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

JULY 1, 2021, THROUGH JUNE 30, 2022

Issued on August 4, 2022

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<u>Audit Staff Working On This Agreed-Upon Procedures Engagement</u>

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

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KEY OFFICIALS AND AGENCY CONTACT INFORMATION

Name	Title
Dannette R. Smith	Chief Executive Officer
Kevin Bagley	Director, Medicaid & 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
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the engaging party, the program management of the Nebraska Department of Health and Human Services (DHHS), on the subrecipients' (responsible party) financial reports (subject matter) and whether they were accurate and in compliance (assertion) with Federal cost principles (criteria) during the period July 1, 2021, through June 30, 2022. The subrecipients are responsible for ensuring the accuracy of the reports and compliance with Federal cost principles.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed.

Management of DHHS has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you in evaluating whether subrecipient financial reports were accurate and completed in accordance with Federal cost principles. This report may not be suitable for any other purpose. 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. 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 seven of nine agencies tested lacked proper internal controls in one or more areas reviewed. Many continued to have issues related to the time study or other methods used to allocate personnel and other costs to various programs. Other issues identified included the lack of an adequate segregation of duties, material misstatements from the audit report, lack of or inadequate written policies, lack of proper monitoring by the governing body, lack of documentation for the approval of invoices, an excessive number of credit cards on hand, and the use of signatures stamps.

For more details regarding each subrecipient's lack of internal controls, see **Attachments 1, and 3-8**.

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

For each of the subrecipients, the APA reviewed the most recent financial audit reports and followed up on the findings from the prior-year subrecipient monitoring. In some cases, any findings noted were reported in the other sections of the summary reports. However, the APA also identified the following findings related to this procedure: time study issues that were not addressed; lack of adequate documentation; the use of signature stamps; issues with the allocation of expenses; segregation of duties issues; cell phone stipend issues; old outstanding checks on hand; and the lack of an internal control system to provide for the preparation of the financial statements.

For more details regarding the subrecipients' prior findings, see **Attachments 1-9**.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2022 transactions.

For all nine subrecipients, the APA obtained financial information for a month selected for testing. No issues were noted.

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

For all nine subrecipients, the APA documented the individuals authorized to process transactions in the accounting system. No issues were noted.

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. No issues were noted.

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 the use of prior year health insurance rates, the incorrect allocation of mileage expense reimbursements paid through the payroll process, inaccurate Federal tax withholdings, inclusion of other Federal programs in the Aging program costs, payment of payroll prior to the end of the pay period, lack of documented authorization for a salary increase, and lack of approval on timesheets.

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 all nine subrecipients, the APA reviewed the accounting transactions to ensure that significant journal entries were reasonable and proper. No issues were noted.

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

For all nine subrecipients, the APA reviewed the accounting transactions for significant negative records – that is, expenses recorded as credits and revenues recorded as debits. No issues were noted.

9. **<u>Perform a detailed test of agency expenditures.</u>**

For all nine subrecipients, the APA performed a detailed test of expenditures. 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 lack of documentation for services provided to clients, lack of compliance to budgeted amounts for units of services provided, lack of verification of meals or other services received by clients, inadequate services provided per contract terms, apparent inflation of units of services reported, lack of compliance with regulations regarding in-kind building space, meals or other services reported incorrectly, lack of support for actual building maintenance expenses, lack of approval for remodeling expenses, rates paid for services exceeding budgeted amounts per client, overlapping services billed by a contractor, inclusion of unallowed lobbying expenses, lack of reporting of income and matching for contractors, lack of documentation to support volunteer time worked, inclusion of other program expenses with the Aging programs, lack of a current contract for services, inclusion of gift cards in program expenses, lack of documentation to support actual legal services provided, significant overreporting of building space for the month tested, lack of adequate documentation for mileage expenses, inaccurate reporting of indirect costs, and the need for multiple adjustments and revisions to reports provided to DHHS.

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

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

All significant contracts were tested in Step 9, above.

11. **<u>Ascertain the procedures used to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal.</u>**

No issues were noted.

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

One subrecipient tested did not have income or matching requirements for its programs. The APA determined that the other subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including the lack of payment for non-eligible meals, lack of verification by two individuals of income received on cash contribution logs, incorrect dates on cash contribution logs, cash contribution logs not updated daily, lack of timely recording in the accounting system of contributions and matching, unsupported allocation of income or matching between programs, lack of approval of volunteer time cards for matching, lack of reporting of income and matching due to the reporting of net expenses of contractors, and lack of documentation for in-kind matching amounts for the value of printing services.

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

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

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, one that did not have an accounting system capable of tracking each program separately, which may not comply with the Uniform Guidance, incorrect coding of transactions in the accounting system, lack of recording of certain transaction in the accounting system until the end of the fiscal year, backdating of transactions causing disagreement between the activity from the accounting system and the amount reported to DHHS, and multiple adjustments to reports by one agency that were not always accurate.

For further information regarding these concerns, see **Attachments 4-7, 9**.

14. Determine whether the Medicaid and Level of Care (LOC) payments were in accordance with the terms of the contract.

The Medicaid and LOC expenses were tested with the payroll and expenditure testing completed above.

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

One subrecipient tested did not have subrecipients related to its Medicaid Waiver and Level of Care programs. Five subrecipients were not required to monitor because they either converted their subrecipient agreements to contracts or didn't pass through funds. The APA noted issues with the two of the three remaining agencies that performed subrecipient monitoring procedures. Among the issues noted were undocumented rate of pay for an employee of the subrecipient, services not verified by clients, lack of support for the value of in-kind building space, and prior contractor issues remaining unresolved.

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

* * * * * *

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 the subrecipients' financial reports. 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 the responsible party and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

The report is intended solely for the information and use of the specified parties listed above. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.

August 3, 2022

Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

1. Complete Internal Control Questionnaire

The APA noted the following issues with the WCNAAA time study methodology, which were also noted in the prior monitoring:

The WCNAAA Personnel Cost Allocations Policy defines the time study period as one month and allows employees to record up to 25% of hours worked as 'admin time' during the time study period. Admin time worked is not charged to a specific program; therefore, it is questionable whether these costs should be charged to the federal programs.

The policy also provides for a maximum number of leave hours (40 hours for full time employees) that staff may take during the time study period.

The APA noted that the time study completed by the WCNAAA included the period March 1 to April 9, 2021, which was longer than the one-month time frame specified in the time study period. Additionally, five of thirteen employees who participated exceeded the 40-hour leave limit during the time study period.

The APA recommends the agency review its time study procedures to ensure compliance with the Personnel Cost Allocations Policy and determine whether time not charged to specific programs is chargeable to its federal programs.

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

The following issues from the prior monitoring were not properly resolved:

Time study methodology. See Step 1 above.

Service provider documentation. See step 9 below.

Title IIIB Supportive Services unit calculation and documentation. See step 9 below.

Cash contribution log should be signed by two employees each day. See step 12 below.

The APA also 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 2022 transactions

QuickBooks general ledger and transaction details reports for July 2021 were obtained.

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

Obtained.

6. Perform a detailed test of employee payroll

The APA tested three employees for one pay period in July 2021. The payroll allocation for the three employees is listed in the table below:

Employee	IIIB		IIIC1		IIIC2		IIIE		Medicaid Waiver		Level of Care		Other		Total
Employee 1	31%	$536.60	0%	$0	21%	$363.50	13%	$225.03	0%	$0	0%	$0	35%	$605.84	$1,730.97
Employee 2	0%	$0	0%	$0	0%	$0	0%	$0	96%	$1,977.68	4%	$82.40	0%	$0	$2,060.08
Employee 3	17%	$460.41	5%	$135.42	7%	$189.58	5%	$135.42	47%	$1,272.92	4%	$108.33	15%	$406.25	$2,708.33

For one of three employees tested (Employee #1), the APA found that the employee exceeded the maximum number of leave hours in the time study period per WCNAAA policy. The employee recorded 45 hours of leave. See also step 1, above. When the amount of leave time allowed in the policy is exceeded, the reasonableness of the time study period could be questioned.

We recommend the WCNAAA review its Personnel Cost Allocations Policy to ensure the time studies completed comply with the policy.

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 $200 payment to a client as reimbursement for personal care services under program IIIB. 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.

For proper internal controls, 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 Title IIIC meals and Title IIIB programming. The three payments selected for testing during July 2021 are included below.

Cozad Grand Generation Center:

Federal Program		Amount
Title III	B	$691.42
Title III	C1	$942.64
Title III	C2 HD	$850.50
Title III	C2 COVID To Go	$281.14
Total July 2021		**$2,765.70**

The center is required by the contract with WCNAAA to provide one unit of IIIB Supportive Services for every three meals served. The center reports to WCNAAA the type of service, length of time, and number served. The APA found that the units reported for some social activities were not consistent with the units defined in the WCNAAA Services and Goals, which defines units for this activity as a person hour. Some of the senior center hours, such as Rotary meetings, were calculated as person hours by taking the number of participants multiplied by length of the activity. However, the units for other social activities, such as the farmers market, were recorded simply as the length of the activity.

We recommend the WCNAAA require the senior centers to consistently report IIIB units of service in accordance with the approved budget from the SUA.

Dundy County Senior Center:

Federal Program		Amount
Title III	B	$415.01
Title III	C1	$786.71
Title III	C2 HD	$373.28
Title III	C2 COVID To Go	$85.05
Total July 2021		**$1,660.05**

The senior center did not provide evidence that the number of home-delivered meals were verified. Normally, confirmation statements would have been sent to recipients of the home-delivered meals. However, for July 2021, due to staffing constraints, no meal verifications for home-delivered meals were sent.

Because the contracts with the senior centers are based on a per meal amount, it is imperative the meals provided are verified through eighter a sign-in process or an after-the-fact confirmation to the recipient of the meals. We recommend the WCNAAA ensure senior centers are verifying the meals claimed for reimbursement.

Community Action Partnership of Mid-Nebraska (North Platte)

Federal Program		Amount
Title III	B	$2,134.91
Title III	C1	$1,419.86
Title III	C2 HD	$4,146.19
Title III	C2 COVID To Go	$838.69
Total July 2021		**$8,539.35**

The entity center did not verify the number of to-go meals using a sign in sheet or after-the-fact verification of meals provided. The entity reported 355 eligible to-go meals for July 2021.

Additionally, based on its contract with WCNAAA, the entity is required to provide one unit of IIIB Supportive Services for every three meals claimed for reimbursement. The entity claimed 2,711 meals for July 2021, requiring 904 units of supportive services. Only 242.5 units of IIIB services were verified. Therefore, the entity did not provide the required number of IIIB services for July 2021

We recommend the WCNAAA ensure the senior centers are verifying the meals claimed for reimbursement and providing the contractually required number of IIIB services.

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 2021 recorded by three senior centers selected for testing, as follows:

Income/Matching Category	Cozad Grand Generation Center			Dundy County/Benkelman Senior Center			North Platte Senior Center		
	IIIB	C1	C2	IIIB	C1	C2	IIIB	C1	C2
Other Non-matching	$0.00	$0.22	$0.22	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Title XX	$0.00	$474.79	$883.47	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Waiver	$0.00	$0.00	$126.21	$0.00	$0.00	$0.00	$0.00	$0.00	$2,103.50
Income Contrib/Fees	$0.00	$1,922.00	$4,708.00	$0.00	$1,485.00	$911.00	$0.00	$2601.50	$8,370.00
Total Non-Match	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Local Public Cash	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
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)	$2,855.07	$2,855.08	$2,855.07	$33.33	$33.34	$33.33	$0.00	$50.00	$4,050.00
Total Local Matching	**$2,855.07**	**$5,252.09**	**$8,572.97**	**$33.33**	**$1,518.34**	**$944.33**	$0.00	**$2,651.50**	**$14,523.50**

The APA noted that Dundy County Senior Center served two C1 congregate meals and three C2 to-go meals to clients under 60 years of age and not eligible for free meals under Title XX or Medicaid and did not collect payment as required for those meals.

The APA also noted that the cash contribution log for Dundy County Senior Center was not signed by two employees for 2 of 22 days. The July 29, 2021, log was signed by only one employee, and the July 30, 2021, log was not signed by any employees.

The APA noted that the Community Action Partnership of Mid-Nebraska (North Platte) reported 21 home-delivered meals to one client who was not eligible for free meals. No payment was collected for these meals during July 2021.

The APA recommends that WCNAAA ensure senior centers to collect payment for ineligible meals at the time of service and that the cash contributions log be signed by two employees each day.

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. 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 WCNAAA policy is to monitor its subrecipients annually. The APA obtained the documentation of the most recent monitoring procedures for Cozad, Dundy County, and the Community Action Partnership of Mid-Nebraska (North Platte). The WCNAAA performed its monitoring procedures for the period February 2021.

No issues were noted.

1. Complete Internal Control Questionnaire

No issues noted.

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

The Auditor of Public Accounts (APA) noted that the agency's corrective action plan did not address all findings from the APA's prior monitoring. The agency's corrective action plan addressed only the findings highlighted by the SUA in their report to the agency and did not address all findings included in the APA's summary sent to the agency by the SUA.

For example, the APA recommended in the prior year monitoring that AOWN implement procedures to ensure that clients receiving Handyman services either sign off on the services at the time they are provided or that confirmations be sent to clients on a monthly basis to confirm that services were received. This recommendation was not addressed in the agency's corrective action plan and documentation submitted to AOWN by one subrecipient, the Morrill County Handyman Project, did not include client signatures for all services claimed. See steps 9 and 15 below.

One of the findings included in the corrective action plan related to the proper allocation of time worked to the agency's various programs. The AOWN's corrective action plan states the following:

"AOWN established a process by which the Fiscal Coordinator completes a monthly update of the Coding Calculator, and the Director would review and test the monthly update of the Coding Calculator. A copy of the previous month Coding Calculator is saved for posterity and an email is sent by the Director to the Fiscal Coordinator noting the completion of the review and any issues found."

The agency provided the June and July 2021 coding calculators. The APA noted an error on the June 2021 meal counts calculator that began in March 2021. The calculation for the March 2021 meal counts was not correct. The calculator keeps a running average for the year that is carried over to the next year's spreadsheet; therefore, the error would affect all allocations based on meal counts going forward. It appears that the review process outlined in the corrective action plan did not detect the error in the calculation.

We recommend that AOWN strengthen procedures to ensure clients verify the services provide and that the correct program is charged for the duties performed.

3. Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2022 transactions

Documented and obtained. 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 2021. Because the original sample did not include an employee who participated in the time study, an additional employee was selected to test the time study and allocation process. The allocation of those employees' pay is shown in the table below.

	Title IIIB		Title C1		Title C2		Title IIIE		Waiver		LOC		Other		Total	
Emp	%	$	%	$	%	$	%	$	%	$	%	$	%	$	%	$
1	5.34%	$272.66	14.07%	$718.19	10.59%	$540.24	0.10%	$5.31	53.66%	$2,738.27	2.42%	$123.21	13.82%	$705.05	100%	$5,102.93
2	24.25%	$291.00	3.94%	$47.21	2.95%	$35.43	0.20%	$2.44	46.58%	$558.97	5.42%	$65.00	16.66%	$199.95	100%	$1,200.00
3	-	-	65.55%	$406.02	34.45%	$213.34	-	-	-	-	-	-	-	-	100%	$619.36
4	-	-	-	-		-	2.36%	$39.11	63.43%	$1,051.89	16.85%	$279.53	17.36%	$287.87	100%	$1,658.40

As noted previously, the APA detected an error in the coding calculator for its meal counts. Employee 3, in the table above, is a nutrition site manager/site aide whose pay is allocated using this calculator. Due to the error, the allocation of this employee's pay is incorrect.

The APA also noted that the method used to determine the allocation of payroll costs for certain administrative staff was not supported by adequate documentation. Most employees of the central office perform a bi-weekly time study in which they record the actual time worked on each program for each day. The calculated amount of time worked on each program for the period is used to allocate payroll costs to the various programs. Administrative staff payroll costs are allocated based on the average of these time studies. However, for two employees, including employee number 2 from the table above, an adjustment was made to increase the percentage allocated to Title IIIB Information and Assistance and reduce the percentage allocated to Waiver. The AOWN management indicted that these employees are responsible for answering the phones and simply asked them to estimate how much time they spent performing that activity. No other documentation to support the allocation to was provided.

The allocation percentages for these employees also affect the allocation of other administrative staff. As a result, the allocation of payroll for administrative staff (Employee 1 and 2 from the table above) was not adequately supported.

The APA found another issue with the methodology used to allocate payroll costs for the Director and Fiscal Coordinator for consideration. Those two employees' payroll costs are allocated based 25% on the average time study results for all hourly staff for the first pay period in the month, 25% on the average time study results for all hourly staff for the second period of the month, and 25% each on the time study results for two salaried administrative staff who complete monthly time studies. This gives much greater weight to the activities of these two employees in determining the allocation for the Director and Fiscal Coordinator. See the table below for an example of the July 2021 payroll allocation:

Program	Pay Period 1 staff average	Pay Period 2 staff average	Salaried Employee Time Study 1	Salaried Employee Time Study 2	Director and Fiscal Coordinator Allocation
IIIB	8.95%	8.82%	0.00%	3.60%	5.34%
C1	0.62%	0.60%	0.00%	55.07%	14.07%
C2	0.56%	0.45%	0.00%	41.33%	10.59%
IIIE	0.17%	0.25%	0.00%	0.00%	0.10%
Waiver	62.55%	65.12%	86.98%	0.00%	53.66%
LOC	2.99%	6.67%	0.00%	0.00%	2.42%
Other	24.16%	18.09%	13.02%	0.00%	13.82%
	100.00%	100.00%	100.00%	100.00%	100.00%

We consider the amounts charged for personnel services to be questioned costs due to the number of errors noted in the agency's method to allocate personnel costs.

We recommend the agency review its method to allocate personnel costs and strengthen its procedures to ensure the programs are charged in accordance with the relative benefits received and that adequate documentation is available to support each allocation.

The APA also found an error in the amount it charged for health insurance expenses for all participating hourly staff for both payroll periods in July 2021. The rates charged were the prior year rates. See table below.

Paycheck date	Health Insurance Expense Allocated per Hourly Employee	APA Calculated Expense for FY 2022	Variance
7/9/2021	$465.86	$480.77	$14.91
7/23/2021	$465.86	$480.77	$14.91

Because the amount charged was less than the amount that could have been charged, there are no questioned costs. However, we recommend the agency strengthen its procedures to ensure expenses charged to the programs are accurate.

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 were 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 during the APA's testing of agency expenditures:

The agency paid $2,760 to the Morrill County Handyman Program for contractual services provided to clients under a subrecipient agreement. Each year the AOWN approves a budget for the Morrill County Handyman Program. For fiscal year 2021-2022, the total budgeted expenses are $45,000, with $44,400 allotted to contractual service payments to pay providers of chore and homemaker services for eligible clients.

The subrecipient agreement does not identify the method to report units in accordance with AOWN's state plan, does not identify a per unit cost for each service to ensure consistency, and does not require the subrecipient to verify the services provided with the clients.

To support $2,760 expense tested, the AOWN provided support from Morrill County Handyman that included only a list identifying the number of units provided for each client. There was no documentation to support whether the clients verified the services provided or documentation to support the rate paid for each service. The AOWN obtained more documentation from the subrecipient upon request from the APA but did not have it at the time of payment.

In the prior year, the APA recommended that the AOWN require its subrecipients to verify with the clients that services were received, either by collecting the signature at the time of service or through monthly conformations with the clients. It does not appear the recommendation was implemented, as that information was obtained by AOWN until after the APA requested the information.

The APA also found that the units of service reported by Morrill County Handyman appear to be inflated. The subrecipient converted the amount paid to units of service using a different rate than the actual rate paid. For example, if a service provider was paid $30 for one unit of mowing services, the subrecipient reported three units of service. The subrecipient reported one unit for every $10.

This methodology to report the of units of service appears to be a change from the method used in March 2021, which was the last subrecipient monitoring performed by AOWN and discussed further in step 15, below. The agency was not aware of the change in reporting of units of service, as detailed support for the services was not required at the time of payment.

The APA recommends AOWN require the subrecipient to submit detailed documentation to support all services provided prior to each monthly payment.

The APA also found that four of five expenditures tested were allocated based on the coding calculator, which as noted in Step 2 above, contained an error beginning in March 2021. As a result, the allocation for those expenditures tested was not correct. The following table shows the variances noted:

	Total Expense Tested	*AOWN Coding*				*APA Calculated Coding*				*Variance*	
		IIIC1		*IIIC2*		*IIIC1*		*IIIC2*		*IIIC1*	*IIIC2*
Building	*$3,704*	*62.47%*	*$2,313.93*	*37.53%*	*$1,390.07*	*62.93%*	*$2,330.93*	*37.07%*	*$1,373.07*	*($17.00)*	*$17.00*
Utilities 1	*$146*	*62.47%*	*$91.21*	*37.53%*	*$54.79*	*62.93%*	*$91.88*	*37.07%*	*$54.12*	*$0.67*	*($0.67)*
Utilities 2	*$319*	*51.04%*	*$162.81*	*48.96%*	*$156.19*	*49.47%*	*$157.81*	*50.53%*	*$161.19*	*$5.00*	*($5.00*
Raw Food	*$967.81*	*55.71%*	*$539.21*	*44.29%*	*$428.60*	*55.61%*	*$538.20*	*44.39%*	*$429.61*	*$1.01*	*($1.01)*

We recommend the agency strengthen its procedures to ensure the coding calculators are accurate, as they effect the allocation of many of the agency's expenses.

The APA tested a $3,704 in-kind building expense for the Hay Springs site. We requested documentation to support compliance with the Uniform Guidance requirements regarding in-kind building space per 2 CFR 200.306(i)(3), which states the following:

> 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.

AOWN provided the lease agreement with Hay Springs Senior Center, which lists the value of the space at $44,448 per year, or $3,704 per month. Also provided was a memo from AOWN's CPA stating that their opinion is that the amount in the lease agreement represents the market rate. This does not appear to meet the requirements of the Uniform Guidance as noted above.

We recommend that AOWN ensure that adequate documentation exists to support compliance with the Uniform Guidance. This is the fifth year that the APA has made this recommendation.

The APA also tested utilities payments for the Hay Springs and Rushville nutrition sites and found that $122.50 was coded to Hay Springs, but it was actually a payment for Oshkosh. It appears that AOWN was not aware of this error until APA requested documentation for testing.

We recommend the agency strengthen procedures over coding of expenditures to ensure they are coded to the correct sites and allocated properly to the programs.

The APA tested a contract payment to the city of Alliance for $1,200.00. The payment should have been allocated according to the invoice coding calculator but was not. It was processed as an automatic transaction in the agency's accounting system and allocated using a predetermined percentage in the system.

Program	Payment Coded		APA Calculated		Variance
Title IIIC1	48.23%	$578.74	29.85%	$358.20	$220.54
Title IIIC2	51.77%	$621.26	70.15%	$841.80	($220.54)
Total	100%	$1,200.00	100%	$1,200.00	

We recommend the agency strengthen procedures to ensure all expenditures are properly charged to its various programs.

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 in expenditure testing above in step 9.

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

The APA tested $462.00 in in-kind volunteer services provided for the home delivery of meals and $5,368.75 in meal contributions for the Sidney site in July 2021.

No issues were noted with the volunteer services.

For the meal contributions, the APA noted that the contributions log was not signed by two people for 4 of 14 days with contributions recorded. We also noted that several deposits were reported on the bank statement for a date earlier than those contributions were listed on the log, indicating that the site was not recording contributions on the date received.

We recommend the agency work with the nutrition sites to improve procedures over meal contributions. Contributions should be recorded on the date received and the log should be signed by two people each day.

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 expenditures above in step 9.

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

The APA tested the most recent monitoring for all three of the agency's subrecipients. The following was noted:

Kimball

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

We recommend the agency strengthen its procedures to ensure personnel costs are properly supported.

Morrill County

The letter and document request sent to the subrecipient at the beginning of the monitoring stated that units of service performed were to be supported by client signatures on a completion of work form to verify that the services were provided. The APA noted that 10 of 27 completion of work forms, representing $1,378 of $2,517 paid for handyman services in the monitoring period, were not signed by the client. However, the summary sent to the subrecipient at the end of the monitoring noted that the monitoring was completed successfully, and no findings were noted.

We recommend that AOWN strengthen its procedures for monitoring subrecipients to ensure its procedures are adequately documented and that all findings are addressed.

Box Butte County

In the prior monitoring, the APA noted a lack of documentation to support whether the amount recorded for the in-kind building space conformed to the Uniform Guidance. This continues to be an issue as no support was obtained for the current monitoring. APA also noted in the prior monitoring that there was not adequate documentation to support the allocation of personnel costs. This continues to be an issue and was noted, along with budget issues, in the summary sent to the subrecipient at the end of the monitoring.

We recommend the agency ensure in-kind building costs conform to the requirements in the Uniform Guidance.

1. Complete Internal Control Questionnaire

The APA obtained a copy of MAAA's most recent audit, which covered fiscal year ending June 30, 2020. The audit report found 11 material misstatements that required adjustments, including the agency's accounts receivable and accounts payable amounts. The adjustments made during the audit reduced the agency's total net position by $11,218. We recommend the MAAA implement procedures to ensure its financial transactions are properly recorded.

The audit report also identified a lack of segregation of duties. Based on the individuals authorized to access the accounting software, the APA agrees with the finding. However, the APA considers the governing board's review and approval of payroll and expenses to be an appropriate compensating control.

Additionally, the MAAA's time study policy allows employees to record time not worked on a specific program as 'ADMIN-Split Across Programs' which is allocated directly to the programs based on the average of the employee's actual time worked. Since the time is not directly attributed to a specific program, the costs should not be allocated as direct program costs. We recommend the MAAA discontinue the use of the 'ADMIN-Split Across Programs' and only record direct program costs to the programs.

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

Issues identified in prior audits were either corrected or the findings will be noted within this document.

3. Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2022 transactions

Obtained. 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 from the September 2021 payroll period. A summary of wages and payroll expenses by program for each employee tested is shown in the table below.

Employee	III B	III C1	III C2	IIID	IIIE	Level of Care	Targeted Case Management	Other
Employee 1	$1,828.62	$819.34	$170.78	-	$456.20	-	-	$84.70
Employee 2	$283.49	$1,075.08	$2,596.05	$55.35	-	-	-	-
Employee 3	-	-	-	-	-	$1,364.07	$2,971.50	$29.44
Total	$2,112.11	$1,894.42	$2,766.83	$55.35	$456.20	$1,364.07	$2,971.50	$114.14

For Employee 1, there was not adequate documentation to show that the employee's salary and payroll expenses were charged to the programs based on relative benefit received, as required by the Uniform Grant Guidance.

The MAAA's allocation plan includes the use of a perpetual time study for employees who work on more than one program – essentially these employees record their daily activities in a timekeeping system and the hours are allocated according to the program assigned to each activity. Employee #1 recorded 136 work hours and 24 leave hours for the pay period; however, the employee failed to record an activity in the timekeeping system for 56.5 hours worked. Therefore, those hours were not automatically assigned to a program and were manually allocated based on the percentages determined using the 79.5 hours of work that was recorded to an activity.

Additionally, 18 hours were recorded as data entry, which is an activity in the system that is not charged to a specific program. The MAAA allocated these 18 hours to the programs based on an estimate of the work assigned. This does not comply with the requirements of the Uniform Guidance, which requires expenses to be charged in accordance with the relative benefits received.

The personnel costs for Employee #1 are considered questioned costs.

The MAAA also paid its cell phone and mileage reimbursements as part of the payroll process. For one of the three employees tested, the mileage reimbursement of $74.09 was not properly allocated. The MAAA's allocation plan requires the allocation of staff travel costs based on the purpose of travel. Employee #2's mileage reimbursement form reported all mileage was for home-delivered meal routes and should have been charged to Title III-C2. However, the expense was charged to Title III-C1, Title III-C2, Title III-B, and Title III-D.

The APA recommends MAAA review its cost allocation plan to ensure compliance with the provisions of the Uniform Guidance and to ensure expenses are allocated in accordance with the plan. Specifically, the APA recommends the MAAA discontinue the use of charging payroll costs that are not attributable to a specific program as direct costs and ensure that costs not charged to a specific program have adequate support for the allocation method used. We also recommend the MAAA ensure employee expense reimbursements are properly allocated to each program.

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 six expenditures. The table below shows a summary of the expenditures tested.

Expense Category	***Vendor***	***Total Amount***	***III C1***	***III C2***	***IIIE***
#1 Equipment	*Baxter Subaru Omaha*	*$15,098.00*	-	*$15,098.00*	-
#2 Raw Food	*Cash Wa Distributing*	*$1,074.90*	*$43.00*	*$1,031.90*	-
#3 Contractual Services	*Hamilton County Senior Services*	*$7,223.90*	*$2,105.60*	*$5,118.30*	-
#4 Contractual Services	*Katherine Martinez*	*$1,000.00*	-	-	*$1,000.00*
#5 Contractual Services	*Senior Citizens Ind Inc*	*$21,627.90*	*$5,724.00*	*$15,903.90*	-
#6 Contractual Services	*Village Diner*	*$18,330.00*	*$3,067.50*	*$15,262.50*	-
Total		*$64,354.70*	*$10,940.10*	*$52,414.60*	*$1,000.00*

The APA found the following issues with these expenses:

#2 Raw Food: *The expense was charged to Title III-C1 congregate meals and Title III-C2 home-delivered and to-go meals. The allocation was based on fiscal year 2021 meal counts. Normally, the use of prior year meal counts would be a reasonable method to estimate costs. However, due to the Covid-19 pandemic, the number of congregate meals was drastically reduced for the past year. If the meal sites are getting back to regular meal services, the APA recommends that MAAA consider whether using another method, such as the prior monthly meal counts, would more appropriately reflect the meals served to be used in allocating raw food expenses.*

#5 Senior Citizens Industries, Inc.: *This is reimbursement to Senior Citizens Industries, Inc. for contractual meals reimbursed by MAAA for meals provided at Wood River, Doniphan, and the Grand Generation Center in Grand Island. To verify the clients received the meals reimbursed, the APA requested verification forms for a sample of four home delivered meal clients. No verification was provided for one of the four clients selected for testing. For another client, the number of meals reported on the verification form was 20, which did not agree to the 13 meals reported on the meal logs.*

#6 Village Diner: *This is reimbursement to Village Diner for contractual meals reimbursed by MAAA for Title III-C1 and Title III-C2 meals provided at Goldbeck Towers, Title III-C2 home delivered meals, and Title III-C1 meals served at the Village Diner. The APA identified a few issues, as follows:*

The contractor failed to provide a meal log or signatures for congregate meals at Goldbeck Towers. A monthly log of individuals who received congregate meals at the Village Diner and to-go meals at Goldbeck Towers was provided, but the contractor failed to collect signatures at each location to verify the clients who received those meals. The contractor reported on its invoices 340 congregate meals and 252 to-go meals at Goldbeck Towers and 69 meals at the Village Diner.

Each meal is reimbursed at $7.50, so the total Title III-C1 meals reported was $3,067.50 and the total Title III-C2 meals reported was $1,890.

Additionally, the invoiced number of congregate and to-go meals at Goldbeck Towers did not agree to the number of meals reported on the monthly meal logs. As noted previously, the contractor's invoice had 252 to-go meals and 340 congregate meals. However, the monthly meal logs for to-go meals showed 340 meals. It appears the to-go and congregate meals were reported incorrectly on the invoice. As a result, Title III-C1 was overcharged 88 meals or $660 and Title III-C2 was undercharged $660.

The contractor received reimbursement for 1,783 home delivered meals totaling $13,372.50. The APA requested the home-delivered meals verification forms for three clients selected from the monthly meal logs. For one of the three clients, the number of meals recorded on the monthly meal log (21) did not agree to the number verified by the client (19).

The APA recommends that MAAA implement procedures to ensure its contractors are carrying out the provisions of the Federal programs as required and maintaining the documentation required under the programs, including verification of the number and type of meals provided to clients. We also recommend the MAAA implement procedures to ensure the invoiced meals agree to the support for meals provided and are properly charged to the correct programs.

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.

Contracts tested with expenditures in step 9.

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 issued noted.

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

The APA tested five income and matching transactions totaling $16,179.37. The table below shows a summary of the income received for each transaction tested by program.

Income Type – Received From	***Total***	***III-B***	***III-C1***	***III-C2***	***III-E***
Client Contributions – Webster County	*$2,947.70*		*$672.70*	*$2,275.00*	
Client Contributions – Golden Friendship Center (Adams County)	*$5,331.00*		*$2,708.00*	*$2,623.00*	
Local Public Cash – City of Superior	*$816.67*		*$65.33*	*$751.34*	
Local Public Cash – Membership	*$4,537.00*	*$1,537.00*	*$1,000.00*	*$1,000.00*	*$1,000.00*
Local – Other Match (In-kind Volunteer Svs)	*$2,547.00*		*$1,107.00*	*$1,440.00*	
Totals	***$16,179.37***	***$1,537.00***	***$5,553.03***	***$8,089.34***	***$1,000.00***

The APA noted the following issues:

Client Contributions – Webster County: *Contributions totaling $2,947.70 were collected and counted by Webster County Senior Services in Red Cloud. The cash contributions log appeared to be prepared once every 10 days. Additionally, the cash contribution log was signed by only one employee.*

Client Contributions – Golden Friendship Center (Adams County): *The Golden Friendship Center in Adams County reported $5,331 in contributions received at three sites; the Golden Friendship Center, Goldbeck Towers and Roseland. Most of the funds, or $5,156, was counted and deposited by staff at the Golden Friendship Center. This would include funds collected at Golden Friendship Center and Goldbeck Towers, whose contributions are kept in a locked box that is taken to the Golden Friendship Center to be counted and recorded. All HDM meals are mailed to Golden Friendship Center and these contributions are also recorded on this log. The contributions from Roseland ($175) were taken to the bank and counted at the time of the deposit. The APA noted the following issues:*

The first deposit for September 2021 from Golden Friendship Center was not prepared until September 16th due to a staffing change. The contributions are not logged daily, so the APA was unable to determine when the funds were received.

Roseland does not prepare a cash contribution log. It reported $175 in contributions that were taken directly to the bank for deposit. A deposit slip is the only documentation available to support the contributions. The APA also determined that the Roseland contributions were improperly reported by the MAAA as matching rather than client contributions.

The APA recommends that the MAAA implement procedures to ensure all contributions received by the contractors are counted and recorded on logs timely and that two people be present when contributions are counted to verify the amounts received. We also recommend the MAAA implement procedures to ensure transactions are recorded to the proper accounts.

Local Public Cash – City of Superior: *A total of $816.67 in Local Public Cash designated for meal programs was reported from the City of Superior. This income was allocated to Title III-C1 and III-C2 based on prior year meal counts reported in Nuckolls County. Normally, the use of prior year meal counts would be a reasonable method to estimate costs. However, due to the Covid-19 pandemic, the number of congregate meals was drastically reduced for the past year.*

If the meal sites are getting back to regular meal services, the APA recommends that MAAA consider whether using another method, such as the prior monthly meal counts, would more appropriately reflect the meals served to be used in allocating matching amounts. The APA compared the allocation percentages used by the MAAA (based on prior year meal counts) for this receipt to the September 2021 meal counts for Nuckolls County. The comparison is shown in the table below.

Allocation of Program Income	***III-C1 Congregate Meals***		***III-C2 Home-Delivered Meals***		***III-C2 To-Go Meals***	
FY 2021 Meal Counts	*8%*	*$65.33*	*54%*	*$441.01*	*38%*	*$310.33*
September 2021 Meal Counts	*49.5%*	*$404.03*	*44.1%*	*$359.85*	*6.5%*	*$52.79*
	(41.5%)	*$(338.70)*	*9.9%*	*$81.16*	*31.5%*	*$257.54*

Because the prior year meal counts were significantly affected by Covid-19, there is a question as to whether the allocation of matching amounts based on prior year meal counts is reasonable. The differences shown in the table above between current month meal counts and prior year meal counts are significant. We recommend the MAAA consider whether its method to allocated matching amounts is reasonable considering the circumstances.

Local Other Match (In-Kind Volunteer Services): *Howard County reported 283 hours of in-kind volunteer services as follows: 283 hours at the $9 minimum wage or $2,547. The APA requested and reviewed volunteer timecards and found that seven of nine timecards lacked a supervisor's signature. These seven volunteers recorded 175 of the 283 hours reported. The APA recommends that the MAAA ensure it contractors have adequate procedures to ensure the volunteer hours reported are correct. This would include ensuring supervisory signatures to verify the hours of volunteer services provided. A similar recommendation was made in the prior 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.

No issues noted.

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

No issues noted.

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

Agency does not have subrecipients.

1. Complete Internal Control Questionnaire
The APA noted the following issues with the methodology to allocate costs to multiple programs: *Aging Partners uses the City of Lincoln's accounting system, which records transactions to various business units. Most of the business units for Aging Partners represent services or activities, such as Central Kitchen, Multi-County Administration, or Downtown Senior Center. These activities contain multiple federal programs, so the transactions charged to the business units must be manually allocated to the Federal programs.* *2 CFR 200.302(a) states the following:* *Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.* *The process of manually allocating the costs to the various programs and cost categories consists of several spreadsheets and is quite cumbersome.* *Additionally, as noted in previous monitoring summaries, the Aging Partners uses a time study to identify activities of its staff. The results are used as the primary method for costs to be identified to the activities. The time study allows employees to record time that was not coded to a specific activity into a category called "split across all programs." There was no limit of the amount of time coded to this category. Costs that are not directly attributable to programs or activities should not be charged as direct costs.* *Additionally, the Aging Partners also did not have a written policy over how many hours of leave could be used during the time study period. If an employee used a large amount of leave time or charged significant hours to be split across programs, the time study may not be representative of the employee's actual work performed for the year.* *The time study completed in December 2019 was still used to allocate August 2021 costs; therefore, the time study period seemed to be outdated.* *While the payroll and timekeeping system have changed since the prior monitoring and employees now enter time worked directly to business units, using time clocks, the time study results are still used to allocate the expenses from the business units to the programs.* *The APA continues to recommend that the agency work with the City to determine whether the accounting system can account for each program separately and whether employees can record time worked directly to the Aging Partners' programs.*
2. Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
The APA continues to have concerns with the expense allocation methodology discussed in step 1 above. Other prior year concerns are addressed in the specific testing areas within this summary.
3. Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2022 transactions
Obtained. No issues noted.
4. Review list of individuals authorized to process expenditure transactions in accounting system.
Reviewed. 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 tested payroll expenses paid in August 2021. Total payroll allocated to federal programs for August 2021 is shown below.

IIIB	IIIC1	IIIC2	IIID	IIIE	LOC	Waiver	Total
$211,365.05	$44,069.72	$5,895.97	$6,646.15	$9,907.05	$6,150.80	$187,410.23	$471,444.97

The APA selected four employees for testing and noted the following:

One of the four employees tested (referred to as Employee 3) recorded time worked to two business units which were each allocated to only one program. No issues were identified for the allocation of this employee's personnel costs.

Three of the four employees tested recorded time worked to one or more business units which were then allocated to multiple programs. The APA found issues with the allocation method used for these employees, as follows: 1) The percentages used to allocate personnel expenses are based on the aggregate time study results for ALL employees who code time that business unit; and 2) The aggregate percentages are usually different than the percentages from the individual employee's time study, resulting in personnel costs being charged to programs on which the individual employees may not have worked. See a summary of variances in the chart below.

Description	IIIB	IIIC1	IIIC2	IIID	IIIE	LOC	Waiver	Other	Total
Employee 1									
Actual Allocation	$1,227.53	$350.53	$93.15	$25.03	$22.04	$53.73	$590.71	$381.84	$2,744.56
Admin Pool Allocation	$1,339.62	$284.61	$14.55	$48.03	$27.72	$65.87	$616.15	$348.01	$2,744.56
Variance	***($112.09)***	***$65.92***	***$78.60***	***($23.00)***	***($5.68)***	***($12.14)***	***($25.44)***	***$33.83***	
Employee 2									
Actual Allocation	$1,571.71	$334.50	$59.02	$33.71	$28.50				$2,027.44
Individual Time Study	$1,986.89	$40.55	$0	$0	$0				$2,027.44
Variance	***($415.18)***	***$293.95***	***$59.02***	***$33.71***	***$28.50***				
Employee 4									
Actual Allocation		$1,562.37	$174.76						$1,737.13
Individual Time Study		$1,476.56	$260.57						$1,737.13
Variance		***$85.81***	***($85.81)***						

Employee one *is an administrative employee who did not complete a time study but is part of the administrative cost pool. This pool of employees uses an average of the non-administrative employees' individual time study results to determine the percent to be used to allocate the administrative employees' personnel costs. For these employees, Aging Partners enters a pre-determined percentage into its payroll system to charge to each business unit. These percentages are supposed to reflect the percentages from the administrative cost pool allocation from the time study, but the APA found during testing, they do not match. The APA noted variances between the calculated amounts recorded to each program and the administrative cost pool allocation percentages. This resulted in costs to Titles III-B, III-D, III-E, Waiver, and Level of Care being underreported and costs to Titles III-C1 and III-C2 being overreported.*

Employee two *completed a time study in December 2019 that showed 98% of time worked related to Title III-B, and the remaining 2% of time worked related to Title III-C1. However, her pay was allocated based on the average time worked for all of the employees in the business units, so a portion of her pay was allocated to programs she did not record time worked. This resulted in the portion of her pay charged to Title III-B being underreported by more than $400.*

Employee four *is a newer employee who was not an Aging Partners employee when the time study was last completed. At his hire, Aging Partners used the aggregate time study results for the Central Kitchen employees to allocate his personnel costs because his position is within that business unit. Again, the aggregate results of the time study differed from the individual time study results for the employee previously in the position. Personnel costs for this business unit are allocated between Title III-C1 and III-C2. Because the aggregate percentage for the business unit was used, the* *allocation of this employee's personnel costs did not agree to the percentages from the time study for his position, resulting in a shift of $85.81 in payroll costs from III-C2 to III-C1.*

Additionally, as noted in step 1 above, the Aging Partners has not conducted a time study since December 2019. It is possible that the time study is no longer representative of the work performed by the Aging Partners employees.

The APA considers all payroll expenses to be questioned costs due to the aforementioned concerns.

We recommend Aging Partners implement procedures to ensure all personnel costs are allocated to each program according to the relative benefits received, in accordance with the Uniform Guidance.

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 selected 7 documents for testing, totaling $119,520.57. The chart below includes each of the items tested and a summary of the allocation of the expenses to each program.

Document	III-B	III-C1	III-C2	III-D	III-E	LOC	Waiver	Other	Total
#1 Data Processing Equipment	$23,765.34	$3,109.21	$222.59	$136.63	$776.93	-	-	-	$28,010.70
#2 Rent	$21,808.27	$2,885.29	$207.70	$1,400.37	$345.97	$504.14	$5,453.11	$200.25	$32,805.10
#3 Misc. Contractual Services	$30,567.05	$5,207.68	$463.58	$674.47	$557.63	-	-	-	$37,470.41
#4 Misc. Contractual Services	-	-	-	-	$2,199.00	-	-	-	$2,199.00
#5 Misc. Contractual Services	-	-	-	-	$2,200.00	-	-	-	$2,200.00
#6 Raw Food	-	$1,681.08	$500.28	-	-	-	-	-	$2,181.36
#7 Subgrantee Contracts	-	-	$13,436.00	-	-	-	-	$1,218.00	$14,654.00
Totals	$76,140.66	$12,883.26	$14,830.15	$2,211.47	$6,079.53	$504.14	$5,453.11	$1,418.25	$119,520.57

Document #1 *was a $29,008.64 expenditure for computer equipment for Aging Partners staff. The equipment purchased included microcomputers, laptops, and hard drives. A total of $28,010.70 was reported on the Form A reports for the Aging and Medicaid programs, while the remainder was charged to other Aging Partner programs. Aging Partners provided documentation showing to whom the equipment was assigned. This was used to allocate the charges to the appropriate business units and then programs. However, some of the equipment assigned to employees outside of the Aging and Medicaid programs were incorrectly allocated to these programs on the Form As, including $591.80 for the Rural Transit Program and $1,985.05 to Care Management. The result of the adjustment is shown in the table below.*

Allocation Method	Federal Aging and Medicaid Programs	Other AP Programs
APA Calculated Allocation	$25,434.85	$3,573.79
Actual Allocation Used by AP	$28,010.70	$997.94
Variance	$2,575.85	$(2,575.85)

Additionally, $659.10 was charged to the Medicaid Waiver program but was coded to the wrong object account.

The APA recommends that Aging Partners implement procedures to ensure the amounts reported under each program represents only actual expenditures chargeable to the federal aging programs on the Form A.

Document #2 *is a payment to the Public Building Commission (PBC) for rent of the Downtown Senior Center and the building at 9th and J which houses the fitness center. The amount charged by the PBC is based on* ***anticipated*** *maintenance and utilities costs. The APA requested documentation for the actual costs incurred, as only actual costs may be charged to the federal programs. No documentation of the actual costs was provided by the PBC or Aging Partners. The rent expenses are considered questioned costs. This was also noted in prior monitoring summaries.*

The APA recommends that Aging Partners work with the PBC to ensure that only actual costs are charged to the federal programs.

Document #3 *is a $37,470.41 payment made to a firm for professional architectural services related to the remodel of two buildings at Victory Park, located at the Veterans Affairs (VA) campus. These new buildings will eventually be home to the Aging Partners offices, a new senior center, and the fitness center.*

Aging Partners will occupy the site under a sublease with Victory Park LLC and the Seniors Foundation, who has an enhanced use lease with the Department of Veterans Affairs. Aging Partners is paying for the remodeling expenses as consideration for the 20-year sublease and will make no lease payments under the agreement.

2 CFR 200.439(b)(3) states the following:

> *Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity…*

As noted above, Aging Partners records expenses to business units based on activities. This architectural expense was charged to the Aging Partners Administration business unit, which is allocated to all of the Title III programs and reported on the Form A. Because prior written approval from the Federal awarding agency or pass-through entity (SUA) was not obtained, the use of federal funds for this expenditure is unallowable. The APA reviewed the budget for the Aging Partners Administration business unit and noted that no federal funds are currently budgeted for this business unit for fiscal year 2022. The APA is reporting this to the SUA for informational purposes so they can ensure no architectural expenses are paid with Federal funds until approval is received.

Related to the same expense, the APA noted that the Medicaid Waiver and LOC staff at Aging Partners will also move to the new campus; however, none of the architectural expenses were charged to these programs.

The APA recommends that Aging Partners implement procedures to ensure compliance with the requirements of the Uniform Guidance, including obtaining prior written approval for expenses, when necessary. We also recommend the Aging Partners work with the SUA to determine if corrections are necessary to charge a portion of the expense to the Medicaid Waiver and LOC programs. As noted previously, we also recommend that Aging Partners work to determine whether the accounting system can be modified to allow expenses to be charged directly to the applicable programs.

Document #4 *is the payment for a $2,199 lift chair from Energize Home Medical for a client under the Title III-E through the caregiver's support program. The payment approval form was not signed by the caregiver or the client but notes that verbal authorization was given due to Covid.*

Without confirmation from clients that the goods or services were received, there is an increased risk of improper payments. We recommend Aging Partners implement procedures to ensure goods and services provided to clients and caregivers are confirmed by those receiving the goods or services.

Document #5 *is a $2,200 payment to The Waterford for assisted living for a client under the Title III-E caregiver support program. The payment was for 11 days of residential respite care at $200 per day. The amount of this* *payment does not agree with Aging Partners budget documents, which states in the Services + Goals section that for caregiver respite, an average of $600 is budgeted per client, with up to $1,200 available under certain circumstances. However, Aging Partners authorized up to $2,400 for this client.*

The APA recommends that Aging Partners update their budget documents to reflect current practices or comply with its budget specifications.

***Document #6** is a payment for raw food used for Title III-C1 congregate meals and Title III-C2 home-delivered meals and was charged to the Central Kitchen business unit.*

To allocate this expense, the Aging Partners calculated an average number of meals served over several years to better reflect expected meal counts. This methodology was used to account for the effects of Covid – only having home delivered meals for long periods of time.

In calculating the past meal percentages, the Aging Partners incorrectly grouped some congregate meals with home-delivered meals – inappropriately providing a larger percentage to Title III-C2 meals. The table below shows the effect on this payment.

Description	***Congregate Meals***		***Home-Delivered Meals***	
Aging Partners Calculation	*77%*	*$1,679.65*	*23%*	*$501.71*
APA Calculation	*85%*	*$1,854.16*	*15%*	*$327.20*
Variance		*$(174.51)*		*$174.51*

The APA recommends that Aging Partners ensure its methods to allocate expenses to more than one program are accurate and based on the relative benefit received for each program.

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.

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. (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 ten revenue transactions for contributions or user fees. The table below shows a summary of the revenues tested by program.

Program	***Amount Received***
Health and Fitness (III-B and III-D)	*$1,613.98*
Handyman (III-B)	*$2,456.25*
Congregate Meals (III-C1)	*$254.50*
Home-Delivered Meals (III-C2)	*$1,125.00*
Transportation (III-B)	*$35.00*

The contributions were received from clients who used these services. Aging Partners codes contributions to the program for which they were received.

***Health and Fitness ($1,613.98)**: Four of the ten transactions tested were contributions for health and wellness programs. The APA found that some of these contributions were not counted and deposited timely. Contributions for this program were received between July 22, 2021 and August 3, 2021 at various sites. On August 5, 2021, they were* *returned to Aging Partners staff, where they were counted and logged, some more than two weeks after the contributions were received. Contribution logs should be available at all locations where contributions are received and should be counted and reported by two individuals.*

Congregate Meals ($254.50)*: These contributions included funds received by the Northeast and Lake Street Senior Centers. Northeast reported $120.50 in client contributions and Lake Street reported $134.00. Neither senior center provided contribution logs showing the contributions were counted by two individuals. Additionally, the Northeast Senior Center deposit slip for July 21, 2021 showed $16.00, while the amount reported to Aging Partners was $16.50.*

Transportation ($35): *Lake Street Senior Center also reported $35 for transportation services provided under Title III-B. The $35.00 contribution for transportation services received by the senior center was charged to a business unit which was allocated across all Title III programs. However, because it was a transportation contribution, it should have been charged only to Title III-B.*

We recommend that Aging Partners implement procedures to ensure contributions received are counted by two individuals at the time of receipt and recorded on a contribution log daily. We also recommend that contributions are deposited timely. A guideline for deposits could be based on the aggregate amount received, with contributions of $500 or more being deposited within three business days and contributions less than $500 being deposited within seven days.

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.

As noted previously, 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.

Therefore, the APA could not reconcile each Federal program to the general ledger, the Form As had to be accumulated in total and then compared to the general ledger. The Aging Partners should consider whether its accounting system can be modified to account for the cost of each program separately.

Additionally, the Aging Partners did not report all possible activity on its Form As submitted to the SUA because of coding errors made in the accounting system. In most cases, an incorrect sub-ledger code was used so the Aging Partners did not include the transactions in the activity reported for August 2021. The following table shows the variances between the Form As and the accounting transactions noted in the general ledger:

Expense or Revenue Category	From A	GL	Variance
Expenses			
Personnel	$ 476,929.48	$ 477,181.88	$ (252.40)
Printing & Supplies	$ 4,600.58	$ 4,910.56	$ (309.98)
Other	$ 81,758.90	$ 82,098.92	$ (340.02)
Revenue			
Income Contributions/Fees	$ 10,036.89	$ 10,919.86	$ (882.97)

The Aging Partners will need to adjust a future Form A to appropriately reflect the actual activity in the accounting system. Since the expenses were all underreported, there are no questioned costs.

We recommend the Aging Partners implement procedures to ensure the amounts reported to the SUA are accurate. This could include a review of the total accounting system transactions for the month to ensure all entries are recorded properly for inclusion in the Form A reporting.

The APA also found that the Aging Partners recorded $393,869.70 in local public (cash), which is a matching amount. The local public (cash) match category is used to record city and county contributions toward the Aging programs. The amount recorded in the month tested represented more than 1/12 of the local public (cash) that was budgeted for the year. The Aging Partners explained that more local public (cash) is recorded in the first quarter of the fiscal year because the new Federal funds have not yet been awarded.

Since the amount of local public (cash) exceeded 1/12 of the total budget, we recommend the SUA monitor the local public (cash) matching amounts throughout the fiscal year to ensure the correct amount is recorded and charged to the programs.

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

Tested with other expenditures in step 9 above.

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

For the last several years, Aging Partners has not passed Federal funds through to the subrecipient counties. While Aging Partners did pass through federal Covid-19 funding during FY22, no Aging or Medicaid Program funds were passed through. 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. Site visits were underway during APA testing. Aging Partners documents the financial controls but does not look at individual transactions during the monitoring.

1. Complete Internal Control Questionnaire

The Eastern Nebraska Human Services Agency (ENHSA) is the governing body of the Eastern Nebraska Office on Aging (ENOA.) To provide adequate monitoring, the Board of Directors (Board) receives a monthly financial statement that summarizes the total financial activity of the ENOA. In response to a prior year finding in which the APA recommended the ENOA provide its Board with more detailed financial information, the ENOA began to present a check register report from the accounting system. While this is an improvement, it does not provide detailed payroll information or all expenditures, such as ACH payments or credit card purchases.

We also noted the Board failed to review ENOA's capital asset information. There is no Board review of the inventory listing or the removal of items from the inventory statements to ensure the capital asset listing is complete and accurate.

We continue to recommend the ENOA provide more detailed financial information to the Board, so that it can provided effective financial monitoring and oversight. This was also noted in the prior year.

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

The APA reviewed prior year findings. The APA obtained ENSHA's June 30, 2021 audit report and the auditor's communication to management, which reported a segregation of duties over financial reporting as an other deficiency in internal control.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2022 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 that ended in October 2021. The payroll for the four employees was allocated as follows:

Employee	IIIB	C1	C2	IIIE	Waiver	LOC	Other	Totals
Employee 1	$204.01	$625.83						$829.84
Employee 2	$1,420.94		$327.90					$1,748.84
Employee 3				$812.68	$1,476.35	$1,282.59	$1,015.84	$4,587.46
Employee 4	$121.18	$114.18	$237.04	$36.69	$463.88	$90.89	$458.54	$1,522.40
Totals	**$1,746.13**	**$740.01**	**$564.94**	**$849.37**	**$1,940.23**	**$1,373.48**	**$1,474.38**	**$8,688.54**

Note: This table only includes salary/wages and does not include benefits or other personnel expenses.

The ENOA changed its allocation procedures since the last monitoring. Hourly employees now record time directly into the accounting system. That record of actual time worked by program is used to allocate regular wages to the programs. However, leave used is not allocated in the same manner. When an employee uses leave, the leave is recorded to a home business unit and is not allocated to the proper business unit until the end of the quarter.

Two of the four employees tested were hourly employees; however, only one of them used leave in the period tested. For that employee (identified as Employee 1 in the table above), $172.88 for 12.5 hours of leave used was recorded to the employee's home business unit, the Title III-C1 program. During the period tested, the employee recorded 68.9% of her time worked to the Title III-C1 program and 31.1% of her time worked to the Title III-B program. A journal entry to reallocate the leave had not yet been performed, so the APA was unable to verify the leave was charged to the proper program.

The APA also found issues with the allocation of the salaried employee's time tested, Employee 3. The ENOA allocation of the monthly wages is shown below and compared to the APA calculation using the hours worked from September 2021:

Program	ENOA Allocation		APA Calculation from Prior Month Hours Worked		Variances	
LOC	$ 2,565.18	28.0%	$ 2,464.54	26.9%	$ 100.64	1.1%
IIIE	$ 1,625.35	17.7%	$ 1,561.69	17.0%	$ 63.66	0.7%
CM	$ 2,031.69	22.1%	$ 1,952.11	21.3%	$ 79.58	0.9%
Waiver	$ 2,952.70	32.2%	$ 3,196.58	34.8%	$ (243.88)	-2.7%
	$ 9,174.92		$ 9,174.92			

Note: This calculation is for one month and would include two pay periods.

The ENOA's allocation process for salaried staff includes an additional adjustment for leave used. However, since the employees are salaried, a leave adjustment is not needed. As noted in the table above, the ENOA underreported wages for the waiver program and over-reported wages in the other programs.

As a result of the allocation issues, the APA considered the payroll expenditures questioned costs.

We recommend the ENOA implement procedures to ensure the salaried employees' personnel costs are allocated correctly. We also recommend the SUA perform follow-up procedures to ensure the leave used for hourly employees is allocated properly. We also recommend the ENOA consider whether its method of allocating leave for the hourly employees is cost efficient or whether the actual time work can be used to allocate the leave costs monthly.

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

No issued 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 selected seven expense documents paid in October 2021 for testing, totaling $150,967, and noted the following:

The APA tested a $22,259.72 payment to the Nebraska Furniture Mart for the purchase of 28 laptop computers. The expense was split between the Medicaid Waiver and Level of Care program as noted below.

Program	Expense
Level of Care	$ 7,154.91
Medicaid Waiver	$ 15,104.81
Total	**$ 22,259.72**

The ENOA charged 9 of the laptops to the Level of Care program (9 laptops at $794.99) and 19 laptops to the Waiver program (19 laptops at $794.99). None of the ENOA employees to whom the computers were assigned work 100% on the Level of Care program. In fact, from the October 2021 time report, these employees recorded 97.5% of their time on Waiver and 2.5% of their time on Level of Care. The ENOA method of allocation for this expense seems too heavily weighted to Level of Care. Perhaps a more accurate way to allocate the costs would have been based on the time worked for each of the employees who received a computer.

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 $10,578.75 contract payment to Legion Home Care for Title III-E respite services and Title III-B Homemaker and Personal Care Services. The APA reviewed the documentation received, including the timesheets submitted by the contractor to support the services provided. The APA found instances of overlapping services – meaning providers reported to have served more than one client at the same time. A summary of the issues is noted below:

Provider	Date	Start Time	Stop Time	Client	Service
Provider 1	9/6/2021	10:00 AM	1:00 PM	Client A	Respite
Provider 1	9/6/2021	12:30 PM	3:30 PM	Client B	Respite
Provider 1	9/30/2021	10:00 AM	1:00 PM	Client A	Respite
Provider 1	9/30/2021	10:00 AM	1:00 PM	Client B	Respite
Provider 2	9/2/2021	11:00 AM	5:00 PM	Client C	Respite
Provider 2	9/2/2021	9:00 AM	3:00 PM	Client D	Respite
Provider 2	8/25/2021	11:00 AM	5:00 PM	Client E	Respite
Provider 2	8/25/2021	9:00 AM	3:00 PM	Client D	Respite
Provider 2	8/25/2021	3:30 PM	6:30 PM	Client G	Respite

The overlapping services should have been investigated prior to payment. According the ENOA staff, a review is not performed to determine if services provided by the contractors overlap. Respite hours are paid at $22.50 per hour according to the contract.

We recommend the ENOA implement procedures to perform a more detailed review of the services provided by contractors to ensure the services being provided are valid and supported by adequate documentation.

The APA tested a $8,255.50 payment to the Intercultural Senior Center for salary reimbursement from September 2021. Pay stubs and timesheets were provided to support the payment; however, the timesheets were not signed by a supervisor.

We recommend the ENOA implement procedures to ensure adequate documentation is available to support reimbursement to contractors.

A noted in the prior year, 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 continue to recommend the ENOA refrain from charging lobbying expenses to its State or Federal funding sources.

The ENOA charged an additional $7,980.59 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	Waiver	LOC	Other	Total
$635.25	$598.54	$1,242.58	$192.33	$2,431.69	$476.44	$2,403.75	$7,980.59

The allocation to ENOA was based upon the employee head count in all related organizations as of a certain date. ENOA appeared to have 16.3% of the employees, so the total costs for these employees were charged to ENOA using that percentage, except for accounting staff time. The accounting staff time was charged to ENOA at 4.07% 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.

We recommend ENOA implement procedures to ensure its allocation methods are 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 the income and contribution amounts recorded on the Form A's for the Title-C programs, as follows:

Program	Income and Contributions Form A
Title C1	$ 11,727.04
Title C2	$ 17,642.59

The ENOA provided a Congregate Meal Report showing $11,352.04 in contributions received at its senior centers. An additional $375 was collected at the ENOA to account for the $11,727.04 reported on the Form A. The APA noted that the ENOA failed to timely record all of the contributions to its accounting system.

Seven senior centers reported $2,182 in Title III-C1 contributions for the month of October 2021. Those senior centers are considered rural and use different banks. The ENOA does not record the contributions for those centers until the end of the fiscal year.

We recommend the ENOA implement procedures to ensure contributions received are recorded to its accounting system in a timely fashion.

The APA selected three senior centers for testing of the Title III-C1 contributions: Fremont, Bellevue, and Millard. The contributions reported for the senior centers agreed to the deposits in the bank statement. The cash contributions logs were all signed by two employees each day. However, the APA noted the Bellevue site had held some deposits for 10 days or more. Contributions received on 10/1 were deposited on 10/12 and contributions received on 10/19 were deposited on 10/29. The APA uses a guideline for deposits that required deposits to be made within 3 days if the amount is more than $500 and within 5 days if the amount is less than $500.

We recommend the ENOA implement procedures to ensure the senior centers are depositing the contributions more frequently.

For its in-kind matching, the ENOA reported $5,132.25 for Title III-C1 and $1,950 for Title III-C2 on its Form A. The APA noted 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.

The Title III-C1 in-kind is for volunteer time. The APA noted that the timesheets submitted to support the volunteer hours were not approved by a supervisor.

We recommend the ENOA ensure the volunteer hours are approved by a supervisor or senior center staff. The APA also recommends that 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	Level of Care			Medicaid Waiver		
	Form A	GL	Diff	Form A	GL	Diff
Contractual Services	$ 3,611.18	$ -	$ 3,611.18	$18,816.83	$ 4,720.00	$ 14,096.83
Indirect Costs	$ -	$ (3,611.18)	$ 3,611.18	$ 4,260.00	$18,356.83	$(14,096.83)

Category	III-C1			III-C2		
	Form A	GL	Diff	Form A	GL	Diff
Contributions and Fees	$ 11,727.04	$ 9,324.14	$ 2,402.90			
Local Other In-Kind Matching	$ 5,132.25	$ -	$ 5,132.25	$ 1,950.00		$ 1,950.00

For the Level of Care and Medicaid Waiver programs, the amounts were recorded as contractual services, but should have been indirect costs. For the Title III-C1 Contributions and Fees and the Local Other In-Kind Matching, the amounts are not recorded in the accounting system until the end of the year. Therefore, the amounts didn't agree.

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 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.

The ENOA converted all of its contractual agreements to contracts during fiscal year 2020. No subrecipient monitoring is required.

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 financial transactions from beginning to end. Because of the size of the staff, the agency feels 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 noted that further controls may be necessary. For example, the review of pay rate changes is not documented. The APA also found an error in the tax withholdings of one employee, resulting in significantly higher tax withholding.

As part of the compensating controls, the Director of Finance provides a detailed expenditure report to the Executive Director and the Board; however, the information is a spreadsheet prepared by the Director of Finance, rather than actual reports from the accounting system. Therefore, there is a risk that not all financial information is included in the spreadsheet.

We recommend the SCNAAA strengthen its monitoring procedures by performing a documented review of all information entered in the accounting system by the Director of Finance. We also recommend the Executive Director and the Board review original reports from the accounting system for all payments made and ensure they agree with the bank information.

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

The fiscal year 2021 audit report was not available at the time of the APA's monitoring. The APA 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 2022 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 selected three employees from the November 24, 2021, payroll report for testing. A summary by program of their salaries and payroll taxes is shown in the table below.

	Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	Ombudsman	Medicaid Waiver	SCO	Other	Total
Employee 1	$379.94	$195.09	$97.55	$41.08	$20.54	$143.76	$847.17	$61.62	$266.99	$2,053.74
Employee 2	$246.69	$761.33	$489.12	$153.11	$51.04	-	-	-	-	$1,701.29
Employee 3	-	-	-	-	-	-	$1,411.76	$43.66		$1,455.42
total	*$626.63*	*$956.42*	*$586.67*	*$194.19*	*$71.58*	*$143.76*	*$2,258.93*	*$105.28*	*$266.99*	*$5,210.45*

The allocation of personnel costs is based on the results of a time study completed for February/March 2021. For two of the employees tested (identified as Employee 2 and Employee 3 in the table above), the allocation is based on the individual's time study. Personnel costs for the SCNAAA's three administrative employees is based on the average of the individual time studies. Employee 1 is an administrative employee.

The APA reviewed the SCNAAA's time study policy, which states that percentages will be rounded to the nearest percent. The policy also states that the rounding may be adjusted at the discretion of the Director of Finance.

It does not appear the method of rounding the time study percentages are consistent among the employees tested. The allocation percentages for Employees 1 and 2 were rounded to the nearest quarter of a percent, while the allocation percentages for Employee 3 were rounded to the nearest percent.

The APA recommends the SCNAAA review its time study methodology to ensure the allocation process is consistent and in accordance with its internal policies.

The APA also noted that Employee 3 was not on staff during completion of the time study. Personnel expenses for this employee were allocated based on the time study completed by the previous employee in the same position. While it is reasonable to use the previous employee's time study temporarily, the APA recommends that a time study be completed for new employees as soon as the work performed by the new employee is consistent and not related to training.

The APA also found that Federal income tax withholding was incorrect for one employee (Employee 2). A comparison of the actual withholding and the APAs calculation is shown in the table below.

Pay Stub FIT	APA calculated FIT	Variance
$115.00	$62.50	$52.50

This is the result of an error entering the employee's W-4 information in the accounting system. The employee's most recent W-4 was completed in March of 2020. It is unknown when the error occurred or how long the withholding has been incorrect.

As noted above, all information in the accounting system is processed by one person. The APA recommends that the SCNAAA strengthen its monitoring procedures to ensure all information entered in the accounting system is accurate.

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 $2,844.16 credit card payment to Chase Card Services. Charges attributable to a specific program were directly charged to that program, while $479.74 was allocated to multiple programs. The APA noted that the percentages used to allocate this portion of the expense did not agree to the current time study allocation percentages. As a result, the coding of the total expense is not correct. The variances are shown in the table below.

Program	APA Calculated allocation	SCNAAA coding	Variance
III-B	$185.29	$168.10	$(17.19)
III-C1	$45.36	$42.70	$(2.66)
III-C2	$22.43	$15.01	$(7.42)
III-D	$9.67	$0	(9.67)
III-E	$13.08	$15.01	$1.93
Ombudsman	$239.40	$235.04	$(4.36)
Waiver	$1,922.91	$1,954.10	$31.19
SCO	$13.55	$17.17	$3.62
Other	$392.48	$397.03	$4.55

The $479.74 is considered a questioned cost.

We recommend the SCNAAA implement procedures to ensure all expenses are accurately allocated to each program in accordance with the relative benefits received.

The APA tested an $822 payment to Comstock Den, which was charged to the Title III-E program for November 2021 meals served through the Caregiver Support Program. The payment also included a payment for certain meals served in August. The SCNAAA received an invoice from Comstock Den listing the number of meals served by client and the total payment due. The Comstock Den did not provide documentation to verify that the clients received the meals – such as sign in sheets or confirmations.

The entire payment is considered a question cost.

We recommend the SCNAAA implement procedures to ensure contractors provide documentation to ensure the meals on the invoice were verified by the clients.

The APA also tested contractual payments to three senior centers. A summary of the contractual services payments recorded by the SCNAAA for each program is shown below.

Senior Center	III-B	III-C1	III-C2	Total
Harlan County (Alma)	$1,057.90	$707.72	$2,055.12	$3,820.74
Phelps County (Holdrege)	$1,044.50	$3,540.76	$0	$4,585.26
Spalding	$0	$402.34	$1,255.29	$1,657.63
	$2,102.40	$4,650.82	$3,310.41	$10,063.63

The APA noted that the SCNAAA is reporting the net expenses of the senior centers to contractual services. This results in no income and matching being reported for the programs. See steps 12 and 13 below for further information.

The following issues were noted during testing:

Harlan County Senior Center: *The APA tested the personnel expenses, printing and supplies expenses, and raw food expenses. The expenses for the Title III-C nutrition programs were properly allocated between the congregate and home-delivered meal programs based on the number of meals served for each program that month.*

However, a portion of the expenses were also allocated to the Title III-B program. The senior center charged 1/3 of one employee's wages to the III-B program. There was not documentation to support this allocation methodology. Other expenses charged to the III-B program were based on the III-B share of the overall budget.

Because the Uniform Guidance requires that expenses be allocated based on the relative benefits received, using budgeted costs is not an appropriate allocation method.

Phelps County Senior Center: *The APA tested personnel expenses, communications and utilities expenses, other expenses, and raw food expenses. Adequate documentation was not available for one senior center employee whose timesheet was not approved by a supervisor.*

A portion of the expenses were also allocated to the Title III-B Program. It appears these expenses were allocated to Title III-B based on the III-B share of the overall budget. The senior center completed a time study to allocate personnel costs in 2018. Due to the length of time since the last time study, the time study doesn't appear to be a reasonable method to allocate the expenses.

The APA recommends that all costs be supported by adequate documentation, such as approved records of time worked. We also recommend the SCNAAA implement procedures to ensure expenses are allocated based on the relative benefits received.

Spalding Senior Center: *The APA tested personnel expenses, other expenses, and raw food expenses. The Spalding Senior Center reported $2,007 in personnel costs for volunteer services, which was based on 223 volunteer hours at the $9 per hour minimum wage. The APA noted that 109 of these hours were reported on the same time sheet, which was designated for occasional volunteers. The time sheet for the occasional volunteers did not include the names of the volunteers for several of the entries and none of the volunteers signed the time sheet to verify the hours worked. Therefore, the documentation for those volunteer hours is not adequate.*

The APA recommends that all volunteer hours reported be verified by the volunteer and the supervisor.

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 SCNAAA failed to report income and matching of the senior centers on its Form A. See step 13 below for further information. The senior centers report income and matching to the SCNAAA, and the APA selected certain contribution and matching amounts for testing as reported by the three senior centers tested in Step 9.

A summary by program is shown in the table below.

	III-B	***III-C1***	***III-C2***	***Total***
Harlan County (Alma)				
Contributions	*$159.75*	*$2,153.50*	*$3,161.00*	*$5,474.25*
Local Public	*$200.00*	*$664.73*	*$1,131.85*	*$1,996.58*
Phelps County (Holdrege)				
Contributions	*$0.00*	*$5,740.00*	*N/A*	*$5,740.00*
Local Public	*$671.21*	*$1,333.33*	*N/A*	*$2,004.54*
Local Other	*$0.00*	*$2,165.25*	*N/A*	*$2,165.25*
Spalding				
Contributions	*N/A*	*$904.50*	*$2,859.25*	*$3,763.75*
Local Other In-Kind	*N/A*	*$441.54*	*$1,565.46*	*$2,007.00*
Local Other Cash	*N/A*	*$262.53*	*$930.79*	*$1,193.32*
Total	***$1,030.96***	***$13,665.38***	***$9,648.35***	***$24,344.69***

The following issues were noted during testing:

Harlan County Senior Center: *The senior center provided a spreadsheet showing the contributions reported for each program. They also provided a cash log that was signed by two individuals. The senior center recorded its checks received on its bank deposit slips, but these were not verified by two individuals. The APA was unable to verify for which program the cash and checks were received. It appears the contributions were split by the meal count percentages for the month.*

Phelps County Senior Center: *The senior center provided a log of contributions received that was signed by only one employee. The amount on the log was $5,810 and did not agree to the amount reported by the senior center, which was $5,740. The log did not identify the program for which the contributions were received. As a result, the APA was not able to verify that the allocation of the contributions to the programs was correct.*

Spalding Senior Center: *The senior center provided a log of the contributions received, which was not signed by two people each day.*

Issues related to the senior centers in kind matching amounts were included in step 9 above and were related to the volunteer services provided.

The APA recommends that the SCNAAA implement procedures to ensure adequate documentation is received to report the cash and check contributions. There should be one contribution log that reports all monies received each day. Checks and cash should be reported in separate columns and the log should document the program for which the funds were received. The contribution log should be easily reconciled to the bank deposits.

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.

For fiscal year 2022, the SCNAAA changed its reporting of senior center activity. The senior center net costs (gross expenses less income and matching amounts) were reported as contractual services. As a result, no income and matching amounts from the senior centers were reported on the Form A to the SUA. The following table shows the amount of income and matching reported by the senior centers for November 2021:

Category	III-B	C-1	C-2
Other (NM)	$ -	$ 5,012.35	$ 1,996.00
Title XX	$ -	$ 1,553.97	$ 4,320.25
NSIP (USDA)	$ -	$ 5,368.30	$ 2,284.10
Contrib/Fees	$ 181.75	$ 30,526.09	$ 18,391.53
Total (NM)	$ 181.75	$ 42,460.71	$ 26,991.88
Local Public	$ 1,871.21	$ 5,424.60	$ 2,700.39
Local Other In-Kind	$ 52.86	$ 5,246.99	$ 3,243.11
Local Other Cash	$ 394.04	$ 15,272.34	$ 7,079.47
Total Match	$ 2,318.11	$ 25,943.93	$ 13,022.97

We recommend the SCNAAA implement procedures to ensure income and matching of the senior centers is properly reported to the SUA. We also recommend the SCNAAA work with the SUA to restate prior Form As to properly reflect the income and matching amounts of the senior centers.

The APA also found the following differences in the amounts recorded in the accounting system and the amounts reported on the Form A, submitted to DHHS SUA for November 2021:

	IIIB		
Cost Categories	Central Office GL	Form A	Variance
Personnel	$ 20,501.45	$ 20,630.12	$ (128.67)

	IIIB			C1			C2			IIIE		
Cost Categories	Central Office GL	Form A	Variance	Central Office GL	Form A	Variance	Central Office GL	Form A	Variance	GL	Form A	Variance
Local Public (Cash)	$ -	$ 31	$ (31)	$ -	$ 41	$ (41)	$ -	$ 33	$ (33)	$ -	$ 609	$ (609)
Local Other (In Kind)	$ -	$2,320	$ (2,320)									

Personnel Costs: *The SCNAAA reported $87 to III-B Information Services and $41.67 to III-B Nutrition Services on the Form A, even though there was no code for those activities in the accounting system.*

Matching Local Public Cash: *This is the amount of the SCNAAA administrative expenses. However, they are not recorded in the accounting system.*

Matching Local Other (in Kind): *Volunteer time is recorded as in-kind, but the SCNAAA does not record that in the accounting system.*

We recommend the SCNAAA implement procedures to ensure the amounts reported to DHHS agree to its accounting records.

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. The APA tested senior center contracts in Step 9 and Step 12 above.	

1. Complete Internal Control Questionnaire

The APA obtained the agency's fiscal policies and noted that the Cash Receipts & Disbursements Procedures allowed the use of signature stamps to sign checks of less than $1,000.

Because of the inherent risk of the use of signature stamps, the APA does not recommend their use. The APA recommends the NENAAA consider discontinuing the use of signature stamps and revise their fiscal policies.

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

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

The APA also reviewed the fiscal year 2021 audit report and found the management letter contained the following items: (1) The NENAAA paid its employees a stipend for the use of personal cell phones for business while working from home but did not require employees to submit documentation of cell phone expenses; (2) allocation percentages for payroll for one employee were incorrect in the accounting system; and (3) one check had been outstanding for more than one year.

We recommend the NENAAA work to correct findings noted in the prior monitoring and its annual audits.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2022 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 NENAAA charged a total of $145,651 in payroll expenses to its programs in December 2021. The APA performed detail testing of three employees for that period. The three employees' time was charged to each program as follows:

Employee	III-B	III-C1	III-C2	III-E	Waiver	LOC	Ombudsman	Other	Total
Employee 1	$217.61	-	-	-	$3,822.18	$210.38	-	-	$4,250.17
Employee 2	$1,095.44	$132.86	$147.30	$257.30	$1,821.68	$155.69	$185.52	$865.63	$4,661.42
Employee 3	$1,557.69	$446.23	$903.87	$184.76	$29.47	-	$5.70	$41.51	$3,169.23
Totals	$2,870.74	$579.09	$1,051.17	$442.06	$5,673.33	$366.07	$191.22	$907.14	$12,080.82

In August 2020, the NENAAA conducted a time study for a one-month period to support its basis of allocating payroll costs to the appropriate programs. No issues were noted with the time study.

The NENAAA included expenses associated with the Senior Health Insurance Information Program (SHIIP) in its reporting for the Title III-B Program. However, SHIIP is a separate Federal program administered by the Department of Insurance and should not be included in the expenses reported to the Federal Aging programs.

2 CFR § 200.403 states the following:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

We recommend the NENAAA and the State Unit on Aging (SUA) obtain written documentation from its Federal partner regarding the reporting of SHIIP expenses in the Title III-B Program.

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 two expenditures totaling $2,666. A summary of these expenditures by program is shown in the table below.

Expense	***III-B***	***III-C1***	***III-C2***	***III-E***	***Waiver***	***LOC***	***Ombud***	***Other***	***Total***
#1 Credit Card	*$228.78*	*$7.32*	*$8.12*	*$65.89*	*$100.32*	*$8.57*	*$10.22*	*$465.02*	*$894.24*
#2 Contractual Service	*$1,134.00*	*-*	*-*	*$638.00*	*-*	*-*		*-*	*$1,772.00*
Totals	***$1,362.78***	***$7.32***	***$8.12***	***$703.89***	***$100.32***	***$8.57***	***$10.22***	***$465.02***	***$2,666.24***

Document #1 was a credit card payment. The payment included $131 for expenses of the SHIIP program that were charged to Title III-B.

Document #2 was a contractual services payment to a vendor for personal emergency response system (PERS) units granted to clients in the Title III-B and Title III-E programs. The NENAAA failed to provide a current contract with this vendor. The previous contract expired December 31, 2020.

The APA recommends the NENAAA work with the SUA to ensure proper reporting of the SHIIP expenses and to implement procedures to ensure current contracts are on file.

The APA also tested four contractual service payments, totaling $16,417.76, to senior centers for Title III-B, Title III-C, and Title III-E services provided. A summary of the payments by program is shown in the table below.

Contractor	***III-B***	***III-C1***	***III-E***	***Total***
Atkinson Senior Center	*$518.06*	*$1,975.30*	*-*	*$2,493.36*
Boyd County Senior Citizens Corporation	*$228.79*	*$1,296.00*	*-*	*$1,524.79*
City of Wayne	*$2,032.51*	*$2,394.10*	*$497.69*	*$4,924.30*
City of Columbus	*$1,778.26*	*$4,932.40*	*$764.65*	*$7,475.31*
Total	***$4,557.62***	***$10,597.80***	***$1,262.34***	***$16,417.76***

The APA reviewed the contracts between the NENAAA and the senior centers and noted that III-B services are reimbursed at a per unit rate based on the type of service, III-C meals are reimbursed at a per meal rate based on the type of meal, and III-E services are reimbursed based on expenses incurred up to an annual budget amount.

The APA requested support for a sample of III-B services and a sample of Title III-C meals reported by each of the senior centers selected for testing and found the following issues:

Atkinson Senior Center:
For its Title III-B activities, the center failed to provide a sign in sheet for its coffee group on December 8 and its FROGGS activity on December 9, totaling 7 units. Additionally, the sign in sheets for other activities on December 8 and on December 20 did not agree with the units reported to the NENAAA for reimbursement. The APA also determined the Title III-C1 meal logs did not agree to the number of meals reported for the two days tested. The following table identifies the issues noted.

Date	Activity	Units Reported	Units Documented	Difference	Rate per Unit	Amount
III-B						
12/9/2021	FROGGS	4	0	4	$ 4.80	$ 19.20
12/8/2021	Coffee Group	3	0	3	$ 0.50	$ 1.50
12/8/2021	Bridge/Pinochle/Puzzles	16.5	16	0.5	$ 0.50	$ 0.25
12/20/2021	Coffee Group and Pool	14	12	2	$ 0.50	$ 1.00
Totals for Days Tested		**37.5**	**28**	**9.5**		**21.95**
III-C1						
12/9/2021	Congregate Meals	26	27	-1	$ 2.45	$ (2.45)
12/23/2021	Congregate Meals	47	49	-2	$ 2.45	$ (4.90)
Totals for Days Tested		**73**	**76**	**-3**		**$ (7.35)**

Boyd County Senior Citizens Corporation:
The APA requested support for a sample of III-B services reported and noted that the number of units reported did not agree to the sign in sheets. The APA also reviewed confirmation forms for home-delivered and to-go meals and noted that eight meals were claimed for reimbursement which were not verified by the clients. The following table identifies these issues:

Date	Activity	Units Reported	Units Documented	Difference	Rate per Unit	Amount
III-B						
12/16/2021	Pitch	21	14	7	$ 0.50	$ 3.50
12/28/2021	Canasta	17.5	14	3.5	$ 0.50	$ 1.75
Totals for Days Tested		**38.5**	**28**	**10.5**		**$ 5.25**
III-C1						
December 2021	Covid Home Delivered Meals	302	299	3	$ 3.00	$ 9.00
December 2021	Covid To Go Meals	12	7	5	$ 3.00	$ 15.00
Totals for Days Tested		**314**	**306**	**8**		**$ 24.00**

City of Wayne
The City of Wayne requested reimbursement of $497.69 for Title III-E expenses. The APA requested documentation to support the expenses and found that of this total, only $15.35 was a direct expense of the III-E program. The remaining $482.34 was allocated to the Title III-E program for administrative expenses. The APA did not receive adequate support documenting the basis or methodology for the allocation of administrative expenses to the III-E program.

City of Columbus
The City of Columbus requested reimbursement of $764.65 for Title III-E expenses. The APA reviewed receipts supporting these expenses and found that $475.95 was for the purchase of gift cards, including a $200.00 Visa gift card. The APA was not provided the documentation to verify the use of the gift cards or how those gift cards supported the Title III-E program.

We recommend the NENAAA strengthen its procedures to ensure the contractors' reported meals and services are adequately supported by its sign in sheets. We also recommend that the NENAAA ensure Title III-E expenses are allocated to the program based on the relative benefits received, as required by the Uniform Guidance. Finally, we recommend the NENAAA ensure the expenses charged to the Title III-E program are reasonable and adequately supported.

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 NENAAA failed to report income and contributions received by the senior centers on its Form A.

A summary of the contributions reported by the senior centers selected for testing is shown in the table below.

Contractor	III-B	III-C1	III-C2	Total
Atkinson Senior Center	$59.75	$2,767.50	$2,908.00	$5,735.25
Boyd County Senior Citizens Corporation	-	-	$2,084.00	$2,084.00
City of Wayne	-	$1,949.50	$2,737.10	$4,686.60
City of Columbus	-	$5,739.30	$4,848.50	$10,587.80
Total	$59.75	$10,456.30	$12,577.60	$23,093.65

The Supporting Older Americans Act, P.L. 116-131, Section 315(b)(4) states the following:

> REQUIRED ACTS.—The area agency on aging shall ensure that each service provider will— (A) provide each recipient with an opportunity to voluntarily contribute to the cost of the service; (B) clearly inform each recipient that there is no obligation to contribute and that the contribution is purely voluntary; (C) protect the privacy and confidentiality of each recipient with respect to the recipient's contribution or lack of contribution; (D) establish appropriate procedures to safeguard and account for all contributions; and (E) use all collected contributions to expand the service for which the contributions were given and to supplement (not supplant) funds received under this Act.

We recommend that the NENAAA and the SUA implement procedures to ensure that all collected contributions were used to expand the service for which contributions were given and to supplement (not supplant) funds received.

The APA tested the contributions received by the senior centers noted above and found the following issues:

Atkinson Senior Center:
The senior center provided a III-B Contributions Record and a Meal Contribution Record, which identified the contributions received each day by program and were signed by two different individuals each day. However, when compared to the senior center's Receipts Journal, the APA determined several days of contributions were omitted from the Contribution Record. The variances between the Contribution Record and the Receipts Journal are listed in the table below.

Program	Receipts Journal	Contribution Records	Variance
III-B	$59.75	$41.73	$18.02
III-C1	$2,767.50	$1,920.00	$847.50
III-C2	$2,908.00	$1,805.00	$1,103.00
total	$5,735.25	$3,766.73	$1,968.52

The APA also reviewed the senior center's bank statement and found that the contributions reported in the Receipts Journal were deposited to the center's bank account.

Boyd County Senior Citizens Corporation:
The APA observed that all contributions received by the senior center were counted and deposited one time – at the end of the month.

City of Columbus:
The APA observed that the contributions received by the Columbus Community Center were counted by only one individual each day.

We recommend NENAAA strengthen procedures to ensure that the amounts counted on the contributions records agree to the receipt journals and bank statements. We also recommend the NENAAA strengthen its procedures to ensure that contributions received are counted and reviewed by two individuals daily and are deposited more frequently that once per month. Finally, we recommend the NENAAA strengthen its procedures to ensure contributions received are reviewed and documented by two individuals.

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 included 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 to ensure there is not a duplication of recorded costs. The total SHIIP expenses that were included in the Title III-B reporting are included in the table below:

Cost Category	Amount
Personnel	9,713.87
Travel	49.00
Printing & Supplies Expense	2.83
Equipment Expense	75.58
Building Space Expense	452.66
Communications & Utilities Expense	345.89
Other Expense	551.19
Total	**11,191.02**

We recommend the NENAAA work with the SUA to ensure the SHIIP costs are reported properly.

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 one-third of the subrecipient sites to be monitored each year. The NENAAA also contracts with a local CPA firm to conduct agreed-upon procedures at one-half of the subrecipients each year.

The APA observed issues with the Columbus Community Center after the prior monitoring period and similar issues were noted in our monitoring. The APA recommends the NENAAA consider the need for continued monitoring of contractors until issued are properly resolved.

1. Complete Internal Control Questionnaire

The APA continues to have concerns with the Blue Rivers Area Agency on Aging (BRAAA) process to allocate costs between multiple programs. The BRAAA's Cost Allocation Plan (effective July 26, 2021) states the following:

> Compensation for Personal Services - Salaries are documented using an annual time study for all employees working in more than one program. Salaries and wages are charged directly to each program based on time spent on each program or grant. Should an employee work on more than one program, salary will be allocated based on a ratio of each program's hours to total programs work hours.

Contrary to this policy, the APA found that time studies were not completed for nutrition site employees whose salaries are charged to multiple programs - Title III-C1, Title III-C2, and Title III-B. For these employees, the BRAAA used meal counts to determine the percentages allocated between the two meal programs. The meal counts used by the BRAAA were from the first half of fiscal year 2020, which is prior to the Covid-19 pandemic. Additionally, the BRAAA makes an adjustment to these percentages to allocate a portion to the Title III-B supportive services program. The BRAAA lacked adequate support for the portion allocated to the III-B program.

The APA also had concerns with the time study documentation provided by the BRAAA. For two employees tested, the APA found that the time study calculations included days in which the employees did not work. Even though leave was used on those days, the BRAAA allocated this time to multiple programs. This also contradicts the Cost Allocation Plan, which states the following:

> Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

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;

(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 procedures to ensure costs are reasonable, allocable, and in accordance with the Uniform Guidance. Specifically, the BRAAA should ensure all employees participate in the time study or should modify its Cost Allocation Plan to reflect the current practice. If the BRAAA chooses to allocate meal site employees based on meals provided, the allocation should be based on current counts of meals provided. Amounts for meal site employees that are charged to Title III-B program should be supported by adequate documentation of the actual time worked on the Title III-B program. Finally, we recommend the BRAAA review its time study process to ensure leave hours are allocated based on the overall time worked on each program. Leave should not be arbitrarily assigned to each program.

The APA also noted the following concerns related to the BRAAA internal controls:

- *Invoices are provided to the department or meal site supervisor for review and approval prior payment. The invoices lacked a signature or documentation of the supervisor's approval indicating the items were received and the invoice was approved for payment.*
- *The BRAAA maintained 50 credit cards for the credit account with Walmart. However, only 5 of those cards are regularly used. The remaining cards were kept in the BRAAA office in a locked filing cabinet.*

We recommend the BRAAA consider the following recommendations to strengthen their internal controls:

- *Invoices should be signed by the supervisors or site managers to document that the goods had been received and that the invoice is accurate and ready for payment.*
- *The BRAAA should consider the need to dispose of the excess credit cards it has on hand.*

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

The APA obtained the BRAAA independent audit for fiscal year 2021, which noted a lack of an internal control system designed to provide for the preparation of the financial statements being audited and material audit adjustments were proposed throughout the course of the audit.

The APA 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 2022 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 $83,836.67 in personnel costs during January 2022. The APA selected four employees for testing whose costs were charged to more than one program. The BRAAA lacked adequate documentation to support the method used to allocate the personnel costs to each program. The following table includes the programs charged for the four employees tested during the January 10-23, 2022, pay period:

Employee #	III-B	III-C1	III-C2	III-E	Waiver	SCO	Other	Total
Employee 1	$291.22	$0	$0	$145.62	$1,048.40	$349.47	$1,077.53	$2,912.24
Employee 2	$134.68	$392.14	$268.80	$0	$56.14	$0	$268.24	$1,120.00
Employee 3	$37.86	$423.42	$294.83	$0	$0	$0	$0	$756.11
Employee 4	$134.97	$644.16	$718.47	$0	$0	$0	$0	$1,497.60
Totals	$598.73	$1,459.72	$1,282.10	$145.62	$1,104.54	$349.47	$1,345.77	$6,285.95

The APA found the following issues related to the allocation of personnel costs:

Leave Time: *Employees 1 and 2 completed a time study during October and November 2021. Employee 1's time study included three days in which the employee did not work. Employee 2's time study included one day in which the employee did not work. However, all four of those days had time allocated to one or more of the Federal programs. The Cost Allocation Plan (Effective July 26, 2021) states the following:*

> Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

We recommend that BRAAA review the recording of leave time in its time study. Leave time should not be arbitrarily assigned to a program during the time study period. Leave time should be charged to the programs based on the total time worked on all programs for each pay period.

Administrative Time: *Employee 2's time study included a number of administrative activities, such as payroll and bank reconciliations, that were allocated to two or more programs. The allocation to each program seemed to be arbitrarily determined. These administrative activities accounted for 34% of the employee's total time worked. The Cost Allocation Plan (effective July 26, 2021) states the following:*

> Costs that benefit all programs will be allocated based on the administrative cost pool.

The APA recommends the BRAAA consider whether a time study is appropriate for this employee, or whether another method, such as the administrative cost pool identified above, should be used to allocate payroll expenses for this employee.

Meal Site Employees: *Employees 3 and 4 did not complete a time study as required by the Cost Allocation Plan. Instead, the BRAAA allocated their personnel costs between the congregate and home-delivered meal programs based on the number of meals served. The APA found the meal percentages used were outdated, using pre-Covid 19 meal counts. The table below shows the difference in the pre-Covid 19 meals counts used to allocate this expense and the meal counts for January 2022:*

Program	*Pre-Covid Meal Count*	*January 2022 Meal Count*	*Variance*
III-C1	*59%*	*24%*	*(35%)*
III-C2	*41%*	*76%*	*35%*
	100%	*100%*	

The APA also found that a portion of the personnel costs for these employees were allocated to the Title III-B program. The BRAAA lacked adequate support for the allocation of costs to the III-B program. Additionally, the percent allocated to the III-B program was not consistent – 5% was charged to III-B for employee #3 and 9% for employee #4.

We recommend the BRAAA ensure personnel costs charged to more than one program are allocated based on a time study per policy. If the BRAAA intends to use meal counts for these employees, the Cost Allocation Plan should be updated, and documentation should be on file to support the time charged to the Title III-B program.

Because of the concerns with the methods used to allocate personnel costs to more than one program, the BRAAA was not in compliance with the Uniform Guidance. As a result, all the personnel costs are considered questioned costs.

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 selected four January 2022 expenses for testing. A summary of the expenses by program is shown in the table below.

Expense Category	*III-B*	*III-C1*	*III-C2*	*Total*
#1 Legal Services	*$2,083.33*	*$0.00*	*$0.00*	*$2,083.33*
#2 Raw Food Expense	*$0.00*	*$13,729.77*	*$9,541.02*	*$23,270.79*
#3 Housekeeping	*$539.00*	*$0.00*	*$0.00*	*$539.00*
#4 Contractual Services	*$0.00*	*$1,007.50*	*$607.50*	*$1,615.00*
Totals	***$2,622.33***	***$14,737.27***	***$10,148.52***	***$27,508.12***

The APA noted the following concerns with the expenses tested:

Legal Services: *Payment was based on a contract to provide legal services. The contract terms included a "The maximum dollar amount payable under this contract is $25,000, subject to actual expenses and availability." The contract did not include a beginning and end date.*

The BRAAA pays the contractor a flat monthly rate of $2,083.33. The contracted attorney submits a monthly summary of activities, but the summary does not appear to include the number of hours of services provided or actual expenses. Therefore, the payment is not in compliance with the contract terms.

The APA recommends the BRAAA ensure all payments to vendors include documentation to support the actual services provided.

Raw Food Expense: *Payment to a vendor for raw food delivered to the senior centers in Beatrice, Davenport, Falls City, Nebraska City, Syracuse, and Table Rock. The expense was allocated to the Title III-C1 and Title III-C2 programs based on meal counts prior to the Covid-19 pandemic. The APA questions whether the use of meal counts prior to the Covid-19 pandemic reflect the current benefits received by each program. The APA obtained the actual meal counts for January 2022. The table below shows the comparison of the allocation percentages used by BRAAA to allocate the expense and the current meal count percentages.*

Program	***Actual Expense Allocation***	***Current Meal Count***	***Variance***
III-C1	*59%*	*24%*	*(35%)*
III-C2	*41%*	*76%*	*35%*
	100%	*100%*	

We recommend the BRAAA implement procedures to ensure costs charged to more than one program are based on the relative benefits received in that program, as required by the Uniform Guidance.

Contractual Services: *The payment was for congregate, to-go, and home-delivered meals provided by SENCA under contract with the BRAAA. The contract provides for the reimbursement to the contractor of $2.50 per meal served. SENCA submits meal logs to the BRAAA, which report the number of meals served to each client for the month. The meal logs specifically identify the program under which the meals were served.*

The APA found that the number of meals charged to each program in the BRAAA general ledger did not agree to the number of meals included on the meal logs. A comparison of the meals charged to the program in the general ledger and the meals served from the meal logs is shown in the table below.

Program	***Meals Allocated in Accounting System***	***Meals Served Per Meal Logs***	***Variance***
III-C1	*403*	*141*	*262*
III-C2	*243*	*505*	*(262)*
Totals	***646***	***646***	

To verify that the congregate meals were received by the clients, the APA requested the sign in sheets for a sample of three days and found two clients, one each on separate days, who signed in for meals but whose meals were not reported on the meal logs submitted to the BRAAA.

Additionally, the BRAAA lacks procedures to verify that the to-go or home-delivered meals were received by the clients.

We recommend the BRAAA strengthen its procedures to ensure the amounts reported in its general ledger and on its Form A to the SUA agree to the documented meal logs submitted by the contractor. We also recommend the BRAAA implement procedures to ensure home delivered meals and to go meals are verified by the clients.

To follow-up on prior monitoring issues related to the allocation of expenses, the APA reviewed two other documents for rent and office supplies to determine if the allocation issues noted previously had been corrected. The allocations for the two documents tested are included in the table below:

Expense Category	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*LOC*	*Other*	*Totals*
#5 Rent Expense	*$287.21*	*$563.82*	*$316.32*	*$123.09*	*$1,080.00*	*$31.76*	*$2,097.80*	*$4,500.00*
#6 Office Supplies	*$21.42*	*$176.57*	*$120.27*	*$3.57*	*$158.62*	*$0*	*$253.63*	*$734.08*

Rent Expense: *Rent payment for the central office space. The BRAAA provided the allocation methodology used to allocate the expense to the programs, which is based on the time studies for the employees who work at the central office location. As noted in the payroll testing above, the APA found various issues with the time study methodology, such as the recording of leave or administrative time, and the lack of a time study completed for some employees. Employee #4 tested above in the payroll section was included in the allocation methodology for this expense, even though a time study was not completed.*

Additionally, the APA found several adjustments from the calculated administrative allocation percentages for the Fiscal Officer and Executive Director that lacked adequate supporting documentation. The adjustments from the calculated administrative allocation percentages are shown in the table below.

Program	*Admin Cost Pool*	*Executive Director*	*Variance*	*Fiscal Officer*	*Variance*
III-B	*6%*	*9%*	*3%*	*3%*	*(3%)*
III-C1	*12%*	*9%*	*(3%)*	*31%*	*19%*
III-C2	*6%*	*3%*	*(3%)*	*21%*	*15%*
III-E	*3%*	*0%*	*(3%)*	*1%*	*(2%)*
Waiver	*25%*	*28%*	*3%*	*8%*	*(17%)*
LOC	*1%*	*0%*	*(1%)*	*0%*	*(1%)*
Other	*47%*	*50%*	*3%*	*35%*	*(12%)*

Office Supplies: *Payment for office supplies. Costs that can be attributed directly to one program are charged to those programs. Costs that are attributable to more than one program are charged using the administrative costs allocation, as required by the Cost Allocation Plan. A total of $357.06 was charged to multiple programs.*

As noted for the rent expense included above, the APA found various issues with the time study methodology, such as the recording of leave or administrative time, and the lack of a time study completed for some employees. Employee #4 tested above in the payroll section was included in the allocation methodology for this expense, even though a time study was not completed.

We recommend the BRAAA strengthen its to ensure the amounts allocated to each program are adequately supported and in accordance with 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 – expenses are cost reimbursement.

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

The APA selected four income and matching transactions for testing that were reported for January 2022. A summary of the transactions selected for testing by program is shown in the table below.

Income or Matching Category	*III-B*	*III-C1*	*III-C2*	*Total*
In-Kind Matching	*$10,858.71*	*$0*	*$0*	*$10,858.71*
Fairbury Meal Site Contributions	*$0*	*$1,965.00*	*$0*	*$1,965.00*
Table Rock Meal Site Contributions	*$0*	*$2,152.00*	*$0*	*$2,152.00*
Home-Delivered Meal Contributions	*$0*	*$0*	*$4,443.00*	*$4,443.00*
Totals	*$10,858.71*	*$4,117.00*	*$4,443.00*	*$19,418.71*

The APA noted the following concerns related to the items tested:

In-Kind Matching: *The in-kind matching transactions included printing of the senior center menus at no cost by several area newspapers. The amount reported in January 2022 represents the total for both December 2021 and January 2022, as the BRAAA did not report the in-kind transactions in December 2021. The value assigned to the in-kind printing services was determined by the BRAAA in November 2020. The APA found that many estimates received by email were maintained and could be provided to the APA; however, there was no documentation to support the estimates received by phone. In total, $6,635.21 of the $10,858.71 in-kind services reported were not adequately documented.*

The APA recommends that all income and matching transactions reported to the federal programs be supported by adequate documentation, in accordance with the Uniform Guidance.

Table Rock Meal Site Contributions: *The APA reviewed the Cash Contribution Sheet for the Table Rock meal site and noted $1,049 in congregate (Title III-C1) meals contributions and $1,103 in home-delivered (Title III-C2) meals contributions. However, all contributions were reported to the SUA as congregate meal (Title III-C1) contributions.*

The Supporting Older Americans Act P.L. 116-131, Section 315(b)(4) states the following:

> REQUIRED ACTS.—The area agency on aging shall ensure that each service provider will— (A) provide each recipient with an opportunity to voluntarily contribute to the cost of the service; (B) clearly inform each recipient that there is no obligation to contribute and that the contribution is purely voluntary; (C) protect the privacy and confidentiality of each recipient with respect to the recipient's contribution or lack of contribution; (D) establish appropriate procedures to safeguard and account for all contributions; and (E) use all collected contributions to expand the service for which the contributions were given and to supplement (not supplant) funds received under this Act.

We recommend the BRAAA strengthen its procedures to ensure that the contributions received by the centers are recorded to the correct program.

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.

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

The BRAAA converted its subawards to contracts for FY22. Contractual payments are tested with expenses above.

1. Complete Internal Control Questionnaire

No issues were noted.

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 BusinessWorks 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 $21,392.33 in personnel expenses to the Level of Care (LOC) subaward and $172,083.40 in personnel expenses to the Medicaid Waiver subaward. The APA selected three employees for payroll testing whose personnel expenses were charged to these subawards. A summary of their salaries is shown in the table below.

Employee	Waiver	LOC	Total
Employee 1	$3,733.58	$456.75	$4,190.33
Employee 2	$3,565.12	$305.80	$3,870.92
Employee 3	$1,693.31	$1,720.63	$3,413.94
Total	**$8.992.01**	**$2,483.18**	**$11,475.19**

The following issues were noted:

- *In the prior monitoring, the APA noted that the agency paid its hourly employees prior to the end of the pay period. Therefore, the 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, but the process also seems to raise the risk for error in the calculation of the adjustments. The APA noted that this process has not changed since the prior monitoring period. This process increases the risk of errors in the funding charged to the programs and the leave balances of the employees.*
- *Salaries are allocated to the programs based on the hours recorded in the timekeeping system. The allocation percentages were rounded to 1/10th of a percent. In some instances, the rounding of the percentage of time worked between Waiver and LOC was not accurate. This resulted in Waiver being undercharged and LOC being overcharged for two of three employees tested. The LHD financial policies do not include a rounding methodology. The table below shows the difference between the cost allocated and the APA's calculation using percentages rounded to the nearest 1/10th percent.*

Employee	Waiver			LOC		
	Allocated Salary	APA calculated	Variance	Allocated Salary	APA calculated	Variance
Employee 1	$3,733.58	$3,737.77	$(4.19)	$456.75	$452.56	$4.19
Employee 3	$1,693.31	$1,696.73	$(3.42)	$1,720.63	$1,717.21	$3.42

- *Employee 1 received a $2,499.96 annual salary increase effective in January 2022. However, the personnel form authorizing the increase was not signed by the CEO, as required by the LHD's internal policies.*
- *Employee 1's electronic timesheet was not approved by a supervisor.*

- *Employee 3 was paid for one hour of overtime at $38.94, which is twice the employee's regular rate of pay. The LHD's employee handbook states that overtime is paid at one and one-half the regular rate of pay. According to the LHD CFO, the agency recently implemented a special overtime rate for employees working on LOC to incentivize overtime. However, this policy was not documented in the agency's financial policies or employee handbook.*

The APA recommends the following related to the payroll process:

- *Consider a payroll cut-off schedule so that employees are not paid prior to the end of the pay period.*
- *Consider whether a policy for rounding its allocation percentages is necessary and ensure the rounding of the time charged to each program is accurate.*
- *Ensure salary changes are authorized by the signature of the Director before being entered in the accounting system.*
- *Implement procedures to ensure employee timecards are approved by a supervisor prior to payroll processing.*
- *Ensure its overtime payments comply with its approved policies.*

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

No issues noted.

9. Perform a detailed test of agency expenditures

The LHD charged $53,166.70 in non-personnel expenditures to the Waiver subaward and $5,584.99 in non-personnel expenditures to the LOC subaward for the month tested. These costs include the indirect costs charged by the agency. The APA tested four expenditures that were charged to the subawards as shown in the table below:

Expense Category	Waiver	LOC
Building Space	$24,448.79	$538.25
Mileage	$684.38	$0.00
Equipment	$4,135.30	$0.00
Indirect Costs	$12,368.28	$1,482.49
Total	**$41,636.75**	**$2,020.74**

The following issues were noted:

Building Space: *This includes the costs to maintain the LHD's buildings and includes maintenance, utilities, insurance, taxes, depreciation, etc. The APA tested the monthly occupancy charge for one of the buildings – the Omaha office location. The LHD records building costs in their accounting system by location and makes a journal entry each month to allocate the building expenses to the programs based on the time worked by the employees at each location. The LHD reported $30,422.57 in building expenses for the Omaha office building for February 2022. Of this amount, $23,448.78 was charged to Waiver and $538.25 was charged to LOC.*

The APA found that the amount allocated for the Omaha office building was significantly overstated. The LHD allocated the total year-to-date expenses of $30,422.57, most of which had already been allocated and claimed for reimbursement. The total monthly expenses that should have been allocated were $3,135.73. The difference is $27,286.04 and should be recouped by the Medicaid and LOC programs.

The APA selected three building expenses for testing. The expenses selected for testing are shown in the table below.

Omaha Building	
Utilities	$1,046.19
Garbage Service	$336.16
Property Insurance	$785.15
Total	**$2,167.50**

The LHD failed to provide adequate documentation to support the property insurance expense. A property insurance declaration was provided showing a total cost of $96,463. The monthly insurance invoice showed a total of $8,803.83 per month, for an annual amount of $105,793. The LHD could not explain the difference between the invoice and the declaration.

Furthermore, the worksheet used to allocate the expense did not agree to either of these amounts. The worksheet dated March 1, 2021 (beginning of policy period) showed a total of $101,222 in insurance expenses to allocate, which included $70,871 for property insurance. However, the amount actually allocated for property insurance premium was only $70,721. The portion of the expense charged to the Omaha office building was $785.15. Again, the LHD could not explain the variance.

The APA considers the building expense charge to be a questioned cost.

We recommend the LHD implement procedures to ensure the building costs are accumulated and reported accurately. A secondary review of the entries should be completed to ensure the accuracy as we had a similar finding related to the allocation of building costs in the prior year. We also recommend the LHD ensure it has an adequate understanding of and documentation related to the insurance expenses charged to the program and that the worksheet used to allocate the expense is accurate.

Mileage: *The APA tested a $684.38 reimbursement to an LHD employee for mileage in December and January for Waiver client visits. The APA selected the December 9, 2021, and January 12, 2022, trips for testing from the mileage log. The APA used Google Maps to verify the number of miles reported and requested documentation to support the client visits.*

The table below shows the mileage reported for the two days tested by the APA:

Date Tested	# of trips	# of miles	# of trips not verified	# of miles not verified	Mileage Cost *
12/9/2021	6	78	5	74	$41.44
1/12/2022	6	80	4	37	$21.65
Total	**12**	**158**	**9**	**111**	**$63.09**

$0.56 per mile in 2021 and $0.585 in 2022

The following issues were noted related to this mileage expense:

- *One client was included on both dates selected for testing. The address was the same for both visits. However, the LHD employee reported the trip from the LHD office to the client's address as 25 miles on December 9 and 9 miles on January 12. The suggested route on Google Maps for that trip is 2.4 miles.*
- *For one client visit, the LHD failed to provide documentation to support the client visit.*
- *The documentation provided for a client visit contradicted the mileage reimbursement form. The documentation stated that the meeting took place at the LHD office, rather than the client's home.*
- *The documentation provided for two trips indicated the client visits happened on dates other than the date indicated on the expense reimbursement form.*

The APA considers this mileage reimbursement to be a questioned cost.

We recommend the LHD implement procedures to ensure mileage reimbursements are reasonable and adequately supported. The review process should be performed by someone with direct knowledge of the employees travel and duties.

Indirect Costs: *The LHD uses the 10% de minimus rate for its indirect costs, which include costs charged to its administrative program for such things as salaries and payroll costs, supplies, utilities, and other expenses related to this program. Although 10% is allowed, according to the Waiver budget, the agency is not charging the full 10%, so that they stay within the subaward amount. The APA noted a couple of concerns related to the indirect costs, included below.*

The LHD maintains a worksheet to track its indirect costs. The worksheet shows a year-to-date column for the allowable indirect costs and a column for indirect costs already posted. Each month these columns are updated to reflect the current year-to-date totals. The APA obtained the worksheet for the month of February 2022 and the income statement of the administrative program to ensure the costs on the income statement were accurately reflected in the worksheet. The APA determined the worksheet provided was not accurate. The year-to-date allowable indirect costs did not agree to the income statement. The income statement reported $30,328.11 in net expenses, while the allocation worksheet used $32,016.70 in net expenses.

The LHD then provided an adjusted allocation with the corrected expense amount. A comparison of the original and adjusted allocations to Waiver and LOC is shown in the table below.

Program	Original	Corrected	Change
Waiver	$12,368.28	$11,859.82	$508.46
LOC	$1,482.49	$1,473.29	$9.20

The APA requested documentation to support a sample of the indirect expenses, as follows:

Admin Expenses	
Professional Fees – IT Services	$1,998.00
Printing and Copying	$216.53
Worker's Compensation Insurance	$2,729.42
Total	**$4,943.95**

The APA found that the amount reported for Worker's Compensation insurance was incorrect. The full insurance premium for the period March 2021 through February 2022 was $29,220 and was paid in March 2021. Each month, the agency charged 1/12 of the premium as an expense. Based on the premium amount, the total amount charged each month should have been $2,435. The LHD used a worksheet to show the allocation of all types of insurance. The annual premium used in the allocation worksheet was incorrectly listed as $32,753.00, or $2,729.42 per month. Therefore, the LHD overreported the expense by $294.42 each month.

Due to the errors included above, the APA considers the indirect costs to be questioned costs.

We recommend the LHD implement procedures to ensure the indirect costs are accumulated and reported accurately. A secondary review of the entries should be completed to ensure the accuracy as we had a similar finding related to the indirect costs in the prior year. We recommend the LHD work with DHHS to correct the amounts overcharged.

To follow up on an issue noted in the prior monitoring, the APA reviewed the allocation of the LHD's communication expense. In the prior year, the APA concluded that communications expenses were not correctly allocated. Therefore, the APA obtained the LHD's February 2022 phone bill. A total of $1,179.09 was charged for the communication expense. The APA tested the allocation of the communication expense for four employees, making up $196.53 of the total bill. For each of the employees tested, the phone charges were allocated 100% to *the Waiver program, even though the employees tested recorded time worked on both the Waiver and Level of Care programs. Therefore, this finding was not adequately addressed.*

The APA continues to recommend that the LHD implement procedures to ensure the allocation to each program is accurate.

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:

<u>Waiver:</u>

Cost Category	Form A	GL	Difference
Personnel	$172,083.40	$175,083.40	$ (3,000.00)
Building Space	$20,315.85	$58,783.94	$ (38,468.09)
Indirect Costs	$10,196.15	$12,368.28	$ (2,172.13)

As noted in the prior monitoring, the LHD backdates transactions in the accounting system after it has done its monthly reporting to DHHS. Therefore, they are unable to provide a monthly general ledger that agrees to the amounts reported for that month. In some cases, the year-to-date general ledger can be used to verify the reported amounts. Additionally, the LHD revised its Form A reporting for the months of October 2021 through April 2022, making it difficult to verify the reported costs.

Personnel Costs: *After the APA obtained the year-to-date costs for personnel expense, the APA was able to verify the variance for this cost category.*

Building Space: *It appears some of the revisions made to the Form As were not correct. The revised January monthly total of $38,468.09 was not properly carried forward to the February Form A, so it appears the amounts reported for building costs on the February 2022 revised form are still incorrect.*

Indirect Costs: *The amount of indirect costs reported on the Form A was not adequately supported and the LHD failed to provide documentation to support the amount reported. The adjustment does not agree to the amount tested and included in Section 9, above.*

<u>Level of Care (LOC):</u>

Cost Category	Form A	GL	Difference
Printing and Supplies	$173.57	$82.55	$91.02
Communications and Utilities	$132.33	$51.98	$80.35
Other	$100.37	$17.00	$83.37

The variances noted above in the LOC amounts are due to expenses incurred in January which were not reported on the January Form A because the invoices were received late. When the invoices were received in February, the expenses were entered in the accounting system with January dates. Therefore, the original general ledger for the month of February 2022 did not include these transactions.

We recommend the LHD consider whether it is appropriate to record transactions in previous months that have already been closed. This practice makes it difficult to recreate the accounting transactions that were included on the Form A reports. We also recommend the LHD implement procedures to ensure the amounts reported to DHHS are accurate. It appears a secondary review of the amounts reported is needed to ensure the accuracy of the amounts. Due to the number of revisions made to its Form As during the year, we recommend the DHHS work closely with the LHD to ensure the revised amounts in each month are accurate.

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.