1	8.86%	9.25%	9.00%
C2	3.15%	3.25%	3.00%
D	0.19%	0.00%	0.00%
E	1.39%	2.00%	2.00%
SCO	3.77%	4.00%	4.00%
W	47.79%	48.00%	48.00%
Other	20.11%	19.00%	19.00%

The programs shaded in blue in the table above were properly allocated. The IIIE program was adjusted to get the total to equal 100%. The other programs appear to have used rounding that did not comply with the Time Study Guidance as noted above.

We recommend the SCNAAA review its time study methodology to ensure it complies with its Time Study Guidance document. The SCNAAA should pay particular attention to the provisions relating to recording of break times, leave usage during the time study period, and the rounding of the calculated

percentages. As always, the SCNAAA should ensure its Federal programs are charged based upon the relative benefits received by each program.

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

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

The APA obtained the fiscal year 2019 audit report of the SCNAAA and noted a lack of segregation of duties finding. The APA also reviewed its prior year findings. Any issues that still exist are addressed within the body of this summary.

Document the accounting software used by the entity and obtain a backup or general ledger of the FY 20208 transactions

No issues noted.

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

No issues noted.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested three employees of the SCNAAA and three employees of the senior centers. The three SCNAAA employees had their personnel costs charged to more than one program based on the results of the agency's time study. The APA's concerns with the time study were addressed above, in the internal control section of this summary.

Of the three SCNAAA employees tested, only the administrative employee was problematic due to the time study rounding issues noted previously. The following table shows this employee's salary allocated by program for the January 29, 2020 pay period.

Program Charges													
IIB		C1		C2		IIE		LOC		Waiver		Other	
\$476.35	14.5%	\$303.87	9.25%	\$106.76	3.25%	\$65.70	2%	\$131.40	4%	\$1,576.86	48%	\$624.18	19%

The questioned costs are unknown for this employee.

We recommend the SCNAAA ensure its time study rounding procedures comply with the provisions of its Time Study Guidance document.

SENIOR CENTER PERSONNEL COSTS:

The following table shows the personnel costs tested for the three senior center employees for January 2020:

Senior Center	C1	C2	Total
SC 1	\$ 772.06	\$ 565.07	\$ 1,337.13
SC 2	\$ 1,188.00	\$ -	\$ 1,188.00
SC 3	\$ 1,385.99	\$ 418.21	\$ 1,804.20

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

The SCNAAA failed to provide documentation to support the authorized pay rate for one of the three senior center employees selected for testing.

Two of the three senior center employees tested appeared to have incorrect taxes withheld on the pay checks tested. Both employee's state income taxes appeared to be incorrect.

For the three senior center employees tested, one timesheet provided was not signed by the employee or approved by a supervisor and the two others lacked supervisory approval. The SCNAAA should ensure the timesheets of the senior center employees are adequately approved.

Two of the three senior center employees tested lacked adequate documentation to support the allocation of the costs between the Title C1 program and the Title C2 program. The SCNAAA failed to provide documentation for the average annual meal counts.

The questioned costs related to the senior center personnel costs is unknown.

We recommend the SCNAAA strengthen its monitoring of the senior center payroll costs to ensure the following:

- *Pay rates of senior center employees are authorized by the Director or the Board and the authorization is documented,*
- *Income taxes withheld are properly calculated,*
- *Timesheets are signed by employees and approved by a supervisor or board member, and*
- *The allocation of costs between the C1 and C2 program is documented and agrees to meal counts of the senior centers.*

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

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a \$629.09 for a credit card bill. The APA determined the Medicaid Waiver program was charged \$52.09 for flowers for an employee, which is not an allowable expense of the subaward.

We recommend the SCNAAA implement procedures to ensure unallowable expenses are not charged to Federal programs. We also recommend the SCNAAA reimburse the Medicaid Program for the unallowable amount.

The APA tested a \$570 expense coded to the IIIIE program as an "other" expense. The payment was made to a provider of meals in Comstock. The entity provided an invoice to the SCNAAA indicating the client served, the number of meals provided, and a cost per meal. For January 2020, the invoice showed 119 meals provided to 8 different clients.

The APA obtained the contract between the SCNAAA and the Comstock Den for these meals. The per meal reimbursement rate was listed in the contract at \$5 per meal, not to exceed \$600 per client. According to the SCNAAA the home delivered meals are paid at \$5.50 but this is not specified in the contract. We recommend the SCNAAA implement procedures to ensure the amount paid agrees to the contract amount.

The APA also requested the meal logs for one of the clients who received 22 meals according to the invoice. The meal logs provided reflected a total of 21 meals for the client. The SCNAAA explained that one day he received two meals and it was not properly recorded.

The APA also noted the clients who receive home delivered meals are not verifying the receipt of the meals, instead the deliverer of the meal initials the log.

The questioned costs are unknown.

We recommend the SCNAAA implement procedures to ensure the amount reimbursed to the contractor agrees with the terms of the contract, the meal logs on file agree with the invoice, and the clients periodically verify the home delivered meals received.

The APA also tested expenses of three senior centers. The APA also noted the following issues:

Ravenna Senior Center

The Ravenna Senior Center provides nutrition services under the Title IIIC1 and IIIC2 programs. For fiscal year 2020 the budgeted amount provided by the SCNAAA for the senior center is \$16,550. The C1 and C2 expenses were split using an allocation percentage of approximately 58% for IIIC1 and 42% for to IIIC2. The SCNAAA failed to provide documentation to support the allocation percentages but stated it is based on the average annual number of meals provided.

The payroll section above details the APA's concerns with the personnel costs for the senior center. In addition to the payroll testing from above, the APA also requested documentation to support the utilities and raw food expenses. The documentation provided agreed to the amount paid. However, as noted above, the SCNAAA failed to provide documentation to support the allocation of the expense between C1 and C2.

The following expenses were reported by the senior center for January 2020:

Cost Category	IIIC1	IIIC2	Total Ravenna
Personnel	\$2,448.80	\$1,792.08	\$4,240.88
Printing & Supplies	\$39.54	\$28.63	\$68.17
Comm & Utilities	\$381.59	\$276.33	\$657.92
Other	\$378.27	\$273.92	\$652.19
Raw Food	\$1,222.64	\$885.36	\$2,108.00
Gross Costs	\$4,470.84	\$3,256.32	\$7,727.16

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

The APA found a discrepancy between the amount reported to the SCNAAA and the amounts from the general ledger for personnel costs, as follows:

Cost	Form A	General Ledger	Difference
Personnel	\$ 4,240.88	\$ 2,260.95	\$ 1,979.93

The APA determined that the reason for the variance was that the senior center reported only net pay in its general ledger for payroll costs. However, gross pay amounts are reported to the SCNAAA.

Additionally, the in-kind volunteer hours are included in the Form A reporting and are not included in the general ledger.

We recommend the SCNAAA ensure that senior center costs charged to more than one program are supported by adequate documentation and that documentation is provided to the auditor. We also recommend the SCNAAA work with the senior center to ensure its payroll costs are properly stated in its accounting records.

Sherman County Senior Center (Loup City)

The Sherman County Senior Center provides nutrition services under the Title IIIC1 and IIIC2 programs. For fiscal year 2020 the budgeted amount provided by the SCNAAA for the senior center is \$18,833. The C1 and C2 expenses were split using an allocation percentage of approximately 77% for IIIC1 and 23% for IIIC2. The SCNAAA failed to provide documentation to support the allocation percentages but stated it is based on the average annual number of meals provided.

The payroll section above details the APA's concerns with the personnel costs for the senior center. In addition to the payroll testing from above, the APA also requested documentation to support the raw food expenses. The documentation provided agreed to the amount paid. However, as noted above, the SCNAAA failed to provide documentation to support the allocation of the expense between C1 and C2.

Because there was no support for the allocation method used by the Sherman County Senior Center, the questioned costs are unknown.

The following expenses were reported by the senior center for January 2020:

Cost Category	III C1	III C2	Total Sherman Co.
Personnel	\$3,152.04	\$950.87	\$4,102.91
Printing & Supplies	\$76.16	\$22.75	\$98.91
Comm & Utilities	\$271.26	\$81.03	\$352.29
Raw Food	\$928.08	\$277.22	\$1,205.30
Gross Costs	\$4,427.54	\$1,331.87	\$5,759.41

The APA identified the following reporting variances between the Form A report and the general ledger reports:

Cost Category	Form A	General Ledger	Difference
Personnel	\$ 4,102.91	\$ 3,838.66	\$ 264.25
Printing & Supplies	\$ 98.91	\$ 67.77	\$ 31.14
Comm & Utilities	\$ 352.29	\$ 498.04	\$ (145.75)
Raw Food	\$ 1,205.30	\$ 1,236.44	\$ (31.14)
Gross Costs	\$ 5,759.41	\$ 5,640.91	\$ 118.50

The personnel costs variance is due to the timing of the reporting and the general ledger provided. The senior center provided the January 2020 general ledger but they reported the last December payroll and the first January payroll on the Form A. Additionally, in-kind volunteer hours are not included in the general ledger.

The variance for the raw food and printing & supplies costs were due to food supplies that were included on the food invoices. Those costs were included in the general ledger as food costs, instead of supply costs.

The difference in communication expense is due to a January 31 utility payment that was not included in the Form A as it will be reported in the next month.

We recommend the SCNAAA ensure that senior center costs charged to more than one program are supported by adequate documentation and that documentation is provided to the auditor. We also recommend the SCNAAA work with the senior center to ensure the general ledger provided for support agrees the Form A reporting time period.

Beaver City Senior Center

The Beaver City Senior Center operates a nutrition site only for congregate meals and provides some homemaker services under Title IIIB. The APA obtained documentation to support the C1 expenses reported in January 2020.

Cost Categories	III C1
Personnel	\$3,286.68
Comm & Utilities	\$986.96
Other	\$248.83
Raw Food	\$438.20
Gross Costs	\$4,960.67

The senior center did not provide a general ledger or accounting of their expenses. Therefore, the APA used the bank statements, invoices, and other documentation to compare to the amounts reported on the Form A.

The APA determined the senior center reported one check for \$455.12 that was not an allowable costs. The check was made payable to the Nebraska Department of Revenue for employee income taxes that were withheld from employees pay. This is not a cost of the senior center and is considered a questioned cost.

The senior center also received \$132 for providing 12 homemaker units of service.

The payroll section above details the APA's concerns with the personnel costs for the senior center.

We recommend the SCNAAA implement procedures to ensure the senior center is properly accounting for all of its income and expenses in some type of ledger or accounting system. We also recommend the SCNAAA ensure that only allowable costs are reimbursed to the senior center and work with the senior center to recoup the questioned 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.

N/A – APA tested contracts above.

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

No issues noted.

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

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

Ravenna Senior Center

The senior center reported the following income and matching amounts on its January 2020 Form A:

Category	Form A
Other	\$ 235.00
Title XX	\$ 347.51
NSIP	\$ 328.30
Income Contrib/Fees	\$ 2,125.63
Total Non Match	\$ 3,036.44
Local Public Cash	\$ -
Local Other Cash	\$ 1,885.22
Local Other In Kind	\$ 1,426.50
Total Local Matching	\$ 3,311.72

The APA identified the following variances between the amounts reported on the Form A and the general ledger amounts from the senior center:

Other Income: *The senior center failed to provide support for the \$235 reported as Other Income. Other income amounts reported in the general ledger totaled \$330.88.*

Title XX: *The Title XX amount reported of \$347.51 did not agree to the general ledger amount of \$457.51. The difference of \$110 was not reported by the senior center.*

Income Contributions/Fees: *The senior center reported \$2,125.63 in contributions; however, its general ledger showed a total of \$2,089.68. The difference of \$35.95 was not explained.*

The senior center provided a meal report that included the meal contributions for the month. The log of the contributions was not signed by two individuals to ensure proper controls over cash received. On the log for January 3, a total of \$134.75 was reported as received. However, \$137.50 was recorded on the general ledger. Similarly, on January 17, the log recorded \$86, but the general ledger showed \$88 received.

Local Other Cash: *This amount is a calculated amount determined by the SCNAAA, who provides 1/12 of the senior center's budget to them each month. Any excess amount would be included here in order to get the SCNAAA cost to the 1/12 of the budget. The amount represents costs that would be covered by the senior center from other sources.*

We recommend the SCNAAA implement procedures to ensure amounts reported as income and matching are properly supported by the senior center. We also recommend the SCNAAA ensure its senior centers have proper controls over the cash contributions by having two individuals count and verify the cash received each day.

Sherman County Senior Center (Loup City)

The senior center reported the following income and matching amounts on its January 2020 Form A:

South Central Nebraska Area Agency on Aging (SCNAAA)
 Summary of Results – Subrecipient Monitoring
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Category	Form A
Other	\$ 48.00
Title XX	\$ 318.90
NSIP	\$ 453.60
Income Contrib/Fees	\$ 2,219.45
Total Non Match	\$ 3,039.95
Local Public Cash	\$ -
Local Other Cash	\$ 766.46
Local Other In Kind	\$ 378.00
Total Local Matching	\$ 1,144.46

The following variances between the amounts reported on the Form A and the general ledger amounts from the senior center:

Income Contributions/Fees: *The APA identified a very small variance in the income contributions and fees that was discussed with the SCNAAA.*

The senior center provided a spreadsheet to document the contributions received each day. This spreadsheet did not include documentation to indicate two individuals verified the cash received each day.

Local Other Cash: *This amount is a calculated amount determined by the SCNAAA, who provides 1/12 of the senior center's budget to them each month. Any excess amount would be included here in order to get the SCNAAA cost to the 1/12 of the budget. The amount represents costs that would be covered by the senior center from other sources.*

We recommend the SCNAAA implement procedures to ensure amounts reported as income and matching are properly supported by the senior center. We also recommend the SCNAAA ensure its senior centers have proper controls over the cash contributions by having two individuals count and verify the cash received each day.

Beaver City Senior Center

The senior center reported the following income and matching amounts on its January 2020 Form A:

Category	Form A
Other	\$ 85.00
NSIP	\$ 207.20
Income Contrib/Fees	\$ 1,104.00
Total Non Match	\$ 1,396.20
Local Public Cash	\$ -
Local Other Cash	\$ 235.00
Local Other In Kind	\$ 333.00
Total Local Matching	\$ 568.00

The APA identified the following variances between the amounts reported on the Form A and the general ledger amounts from the senior center:

Other Income: The senior center reported \$85 in Other Income. There is a lack of support for this amount. As support for income, the senior center provided a spreadsheet of Income Received for the month. Initially, the senior center thought the \$85 was included in the contribution and fees amount, but the amount on the Income log for meal donations was \$1,104, which agreed to the amount reported. Then, the senior center explained that the \$85 was included in the money maker column of the income report. However, the \$235 money maker is reported as local other cash. Therefore, there is a lack of support for the \$85 Other Income.

Income Contributions/Fees: As noted above, the senior center provided a spreadsheet of Income Received for the month. The spreadsheet did not contain signatures of the two individuals who verified the cash received to ensure proper controls.

We recommend the SCNAAA implement procedures to ensure amounts reported as income and matching are properly supported by the senior center. We also recommend the SCNAAA ensure its senior centers have proper controls over the cash contributions by having two individuals count and verify the cash received each day.

A similar finding related to the controls over cash received was reported in the prior year.

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 compared the financial information provided from its accounting system to the amounts reported to DHHS for January 2020. The following differences were noted:

Cost Categories	IIB				
	Central Office GL	Senior Centers	Total	Form A	Variance
Personnel	\$ 34,580.45	\$ 4,910.00	\$ 39,490.45	\$ 39,869.14	\$ (378.69)
Comm & Utilities	\$ 239.84	\$ 1,098.60	\$ 1,338.44	\$ 1,438.44	\$ (100.00)
Other Income	\$ -	\$ -	\$ -	\$ 5,272.78	\$ (5,272.78)

Personnel Costs - The SCNAAA explained the difference in personnel costs was for Nutrition Education and Information Systems expenses that they are allowed to charge to the subawards. The SCNAAA feels the time worked on these programs is too small to include in the time study, so they just include a set dollar amount each month based on the budget. All personnel costs should be supported by adequate records of time worked on each program.

Communication & Utilities – The SCNAAA believed the variance was related to an invoice from Hollman Media. However, the invoice from Hollman Media was already included in the GL amounts reported in the printing and supplies category. The SCNAAA failed to provide adequate documentation to support the variance.

Other Income – The SCNAAA is reporting income received from another Federal program with the Aging Programs for Counseling services. Since there are two Federal programs, the SCNAAA should separate the costs and income associated with each Federal program. The SCNAAA will receive \$52,000 from the Nebraska Department of Insurance for the SHIP program. On its reporting to DHHS, the SCNAAA chooses the amount to record as income each month.

We recommend the SCNAAA implement procedures to ensure amounts are properly reported to DHHS, agree to its financial information, and are supported by adequate documentation. Specifically, the SCNAAA should include all programs in its time study, should adjust a future report for the unexplained \$100 for Communications & Utilities and should work with DHHS on the proper reporting of the Counseling services in the Title III-B program. The SCNAAA should have a separate accounting for each of its Federal programs.

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

Tested with other expenditures as noted.

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

The SCNAAA converted its senior centers agreements from subawards to contracts for fiscal year 2020. Therefore, subrecipient monitoring is not required. However, as a good internal control procedure, monitoring of the contracts would still be required for effective internal controls.

The SCNAAA updated its policy on contract monitoring effective September 2019. The policy is brief and does not include the fact that each of the senior centers is required by the SCNAAA to have an annual financial audit. We recommend the SCNAAA ensure its monitoring policies includes all monitoring activities, including ones not carried out by SCNAAA staff.

The APA reviewed the monitoring of three senior center and noted that the monitoring documentation provided showed that payroll and raw food expenses were reviewed for each of the senior centers. There was no documentation to determine whether the SCNAAA reviewed the method the senior centers used to allocate costs between C1 and C2, reviewed the income contributions documentation to ensure contributions received were counted by two individuals and properly deposited, or reviewed the documentation to support any matching amounts required.

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

League of Human Dignity (LHD)
Summary of Results – Subrecipient Monitoring
March 2020 Payment from DHHS for February 2020 Services
FYE 6/30/2020

Attachment 9

Complete Internal Control Questionnaire																																								
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League of Human Dignity (LHD)
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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

The LHD charged \$46,183.08 in expenditures other than payroll and indirect costs to the Waiver subaward and \$8,211.09 expenditures other than payroll and indirect costs to the LOC subaward for the month tested. The APA tested five expenditures that were charged to the subawards as shown in the table below:

	Waiver	LOC	Total
Mileage Reimbursement	\$944.73	\$0.00	\$944.73
Mileage Reimbursement	\$0.00	\$576.73	\$576.73
Occupancy Costs	\$9,487.39	\$0.00	\$9,487.39
Occupancy Costs	\$0.00	\$2,879.12	\$2,879.12
Interpreter Costs	\$420.00	\$0.00	\$420.00
Total	\$10,852.12	\$3,455.85	\$14,307.97

The following issues were noted:

Mileage Reimbursement: The LHD reimbursed an employee for mileage incurred for travel in a personal vehicle in January 2020. Per discussion with LHD, this employee's mileage should not have been charged to the Waiver program, as there was a mistake made in the general ledger entry for this reimbursement that needs to be corrected in the following period. The \$944.73 is a questioned cost.

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

We recommend the LHD implement procedures to ensure that only valid program expenses are charged to the programs and that adequate documentation exists for payments to vendors, including documentation for agreed-upon rates of pay. Similar issues were noted in the prior year.

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

N/A – APA tested contracts above.

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

No issues noted.

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

No program income or matching for the Waiver or LOC subawards.

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

The APA identified the following variances between the amounts reported to DHHS as expenses and the amounts recorded in the LHD accounting records, as follows:

League of Human Dignity (LHD)
Summary of Results – Subrecipient Monitoring
March 2020 Payment from DHHS for February 2020 Services
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Attachment 9

Waiver:

Cost Category	Form A	GL	Difference
Personnel	\$ 185,449.62	\$ 185,449.62	\$ -
Travel	\$ 11,169.43	\$ 11,169.43	\$ -
Printing & Supplies	\$ 1,390.29	\$ 1,743.29	\$ (353.00)
Equipment	\$ -	\$ -	\$ -
Building Space	\$ 25,846.00	\$ 25,846.00	\$ -
Communications & Utilities	\$ 1,496.58	\$ 1,360.07	\$ 136.51
Other	\$ 577.66	\$ 777.20	\$ (199.54)
Contractual Services	\$ 5,703.12	\$ 4,889.15	\$ 813.97
Indirect Costs	\$ 62,822.78	\$ 19,473.14	\$ 43,349.64
Gross Costs	\$ 294,455.48	\$ 250,707.90	\$ 43,747.58

Printing and Supplies: The cause of the \$353 variance is unknown. The Form A amount is less than general ledger; therefore, there are no questioned costs.

Communications & Utilities: There was an entry voided on the general ledger but it was reported as an expense. The \$136.51 is a questioned cost.

Other: An entry dated 2/25/2020 was not reported to DHHS. The Form A amount is less than the general ledger; therefore, there are no questioned costs.

Contractual Services: The cause of the \$813.97 variance is due to the fact that the general ledger provided was run for only February transactions. The LHD compares the YTD charges each month and will pick up any charges that have not been reported each month. Therefore, there are some charges reported that were not previously reported in other months. There are no questioned costs.

Indirect Costs: The LHD reported indirect costs of \$62,822.78; however, the general ledger provided only had \$19,473.14 of indirect costs recorded. The LHD explained that the amount reported on Form A for the Waiver subaward was an error, and that it will be corrected in the subsequent period. The \$43,349.64 variance is a questioned cost.

Level of Care (LOC)

Cost Category	Form A	GL	Difference
Personnel	\$ 32,583.60	\$ 32,584.32	\$ (0.72)
Travel	\$ 3,254.53	\$ 3,254.53	\$ -
Printing & Supplies	\$ 561.58	\$ 561.58	\$ -
Equipment	\$ -	\$ -	\$ -
Building Space	\$ 3,643.72	\$ 3,643.72	\$ -
Communications & Utilities	\$ 147.82	\$ 132.01	\$ 15.81
Other	\$ 94.92	\$ 94.92	\$ -
Contractual Services	\$ 508.52	\$ 508.52	\$ -
Indirect Costs	\$ 3,473.98	\$ 3,473.98	\$ -
Gross Costs	\$ 44,268.67	\$ 44,253.58	\$ 15.09

Personnel Costs: The variance is not significant.

Communication & Utilities: As noted above, there was an entry voided on the general ledger but it was reported as an expense. The \$15.81 is a questioned cost.

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Attachment 9

We recommend the LHD implement procedures to ensure the amounts reported to DHHS are accurate and agree to the entity's accounting records.

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

Tested with other expenditures as noted.

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

No subrecipients for the Waiver or LOC subawards.