

**AGREED-UPON PROCEDURES REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
SUBRECIPIENT MONITORING
AGING AND MEDICAID PROGRAMS
JULY 1, 2020, THROUGH JUNE 30, 2021**

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Issued on July 6, 2021

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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	Chief Executive Officer
Kevin Bagley	Director, Medicaid and Long-Term Care
Cynthia Brammeier	Administrator, State Unit on Aging
Dr. Carisa Schweitzer Masek	Deputy Director of Population Health
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 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, 2020, through June 30, 2021.

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 any other purpose. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedures Performed and Results

1. Complete Internal Control Questionnaire.

The APA determined that eight 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 method to allocate costs, lack of proper monitoring by governing body, lack of proper review of transactions, questionable contract language related to subrecipient or contractor issues, the use of signatures stamps for approval, lack of knowledge of the Uniform Guidance, and lack of a physical inventory procedure.

For more details regarding each subrecipient's lack of internal controls, see **Attachments 1-7, and 9.**

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

For each of the subrecipients, the APA reviewed the most recent financial audit reports and followed up on the findings of the prior-year subrecipient monitoring. Any findings noted were reported in the other sections of the summary reports.

3. *Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2021 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. As mentioned previously, the majority of the subrecipients continued to have issues with the methods used to allocate personnel costs to more than one program. The APA also found several other concerns, including lack of documented pay rates, manual adjustments to time worked without documentation, lack of proper approval of timesheets, lack of agreement between leave amounts recorded on timesheet and the timekeeping system, incorrect rate paid to an employee, payment to employees prior to the end of the pay period, and lack of proper support for income taxes withheld, 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 whether the entry and classification of transactions are reasonable and proper.*

For one of the nine subrecipients, the APA found that a journal entry amount was incorrect.

For more detailed information regarding this finding, see **Attachment 4**.

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

For two of the nine subrecipients, the APA found a lack of support for the negative records and an improperly recorded transaction.

For more detailed information regarding this finding, see **Attachments 7 and 9**.

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.

The APA also found a number of other concerns with all nine subrecipients tested, including noncompliance with regulations regarding in-kind building space, lack of documentation to support services provided to clients who are not verifying services received, lack of documentation to support expenses and mileage reimbursements, lack of

verification for home-delivered meals provided to clients who did not verify meals received, questionable language regarding subrecipient or contractor services in contracts, inclusion of lobbying expenses or other unallowed expenses in the request for reimbursement, lack of documentation to support the governing body administrative costs charged to the programs, incorrect amounts paid, possible overstatement of expenses, issues related to the charging of indirect costs, 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 is deemed necessary, determine the extent and necessary procedures. The entity followed the same policies and procedures it uses for procurements from its non-Federal funds.***

All significant contracts were tested in Step 9, 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.

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

The APA determined that seven of the nine subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including a lack of documentation to support income received, in-kind services, and local other cash. Additionally, not all cash contribution logs were provided; support provided did not agree to bank statements; cash received was not counted and documented by two individuals; and in-kind services were not allocated to the correct program.

For additional details for each subrecipient, see **Attachments 1-4, and 6-8**.

- 13. *Determine whether the required reports include all activity of the reporting period, are supported by adequate records and are presented in accordance with requirements.***

The APA found concerns with the amounts reported for five of the nine subrecipients. In general, the amounts reported to DHHS were not supported by the financial information provided by the subrecipient – differences existed 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 and one that did not have an accounting system capable of tracking each program separately, which may not comply with the Uniform Guidance.

For further information regarding these concerns, see **Attachments 3, 5, 6, 8, and 9**.

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

The Medicaid expenses were tested with the payroll and 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 inadequate monitoring procedures, including lack of review of timesheets, lack of support for allocation of costs and in-kind expenses, lack of client verification for handyman services provided, lack of written summary of monitoring procedures, and lack of documented monitoring of income and matching amounts.

For additional details regarding the subrecipients tested, see **Attachments 2, 3, and 7**.

Overall DHHS Response: Effective with the major disaster declaration, in response to the COVID-19 pandemic, funds awarded by the Administration for Community Living permitted considerable flexibility between funding categories. The SUA established new taxonomy documentation requirements to accommodate the flexibility in spending across Title III and VII programs. ACL expects the states to support maintenance of senior centers, with plans of reopening once the emergency is over. The AAAs are tracking expenditures across services, with additional tracking of emergency funding and services. The SUA is working with the AAAs to document this information appropriately.

* * * * *

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.

We are required to be independent of DHHS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

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. J. Janssen", with a long horizontal flourish extending to the right.

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

July 2, 2021

1. Complete Internal Control Questionnaire

The APA noted a few of issues with the WCNAAA time study methodology as follows:

The agency failed to determine whether its method to allocate personnel costs using a time study were significantly affected by the COVID-19 pandemic. For example, most of the WCNAAA senior centers closed their centers to congregate meal dining (Title III-C1 program). Most of the senior centers currently have not reopened the congregate dining rooms. This appears to have a significant impact on the funding sources for the programs. The senior centers began coding their services using separate COVID funding sources. However, the WCNAAA office staff did not review or make any adjustments to the funding sources for its staff.

The APA is aware that the Administration for Community Living (ACL), under the Major Disaster Declaration, permitted states to use any portion of their funds under the Older Americans Act (OAA) for disaster relief for older individuals. However, it appears at least some of the WCNAAA staff could have used the COVID-19 funding for their activities.

We recommend the WCNAAA and the SUA work together to determine whether the agency's time study methodology should be adjusted as a result of COVID-19 and whether any of the central office staff could utilize the COVID-19 funding.

The APA obtained a copy of the WCNAAA's Personnel Cost Allocation Policy. The policy allows employees to record administrative time not to exceed 25% of the time worked. Administrative time is not chargeable to any one program and is considered an indirect cost. In other cases, the agency allocates indirect costs using the overall agency time study percentages. However, for these indirect costs, the WCNAAA only charges them according to the percent of time worked by each employee. The method for charging indirect costs is not consistent. We recommend the WCNAAA either charge all time worked directly to its programs, or allocate the administrative time using the appropriate indirect cost allocation methodology in place and used by the agency.

The APA found that the agency's overall time study percentages failed to include all of the Title IIIB subprograms. Instead, the WCNAAA charged personnel costs to only two of the IIIB subprograms. For example, as a result of the time study, the WCNAAA calculated that 2% of the personnel costs should be charged to IIIB Material Distribution. However, that amount was instead included in IIIB Homemaker. Similarly, 1% for IIIB Information & Assistance and Senior Center Hours, 2% for IIIB Social Activities, and 3% for Health Promotion/Disease Prevention were all charged to IIIB Counseling/SHIIP. While this does not have a financial effect on the programs, the APA wanted to make the SUA aware of this issue with the Title IIIB allocation for the IIIB subprograms.

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

The following issue from the prior monitoring was not properly resolved, as follows:

The APA noted that the Director and three Board members have signature stamps that are used to sign checks. In the past, the APA has recommended against the use of signature stamps. However, the WCNAAA simply implemented a policy regarding the signature stamps. The policy requires the stamps to only be used by the person designated on the stamp and that those individuals are responsible for storing the stamps in a secure location. The APA noted that the Director uses her stamp to sign checks, to approve timesheets, to approve wage increases, etc.

Because of the inherent risk in using a signature stamp, we continue to recommend that the WCNAAA discontinue its use of signature stamps.

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

QuickBooks general ledger and transaction details reports for July 2020 were obtained.

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

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Obtained and reviewed. No issues noted.

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

Obtained.

6. Perform a detailed test of employee payroll

The APA tested three employees for one pay period in July 2020. The payroll allocation for the three employees is listed in the table below:

Employee	IIIB		IIIC1		IIIC2		IIIE		Medicaid		Level of Care		Other		Total
Employee 1	11%	\$252.85					13%	\$298.82	38%	\$873.48	4%	\$91.94	34%	\$781.53	\$2,298.62
Employee 2	15%	\$196.02	26%	\$339.77	24%	\$313.63	5%	\$65.34	13%	\$169.88	2%	\$26.14	15%	\$196.02	\$1,306.80
Employee 3	23%	\$387.84	4%	\$67.45	2%	\$33.73	3%	\$50.59	51%	\$859.99	3%	\$50.59	14%	\$236.08	\$1,686.25

For one of the three employees tested, Employee #2, the APA found that the employee exceeded the maximum number of administrative hours in the time study period, according to the WCNAAA policy. The policy states the following:

If a regular staff member records admin time it should not exceed 25% of their time worked.

The employee recorded 49.75 hours, out of 175.75 total hours, to administrative time, resulting in 28.31% of her time charged to administrative. The 49.75 hours included 32.75 hours of sick leave and 17 hours charged to administrative time.

We recommend the WCNAAA follow its personnel cost allocations policy and require the employee to complete a different time study when the employee exceeds the maximum administrative time allowed.

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

No issues noted.

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

No issues noted.

9. Perform a detailed test of agency expenditures

The APA tested a \$125 payment to a client as reimbursement for assisted transportation services under the IIIE program. The APA found that the calendar provided for the services performed noted only the number of hours of service provided per day and did not include the times the services were provided. The original calendar showed 4 hours for 4 days during the month. However, the hours were later changed to 3 hours per day for 3 days and 3.5 hours per day for the fourth day. We recommend the WCNAAA require the calendars include the actual hours the services were provided.

The APA also tested three payments to contractors who provide senior center services, including meals and Title IIIB programming. The three payments selected for testing during July 2020 are included below.

Gosper County Senior Center:

Federal Program		Amount
Title III	B	\$ 365.40
Title III	C2 COVID HD	\$ 186.64
Title III	C2 COVID To Go	\$ 909.56
Title III	C2 COVID HD Additional	\$158.00

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Title III	C2 COVID To Go Additional	\$770.00
Total July 2020		\$ 2,389.60

The senior center failed to verify the number of meals received for each client. For the home delivered meals, none of the confirmations provided by the center were actually signed by the client. For the to-go meals, the clients are not required to sign for the meal. Instead, the center staff records each client's name on the meal log for the day.

Keith County Senior Center:

Federal Program		Amount
Title III	B	\$ 767.02
Title III	C1	\$ 1,077.30
Title III	C2 COVID HD	\$ 1,074.94
Title III	C2 COVID To Go	\$ 148.84
Title III	C2 COVID HD Additional	\$ 910.00
Title III	C2 COVID To Go Additional	\$ 126.00
Total July 2020		\$ 4,104.10

The sign-in sheet for the Paxton C1 meals on the date selected for testing appears to have been signed only by one person and not by each client. Therefore, those C1 meals were not properly verified.

Based on its contract with WCNAAA, the center was required to provide 325 units of IIIB services. The center reported a total of 915 units, which included 647 units of social activities. The clients who participated in social activities at the center are not required to sign in; therefore, the number of clients and the hours of participation are not adequately documented. Excluding these unverified social activities, the center did not provide the required number of IIIB services.

City of Lexington Senior Center:

Federal Program		Amount
Title III	B	\$ 891.45
Title III	C1	\$ 718.20
Title III	C2 COVID HD	\$ 1,434.04
Title III	C2 COVID To Go	\$ 522.11
Title III	C2 COVID HD Additional	\$ 1,214.00
Title III	C2 COVID To Go Additional	\$ 442.00
Total July 2020		\$ 5,221.80

The center was required to provide 377 units of IIIB service based on the contract with the WCNAAA and the number of meals provided. The center reported providing 264 units of service, which did not meet its contractual requirements. Additionally, 66 of those units were for transportation services provided by another Federal program. Those transportation units should be excluded.

We recommend the WCNAAA ensure services provided under the IIIE program are documented with the actual hours worked each day to support the number of hours billed. We also recommend the WCNAAA ensure the meals provided to the clients are adequately verified by each client, either with a client signature at the time of the meal, or by obtaining a periodic, signed confirmation of the meals received from the client. Finally, we recommend the

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WCNAAA ensure the senior centers are providing the contractually required number of IIIB services and that the services received are verified by the clients.

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 would be tested with the expenditures included above.

11. 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.

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

The APA reviewed the program income for July 2020 recorded by three senior centers selected for testing, as follows:

Income/Matching Category	Gosper County			Keith County			City of Lexington		
	IIIB	C1	C2	IIIB	C1	C2	IIIB	C1	C2
Other Non-matching	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.32	\$0.08
Title XX	\$0.00	\$0.00	\$223.82	\$0.00	\$0.00	\$830.49	\$0.00	\$0.00	\$2,020.27
Income Contrib/Fees	\$0.00	\$0.00	\$2,411.00	\$0.00	\$2,146.45	\$1,598.00	\$0.00	\$857.25	\$2,778.00
Total Non-Match	\$0.00	\$0.00	\$2,634.82	\$0.00	\$2,146.45	\$2,428.49	\$0.00	\$857.57	\$4,798.35
Local Public Cash	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,000.00	\$7,500.00	\$2,500.00
Local Public Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Other In-Kind	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Local Other (Cash)	\$55.00	\$55.00	\$55.00	\$330.22	\$330.23	\$330.23	\$89.46	\$89.45	\$89.45
Total Local Matching	\$55.00	\$55.00	\$55.00	\$330.22	\$330.23	\$330.23	\$5,089.46	\$7,589.45	\$2,589.45

The APA found that the Gosper County Senior Center failed to provide a cash contribution sheet that was signed by two individuals.

We recommend the WCNAAA implement procedures to ensure the senior center's cash contributions are verified by two individuals. This could include requesting the cash contribution log with the appropriate signatures from the centers who fail to meet the requirement.

13. 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.

14. 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 Gosper County, Keith County and the City of Lexington. The WCNAAA began its monitoring procedures in April of 2020.

No issues were noted.

1. Complete Internal Control Questionnaire

The AOWN requires 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 and changes each pay period based on the activities entered by the employee. 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.

The APA also noted the written financial policies do not include the detailed process for monitoring subrecipients.

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

2. 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. APA obtained AOWN's fiscal year 2019 audit and noted a couple of findings related to the accuracy and completion of the financial statements and issues related to the time study.

3. Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2021 transactions

No issues noted.

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

No issues noted.

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

Obtained. No issues noted.

6. Perform a detailed test of employee payroll

The APA selected three employees for testing during July 2020. The following table shows the allocation of the three employees payroll to each program:

Emp	Title IIIB		Title C1		Title C2		Title IIIE		Waiver		LOC		Other		Total	
	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
1			49.41%	\$272.35	50.59%	\$278.85									100%	\$551.20
2	0.34%	\$3.54	2.96%	\$30.78	6.42%	\$66.77	0.74%	\$7.70	61.66%	\$641.26	9.10%	\$94.64	18.78%	\$195.31	100%	\$1,040.00
3			1.18%	\$57.78	2.53%	\$123.89	1.35%	\$66.11	63.86%	\$3,127.01	8.81%	\$431.40	22.27%	\$1,090.49	100%	\$4,896.67

Two of three employees tested lacked adequate documentation of the authorized pay rate. Neither employees Notice of Appointment form was signed. For one of the employees, the Notice of Appointment provided for July 2020 pay rate was effective through June 2020. The pay rate did not change, but the form was not current. Additionally, the form failed to include both of the rates of pay paid to the employee. The employee was paid \$11.18 per hour for site manager duties. She was also paid \$10.40 per hour for aide duties. Only the \$11.18 rate was included on the Notice of Appointment form.

One employee's net pay did not appear to be correct. The Federal income taxes withheld and included on the pay stub did not agree to the APA calculated amount of Federal income taxes. It appears the tax tables used by the AOWN were not correct.

The APA found issues with the program coding for all three employees tested:

For Employee 1 noted in the table above, 49.41% of her pay was allocated to the Title C1 congregate meals program. However, the Director indicated that the agency provided no congregate meals at any of its sites during the coronavirus pandemic and was told by the SUA to continue to record the congregate meals separately. The APA is aware that the Administration for Community Living (ACL), under the Major Disaster Declaration, permitted states to use any portion of

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their funds under the Older Americans Act (OAA) for disaster relief for older individuals. However, it appears the to-go meals provided during the pandemic as a replacement for the congregate meals have been reported by other agencies as Title C2 meals.

Employee 3 in the table above participated in the agency's annual time study. There was an error in the calculation of one of the day's activities, so the entire time study result was not accurate. The following table shows the difference in the AOWN calculated amounts and the amounts calculated by the APA:

Program	APA Recalculated	AOWN Calculation	Difference
C1	1.10%	1.18%	0.08%
C2	2.36%	2.53%	0.17%
III-E	1.26%	1.35%	0.09%
Waiver	65.01%	63.86%	-1.15%
LOC	8.54%	8.81%	0.27%
Other	21.74%	22.27%	0.53%

Employee 2 listed in the table above used the overall agency allocation percentages from the time study. Because of the time study error for Employee 3 noted above, Employee 2's allocation of pay is also incorrect.

For each of the three employee tested, not only was the payroll allocated incorrectly, 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 in its time study to determine the allocation of pay, a second individual should review the spreadsheets for accuracy. We recommend the AOWN and the SUA work together to determine whether the agency's meal counts and allocation of payroll should be adjusted as a result of COVID-19.

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

Significant journal entries were tested in other sections. No issues noted with other journal entries reviewed.

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

No significant negative expenditures were noted.

9. 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 \$4,128 in kind building expense for the Bayard site. The expense was allocated in accordance with the meal count percentage allocation method, using the May 2020 meal counts. The table below shows the amounts that were charged to each program:

Program	Actual Charges	
	%	\$
III-C1	40.26%	\$1,661.95
III-C2	59.74%	\$2,466.05
Total		\$4,128.00

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The AOWN indicated that the senior centers did not provide congregate meals during the pandemic; however, they charged in-kind services to the Title C1 program for those months.

We recommend the AOWN work with the SUA to determine whether the coding is proper or whether different Federal funding could be used for these costs during the pandemic, with the regular Federal funding used later or even carried over and used in subsequent years.

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 agreement between AOWN and the nutrition site includes \$49,536 as the annual amount of in-kind building space. The site also provided a statement from the City Clerk in Bayard, Nebraska indicating that the size of the building is 3000 square feet and the value of the building is \$412,800. The information provided does not appear to meet the requirements contained in the Uniform Guidance noted above.

The AOWN recorded \$30,003.16 as in-kind building space for July 2020, which was reflected as \$15,707.27 to C1 and \$14,295.89 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 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 \$359.56 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. For the senior center/meal site portion of the communications expense, the allocation spreadsheet was not using the correct percentages. Instead of using the 2020 meal counts, this particular spreadsheet had a formula to use the meal counts from 2019. The Gordon and Rushville meal sites were affected. The Chadron meal site was correct. Therefore, the allocation to these sites was incorrect. The table below shows the amounts that were charged to each program and the APA calculated amount.

Program	Actual Allocation		APA Calculated	
	\$	%	\$	%
Gordon				
III C1	\$32.18	46.69%	\$34.06	49.41%
III C2	\$36.75	53.31%	\$34.87	50.59%
Total	\$68.93		\$68.93	
Rushville				
III C1	\$33.06	56.58%	\$37.66	64.45%
III C2	\$25.37	43.42%	\$20.77	35.55%
Total	\$58.43		\$58.43	

A coding issue was also noted in the prior year. 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 also selected a payment made to one of its subrecipients, a \$2,524.97 payment to the Morrill County Handyman. The APA obtained the reports submitted by the subrecipient to support the payment and requested documentation to support the services provided for two individuals and the authorization for service of the clients.

One individual selected for testing received \$1,535 from Morrill County for services provided to clients. The individual provided 53 units of service, which consisted of lawn mowing services. Only three units of service provided were initialed by the client receiving the service. Additionally, the individual provided 10 units of lawn mowing services in one day, which was significantly higher than other days tested. Without clients signing for the services provided, there is an increased risk for the payment of services that did not actually occur.

The second individual tested received \$480 from Morrill County for services provided to clients. The individual provided 23 units of service, consisting mostly of lawn mowing. Five of the 23 units were not signed or initialed by the client.

We recommend the AOWN implement procedures to ensure clients either sign off on the service provided at the time of the service, or a confirmation is sent to the clients on a monthly basis to confirm that services were received. We have been authorized to receive the services provided.

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.

N/A – APA tested contracts above.

11. 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.

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

The APA tested a \$3,104.50 meal contributions for the Chadron site and \$1,188.00 volunteer in kind entry for volunteer services. Building space in kind services were tested in the expenditures testing, in step 9 above.

For the volunteer services expense, the APA noted the AOWN charged \$197.06, of the \$330 of volunteer kitchen help to the Title C1 program. However, during the coronavirus pandemic the agency did not provide Title III C1, or congregate meals. Therefore, it appears the entire amount should have been recorded to Title III C2.

We recommend the agency work with the SUA to determine whether the coding of these services is proper during the coronavirus pandemic.

13. 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.

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

Tested with other expenditures as noted above.

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

The APA tested all three of the AOWN's subrecipients and obtained the most recent monitoring results for each of them. The last monitoring completed was for the period May 2020.

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The APA noted the following:

Morrill County Handyman

The APA reviewed the monitoring documents obtained by AOWN for 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 for May 2020 were as follows:

Cost Category	Amount
Communications & Utilities	\$25.00
Other	\$807.50
Gross Cost	\$832.50
Income or Matching	
Silent Contributions (Matching)	\$123.25
Net Amount Paid	\$709.25

We noted the following issues:

Morrill County reported \$807.50 in homemaker and chore services provided by different handypersons during the month of May. The APA observed a summary sheet identifying the number of service units performed and the amount charged for the services provided. The AOWN also obtained the signed client forms documenting the work performed. Similar to the prior years, the APA found that many of the forms were not actually signed by the client receiving the service. If the subrecipient does not get signatures for every service provided, we recommend the AOWN have its subrecipients 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

The APA reviewed the monitoring documents obtained by AOWN for the Box Butte County Handyman, a subrecipient of the AOWN, to provide homemaker and chore services in Box Butte County. Box Butte County requests from AOWN reimbursement of expenses, less income and matching, on a monthly basis. The amounts report by the Handyman for May 2020 were as follows:

Cost Category	Amount
Personnel	\$1,087.63
Building Space	\$83.33
Communications & Utilities	\$143.58
Other	\$252.00
Internal Services	\$425.00
Accounting Services	\$221.63
Gross Cost	\$2,213.17
Income or Matching	
Local Other (Building Match)	\$83.33
Local Other (Personnel Match)	\$221.63
Silent Contributions (Matching)	\$45.60
Total Matching	\$350.56
Net Amount Paid	\$1,862.61

For personnel costs, AOWN provided a cost itemization sheet with the payments for personnel services. There was no indication that the AOWN reviewed timesheets for these employees, if time was split for the employees with other programs, or verified the rate of pay for the employees. In the prior year, the APA had the timesheet issue and allocation to the program as an issue. This does not appear to be corrected.

There was no documentation to support the \$83.33 charged to the handyman program as in kind building space.

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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.

City of Kimball Handyman

The APA reviewed the monitoring documents obtained by AOWN for the City of Kimball Handyman, a subrecipient of the AOWN, to provide homemaker and chore services. Box Butte County requests from AOWN reimbursement of expenses, less income and matching, on a monthly basis. The amounts report by the Handyman for May 2020 were as follows:

Cost Category	Amount
Personnel	\$600.00
Building Space	\$200.00
Communications & Utilities	\$27.00
Other	\$515.00
Gross Cost	\$1,342.00
Income or Matching	
Local Other (Building Match)	\$200.00
Silent Contributions (Matching)	\$111.30
Total Matching	\$311.30
Net Amount Paid	\$1,030.70

For personnel costs, AOWN provided a cost itemization sheet with the payments for personnel services. A timesheet was provided for the handyman project for the employee. However, there was no documentation to determine if AOWN verified the rate of pay for the employee.

The City of Kimball reported \$515 in chore services provided by different handypersons during the month of May. The AOWN also obtained the provider work sheets documenting the work performed. The APA found that many of the forms were not actually signed by the client receiving the service. Many of them also did not list the time of the service or the number of hours of service provided. If the subrecipient does not get signatures for every service provided, we recommend the AOWN have its subrecipients obtain the client signed forms on a periodic basis to ensure the services were actually provided. Therefore, the APA could not verify the time worked to the hours paid.

Finally, 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. Documentation for significant expenses, income and matching should be maintained and a written summary should be provided to the subrecipient that addresses any findings.

1. 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. This issue was also addressed in our prior monitoring and in the agency's financial audit. Although the SCNAAA has implemented controls to compensate for the lack of segregation of duties, which consist primarily of documented reviews of financial reports and information by the Executive Director, the APA found in testing that pay rate adjustments are not being reviewed. As a result, one employee was being paid less than the amount approved by the Board.

We recommend the SCNAAA strengthen its monitoring procedures by performing a documented review of all calculations performed by the Fiscal Officer, as well as the financial reports and information currently reviewed.

The SCNAAA completed a time study in January/February 2020 that was used to allocate personnel costs when an employee worked on more than one Federal program or activity. The APA tested the allocation of personnel costs for three employees and noted the following concerns related to the time study as follows:

Both 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 one employee recorded the break time each day to the C1 meal program, regardless of the program worked on before and after the break period. The other employee worked on either SCO or Waiver before and after the break. However, the break time was never split between programs, as required by the guidance.

The APA also noted that the SCNAAA failed to round the percentages calculated in the time study in accordance with the SCNAAA's Time Study Guidance, which states the following:

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 SCNAAA has three employees who do not complete the time study. Rather, those employees use the summary of all of the other employees' time study results to allocate personnel costs. The APA tested one of the three employees and noted the following variances between the SCNAAA calculated amounts and the APA's calculation of the overall agency percentages using the Time Study Guidance included above (differences highlighted in yellow):

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Method	III B													
	Hmkr	Chore	Mat Dist (ERS)	Info & Asst	Sr Cent Hrs	Soc. Act	Out reach	Info Serv	Hth Prom- Non Evid	Couns (SHHP)	Legal Assist	Legal Out reach	ADM	Total IIB
APA Calc - Rounded	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	7.00%	6.00%	1.00%	0.00%	17.00%
Sum of APA Calc - Rounded	2.00%		1.00%							7.00%	7.00%		0.00%	17.00%
Per Payroll General ledger	2.00%		1.25%							7.00%	7.00%		0.25%	17.50%

C1				C2		
MEAL COST	NUT EDUC.	ADM	Total C1	MEAL COST	ADM	Total C2
10.00%	0.00%	0.00%	10.00%	4.00%	0.00%	4.00%
10.00%	0.00%	0.00%	10.00%	4.00%	0.00%	4.00%
10.00%	0.00%	0.25%	10.25%	3.00%	0.25%	3.25%

III E					CARE MGMT	SCO	WAIV	OMB	ADRC			Sub Total
Resp	Suppl Services	Info & Assist	ADM	Total IIE					Info & Ref	Options Couns	Ben Assist	
1.00%	0.00%	0.00%	0.00%	1.00%	4.00%	5.00%	44.00%	7.00%	5.00%	0.00%	3.00%	100.00%
1.00%				1.00%	4.00%	5.00%	44.00%	7.00%	8.00%			100.00%
1.25%				1.25%	4.00%	4.50%	44.00%	7.00%	8.25%			100.00%

The following is a summary of the tables above by program:

Program	Actual % Used for Admin -GL	APA Recal/Rounded	Difference
IIB	17.50%	17.00%	0.50%
C1	10.25%	10.00%	0.25%
C2	3.25%	4.00%	-0.75%
IIIE	1.25%	1.00%	0.25%
SCO	4.50%	5.00%	-0.50%
W	44.00%	44.00%	0.00%
Other	19.25%	19.00%	0.25%

As noted above, the only program that appears to be allocated in accordance with the Time Study Guidance, is the Waiver program.

The APA also found similar rounding issues for one employee who participated in the time study. The following tables show the variances between the SCNAAA calculated totals and the APA's calculation using the Time Study Guidance criteria:

Program	Actual % Used for Admin -GL	APA Calc/ Rounded Amount	Difference
C1	.66%	1%	.65%
C2	.66%	1%	.65%

As noted in both examples above, in some cases, the SCNAAA is using a fraction of a percent. The Time Study Guidance specifies the figures to be rounded to the nearest whole number.

This was an issue noted in the prior monitoring. As a result all of the personnel costs are considered questioned costs.

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 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.

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

The APA obtained the fiscal year 2020 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.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2021 transactions

No issues noted.

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

Obtained. See Internal Control Section above for issues identified.

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

Obtained.

6. 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, two employees were problematic due to the time study rounding issues noted previously. The following tables show the employees' salary allocation by program for the August 26, 2020 pay period.

Program Charges – Employee One													
IIIB		C1		C2		IIIE		LOC		Waiver		Other	
\$190.07	17.5%	\$111.33	10.25%	\$35.30	3.25%	\$13.58	1.25%	\$48.88	4.5%	\$477.89	44%	\$209.08	19.25%

Program Charges – Employee Two					
IIIB		C1		C2	
\$88.21	4%	\$1,929.78	87.5%	\$187.47	8.5%

The questioned costs are unknown for these employees.

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

As noted previously, the APA determined that one of three SCNAAA employees tested was not paid at the approved rate. For the August 26, 2020 paycheck, the APA compared the approved rate of pay to the rate actually paid to the employee as follows:

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Rates	Annual	Bi-Weekly
Approved Rate	\$ 28,419.00	\$ 1,093.04
Rate Paid	\$ 28,239.12	\$ 1,086.12
Difference	\$ 179.88	\$ 6.92

As noted previously, we recommend the SCNAAA implement a review of pay rate calculations completed by the Fiscal Officer. We also recommend the SCNAAA correct the error and remit the additional amounts owed to the employee.

SENIOR CENTER PERSONNEL COSTS:

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

Senior Center	C-2	FFCRA	CARES	Total Personnel Costs
SC 1	\$1,916.75	\$856.36	\$0.00	\$ 2,773.11
SC 2	\$1,989.38	\$0.00	\$0.00	\$ 1,989.38
SC 3	\$3,803.17	\$0.00	\$172.93	\$ 3,976.10

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 of \$10 per hour for one of the three senior center employees selected for testing.*
- *All three senior center employees appeared to have the incorrect income taxes withheld on the pay check tested. One senior center failed to withhold any income taxes from the employee's pay. The other two senior centers' income taxes withheld did not match the employees' IRS Form W-4 that was on file.*
- *One of three senior center employees tested had a timesheet that was not approved by a supervisor.*
- *One of three senior center employees received an additional payment of \$367.50. No timesheets were provided for the extra work. According to the SCNAAA, the employee was paid for helping to tile and paint the senior center. However, the employee was also paid vacation time for those days the senior center was closed for this remodeling. Both amounts were charged to the Federal programs.*

All of these issues were also noted in the prior monitoring. 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 are properly withheld based on the W-4 on file for each employee, and*
- *Timesheets are signed by employees and approved by a supervisor or board member*

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

No issues noted.

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

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No issues noted.

9. Perform a detailed test of agency expenditures

The APA tested a \$2,087.98 payment to the credit card company. The APA noted a \$124.49 purchase for plaques to recognize two employees for their years of service. The SCNAAA does not have a written employee recognition policy, as required by 2 CFR 200.437(a), which states, in relevant part, the following:

Costs incurred in accordance with the non-Federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable.

As a result, this is not an allowable expense.

The SCNAAA also allocated \$1,525.79 using the overall time study allocated described previously. However, the amount allocated in the general ledger did not agree to the allocation method calculated by the APA as follows:

Program	Actual % Used - GL	GL Amount	APA Recal/Rounded	APA Recal/Rounded Amount	% Difference	Amount Difference
IIIB	14.93%	\$227.80	17.00%	\$259.38	-2.07%	\$-31.58
C1	8.90%	\$135.80	10.00%	\$152.58	-1.10%	\$-16.78
C2	3.13%	\$47.76	4.00%	\$61.03	-0.87%	\$-13.27
E	1.46%	\$22.28	1.00%	\$15.26	.46%	\$7.02
SCO	3.58%	\$54.62	5.00%	\$76.29	-1.42%	\$-21.67
W	47.84%	\$729.94	44.00%	\$671.35	3.84%	\$58.59
Other	20.16%	\$307.60	19.00%	\$289.90	1.16%	\$17.70

The \$1,525.79 is considered a questioned cost.

Finally, the SCNAAA allocated \$571.66 for vehicle repair expenses based upon an allocation method of vehicle usage that was not properly supported. As a result, the \$571.66 is also a questioned cost.

We recommend the SCNAAA implement policies and procedures to ensure all expenses are allowable under the Uniform Grant Guidance and that the expenses are accurately allocated to each program based on documented time study or other allocation methodologies.

The APA tested a \$1,243 expense coded to the IIIE program as an “other” expense. The payment was made to a provider of meals in Comstock. The entity provided an invoice to the SCNAAA indicating the client served, the number of meals provided, and a cost per meal. For August 2020, the invoice showed 226 meals provided to 14 different clients. The APA noted the clients who received these meals had not verified the receipt of the meals.

The questioned costs are unknown.

We recommend the SCNAAA implement procedures to ensure clients periodically either sign for each meal received, or periodically verify the receipt of home delivered meals.

The APA also tested expenses recorded by the three senior centers tested and noted the following:

Hildreth: One raw food expense was tested in the amount of \$1,117.19, which consisted of a number of invoices for food purchases. The senior center failed to provide one receipt totaling \$22.70.

We recommend the senior center implement procedures to ensure adequate support documentation is provided and on file for expenditures.

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.

N/A – APA tested contracts above.

11. 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)

N/A

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

The APA tested the income and matching amounts reported by the three senior centers selected for testing, as follows:

Cambridge Senior Center

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

Cost Category	Form A
Other	\$154.00
Income Contrib/Fees	\$284.00
Total Non-Match	\$438.00
Local Public Cash	\$0.00
Local Other Cash	\$0.00
Local Other In Kind	\$515.00
Total Local Matching	\$515.00

The APA identified the following issues:

The APA reviewed the support for in-kind matching income in the amount of \$515. The senior center applies 1/12 of the budgeted amount of in-kind each month. However, they lacked documentation to support the in-kind services provided.

In addition, the senior center failed to provide adequate support for income, such as a cash contribution log verified by two individuals to ensure proper controls over cash received.

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.

Hildreth Senior Center

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

Cost Category	Form A
NSIP (USDA)	\$99.40
Income Contrib/Fees	\$741.50
Total Non-Match	\$840.90
Local Public Cash	\$0.00
Local Other Cash	\$-2,045.06

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Local Other In Kind	\$0.00
Total Local Matching	\$-2,045.06

The APA noted the following concerns related to the amounts the senior center reported:

Local Other Cash: This amount is a calculated amount determined by the SCNAAA based on FY20 budget amounts. The SCNAAA explained that it was a reduction of prior amounts claimed by the senior center; however, supporting documentation was not provided to support the amount.

Income Contributions/Fees: Adequate documentation was not provided to support the \$741.50 for income. The senior center did not provide an income contribution log documenting the income and contributions received each day, with the signature of two individuals verifying the amount received.

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.

Ord Senior Center

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

Cost Category	Form A
Other (non-matching)	\$1,625.00
Title XX	\$541.88
NSIP (USDA)	\$445.20
Income Contrib/Fees	\$2,200.00
Total Non-Match	\$4,812.08
Local Public Cash	\$0.00
Local Other Cash	\$0.00
Local Other In Kind	\$594.00
Total Local Matching	\$594.00

The APA identified the following issues:

Local Other In-kind:

The APA reviewed the support in-kind matching income in the amount of \$594. The senior center provided documentation of a tallied log from Monday – Friday of individuals. The documentation provided was not adequate, as it was a list for a month's time with members who participated, but the specific dates and times of the services were not documented. In addition, the individuals noted as volunteers were also paid employees.

Other (Non-matching) Income: Ord Senior Center was unable to provide support for \$1,580 of the \$1,625. The support provided was not adequate.

Income Contribution/Fees: The senior center provided bank statements and daily meal logs with a total income count per day and two signatures for the month of August. The documentation provided did not agree to the \$2,200 reported by the senior center.

We recommend the SCNAAA implement procedures to ensure amounts reported as income and matching are properly supported by the senior center.

13. 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 August 2020. The following difference was noted:

Cost Categories	Medicaid Waiver				
	Central Office GL	Senior Centers	Total	Form A	Variance
Contractual Services	\$ 70.40	\$ -	\$ 70.40	\$ -	\$ 70.40

Contractual Services: The SCNAAA left an amount off of the Form A reporting for August 2020.

We recommend the SCNAAA implement procedures to ensure amounts are properly reported to DHHS and agree to its financial information, which may include a secondary review of the financial data reported prior to submission to DHHS.

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

Tested with other expenditures as noted.

15. 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 May 2020.

The APA reviewed monitoring of one of the senior center and noted that the monitoring documentation provided showed that payroll and raw food expenses were reviewed for the senior center. There was no documentation to determine whether the SCNAAA reviewed the method the senior center used to allocate costs, 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. The other senior centers tested were not monitored due to the pandemic which cause the senior centers to close.

During testing, the APA reviewed payroll of the senior centers which included issues noted above in payroll section for senior centers.

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

1. Complete Internal Control Questionnaire

The APA identified the following issues related to the Midland Area Agency on Aging (MAAA) cost allocation plan:

Rounding: In its allocation of personnel costs, the MAAA frequently used a rounding methodology as part of its calculated allocation percentages. The cost allocation plan failed to explain how the calculations would be rounded – for example, to the nearest percent, half a percent, etc. Examples are included below in the payroll section.

Direct Program Expenses: The MAAA failed to record all time directly to the programs. According to the MAAA, if an employee records less than 1% of total time worked on any program, that time is allocated to all programs, with the leave hours. This is not in accordance with the Uniform Grant Guidance.

Building Use Expenses: The MAAA cost allocation plan for its Building Use Expenses (Rent & Utilities) states that these costs are allocated in the following manner:

Allocated based upon usable square footage. Facilities costs are allocated to program based on the ratio of program square footage to total square footage.

However during testing, the APA determined the building expenses were allocation based on a percentage of time worked for the employees who utilize the building. This methodology is not in accordance with the cost allocation plan.

We recommend the MAAA ensure the method used to allocate costs to more than one program agree to its approved cost allocation plan and that the plan includes the methods used for rounding and other issues. All direct costs should be charged directly to the programs.

Additionally, the APA noted that there is not an adequate comparison of the time records from the timekeeping system to the general ledger to ensure the allocation of pay agrees to the timekeeping system. Instead, the payroll is reviewed only for reasonableness.

We recommend the MAAA implement procedures to ensure a detailed review of the timekeeping system to the general ledger payroll allocation is performed to ensure the amount calculated by the system was actually charged to the programs.

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

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

3. Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2021 transactions

No issues noted.

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

No issues noted.

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

Obtained.

6. Perform a detailed test of employee payroll

The APA selected three employees for testing from the September 2020 payroll. The following table shows the employees tested and includes the programs charged for the pay period tested:

Employees Tested	Program Charges								Salary for Pay Period
	IIIB	C1	C2	IIIE	IIID	Medicaid	LOC	Other	
Employee 1	\$0.00	\$1,051.87	\$1,366.34	\$0.00	\$0.00	\$0.00	\$0.00	\$1,075.79	\$3,494.00
Employee 2	\$255.21	\$255.20	\$546.86	\$0.00	\$109.37	\$0.00	\$0.00	\$1,308.47	\$2,475.11
Employee 3	\$304.73	\$660.97	\$497.87	\$90.13	\$0.00	\$995.76	\$210.31	\$1,532.23	\$4,292.00
Total	\$559.94	\$1,968.04	\$2,411.07	\$90.13	\$109.37	\$995.76	\$210.31	\$3,916.49	\$10,261.11

The APA noted the following issues during the testing of payroll:

- *One employee had 16 leave hours recorded in the timekeeping system. However, the timesheet completed by the employee showed only 8 hours of holiday leave used. According the MAAA, the timekeeping system is accurate as the employee had 8 hours of holiday leave and 8 hours of vacation during the month. The vacation was not properly recorded on the timesheets.*
- *One employee had 3 hours of direct charges to programs allocated to all of the programs. The employee recorded the direct hours worked in the timekeeping system; however, since those hours were less than 1% of the total hours worked, the MAAA allocated those hours to all programs. The hours included 0.5 hours worked on IIID, 0.5 hours worked on IIIE, 0.75 hours worked on C2, 1.0 hour charged to Non-HDM deliveries (COV19), and 0.25 hours for rounding.*
- *The MAAA failed to accurately charge the program for duties performed as calculated from its timekeeping system. The following tables shows the variances when comparing the amount actually charged in the MAAA general ledger and the calculated amount from the timekeeping system for each employee tested.*

Program Description	Amount Allocated in General Ledger	General Ledger Allocation %	Per MAAA Time-keeping system	Variances
Employee 1				
IIIC-1 Center Meals	\$662.02	18.95%	40.35%	-21.40%
IIIC-1 Center Meals Merrick	\$389.85	11.16%	11.16%	0.00%
IIIC-2 Home Delivered Meals	\$1,020.62	29.21%	34.74%	-5.53%
IIIC-2 Home Delivered Meals-Merrick	\$345.72	9.89%	9.89%	0.00%
IIID Health Promotion	\$0.00	0.00%	2.81%	-2.81%
Other	\$1,075.79	30.79%	1.05%	29.74%
Total	\$3,494.00	100%	100%	
Employee 2				
IIIB Support Service	\$255.21	10.31%	14.55%	-4.24%
IIIC-1 Center Meals	\$255.20	10.31%	14.03%	-3.72%
IIIC-2 Home Delivered Meals	\$546.86	22.09%	29.35%	-7.26%
IIID Health Promotion	\$109.37	4.42%	5.97%	-1.55%
Other	\$1,308.47	52.87%	36.10%	16.77%
Total	\$2,475.11	100.00%	100.00%	
Employee 3				
IIIB Support Service	\$304.73	7.10%	6.55%	0.55%
IIIC-1 Center Meals	\$660.97	15.40%	15.62%	-0.22%
IIIC-2 Home Delivered Meals	\$497.87	11.60%	12.11%	-0.51%
IIIE Care Giver Support	\$90.13	2.10%	1.35%	0.75%
Level of Care	\$210.31	4.90%	4.93%	-0.03%
Waiver	\$995.76	23.20%	23.45%	-0.25%
Other	\$1,532.23	35.70%	35.99%	-0.29%
Total	\$4,292.00	100.00%	100%	

The table above illustrates the following issues:

Employee 1: A total of 30.79% of this employee's personnel costs was charged to Non-Aging and CASA programs, even though only slightly more than 1% was actually charged to that type of program in the time keeping system. The MAAA is allocating more time to these non-Federal programs than was actually worked by the employee. Therefore, the Federal programs are undercharged.

Employee 2: Similar to Employee 1, the employee's personnel costs charged to the Federal programs are undercharged.

Employee 3: It appears that the variances noted for this employee are related to the method of rounding used by the MAAA since all of the variances were less than 1%.

As a result of the issues noted above, we consider all of the personnel costs to be questioned costs.

We recommend the MAAA implement procedures to ensure:

- *The timekeeping system and the manual timesheets agree.*
- *Hours worked directly on a program are charged to that program.*
- *The hours recorded in the timekeeping system are used to allocate the personnel costs.*

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

The APA reviewed seven different journal entry transactions posted in September 2020. One of the entries tested was posted with an incorrect amount. In July and August 2020, the billings from Medscope had been incorrectly recorded between the IIIB program and the IIIE program – too much had been charged to IIIE. The entry tested was to correct the original charges to the programs. However, the APA noted the MAAA mistakenly transferred \$630 from IIIE to IIIB instead of the correct amount, \$600, from the August 2020 journal entry. Therefore, \$30 more was charged to the IIIB program than should have been.

We recommend the MAAA ensure all journal entries are accurate and recorded correctly.

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

No issues noted.

9. Perform a detailed test of agency expenditures

The APA tested seven expenditures from September 2020, totaling \$28,878.78, and noted the following:

The MAAA holds a lease agreement with Wedgewood Inc at a monthly rate of \$900.25 for building rent. The expense was allocated to the following programs:

Program	Amount
IIIB	\$36.00
LOC	\$108.03
Medicaid Waiver	\$486.14
Other	\$270.08
Total	\$900.25

According to the MAAA, the allocation for this expense was determined using the prior year allocation of the salaries of the employees located in that office. However, the MAAA was unable to provide the documentation to support the allocation of the rental expense. Furthermore, this allocation method is not in accordance with the MAAA's cost allocation plan.

We recommend the MAAA implement procedures to ensure the documentation to support the allocation of costs is properly documented and maintained and that all such allocation methods are in accordance with its cost allocation plan.

The MAAA paid the following vendors for congregate meals (CGM) and home delivered meals (HDM) under contracts:

Vendor	Meals Type Provided	Amount
Chartwells	HDM	\$ 202.50
Chartwells	CGM	\$ 3,624.75
Village Diner	HDM	\$ 11,602.50
Village Diner	CGM	\$ 4,942.50
Vestey	HDM	\$ 3,224.00
Vestey	CGM	\$ 2,298.00
Total		\$ 25,894.25

The APA determined that MAAA failed to require the clients to sign for each meal provided at the center, to require the clients to sign for each home delivered meal, or to perform alternate procedures to periodically verify the receipt of the monthly meals from the clients.

During testing of the Chartwells invoice, the APA found that the MAAA was invoiced for a total of 567 meals; however, the support provided showed a total of 574 meals, a difference of 7 meals.

Additionally, the MAAA's agreement with Chartwells is for \$6.75 per meal for meals provided at the center. However during testing, a portion of meals invoiced were charged to C2 for home delivered meals. The agreement with Chartwells does not include provisions for home delivered meals.

We recommend the MAAA obtain clients signatures for home delivered meals and meals received at the centers. If signatures are not collected, we recommend the MAAA provide a periodic verification from the clients that meals were received. We also recommend that the agreements in place for these meals specify the actual services being received.

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.

See agency expenditure testing section above.

11. 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.

12. 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 Other In Kind during September 2020 and noted the following:

The MAAA reported \$5,440.06 for local other in kind for matching. The APA reviewed documentation to support the Howard County volunteer hours, which included \$1,872. The APA was provided with time cards of each volunteer; however, the timecards were not signed by a supervisor.

We recommend the MAAA ensure the volunteer hours reported are signed by both the employee and the supervisor.

13. 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.

14. 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.

15. 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.

1. Complete Internal Control Questionnaire

The Aging Partners used a time study to allocate costs to its various programs for fiscal year 2021. 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 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.*

Additionally, the Aging Partners 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 during the time study period, such period may not be representative of the employee’s actual work performed for the year.

The APA noted two of the four employees tested had each recorded 26.25 hours for the month to the “Split Across All Programs” category and had excessive leave time during the time study. One employee recorded to total of 40% of her time to either the “Split Across All Programs” category or leave in the time study, and another employee recorded a total of 68% of his time to either the “Split Across All Programs” category or leave in the time study. It does not appear the time study is representative of total time worked for the year for these two employees.

- 2) Once an employee had completed the time study, the employees were grouped together by business unit, which represented the type of work performed – for example central kitchen, or downtown senior center, or admin. 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.*
- 3) The time study allocation was also used to determine allocations for administrative employees. In general, the overall percentages from all of the other employees were used to allocate the time of the administrative staff. However, time studies were not locked after completion and cells in the summary workbook remained linked. It is possible employees changed their time reports after the time study period. Thus, the administrative allocations are slightly different than the calculated overall allocation for all employees. There is no documented support for the differences.*

It should be noted that the Aging Partners (through the City) implemented a new payroll and timekeeping system, so after September 2020, the time study allocation process will no longer be used. Instead, employees will be recording actual time worked on each program.

We recommend the Aging Partners review its policy to allocate costs and ensure personnel costs are allocated based upon the employees’ actual time worked. All other costs should also be adequately supported and consistently reported. Any costs that differ from Aging Partners allocation methodology should contain adequate documentation to support the allocation of those 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.

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

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

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

No issues noted.

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

No issues noted.

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

No issues noted.

6. Perform a detailed test of employee payroll

The APA tested the payroll paid in September 2020, totaling in excess of \$636,198 for the Federal programs tested. The following amounts were allocated to each program for September 2020:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Total
\$ 277,534.52	\$ 93,559.82	\$ 71,811.54	\$ 9,105.12	\$ 10,935.65	\$ 8,481.50	\$ 164,769.35	\$636,197.50

The APA tested four employees. All four 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 November and December of 2019. See above for issues identified by the APA with the time study methodology. The following table includes the programs charged for the four employees tested for the pay period ending September 16, 2020:

Program Charges																	
Em	III-B		III-C1		III-C2		III-D		III-E		LOC		Waiver		Other		Total
1	1,279.24	45.66%	365.18	13.03%	95.85	3.42%	29.54	1.05%	23.21	0.83%	56.03	2.00%	616.36	22.00%	336.19	12.00%	2,801.60
2	987.37	60.05%	-	0.00%	215.28	13.09%	436.97	26.57%	4.70	0.29%	-	0.00%	-	0.00%	-	0.00%	1,644.32
3	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	30.60	1.23%	2,462.52	98.77%	-	0.00%	2,493.12
4	102.21	5.84%	1,304.39	74.58%	342.36	19.58%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	1,748.96
	2,368.82		1,669.57		653.49		466.51		27.91		86.63		3,078.88		336.19		8,688.00

The APA noted that the amount charged for each of the four employees tested did not agree to the time study calculation for each individual or for the administrative cost pool. The table below shows the variances from the actual program charges, as shown above, compared to the percentages that should have been charged from the time study results.

Description	III-B	III-C1	III-C2	III-D	III-E	LOC	Waiver	Other	Total
Employee 1									
Actual % Allocation	45.66%	13.03%	3.42%	1.05%	0.83%	2.00%	22.00%	12.00%	100.00%
Admin Cost Pool % Allocation	48.81%	10.47%	0.53%	1.65%	1.01%	2.40%	22.45%	12.68%	100.00%
Variance	-3.15%	2.56%	2.89%	-0.60%	-0.18%	-0.40%	-0.45%	-0.68%	0.00%
Employee 2									
Actual % Allocation	60.05%		13.09%	26.57%	0.29%				100.00%
Time Study Allocation %	57.90%		0.00%	41.27%	0.83%				100.00%
Variance	2.15%		13.09%	-14.70%	-0.54%				0.00%
Employee 3									
Actual % Allocation						1.23%	98.77%	0.00%	100.00%
Time Study Allocation %						6.16%	93.13%	0.71%	100.00%
Variance						-4.93%	5.64%	-0.71%	0.00%
Employee 4									
Actual % Allocation	5.84%	74.58%	19.58%						100.00%
Time Study Allocation %	0.00%	92.39%	7.61%						100.00%
Variance	5.84%	-17.81%	11.97%						0.00%

The APA has the following concerns:

Employee 1: *Personnel costs are allocated using Aging Partner’s administrative cost pool allocation percentages, as the employee is administrative personnel and does not complete a time study. However, the actual allocation of this employee’s personnel costs did not agree to the allocation percentages of the administrative cost pool allocation. Additionally, the allocation listed on Aging Partner’s allocation spreadsheet did not agree to the actual administrative cost pool allocation percentages. Aging Partners explained that certain administrative employees have their individual allocations adjusted manually to better reflect the programs that they actually work on. However, adequate documentation could not be provided to support the changes made for employee 1.*

Employee 2: *Recorded time worked during the time study on the III-B, III-D, and III-E programs. However, the personnel costs for the pay period tested were coded to III-B, III-C2, III-D, and III-E.*

Employee 3: *Recorded time worked during the time study on the LOC, Waiver, and Other programs. However, the personnel costs for the pay period tested were coded only to LOC and Waiver. Employee 3 was an employee whose costs were primarily charged to the Medicaid Waiver program. These employees record any time worked on the LOC program each pay period on a manual timecard. For the pay period tested, Employee 3 recorded one hour in the LOC program. The Aging Partners appropriately charged that one hour 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.*

Employee 4: *Recorded time worked during the time study on the III-C1 and III-C2 programs. However, the personnel costs for the pay period tested were coded to III-B, III-C1, and III-C2.*

As a result of the issues noted above, the APA considers all personnel costs to be 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. As noted above in the Internal Control Questionnaire section, the Aging Partners (through the City) implemented a new payroll and timekeeping system, so after September 2020, the time study allocation process will no longer be used. Instead, employees will be recording actual time worked on each program.

The APA recommends the Aging Partners ensure its employees’ payroll costs are allocated based upon their actual time worked. Furthermore, leave should be allocated proportionately to the total time actually worked in each program.

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

No significant journal entries. No issues noted.

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

No issues noted.

9. Perform a detailed test of agency expenditures

The APA tested eight documents totaling \$78,725.78. The following issues were noted:

The Aging Partners failed to provide adequate documentation to support its \$32,700.69 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 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:

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THIS BILLING IS FOR September, 2020:		
Past Due Balance:		\$ 0.00
Rent for September, 2020:	DSC:	\$ 29,781.25
	9 th & J St:	\$ 3,881.65
	Building Security	\$ 559.68
	Parking Stalls (3)	\$ 90.00
	Parking Fund	\$ 451.35
AMOUNT NOW DUE:		\$ 34,763.93

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.

This was also noted in the prior year and is a questioned cost.

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 an expense of \$1,128.75 to Jacqueline Fleming for foot clinic services and determined the documentation provided to support the expense was not adequate. The APA received an invoice showing a total of 53.75 hours of service provided over six days in August and September 2020 at a rate of \$21 per hour. However, Aging Partners was unable to provide a contract or agreement that set the rate and scope of services to be provided. Per discussion with Aging Partners, they have a few independent contractors that provide foot clinics in the rural counties, and Jacqueline Fleming is one of them. Aging Partners does not have a formal contract with her, so there is no set schedule or contract amount. Without adequate documentation, there is a risk that the invoice is paid for clients who were not actually provided services.

The amount of the expense is a questioned cost.

We recommend the Aging Partners obtain written contracts for all of its independent contractors.

The APA also tested a payment of \$3,850.59 to Cash-Wa Distributing for groceries for the meal programs. Of this amount, \$534.25 was coded to the Central Kitchen business unit. According to Aging Partners, 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
12.47%	69.26%	18.27%	0.00%	0.00%

The Aging Partners made adjustments to the time study so that the food costs are only charged to the Title III-C1 program. Such adjustments are made annually when the Aging Partners prepares its budget, which would have happened before the COVID-19 pandemic affecting the Aging Partners' ability to provide III-C1 meals. The allocation of the costs does not seem reasonable as the Aging Partners stated C1 meals were not provided during this time. As such, the APA considers the expense to be a questioned cost. The adjusted percentages were as follows:

III-C1	
\$534.25	100.00%

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.

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

<i>N/A – APA tested contracts above.</i>	
11.	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)
<i>No issues noted.</i>	
12.	Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.
<i>The APA tested three revenues that included funds received as income contributions/fees.</i>	
<i>No issues were noted.</i>	
13.	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.
<p><i>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.</i></p> <p><i>2 CFR 200.302(a) states the following:</i></p> <p style="padding-left: 40px;"><i>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.</i></p> <p><i>The Aging Partners should consider whether its accounting system can be modified to account for the cost of each program separately.</i></p>	
14.	Determine the Medicaid & LOC payments were in accordance with the terms of the contract.
<i>Tested with other expenditures as noted.</i>	
15.	Document the Agency's procedures to monitor its subrecipients, if applicable.
<p><i>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.</i></p>	

1. 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 (Board) 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. 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. This was also noted in the prior year.

The Board also does not review additions or deletions of fixed assets on a periodic or annual basis. We also recommend the ENOA consider providing additions and deletions of capital assets to the Board on an annual basis.

The APA noted that ENOA's "Cost Allocation Policy – January 2019" appears to be outdated due to changes in allocation procedures. We recommend the ENOA ensure all of its policies are current.

The ENOA began use of a new accounting system recently. The APA found that ENOA failed to review after-the-fact payroll documentation, such as a payroll register, to ensure the payroll processed correctly. Although there appear to be appropriate controls within the system, we recommend the ENOA implement procedures to ensure the final payroll reports are properly reviewed.

Finally, the APA determined that the agency contracts with its contractors contain language that actually appears to make the arrangements a subrecipient situation and not a contract situation. The APA noted that the contracts include the following or similar language regarding the contractor responsibilities:

- (q) To determine that all recipients meet requisite age requirements or other individuals who meet program eligibility as listed in ENOA Nutrition Program policy 1.1. Under-age ineligible participants must pay full cost of the meal as required by ENOA Nutrition Program policies. Payment for under-age ineligible participants must be collected separate from eligible meal contributions and documented with a written receipt. A copy of the receipt is given to the participant and a copy will be attached to the monthly cash contribution sheet.

According to previous discussions between the DHHS and the APA, when the contractor is responsible for determining eligibility, the Federal government considers that arrangement to be a subrecipient arrangement rather than a contractor relationship. We recommend the ENOA ensure if these arrangements require the entity to determine eligibility, that appropriate subrecipient monitoring procedures are completed as required.

2. 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.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2021 transactions

No issues noted.

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

No issues noted.

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

No issues noted.

6. Perform a detailed test of employee payroll

The APA tested four employees for one pay period in October 2020. The payroll for the three employees payroll was allocated as follows:

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Employee	IIIB	C1	C2	IIIE	Waiver	LOC	Other	Totals
Employee 1	\$ 1,230.02		\$ 85.82				\$ 209.78	\$ 1,525.62
Employee 2		\$ 278.07	\$ 326.43					\$ 604.50
Employee 3				\$ 274.08	\$ 2,223.83	\$ 454.74	\$ 1,544.85	\$ 4,497.50
Employee 4	\$ 432.13	\$ 285.46	\$ 209.30	\$ 110.29	\$ 713.92	\$ 73.34	\$ 996.28	\$ 2,820.72
Totals	\$ 1,662.15	\$ 563.53	\$ 621.55	\$ 384.37	\$ 2,937.75	\$ 528.08	\$ 2,750.91	\$ 9,448.34

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

The ENOA implemented a new accounting system since the prior monitoring. Cost centers identify the different programs and services provided by ENOA. The system allows employees to record hours worked to a cost center. For hourly employees, the system calculates the time worked on each cost center and that is how the personnel costs for that employee are allocated. However, leave is allocated only to one home cost center and is not allocated to all of the programs worked on by the hourly employees.

Leave is required to be allocated under the Uniform Guidance at 2 CFR § 200.431(b), as follow:

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

(1) They are provided under established written leave policies;

(2) The costs are equitably allocated to all related activities, including Federal awards; and,

(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

(i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.

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

For two of the four employees tested, the APA calculated the following variances related to the allocation of leave time:

Program	ENOA	APA Calc	Difference
Employee 1			
IIIB	\$ 1,230.02	\$ 1,182.90	\$ 47.12
C1	\$ 85.82	\$ 99.50	\$ (13.68)
Other	\$ 209.78	\$ 243.22	\$ (33.44)
Totals	\$ 1,525.62	\$ 1,525.62	\$ -
Employee 2			
C1	\$ 278.07	\$ 245.43	\$ 32.64
C2	\$ 326.43	\$ 359.07	\$ (32.64)
Totals	\$ 604.50	\$ 604.50	\$ -

For its salaried employees, the accounting system also allows the employees to record time worked in a cost center. However, the system only charges the salaried employees' costs to one home cost center, so the ENOA must make an adjustment for the salaried employees to record time to the proper cost center. Generally, at the end of the month, the ENOA makes journal entries to record the actual time worked for the previous month.

One of the four employees tested was a salaried employee. The APA noted that the allocation percentages for the employee were properly supported. However, for the allocation of the benefits attributed to the employee, the ENOA used a prior year insurance rate to allocate the benefits. The ENOA used \$1,243.98 for insurance benefits paid by ENOA, but the 2020 rates were actually \$1,473.72. The difference is \$229.74.

The ENOA also records a portion of its administrative employees' personnel costs to the cost center called ENOA administration. For these employees, the ENOA used an outdated time study methodology from December 2018 to allocate the personnel costs of the administrative staff. As noted previously, the new accounting system allows for the recording of time worked on each cost center. As such, it would seem reasonable that the ENOA would be able to use the time worked on each cost center as recorded in the accounting system for all of its employees to allocate the time of the administrative staff.

One of the four employees tested was an administrative employee. (See Employee 4 in the table above.)

These would be considered questioned costs.

We recommend the ENOA implement procedures to ensure all leave time is properly allocated to the various programs based on the actual hours worked, that the benefit amounts allocated to the programs are the current rates charged, and that the allocation of the administrative staff salaries be updated using the actual time recorded in the accounting system for all ENOA employees.

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

No issues noted during testing.

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

No issues noted.

9. Perform a detailed test of agency expenditures

The APA selected seven expense documents paid in October 2020 for testing, totaling \$26,996.88, for testing and noted the following:

The APA tested a \$4,953.69 employee mileage expense charged to the Title III C2 home delivered meals program. The document contained a number of mileage payments to employees. The APA selected one \$359.95 payment to an employee for testing and noted that the mileage log for the month of September 2020 did not list the points of all of the places travelled each day. Rather, it listed a starting location and an ending location for each day. The ENOA also provided the employee's meal delivery sheet for one day of the month, which shows all delivery locations. However, each day there could be clients who do not get a meal for any given day. On the example delivery sheet provided, three clients at two different locations did not have a meal delivered that day. Therefore, without having all delivery sheets attached to the mileage request, there is a lack of documentation to support the miles travelled during the month.

Using the example provided, the APA calculated 26.6 total miles between each destination located on the delivery sheet. On most days the employee recorded 30 miles per day.

The APA also noted that the mileage log's starting location is from the employee's home. Mileage is not normally reimbursable from an employee's home to a work location as that is considered a commuting expense.

We recommend the ENOA ensure the mileage reimbursed is from the location the meals are pick up and is compared to the actual delivery sheets to ensure miles requested are reasonable and based on the most direct route of travel.

The APA tested a data processing payment to Konica Minolta for a total of \$8,200. The expense was for the monthly data processing fees associated with the copy machines. The expense was allocated to the programs as follows:

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IIIB	C1	C2	III E	Waiver	LOC	Admin Alloc	Other	Totals
\$ 616.54	\$ 1,048.12	\$ 554.89	\$ 369.92	\$ 3,421.82	\$ 739.84	\$ 462.41	\$ 986.46	\$ 8,200.00

To determine the allocation of this expense to the various programs, the ENOA attempted to assign each employees computer to a cost center. This allocation methodology generally did not consider when employees provided services in multiple programs. For example for Employee 3 included in Number 6, above, the charges related to this employee were recorded as 100% to the Medicaid Waiver program, even though the employee provided services in the III E, LOC, and other State programs.

It seems as though there may be more accurate methods to allocate this expense – perhaps by utilizing the employees’ time worked in each program. Since the allocation methodology was not adequately supported, the APA considers the expense a questioned cost.

We recommend the ENOA implement procedures to ensure expenses are allocated based on a reasonable and supported methodology that applies the expense to each program in accordance with the relative benefits received.

The APA tested a \$1,628.40 contract payment to the North Bend Senior Center for September 2020 that was charged solely to the C1 congregate meals program. The APA noted that the North Bend Senior Center provided both congregate and home delivered meals during the month tested. Therefore, the expense should have been charged to both the C1 and C2 program.

We consider this amount to be a questioned cost.

Additionally – similar to the leave allocation issue noted in number 6, above, the leave time of the employees requested for reimbursement is not allocated to each program properly. The APA also found that the employee timesheets were not signed by a supervisor. The senior center staff indicated that the signing of the payroll check indicated that the time sheet has been approved.

The APA also found that the contract contained the following language under Article II, Contractor Services:

(y) To determine that all recipients meet requisite age requirements or other individuals who meet program eligibility as listed in ENOA Nutrition Program policy 1.1. Under-age ineligible participants must pay full cost of the meal as required by ENOA Nutrition Program policies. Payment for under-age ineligible participants must be collected separate from eligible meal contributions and documented with a written receipt. A copy of the receipt is given to the participant and a copy will be attached to the monthly cash contribution sheet.

This language appears to require the contractor to determine eligibility. In the APA’s discussions with DHHS, if an entity is required to determine eligibility, the Feds would generally consider the arrangement a subrecipient relationship. Subrecipient relationships require more monitoring procedures of the ENOA.

Finally, the APA noted that the senior center did not have documentation to ensure that the home delivered meals were received by the clients. No client signatures were required and confirmations were not sent to clients to confirm the meals received.

We recommend the following:

- *ENOA implement procedures to ensure the contractual services are allocated to each program in accordance with the relative benefits received.*
- *ENOA ensure any leave time is allocated properly to each program and that timesheets are signed by a supervisor.*

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- ENOA review its contracts and determine which entity is responsible for determining eligibility of the clients. If the entity awarded the services is responsible, the relationship is that of a subrecipient.
- ENOA ensure there is adequate documentation to support the clients confirmed the home delivered meals provided, by either obtaining signatures for the meals delivered or by confirming the monthly meals received with the clients.

The APA tested a \$5,021.09 contract payment to the City of Omaha for services provided under a contractual agreement. The expense was made up of both salary and mileage reimbursements for September 2020. The ENOA allocated the expense as follows:

IIIB	C2	Totals
\$ 613.00	\$ 4,408.09	\$ 5,021.09

The invoice included \$125.35 in mileage expenses. The contract did not include provisions for the reimbursement of mileage expenses, therefore, this portion is considered questioned costs.

Additionally – similar to the leave allocation issue noted in number 6, above, the leave time of the employees requested for reimbursement is not allocated to each program properly. As noted above, the ENOA charged \$613 to the IIIB program. The APA's calculation of the allocation to the IIIB program, allocating the leave equitably between the programs results in the following allocation:

IIIB	C2	Totals
\$ 651.19	\$ 4,369.90	\$ 5,021.09

The difference is \$38.19 between the programs. This amount would vary depending on the amount of leave reported each month.

The ENOA could not provide documentation to verify that the employee time reported in this payment was approved by a supervisor. The City has its approval online, but documentation of the supervisor approval of the time worked was not provided.

Finally, the APA found that the contract contained the following language under Article II, Contractor Services:

- (q) To determine that all recipients meet requisite age requirements or other individuals who meet program eligibility as listed in ENOA Nutrition Program policy 1.1. Under-age ineligible participants must pay full cost of the meal as required by ENOA Nutrition Program policies. Payment for under-age ineligible participants must be collected separate from eligible meal contributions and documented with a written receipt. A copy of the receipt is given to the participant and a copy will be attached to the monthly cash contribution sheet.

This language appears to require the contractor to determine eligibility. In the APA's discussions with DHHS, if an entity is required to determine eligibility, the Feds would generally consider the arrangement a subrecipient relationship. Subrecipient relationships require more monitoring procedures of the ENOA.

We recommend the ENOA implement procedures to ensure the contractual services are allocated to each program in accordance with the relative benefits received. We also recommend the ENOA ensure any leave time is allocated properly to each program and that time worked is approved by a supervisor. Finally, we recommend the ENOA review its contracts and determine which entity is responsible for determining eligibility of the clients. If the entity awarded the services is responsible, the relationship is that of a subrecipient.

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The APA reviewed three other documents to determine if the amount paid was reasonable. One document was the allocation of indirect costs to the Medicaid Waiver and LOC programs as follows:

Waiver	LOC	Totals
\$ 8,752.81	\$ 899.14	\$ 9,651.95

As noted in number 6 above, this amount relates to personnel costs of the ENOA administrative employees. The method to allocate these costs to the programs is based on a December 2018 time study.

We recommend the ENOA update its method to charge these indirect costs to the program as noted in item number 6 above.

The APA noted one \$292.80 expense included in the administrative cost allocation for lobbying expenses.

In 2 CFR § 200.450(a), the Uniform Guidance discussed lobbying expenses as follows:

(a) The cost of certain influencing activities associated with obtaining grants, contracts, or cooperative agreements, or loans is an unallowable cost. Lobbying with respect to certain grants, contracts, cooperative agreements, and loans is governed by relevant statutes, including among others, the provisions of 31 U.S.C. 1352, as well as the common rule, "New Restrictions on Lobbying" published on February 26, 1990, including definitions, and the Office of Management and Budget "Governmentwide Guidance for New Restrictions on Lobbying" and notices published on December 20, 1989, June 15, 1990, January 15, 1992, and January 19, 1996.

The payment of lobbying expenses is a questionable reimbursement of State or Federal funds based on whether the expense is reasonable and necessary for purposes of the programs.

We recommend the ENOA refrain from charging lobbying expenses to its State or Federal funding sources.

The APA noted another questionable expense included in the ENOA administrative cost allocation - a \$268.94 purchase of plants for a funeral.

The purchase of plant for a funeral does not appear to fit under the purposes of any of the Federal programs. Additionally, the State generally does not allow for such costs to be reimbursed by local units of government, as supported by "A Guideline to the Use of Public Funds by Cities and Villages – Revised" from the Nebraska Accountability and Disclosure Commission. In that document, the following is noted:

Question #6 - May municipal funds be expended for flowers and memorials for deceased elected officials, employees or their families?

Response - No.

Therefore, the APA believes it is not a reasonable or necessary expense to the State or Federal programs.

We recommend the ENOA exclude such payment in the administrative costs charged to the State and Federal programs.

ENOA charged an additional \$8,596.62 in personnel costs related to its umbrella organization, ENHSA, to its Aging administrative programs. These costs would have been allocated as follows:

III B	III C1	III C2	III E	STATE	Non-SUA programs	Total
\$ 1,317.00	\$ 869.98	\$ 637.87	\$ 336.13	\$ 1,312.70	\$ 4,122.94	\$ 8,596.62

The APA noted a few of issues with this expense. First, the ENOA recorded these costs in the Communications and Utilities expense category. It seems they should be recorded as personnel costs, as the costs were for HR staff time, accounting staff time, and Workday staff time (Workday is the new accounting system) for the ENHSA.

Second, the allocation to ENOA was based upon the employee head count in all related organizations at a certain period of time. ENOA appeared to have 16.6% of the employees, so the total costs for these employees were charged to ENOA using that percentage, with the exception of the accounting staff time. The accounting staff time was changed to ENOA at 4.14% or about 25% of the actual head count amounts. While actual documentation was not provided to support the percentage, the ENOA explained that the ENOA has its own accounting staff so a factor of 25% was used to allocate the accounting expenses.

Finally, the allocation to each Aging program was based on an outdated time study. It might be more reasonable to use the allocation of time worked by all of the ENOA employees as recorded in the accounting system.

We recommend ENOA implement procedures to ensure its costs are correctly reported on the Form A and that any allocation methodology used is adequately supported and based on the relative benefits received.

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.

N/A – APA tested contracts above.

11. 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.

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

The APA tested \$23,176.59 for Title XX income reported for both C1 and C2 programs and found that one client's meals were reimbursed at a rate of \$5.01 per meal, instead of the approved \$6.01 per meal. The client had 16 meals recorded in the month tested, so this is a variance of \$16.

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.

The APA obtained documentation to support the income and contribution amounts recorded on the Form A's as follows:

Program	Income and Contributions Form A
Title IIIB	\$ 9,108.02
Title C1	\$ 1,449.00
Title C2	\$ 31,495.23

The ENOA provided support for income and contributions received both in the office and at the senior centers. The APA selected three senior centers for testing: Florence, LaVista, and Fremont, and found that two of the three senior centers, Florence and Fremont, failed to have two individuals sign the cash contribution logs each day.

We recommend the ENOA implement procedures to ensure the cash contribution logs at the senior centers are signed by two individuals every day.

The APA tested the \$2,208 recorded in the C2 program as Local Other In Kind Matching. The matching consists of in-kind advertising of the ENOA home delivered meals for the month of October 2020. The newspaper provided an email explaining the rate is \$65 per inch for 52 weeks. The ENOA advertisement is 8 inches, which makes the weekly total \$520. For four weeks, the proper amount of matching would be \$2,080. The ENOA reported \$2,208 for four weeks, which is \$552 per week. The monthly amount that is over-reported by the ENOA is \$128. The in-kind matching amount has been incorrect since July 2020.

We also found that the ENOA does not record the in-kind matching amounts in the general ledger until the end of the fiscal year, so the APA was unable to determine if the amount was properly recorded in the accounting records.

We recommend the ENOA implement procedures to ensure the in-kind matching amounts reported agree to the documentation provided by the newspaper. The ENOA should also submit an adjustment on its future reports to correct the error in reporting since July 2020. We also recommend the DHHS SUA implement procedures to ensure the in-kind matching amounts are properly recorded at the end of the fiscal year.

13. 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.

Similar to the prior year, variances were identified between the Form A submitted to DHHS and the ENOA general ledger, as follows:

Category	C2		
	Form A	GL	Diff
Personnel Costs	\$ 49,396.72	\$ 49,317.91	\$ 78.81
Printing and Supplies	\$ 884.92	\$ 963.73	\$ (78.81)
Communications & Utilities	\$ 1,345.35	\$ 1,311.75	\$ 33.60
Other Expenses	\$ 1,625.48	\$ 1,689.08	\$ (63.60)
Local Other In Kind Matching	\$ 2,208.00	\$ -	\$ 2,208.00

Title C2: ENOA inadvertently coded \$78.81 as personnel costs instead of printing and supplies. One object account was accidentally rolled up as workers comp, which is why the Form A amount is higher than the GL amount. For the Communications and Utilities variances, the ENOA inadvertently switched around telephone expenses of \$351.07 and insurance of \$414.67. The difference is \$63.60. Then the Communications and Utilities expense had a \$30 coding error. Finally, ENOA does not record the in-kind matching amount in the general ledger until the end of the fiscal year. APA is testing October 2020.

Category	IIIE		
	Form A	GL	Diff
Other Expenses	\$ 1,493.99	\$ 5,793.99	\$ (4,300.00)

Title IIIE: There is \$4,300 in respite expenses that were not reported on the October 2020 report. Those expenses will be reported in December 2020 reporting, according to ENOA. Coding is account 8090 for Short Term Respite Sept 2020 \$2580 and \$1720.

We again recommend the ENOA implement procedures to ensure the general ledger amounts are properly reported to DHHS. We also recommend the errors noted above are corrected in their reporting to DHHS. 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.

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

Tested with other expenditures as noted above.

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

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The ENOA converted all of its contractual agreements to contracts during fiscal year 2020. No subrecipient monitoring is required. However, see concerns in numbers 1 and 9 above for concerns with contract language regarding eligibility determination.

1. Complete Internal Control Questionnaire

The Blue Rivers Area Agency on Aging (BRAAA) processes for the allocation of costs between multiple programs are either not adequately documented or they fail to comply with provisions of the Uniform Grant Guidance (UGG) and terms and conditions of the subawards. In the prior monitoring, the APA noted that the BRAAA attempted to allocate time to its various programs using a time study methodology. However, not all of the employee spreadsheets used by the BRAAA were supported by records of hours worked.

In the current year, the BRAAA continued to use the results of the time study that was completed in July and August 2019, to allocate personnel and other costs. According to the BRAAA, a new time study has not been completed due to the ongoing pandemic.

For administrative employee personnel costs, the BRAAA used its fiscal year 2021 budget to allocate costs based on the amount budgeted to each program – so in essence – based on budgeted figures.

The Uniform Grant Guidance provides the criteria for the allocation of personal services at 2 CFR 200.430, as follows:

§ 200.430 Compensation - personal services.

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in § 200.431. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- (3) Is determined and supported as provided in paragraph (i) of this section, when applicable.

Section (i) states the following, with the most applicable sections highlighted:

(i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass federally-assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

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(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 award based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

We continue to recommend that the BRAAA implement a process to ensure costs are reasonable, allocable, and in accordance with the UGG and its subawards terms and conditions.

A policy adopted in July 2020 requires the BRAAA to randomly perform an on-site audit annually. As mentioned in the prior year, the BRAAA failed to perform the required monitoring of its subrecipients. The last actual monitoring was performed in fiscal year 2018. On a monthly basis, the BRAAA obtained certain financial information from its subrecipients, but the procedures performed are not adequate. See information below for more detailed information regarding subrecipient monitoring.

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

The APA obtained the BRAAA independent audit for fiscal year 2020. There were four findings, including lack of an internal control system designed to provide for the preparation of the financial statements being audited, lack of appropriate segregation of duties, lack of a consistent method or documentation supporting volunteer time spent on programs or the rate used for volunteer services time, and lack of site visits of its subrecipients during the fiscal year per policy.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2021 transactions

No issues noted.

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

No issues noted.

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

No issues noted.

6. Perform a detailed test of employee payroll

The BRAAA reported \$109,854.57 in personnel costs during December 2020. 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 18, 2020 pay period tested:

Program Charges								
Empl.	III-B	III-C1	III-C2	III-E	LOC	Waiver	Other	Total
1	\$ 865.39	\$ 288.46	\$ -	\$144.23	\$ 288.46	\$ 490.39	\$ 807.69	\$ 2,884.62
2	\$ 438.53	\$ 420.25	\$ 164.45	\$ -	\$ 91.36	\$ 182.72	\$ 529.89	\$ 1,827.20
3	\$ -	\$ 7.72	\$ 759.32	\$ -	\$ -	\$ -	\$ -	\$ 767.04
4	\$ 66.91	\$ -	\$ 379.17	\$ -	\$ -	\$ -	\$ -	\$ 446.08
	\$1,370.83	\$ 716.43	\$1,302.94	\$144.23	\$ 379.82	\$ 673.11	\$1,337.58	\$ 5,924.94
Percent								
1	30%	10%	0%	5%	10%	17%	28%	100%
2	24%	23%	9%	0%	5%	10%	29%	100%
3	0%	1%	99%	0%	0%	0%	0%	100%
4	15%	0%	85%	0%	0%	0%	0%	100%

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Employee 1 and 2 are administrative employees who did not participate in the 2019 time study. The BRAAA allocated their time based on each program's percentage of the overall budget. This is not allowable according to the Uniform Grant Guidance as noted above. Additionally, adjustments to the percentages were made throughout the year due to changes in services being provided. There was not support for the adjustments made.

Employee 3 was a cook at a center. During the month tested, the congregate meal site was not open to due to the pandemic. As such 100% of the meals provided were home delivered meals. It appears 100% of the personnel costs should have been charged to the Title III-C2 (HDM) program.

Employee 4 was also a site manager. According to the BRAAA staff, the prior time study had 90% of the time charged to Title IIIC and 10% charged to Title IIIB. As noted in the prior monitoring, the prior time study was not adequately supported. Additionally, there was not support provided for the adjustments made changing the allocation to 15% to Title IIIB and 85% to IIIC2 during the pay period tested.

Because the method used to allocate personnel costs was not documented, the BRAAA was not in compliance with the Uniform Grant Guidance. As a result, all of the personnel costs are considered questioned costs.

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 found that one of the four employees tested lacked an approval signature on her timesheet. The employee was the Executive Director and her time sheet was not signed by a Board member.

We recommend the BRAAA implement procedures to ensure the Executive Director's timesheets are signed by a Board member.

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

No issues noted.

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

APA review two transactions coded as negative expenditures. One transaction for \$307.28 was for rebates from a food service. The sales representative for the vendor tracked the rebates for the BRAAA and provided the information for the rebate to be redeemed. The BRAAA did not keep a copy of the information provided to support the amount of the rebates.

We recommend the BRAAA implement procedures to ensure adequate documentation is maintained for all transactions.

9. Perform a detailed test of agency expenditures

The APA tested a \$5,788.88 purchase of computers, battery backups, and labor from Network Consulting Services. The purchase consisted of three computers for \$900 each, one computer for \$2,000, four battery backups for \$318.88, and labor for \$775. The three \$900 computers were allocated using the old time study from 2019, which was 90% to Medicaid Waiver and 10% to LOC. The \$2,000 computer was allocated using a budget methodology that was not compared to actual results. Finally, there was not adequate documentation to support the allocation of the battery backups or the labor costs. The following table shows the total allocation of this expense:

BRAAA

Summary of Results – Payment for December 2020 Activity

FYE 6/30/2021

III-B	C1	C2	III-E	LOC	Waiver	Other	Total
\$ 396.19	\$ 715.46	\$ 385.26	\$ 130.50	\$ 420.17	\$ 3,194.32	\$ 546.98	\$ 5,788.88

Because the allocation was not documented or not in accordance with the Uniform Guidance, we consider the expense to be a questioned cost. We recommend the BRAAA implement procedures to ensure the amount allocated to each program is adequately supported and in compliance with the Uniform Guidance.

The APA tested a purchase from Pegler Sysco for raw food, supplies, and equipment totaling \$10,100.60. The expense was for the Syracuse Senior Center. Adequate documentation was provided to support the expense. The raw food and supplies were charged 100% to C2 as the centers were still closed to congregate meals at this time. The freezer purchase, for \$4,674.19, was allocated 65% to C1 and 35% to C2. This was based on the allocation for the site prior to COVID. However, the BRAAA could not provide the support for the allocation between C1 and C2 as this was determined by the prior director.

C1	C2	Total
\$3,038.00	\$1,636.19	\$4,674.19

Because the allocation of the expense was not properly documented, we consider the expense to be a questioned cost. 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 Guidance.

The APA reviewed the \$4,500 rent expense paid to the RLT Association for office space, as the result of a prior finding related to the allocation of the expense.

The \$4,500 rental payment was split evenly between the employees of the central office and then further allocated using either the 2019 time study for each employee or the budgetary basis allocation for the administrative employees. Those methods are either not adequately supported or not in accordance with the Uniform Guidance as the budget basis was not compared to actual results. The costs were allocated among programs as follows:

III-B	C1	C2	III-E	LOC	Waiver	Other	Total
\$ 604.70	\$ 452.82	\$ 168.76	\$ 28.11	\$ 230.63	\$ 981.56	\$ 2,033.42	\$ 4,500.00

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 Guidance.

The APA reviewed a \$2,087.19 payment to Eakes Office Solutions for printing and supplies expense, as the result of a prior finding related to the allocation of the expense.

The current year expense was allocation using the fiscal year 2021 total budget and allocating the costs to the program based on the percentage of the total budget. This method does not comply with the Uniform Guidance as the budget basis was not compared to actual results. The costs were allocated among programs as follows:

III-B	C1	C2	III-E	LOC	Waiver	Other	Total
\$ 112.42	\$ 659.33	\$ 364.12	\$ 55.03	\$ 41.27	\$ 178.86	\$ 676.16	\$ 2,087.19

DHHS – Subrecipient Monitoring – Aging/Medicaid
BRAAA
Summary of Results – Payment for December 2020 Activity
FYE 6/30/2021

Attachment 7

<i>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 Guidance.</i>	
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.
<i>N/A – APA tested contracts above.</i>	
11.	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)
<i>No issues noted – expenses are cost reimbursement.</i>	
12.	Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.
<p><i>The largest source of income is client contributions, at \$23,314.25 for December 2020. The APA selected one transaction, totaling \$13,090.42, for testing. These were income amounts received by the BRAAA central office. The APA reviewed the cash receipt log that is created upon receipt of the funds, the deposit slip, and the bank statements.</i></p> <p><i>The APA noted that the BRAAA did not make deposits timely. The deposits in this transaction were all dated December 21, 2020. However, there were checks included in the deposit from October 22, 2020, November 17, 2020, and December 4, 8, 9, 11, and 14, 2020.</i></p> <p><i>We recommend the BRAAA implement procedures to ensure deposits are made within a week of receipt.</i></p>	
13.	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.
<i>No issues noted.</i>	
14.	Determine the Medicaid & LOC payments were in accordance with the terms of the contract.
<i>Tested with other expenditures as noted.</i>	
15.	Document the Agency’s procedures to monitor its subrecipients, if applicable.
<p><i>The BRAAA has two subawards – one with SENCA and the other with Auburn. The APA observed the documentation provided for the SENCA subaward for December 2020.</i></p> <p><i>Each month the subrecipients provide reports to the BRAAA that identify the expenses, income and matching being reported for each month. The BRAAA policy requires an on-site audit once annually to review the documentation supporting the monthly reports. As noted in the prior summary, the BRAAA last reviewed July 2017. Therefore, the subrecipient monitoring performed by the BRAAA was not adequate.</i></p> <p><i>The following tables illustrates the amounts reported for SENCA during for December 2020:</i></p>	

BRAAA

Summary of Results – Payment for December 2020 Activity

FYE 6/30/2021

Cost Category	C1	C2
Personnel	\$ 6,646.00	\$ 3,676.42
Travel	\$ 60.32	\$ 15.08
Printing & Supplies	\$ 56.00	\$ 281.64
Communication & Utilities	\$ 498.26	\$ 405.06
Other	\$ 418.39	\$ 236.07
Raw Food	\$ 362.82	\$ 296.85
Gross Costs	\$ 8,041.79	\$ 4,911.12
Title XX	\$ 750.00	\$ 110.00
Federal USDA	\$ 466.13	\$ 57.10
Income/Contributions	\$ 2,688.00	\$ 500.00
Subtotal	\$ 3,904.13	\$ 667.10
Actual Cost	\$ 4,137.66	\$ 4,244.02
Local Public Cash Matching	\$ 5,152.25	\$ 2,879.26
BRAAA Cost	\$(1,014.59)	\$ 1,364.76

The APA requested documentation to support the December 2020 personnel costs and noted the following issues:

- The personnel costs reported by SENCA were not properly supported. For two of the three employees tested the payroll documentation provided did not agree to the personnel costs reported.
- The BRAAA did not fully understand the process used by SENCA to allocate costs between the C1 and C2 programs. According to the SENCA staff, most allocation are done using the current budget. However, employees record time worked into its payroll system, so depending on the activities recorded by the employees, adjustments are made to the percentages. The benefits are allocated based on the time worked as entered into the timekeeping system. The following tables shows the allocation of the three employees December personnel costs to the programs:

Empl.	C1			C2			Total		
	Salary	Fringe	Total	Salary	Fringe	Total	Salary	Fringe	Total
Director	\$ 2,407.02	\$ 170.51	\$ 2,577.53	\$ 1,312.97	\$ 150.13	\$ 1,463.10	\$ 3,719.99	\$ 320.64	\$ 4,040.63
	64.71%	53.18%		35.29%	46.82%				
Cnt Mgr	\$ 2,302.70	\$ 468.69	\$ 2,771.39	\$ 1,119.30	\$ 231.14	\$ 1,350.44	\$ 3,422.00	\$ 699.83	\$ 4,121.83
	67.29%	66.97%		32.71%	33.03%				
Cook	\$ 945.60	\$ 351.48	\$ 1,297.08	\$ 630.40	\$ 232.48	\$ 862.88	\$ 1,576.00	\$ 583.96	\$ 2,159.96
	60.00%	60.19%		40.00%	39.81%				
\$ Totals	\$ 5,655.32	\$ 990.68	\$ 6,646.00	\$ 3,062.67	\$ 613.75	\$ 3,676.42	\$ 8,717.99	\$ 1,604.43	\$ 10,322.42

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 Guidance.

1. Complete Internal Control Questionnaire

The senior centers did not always have supporting documentation for their matching amounts. See the income and matching section in number 12, below, for more information.

2. 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. The APA also reviewed the fiscal year 2020 audit report and noted the management letter contained the following items: One check was signed only by one individual, one paycheck was omitted from the report given to the board for approval, some employees earn “comp” time in excess of the amount allowed per policy, the Board should approve the Director’s pay rate, the governing Board by-laws should be reviewed every three year, and finally concerns at the senior centers were noted. The senior center concerns were as follows: lack of documentation of IIB units of service, incomplete Board minutes, payroll tax forms filed late, incorrectly, or not at all, monthly bank reconciliations not retained, home-delivered meal assessments were not updated timely, personnel files were incomplete, demographics were not on file or were not properly updated, procedures were not performed due to Covid, cash receipts were not deposited daily and emergency meal contracts did not include cost of the meal and were not signed by both parties annually.

3. Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2021 transactions

No issues noted.

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

Obtained and reviewed. No issues noted.

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

No issues noted.

6. Perform a detailed test of employee payroll

The APA performed detail testing of three employees for the January 2021 pay period. The three employees time was charged to each program as follows:

Employee	IIB	C1	C2	IIIE	Waiver	LOC	Other	Total
Employee 1	\$1,157.66			\$282.76	\$1,844.06	\$204.89	\$608.54	\$4,097.91
Employee 2	\$1,493.14			\$15.45	\$106.68		\$1,540.80	\$3,156.07
Employee 3	\$796.71	\$186.63	\$146.31	\$120.94	\$524.65		\$1,043.94	\$2,819.18
Totals	\$3,447.51	\$186.63	\$146.31	\$419.15	\$2,475.39	\$204.89	\$3,193.28	\$10,073.16

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:

- Employees were only required to document time worked on each program throughout the day, for example, time coded to III-B, or III-E. However, the actual time study allocation used by the NENAAA allocates costs to the various taxonomies under each program, such as III-B outreach, III-B legal assistance, III-B chore, III-B information and assistance, etc. The documentation provided did not always support the allocation of costs to those specific activities within each program. For example, one employee tested recorded .25 hours to III-E and it was allocated by the NENAAA as .005 to each of the five taxonomies under the III-E 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.*

NENAAA

Summary of Results – January 2020

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2. The same employee as noted above had some errors in the accumulation of the time study amounts. The APA found that .5 hours was recorded to III-E and should have been charged to waiver, .25 hours were inappropriately charged to ADRC, and Care Management was undercharged by .25 hours. As a result the employees' allocations for the year were slightly off. The variances are shown in the table below:

	IIIB	IIIE	CM	Waiver	SHIP	ADRC	OMB
NENAAA %	47.31%	0.49%	4.56%	3.38%	43.07%	0.51%	0.68%
Total Calculated %	47.29%	0.17%	4.73%	3.72%	43.07%	0.34%	0.68%
Difference	0.02%	0.32%	-0.17%	-0.34%	0.00%	0.17%	0.00%

Note: The III-B difference was for rounding purposes.

3. One employee changed positions during January 2021 and her payroll was allocated based on the allocation of the new position only. The employee actually worked 9 days in the old position and 14 days in the new position. The NENAAA should have calculated the portion of her salary attributed to both positions. Additionally, the NENAAA seems to have arbitrarily determined the new allocation percentages. The employee replaced another employee whose time study reported 91.82% to Waiver, 5.76% to LOC and 2.42% to another program. The employee tested was not going to work on the other program, so the NENAAA set her allocation at 90% waiver and 10% LOC. Using just the Waiver and LOC time of the former employee, it seems as though 94% to Waiver and 6% to LOC may have been more appropriate.

A similar finding was noted in the prior year. The questioned costs are unknown.

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

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

No issues noted.

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

No issues noted.

9. Perform a detailed test of agency expenditures

The APA performed detail testing of three expenditures totaling \$12,619. The following issues were noted:

Slight variances were noted in the allocation of a \$5,199 copy machine. The actual allocation used differed from the time study allocation as follows:

	III-B	C1	C2	III-E	Waiver	LOC	Other	Total
General Ledger %	14.20%	3.43%	1.97%	7.62%	34.02%	5.50%	33.26%	100.00%
Time Study %	14.17%	3.43%	1.97%	7.68%	34.02%	5.50%	33.23%	100.00%
Difference	0.03%	0.00%	0.00%	-0.06%	0.00%	0.00%	0.03%	0.00%

It appears the III-E program was slightly undercharged and the IIIB-B and Other programs were slightly overcharged. The questioned costs are unknown.

We recommend the NENAAA implement procedures to ensure the allocation of expenses agrees to the amounts calculated during the time study process.

NENAAA

Summary of Results – January 2020

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One \$5,250 payment to Medscope was not supported by adequate documentation. The payment was for Lifeline services provided to clients. The bill is allocated between the III-B program and the III-E program based on the client. Generally, clients with two or more ADLs or who have a cognitive deficit are eligible for III-E programming. Clients who are simply over 60 are paid with III-B funds. The APA selected four clients to obtain the Personal Emergency Response System Grant. One of the three individuals grant agreement did not agree to the amount paid. The grant was for \$29 per month, but the service was actually billed at \$30 per month.

We recommend the NENAAA implement procedures to ensure its grant agreements with its clients agree to the amount paid.

The APA also tested three payments, totaling \$21,678.61, to senior centers for services provided, including meals and Title III-B programming, and noted the following:

The APA tested the January 2021 amounts reported from the Howells Grain Bin. A total of \$5,217 was reported for contractual services, as follows:

Program	Amount
C1	\$ 5,112.20
C2	\$ 104.80
Total	\$ 5,217.00

The APA noted the following issues:

- The senior centers added their income and matching amounts to the contractual services expense, which seemingly overstated the expenses. For example, for the Howells Grain Bin, the contract allowed for the payment of \$2.90 per C1 meal and \$2.95 for each C2 meal. For January 2021, the Howells Grain Bin reported 727 C1 meals and 22 C2 meals for a total contract price of \$2,173.20. This would be the actual amount of contractual services, as opposed to the amounts reported in the table above. It should be noted that there is no financial effect on this reporting as the income and matching amounts also reduce the contractual services to the actual cost of those services.
- The APA requested the sign in sheets for a sample of C1 clients and the meal verification sheets for a sample of C2 clients. The Howells Grain Bin was unable to provide a signed meal verification sheet for the C2 client selected for testing. Therefore, adequate documentation did not exist to support the receipt of the home delivered meals by the clients.

We recommend the NENAAA work with the State Unit on Aging (SUA) to provide proper accounting of the income and matching amounts of the contractors. We also recommend the NENAAA implement procedures to its contractors are obtaining the meal verification sheets from its home delivered meal clients to verify the receipt of the meals.

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.

N/A – significant contracts would be tested above.

11. 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.

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

The APA tested the income and matching reported for the three senior centers selected for testing in the expense section, above. The following income and matching amounts were reported:

NENAAA

Summary of Results – January 2020

FYE 6/30/2021

Location/Center	Income	Matching
Howells Grain Bin	\$ 3,043.80	\$ -
Neligh	\$ 3,954.02	\$ 985.20
Chatt Senior Center	\$ 5,076.66	\$ 2,357.89
Totals	\$ 12,074.48	\$ 3,343.09

The APA found the following issues:

Howells Grain Bin: *The entity failed to provide evidence that the cash contributions were counted by two individuals. The amount of income collected was simply hand written on each sign in sheet. The Howells Grain Bin reported \$2,519.50 in income/contributions. The remaining income was attributed to the Nutrition Services Incentive Program (NSIP). The sign in sheets showed a total of only \$2,422 collected, which did not agree to the amount reported. An explanation for the variance was not provided.*

Neligh Senior Citizens Program, Inc: *The entity reported \$322.70 in NSIP funding, \$1,078.32 for ineligible meal contributions and \$2,553 for income/contributions. The entity was unable to support the ineligible meal contribution amount reported. A total of \$790.09 was supported – leaving \$288.23 unsupported.*

Chatt Senior Center, Inc: *The entity reported \$2,357.89 in local cash matching but only had support for \$1,019.47 in its financial report. Therefore, the documentation to support the matching amounts were not adequate.*

We recommend NENAAA implement procedures to ensure that all contractors have two individuals count and verify the contributions received and maintain that evidence, ensure the income and matching reported by the contractors is supported by adequate documentation.

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

The APA found that the NENAAA was including activity from the Senior Health Insurance Information Program (SHIIP) in its III-B program. The SHIIP and III-B programs are separate federal funding sources and should be accounted for separately.

The APA also noted a \$30 data entry error that cause the Income and Contributions in the III-E program to be overstated.

We recommend the NENAAA create separate accounting for the SHIIP program and ensure future reports correct the \$30 error that was noted.

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

N/A – this would be reviewed during the testing above.

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

The NENAAA's subrecipient monitoring policy requires the agency to perform monitoring on one-third of the subrecipient sites each year.

The NENAAA also contracts with a local CPA firm to conduct agreed-upon procedures at half of the subrecipients each year.

DHHS – Aging/Medicaid – Subrecipient Monitoring
NENAAA
Summary of Results – January 2020
FYE 6/30/2021

Attachment 8

The APA determined that one of the three senior centers selected for testing did not have subrecipient monitoring procedures performed. The contractor is a private business and the NENAAA doesn't think the monitoring would apply. However, the contractor also provides III-B services and collects income and so it seems like there should be some limited procedures required of the contractor to ensure control procedures noted in the contract are operating effectively.

1. Complete Internal Control Questionnaire

The League of Human Dignity (LHD) recently promoted an employee to the Chief Financial Officer (CFO) position. That employee did not appear to be knowledgeable of the Uniform Guidance, which is the authoritative requirements governing Federal awards.

It also does not appear that a physical inventory has been completed since at least January 2020, when the current CFO was hired by the agency.

We recommend the LHD implement procedures to ensure all employees involved in its accounting or financial processed have knowledge of the Uniform Guidance. We also recommend the LHD implement procedures to ensure an annual physical inventory is completed once per year.

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

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

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

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

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

No issues noted.

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

No issues noted.

6. Perform a detailed test of employee payroll

The LHD charged \$204,689 in personnel and benefit expenses to the Waiver subaward and \$36,722 in personnel and benefit expenses to the Level of Care (LOC) subaward for the February 2021 payroll. The APA tested three employees whose personnel costs were charged to the subawards as shown in the table below:

	Waiver	LOC	Total
Employee 1	\$2,147.55	\$1,714.95	\$3,862.50
Employee 2	\$3,455.99	\$831.84	\$4,287.83
Employee 3	\$2,507.62	\$849.30	\$3,356.92
Total	\$8,111.16	\$3,396.09	\$11,507.25

The following issues were noted:

- The agency pays its employees prior to the end of the pay period. Therefore, the hourly employees are paid an estimated number of hours for the pay period. Adjustments are calculated using the employee timesheets for the entire pay period and are processed in the following month. Not only are employees paid in advance for a portion of their time worked, the process seems to raise the risk for error in the calculation of the adjustments.*
- The LHD recently implemented a new payroll processing system from ADP. During February 2021, the LHD attempted to adjust its payroll process. However, the adjustment caused the timekeeping system to lock users out at the end of the month. Two of the three employees tested had February 2021 timesheets that did not indicate approval by a supervisor. The third timesheet was approved after the payroll was processed.*
- One employee tested had \$10.88 federal income tax withholdings for February 2021. Based on the employee's W-4 provided by the agency, the APA calculated the income tax withholding to be \$121.98 for the period. Documentation to support the federal income taxes withheld was not provided.*

League of Human Dignity
Summary of Results – Subrecipient Monitoring – Medicaid and LOC
February 2021 Services
FYE 6/30/2021

Attachment 9

- One employee's salary and taxes were not allocated properly. The employee recorded 79 hours to Waiver (82.3%) and 17 hours to LOC (17.7%) for the February 2021 payroll. The agency allocated the salary using the prior month's salary allocation – or 80.6% and 19.4%. The difference between the APA calculated allocation and the one used by the agency can be seen in the table below

Salary Allocation							
Employee	Salary	Waiver			LOC		
		APA	LHD	Difference	APA	LHD	Difference
Employee 2	\$ 4,287.83	\$ 3,528.88	\$ 3,455.99	\$ (72.89)	\$ 758.95	\$ 831.84	\$ 72.89
Payroll Taxes Allocation							
Employee	Employer Taxes	Waiver			LOC		
		APA	LHD	Difference	APA	LHD	Difference
Employee 2	\$ 314.12	\$ 258.52	\$ 253.18	\$ (5.34)	\$ 55.60	\$ 60.94	\$ 5.34

It appears the Waiver program was undercharged and the LOC program was overcharged for the salary of the employee. The LOC overpayments are considered questioned costs.

- As noted in previous summaries, the LHD failed to properly allocate the employer-paid benefit costs to the subawards. The following employer-paid benefits were not properly allocated: 401K matching contribution, life, long-term disability, and accidental death and dismemberment insurance. The following tables show the variances:

401K Matching Contribution							
Employee	Contribution	Waiver			LOC		
		APA	LHD	Difference	APA	LHD	Difference
Employee 1	\$ 231.75	\$ 128.85	\$ 231.75	\$ 102.90	\$ 102.90	\$ -	\$ (102.90)
Employee 2	\$ 257.27	\$ 211.73	\$ 257.27	\$ 45.54	\$ 45.54	\$ -	\$ (45.54)
Employee 3	\$ 201.42	\$ 150.46	\$ 192.22	\$ 41.76	\$ 50.96	\$ 9.20	\$ (41.76)
Totals	\$ 690.44	\$ 491.04	\$ 681.24	\$ 190.20	\$ 199.40	\$ 9.20	\$ (190.20)

Life, LTD and AD&D							
Employee	Contribution	Waiver			LOC		
		APA	LHD	Difference	APA	LHD	Difference
Employee 1	\$ 16.87	\$ 9.38	\$ 16.87	\$ 7.49	\$ 7.49	\$ -	\$ (7.49)
Employee 2	\$ 28.51	\$ 23.46	\$ 28.51	\$ 5.05	\$ 5.05	\$ -	\$ (5.05)
Employee 3	\$ 23.95	\$ 17.89	\$ 23.95	\$ 6.06	\$ 6.06	\$ -	\$ (6.06)
Totals	\$ 69.33	\$ 50.73	\$ 69.33	\$ 18.60	\$ 18.60	\$ -	\$ (18.60)

Health Insurance							
Employee	Contribution	Waiver			LOC		
		APA	LHD	Difference	APA	LHD	Difference
Employee 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee 2	\$ 748.75	\$ 616.22	\$ 748.75	\$ 132.53	\$ 132.53	\$ -	\$ (132.53)
Employee 3	\$ 696.17	\$ 520.04	\$ 696.17	\$ 176.13	\$ 176.13	\$ -	\$ (176.13)
Totals	\$ 1,444.92	\$ 1,136.26	\$ 1,444.92	\$ 308.66	\$ 308.66	\$ -	\$ (308.66)

The net effect of the variances for the three employees tested is that the Waiver program was overcharged a total of \$517.45 for the month of February 2021. This is a questioned cost.

We recommend the LHD consider a payroll cut-off schedule so that employees are not paid prior to the end of the pay period and implement procedures to ensure the employer-paid benefit costs are charged to the subawards according to employees' actual time worked on the subawards.

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

No separate testing considered necessary.

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

The APA tested a payment from the IRS related to the reimbursement of Covid sick leave. In February 2021, the LHD received \$1,505.38 for one employee and charged it to Waiver and \$530.35 for another employee and charged it to LOC. The amount charged to Waiver was not correct. The sick leave for that employee was used in June 2020 and the employee allocated 92.8% of her June time worked to Waiver and 7.2% to LOC. Therefore, the reimbursement should have been allocated in that same way. The table below shows the variances between the APA calculation and the LHD allocation:

Amount	Waiver			LOC		
	APA Calc	LHD Alloc	Difference	APA Calc	LHD Alloc	Difference
\$ 1,505.38	\$ 1,396.99	\$ 1,505.38	\$ 108.39	\$ 108.39	\$ -	\$ (108.39)

We recommend the LHD implement procedures to ensure all transactions are properly recorded to the correct program.

9. Perform a detailed test of agency expenditures

The LHD charged \$28,354 in expenditures other than payroll, including indirect costs to the Waiver subaward and \$3,374 expenditures other than payroll, including indirect costs to the LOC subaward for the month tested. The APA tested four expenditures that were charged to the subawards as shown in the table below:

	Waiver	LOC	Total
Building Space	\$5,305.24	\$2,689.68	\$7,994.92
Communications	\$818.08	\$44.76	\$862.84
Contractual Services	\$1,500.00	\$0.00	\$1,500.00
Contractual Services	\$108.00	\$396.90	\$504.90
Indirect Costs	(\$1,216.44)	(\$777.29)	(\$1,993.73)
Total	\$6,514.88	\$2,354.05	\$8,868.93

The following issues were noted:

Building Space: *The APA tested the monthly costs allocated to the Lincoln P Street Building and requested four invoices to support the following costs charged in February 2021:*

Expense	Amount
Depreciation Expense	\$ 2,682.00
Property Insurance Expense	\$ 1,363.80
Grounds and Snow Removal	\$ 1,670.00
Utilities	\$ 1,309.48
Total	\$ 7,025.28

The property insurance expense included a premium amount of \$628 for a "Farm" that the LHD sold in October 2020. Therefore, the amount allocated to the programs was overstated.

The building costs were allocated to all programs using the P Street Building office allocation calculation that included Waiver (45.8%) and LOC (23.2%). However, the APA determined the spreadsheet used for the calculation was mathematically incorrect. The formula in the totals row did not include the top row of data.

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Therefore, the APA calculated the actual percentages to be 43.8% to Waiver and 22.2% to LOC. As a result, both programs were overcharged its share of these costs.

Program	APA Allocation	Actual Allocation	Difference
Waiver	\$ 5,078.97	\$ 5,305.24	\$ 226.27
LOC	\$ 2,574.27	\$ 2,689.68	\$ 115.41

These amounts are questioned costs.

Communications: *The APA tested part of the monthly communications expense, the payment to the State of Nebraska for communications services provided by the State, or \$1,038.67 for the month. The amount was allocated to Waiver and LOC as follows:*

Program	Amount Allocated
Waiver	\$ 818.08
LOC	\$ 44.76
Other	\$ 175.83

The APA determined the calculation of the allocation of the communication expenses contained errors. For example, the Scottsbluff Office phones were allocated using the previous quarter allocation percentages, as opposed to the current percentages. Additionally, two employees tested in the payroll section above had their telephone expenses charged 100% to Waiver, even though they worked on the LOC program also. Questioned costs were unknown.

Indirect Costs: *The LHD uses the 10% de minimus rate for its indirect costs. However, according to the Waiver and LOC budgets, the agency is not charging the full 10%, so that they stay within the subaward amount. The indirect costs are essentially costs charged to the agency's administration program. The APA noted a couple of concerns related to the indirect costs, as follows:*

The LHD initially provided a year-to-date income statement for its administrative department showing total expenses of \$9,595 as of February 2021. This amount was used as part of the indirect costs that were allocated. The APA requested a report to break out the details of each expense account, so that a sample could be selected of the February expenses. The detailed report did not agree to the original report provided. The detailed report showed \$29,939 in total expenses for the administrative department. Upon questioning of the variance by the APA, the LHD provided a third report showing \$18,947 in expenses in the administrative department. Therefore, the APA did not select a sample of the administrative department expenses, as we were unable to determine the actual amount of costs charged to the department in February 2021.

It appears that the LHD backdates entries into its accounting system – using the invoice or service date as the transaction date in the accounting system. So, if the LHD reported its February 2021 figures to DHHS for reimbursement, and they receive an invoice for services in March that were for February services, the transaction would be entered into the accounting system with a February date, causing the February 2021 amounts to be different than what was reported to DHHS. This is likely the reason the LHD could not provide the details to support the administrative department costs reported for February 2021.

The APA also has concerns whether the indirect costs being charged to the grant are compliant with the requirements found in the Uniform Guidance. 2 CFR 200.414(f) discusses the de minimis rate, as follows:

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(f) In addition to the procedures outlined in the appendices in paragraph (e) of this section, any non-Federal entity that does not have a current negotiated (including provisional) rate . . . may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate. As described in § 200.403, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

The modified total direct costs are defined at 2 CFR 200.68, as follows:

MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

The APA noticed that some of the expenses in the administrative department appear to fit under the exclusions to the modified total direct costs noted above, including equipment acquisition and equipment rental and maintenance.

We recommend the LHD implement procedures to ensure that only valid program expenses are charged to the programs and that the allocation to each program is accurate. We also recommend the LHD ensure the accuracy of the reports provided to support the administrative department costs and ensure indirect costs are in accordance with guidance in the Uniform Guidance.

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.

APA tested contracts above.

11. 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.

12. 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.

13. 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:

Waiver:

Cost Category	Form A	GL	Difference
Personnel	\$ 204,689.09	\$ 204,664.55	\$ 24.54
Building Space	\$ 19,289.39	\$ 19,289.94	\$ (.55)
Contractual Services	\$ 5,086.19	\$ 4,047.12	\$ 1,039.07

Level of Care (LOC):

Cost Category	Form A	GL	Difference
Personnel	\$ 36,722.24	\$ 37,621.99	\$ (899.75)
Contractual Services	\$ 466.32	\$ 459.77	\$ \$6.55

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The LHD was not able to adequately explain the variances noted above or provide adequate documentation. The variances are likely caused by the LHD's method to record transactions in its accounting system as noted above. Because the LHD enters the transactions using the invoice date or service date, and not a current date, the expenses for each month can change, even after the month is over. Therefore, unless a detailed report is maintained to support the amounts reported on the Form A, it is difficult to recreate the exact expenses from the accounting system that comprised the amounts reported.

We recommend the LHD implement procedures to ensure the amounts reported to DHHS are accurate and agree to the entity's accounting records and that the documentation to support the detail of the expenses is maintained.

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

Tested with other expenditures as noted previously.

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

No subrecipients for the Waiver or LOC subawards.