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

JULY 1, 2022, THROUGH JUNE 30, 2023

Issued on July 24, 2023

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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 through May 19, 2023
Penny Clark	Interim Administrator, State Unit on Aging
Dr. Carisa Schweitzer Masek	Deputy Director of Population Health
Kathy Scheele	Administrator, Home and Community Based Services – MLTC

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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the engaging party, the program management of the Nebraska 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, 2022, through June 30, 2023. 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 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 all nine subrecipients tested lacked proper internal controls in one or more areas reviewed. Most 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, lack of written policies, lack of reviews to ensure pay rates and time worked were accurate, incorrect allocation of Title III-B program income to Title C programs, lack of procedures to ensure matching requirements were met, and the use of signatures stamps.

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

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

For each of the subrecipients, the APA observed the most recent financial audit reports and followed up on the findings from the prior year subrecipient monitoring. In some cases, any prior findings noted were reported in the other sections of the summary reports. However, the APA also identified the following findings related to this procedure: a lack of segregation of duties or the lack of an internal control system to provide for the preparation of the financial statements; there were also issues with the allocation of expenses, failure by DHHS to ensure the accuracy of the repayment of a significant overpayment from the prior year, and a new contract that was not entered timely.

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 2023 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 observed 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 payroll testing for a sample of employees. 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 leave and benefits not being allocated the same as pay, inaccurate tax withholdings, inclusion of other Federal programs in the Aging program costs, inaccurate manual time reporting, and lack of approval for Director's time worked.

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

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

For one of nine subrecipients, the APA found that the method to allocate a software expense to various programs was not reasonable. The allocation was performed through a journal entry.

For more detailed information regarding this finding, see **Attachment 5.**

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

The APA found issues for two of nine subrecipients, including a negative expenditure that should have been recorded as income and an unallowable expense from a reimbursement for personal use of an agency-provided cell phone.

For more detailed information regarding these negative records findings, see **Attachments 3** and **7**.

9. Perform a detailed test of agency expenditures.

For all nine subrecipients, the APA performed a detailed test of expenditures. The APA determined that most 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 the following: other Federal programs being reported with the Aging programs; the required level of Title III-B program services not being documented or provided or being overpaid; lack of documentation for vendor contracts; lack of documentation for services provided to clients; lack of compliance with regulations regarding in-kind building space; lack of support for actual building maintenance expenses; and lack of documentation for a number of items provided by contractors, including support volunteer time worked, meals provided to clients, overlapping services billed, overpayments to contractors, lack of proper monitoring, inclusion of gift cards in program expenses, apparent inflation of units of services reported, and inconsistent reporting of indirect costs.

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

10. 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.

All significant contracts were tested in Step 9, above.

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

No issues were noted.

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

One subrecipient tested did not have income or matching requirements for its programs. The APA determined that the remaining eight subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including lack of verification by two individuals of income received on cash contribution logs, cash contribution logs not updated daily, deposits not made timely, unsupported or incorrect allocation of income or matching between programs, volunteer time cards not supported or not approved, and ineligible contributions reported.

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

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

The APA found concerns with the amounts reported for eight of the nine subrecipients. In general, the amounts reported to DHHS were not supported by the financial information provided by the subrecipient, and differences existed between the financial information provided to the APA and the amount reported to DHHS. Other issues included the following: agencies that included another Federal program in its reports to DHHS; expenses reported in the wrong cost category; one agency 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; and backdating of transactions causing disagreement between the activity from the accounting system and the amount reported to DHHS.

For further information regarding these concerns, see **Attachments 1** and **3-9**

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 for monitoring its subrecipients, if applicable.

One subrecipient tested did not have subrecipients related to its Medicaid Waiver and Level of Care programs. Seven subrecipients were not required to monitor because they converted their subrecipient agreements to contracts. The APA noted that one subrecipient did pass funds through to a subrecipient. That subrecipients' monitoring procedures for its own subrecipient did not include a review of financial transactions.

For additional details regarding the subrecipient tested, see **Attachment 4**.

* * * * * *

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 parties 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.

July 21, 2023

Mike Foley
Auditor of Public Accounts
Lincoln, Nebraska

1. Complete Internal Control Questionnaire
In the prior year, the WCNAAA allowed its staff to use signature stamps to sign documents. The WCNAAA created a policy to prevent the use of signature stamps by its employees. However, Board members still use the signature stamps to sign checks. *Due to the inherent risk involved with signature stamps, the APA continues to recommend that the WCNAAA discontinue the use of signature stamps for signing checks.* *There is a general lack of segregation of duties over the accounting processes. Three employees, including the Director, have access to the accounting system. All checks are signed by a board member; however, the board members are not required to perform a detailed review of the supporting documentation for all payments.* *The APA recommends the WCNAAA consider additional procedures to provide better segregation of duties, which could include the removal of the Director's access to the accounting system or additional detailed reviews of supporting documentation by the governing board prior to payment.* *Income received for the Title III-B program was allocated to the meal programs, instead of being used exclusively for the Title III-B program.* *We recommend the WCNAAA record income specific to each program as a receipt only for that program, so that it can be used for the benefit of the program.*
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. Any findings not corrected will be included in other sections of this summary. *The APA also reviewed the fiscal year 2021 audit report and found the management letter contained findings for a lack of segregation of duties and lack of ability to prepare accrual based financial statements and footnotes.*
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 2022 were obtained.
4. Review list of individuals authorized to process expenditure transactions in accounting system.
Obtained and reviewed.
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 2022. The payroll allocation for the three employees is listed in the table below:

	IIIB	IIIC1	IIIC2	IIIE	Waiver	LOC	Other	Total
Employee 1	$ -	$ -	$ -	$ -	$2,179.74	$ 22.02	$ -	$2,201.76
Employee 2	$1,080.65	$ -	$ -	$224.29	$ -	$ -	$ 734.03	$2,038.97
Employee 3	$ 539.94	$134.98	$107.99	$ 80.99	$1,349.85	$107.99	$ 377.96	$2,699.70
	$1,620.59	$134.98	$107.99	$305.28	$3,529.59	$130.01	$1,111.99	$6,940.43

No issues were noted with the allocation of wages or the time study methodology.

The APA noted that the $200 payment for medical transport insurance was incorrectly classified and reported as an Other Expense on the reports submitted to DHHS.

The APA recommends WCNAAA report all employee benefits as Personnel 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 tested five expenditures other than personnel costs. A summary of the payments is shown in the table below.

		IIIB	IIIC1	IIIC2	IIIE	Waiver	LOC	Other	total
#1	Insurance	$ 2,010.00	$ 547.60	$ 446.88	$ 324.16	$ 5,832.40	$ 688.88	$ 2,422.08	$ 12,272.00
#2	Contractual Services-homemaker and personal care	$ 150.00	$ -	$ -	$ -	$ -	$ -	$ -	$ 150.00
#3	Contractual Services-Chase County Senior Services, Inc	$ 327.60	$ 689.85	$ 292.95	$ -	$ -	$ -	$ -	$ 1,310.40
#4	Contractual Services-Lemoyne Senior Center	$ 276.41	$ 829.24	$ -	$ -	$ -	$ -	$ -	$ 1,105.65
#5	Contractual Services-City of McCook	$ 2,146.72	$ 2,431.01	$ 4,009.17					$ 8,586.90
		$ 4,910.73	$ 4,497.70	$ 4,749.00	$ 324.16	$ 5,832.40	$ 688.88	$ 2,422.08	$ 23,424.95

Payment number one was a payment for liability and vehicle insurance. The liability insurance premium was allocated based on the office-wide allocation percentages from the annual time study. The APA noted that one of the subprograms the payment was allocated to was called "3B Counseling Access/SHIIP." SHIIP is a Federal program with a separate funding source and should be accounted for separately according to the Uniform Guidance.

We recommend the WCNAAA works with the SUA to ensure the SHIIP costs are not included with the Title III-B program activity.

Payment number two is a grant for Title III-B Homemaker and Personal Care services. The APA noted that the client was authorized for $100 in Homemaker services and $50 in Personal Care services per month. However, the payment was for $55 of Personal Care services and $95 for Homemaker services. The payment exceeded the authorized amount for Personal Care.

We recommend the WCNAAA ensure all payments for these grants are only for authorized amounts.

Payments number three, four, and five are payments to senior centers for providing congregate, home-delivered, to-go meals, and Title III-B supportive services. Per the terms of the WCNAAA's contracts with the senior centers, the centers are reimbursed on a per meal basis and at least one unit of Title III-B supportive services must be provided for every three meals reimbursed.

The APA noted in the prior monitoring that some centers did not meet the contractually required level of Title III-B services and that the Title III-B services were not adequately documented or correctly reported.

While all senior centers tested during this monitoring appear to have provided more than enough Title III-B supportive services, not all of the Title III-B units reported were adequately supported. For example, social activities were reported by person hour, which should equal the number of clients served multiplied by the duration of the activity. The length of time for many of the social activities was not clearly documented by Chase County Senior Services, Inc., McCook, or North Platte.

Additionally, the senior center hours reported contradicted the posted senior center hours for two of the contracts. Chase County Senior Services, Inc. reported 165 senior center hours while the center's Facebook page had 140 hours. McCook reported 170 senior center hours while the city's website showed 160 hours.

The APA recommends the WCNAAA continue to work with its contractors to ensure Title III-B supportive services requirements are adequately documented.

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 2022 recorded by the three senior centers selected for testing above. A summary of the reported income is shown in the table below.

	IIIB	C1	C2	Total
Chase County Senior Services, Inc.				
Contributions/Income	$ -	$ 1,417.00	$ 1,337.21	$ 2,754.21
Local Other	$1,069.58	$ 1,069.60	$ 1,069.60	$ 3,208.78
Lemoyne				
Contributions/Income	$ -	$ 2,088.00	$ -	$ 2,088.00
Local Other	$1,231.63	$ 1,232.63	$ -	$ 2,464.26
McCook				
Contributions/Income	$ -	$ 3,302.90	$ 6,328.61	$ 9,631.51
Local Public	$9,311.30	$ 9,311.30	$ 9,311.30	$ 27,933.90
Local Other	$ 58.33	$ 58.33	$ 58.34	$ 175.00

The APA noted that Chase County Senior Services (Imperial Senior Center) and the Lemoyne Senior Center included client contributions for Title III-B services in the Local Other Cash category, which was allocated across the Titles III-B, III-C1, and III-C2 programs. These contributions should have been reported as program income for Title III-B. The amount misclassified for Chase County Senior Services was $184.00 and the amount misclassified for Lemoyne was $44. The APA noted that the fiscal reports used by the senior centers to report income to WCNAAA do not include a line to report program income for Title III-B.

The APA recommends the WCNAAA work with the senior centers to ensure that all income is reported correctly for use by the program that earns the income.

The APA also noted the following issues:

- *The WCNAAA failed to provide documentation to support $2,005 of the Local Other Cash reported by the Lemoyne Senior Center. Most of that amount was $1,907 collected at a breakfast fundraiser.*

- *The cash contribution log for the McCook Senior Center was not reviewed and signed by two employees each day. The log included a 'Verification' column. However, the initials in that column were pre-filled on the electronic copy and printed. No employees initialed the log for any day in July 2022.*

- *The WCNAAA reported $2,375 of SHIIP funds as Other Non-Matching income for Title III-B. SHIIP is a separate Federal program that should be reported separately from the Aging programs.*

The APA recommends the WCNAAA work with the senior centers to ensure that all income and matching amounts are adequately documented and that contributions are counted by two individuals who sign the log to verify the count on the log is accurate. We also recommend the WCNAAA implement procedures to ensure the SHIIP funds are separately reported from the Title III-B 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.)

As noted in the payroll testing section above, a $200 payment for employee benefits was incorrectly classified and reported in the "other" expense category rather than personnel costs. As a result, personnel costs were understated and other costs are overstated by the amounts in the table below.

Amount	Program
$ 40.00	IIIB
$ 10.00	IIIC1
$ 8.00	IIIC2
$ 6.00	IIIE
$ 100.00	Waiver
$ 8.00	LOC

The total reported expenses are correct.

Additionally, as noted in Steps 9 and 12 above, SHIIP expenses and revenue were included on the Form A for the Title III-B program.

The APA recommends the WCNAAA ensure the proper categorization of costs and that SHIIP activity is reported separately from the Title III-B program.
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's contracts with senior centers are on a per-meal reimbursement basis. The WCNAAA does not have any subrecipients. *The WCNAAA policy is to monitor its senior center contractors annually. The APA reviewed the documentation of the most recent monitoring procedures for Chase County Senior Services, Lemoyne, and McCook, which covered the period of August 2021. The APA noted that the WCNAAA included several findings for McCook.* *The APA recommends that WCNAAA consider whether additional monitoring of McCook is necessary in light of the issues noted in the annual monitoring.*

1. Complete Internal Control Questionnaire
The APA noted issues with the methodology used to allocate payroll and administrative expenses. See more detailed information in steps 6 and 9 below. *The APA also noted a lack of procedures to ensure program matching requirements were being met. We recommend the AOWN work with the State Unit on Aging, to develop procedures to ensure its matching requirements are met for the Federal programs.*
2. Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
The APA obtained AOWN's annual audit for fiscal year 2021. No findings were noted in the audit report. *The APA also reviewed its prior year monitoring findings. Repeat findings are either noted in the sections below or were appropriately corrected.*
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 AOWN pays its hourly employees on a biweekly pay cycle and its salaried employees on a monthly cycle. Personnel costs for most central office staff are allocated based on a time study in which employees record actual time worked by program for all of their daily activities. *The APA found issues with the methodology used to allocate personnel costs two hourly employees who do not participate in the time study and for two salaried employees, as noted below.* *The method used to allocate the payroll costs for two hourly administrative staff who do not participate in the time study starts with an average of the other employees' time from the results of the time study. However, adjustments are made so that 20 percent of time worked is charged to Title III-B, Information & Assistance. The allocation percentage for Medicaid Waiver is decreased to compensate for this adjustment. The AOWN explained that these two employees are responsible for answering the phones, so an adjustment was necessary. However, there was no documented basis for the percent adjusted. It is simply an estimated amount of time that the employees spend on the phones.* *The APA also found two issues with the method used to allocate payroll costs for the Executive Director and Fiscal Coordinator as follows.* • *First, the calculation includes the percentages for the two administrative employees discussed above. The unsupported adjustments for these employees also affect the allocation percentages of Executive Director and Fiscal Coordinator.* • *Second, the calculation is weighted as follows: 20% from the average of 12 hourly employees for the first biweekly payroll of the month, 20% from the average of those same 12 hourly employees for the second biweekly payroll of the month, 20% from the one salaried employee's time study, 20% from a second salaried employee's time study, and 20% from a third salaried employee's time study. In essence, 60% of the allocation is from time worked on the programs by three salaried employees and 40% is from the time worked by 12 employees. This has been a finding in previous monitoring reports.*

We continue to recommend that the AOWN ensure its allocation methodology charges personnel costs to the programs in accordance with the relative benefits received, per the Uniform Guidance. For the hourly employees, any adjustments should be properly supported, perhaps by participation in the time study, or recording actual time worked on Title III-B, Information and Assistance and allocating their remaining time based on the average of the other employees' time. For the salaried employees, the AOWN should consider a change in the calculation method so that equal weight is given to all employee time worked.

The APA selected three employees from the July 2022 payroll periods for testing. The total personnel costs for July 2022 were $139,511.75.

The table below shows each employee tested and their gross pay by program.

Employee	III-B	III-C1	III-C2	III-E	Waiver	LOC	Other	Total
Employee 1	$291.43	$810.26	$699.29	$145.51	$3,751.79	$54.53	$1,654.26	$7,407.07
Employee 2	-	-	-	$454.25	$967.75	-	-	$1,422.00
Employee 3	-	$355.88	$356.32	-	-	-	-	$712.20
Total	$291.43	$1,166.14	$1,055.61	$599.76	$4,719.54	$54.53	$1,654.26	$9,541.27

No issues were noted with Employees 2 and 3.

The APA noted that the federal tax withholding for Employee 1 did not agree to the W-4 on file. The withholding included $100 of additional withholding that was not documented on the W-4. The employee completed a corrected W-4 after the APA brought this to their attention.

Employee 1 is a salaried administrative employee. As noted above, the APA found issues with the methodology used to allocate personnel costs for these employees.

The APA performed an alternative calculation of the allocation for this employee's total personnel costs, including gross pay, payroll tax expenses, and employer-paid benefits. The APA's calculation gave equal weight to all employees who completed time studies. A comparison of the allocation percentages used by AOWN and calculated by the APA is shown in the tables below.

Program	AOWN	APA	Variance
III-B	3.93%	1.99%	1.94%
III-C1	10.95%	3.58%	7.37%
III-C2	9.44%	3.09%	6.35%
III-E	1.96%	3.57%	(1.61)%
Waiver	50.65%	60.95%	(10.30)%
LOC	0.74%	0.60%	0.14%
Other	22.33%	26.22%	(3.89)%
	100%	100%	

The comparison of the dollar variance between the AOWN calculation and the APA calculation is shown below.

Employee 1	III-B	III-C1	III-C2	III-E	Waiver	LOC	Other	Total
AOWN	$366.26	$1,018.32	$878.85	$182.87	$4,715.15	$68.53	$2,079.03	$9,309.03
APA	$185.64	$332.80	$287.80	$332.46	$5,673.62	$55.72	$2,440.99	$9,309.03
Variance	$180.62	$685.52	$591.05	$(149.59)	$(958.47)	$12.81	$(361.96)	

As noted, the greatest variances are found in the Title III C1, Title III C2, and the Medicaid Waiver programs. It appears that the two meals programs are over charged, and the Medicaid Waiver program is under charged.

Due to the issues noted with the methodology used to allocate payroll expenses, the APA considers all of the personnel costs questioned costs.

The APA recommends that the AOWN implement procedures to ensure taxes withheld agree to the documentation on file, and that personnel costs are charged to the programs in accordance with the Uniform Guidance.

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 APA selected five expenses other than payroll for testing. The total of the non-payroll costs for July 2022 were $93,238.85. The table below shows a summary of the costs charged by program for the transactions tested.

Type of Expense	*III-B*	*III-C1*	*III-C2*	*III-D*	*III-E*	*Wavier*	*LOC*	*Other*	*Total*
Donated Building Space		*$1,071.50*	*$2,637.66*						*$3,709.16*
Contracted Services – Meals		*$1,130.50*	*$2,703.00*						*$3,833.50*
Contracted Services – Health Promotion				*$2,607.00*					*$2,607.00*
Contracted Services - IT	*$176.77*	*$251.65*	*$194.17*		*$9.38*	*$2,104.06*	*$36.03*	*$755.94*	*$3,528.00*
Raw Food		*$1,227.52*	*$3,975.75*						*$5,203.27*
	$176.77	*$3,681.17*	*$9,510.58*	*$2,607.00*	*$9.38*	*$2,104.06*	*$36.03*	*$755.94*	*$18,880.93*

The APA found the following issues with the expenses tested:

***Donated Building Space**: For several years, the APA has noted that the AOWN's methodology for valuing donated building space does not conform to the Uniform Guidance.*

2 CFR 200.306(i)(3) says 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.*

The AOWN's basis for the value of the donated building space is a statement from the City of Alliance that the dollar value of the donated space is $44,510 per year, which the AOWN recognizes as an expense and matching income each month for $3,709.16. Therefore, there is no effect on the amount reimbursed to the AOWN based on these expenses. However, no independent appraisal of comparable spaces has been obtained or documented.

The AOWN reported a total of $26,131.16 in donated building space in July 2022. These are considered questioned costs.

We continue to recommend that the AOWN obtain the documentation required under the Uniform Guidance and that the SUA work with the AOWN to ensure the expenses and matching are not reported until compliance is obtained.

***Contracted Services – Meals:** Payment to Treasured Grounds in Hemingford for Title III-C1 and C2 meals. Total payment was $3,833.50 for 133 congregate meals and 318 home-delivered meals, reimbursed at $8.50 per meal. The APA requested documentation to support the number of meals claimed on the invoice. Treasured Grounds failed to maintain the sign in sheets for clients receiving meals, so adequate verification of the meals provided was not obtained.*

These are considered questioned costs. We recommend that all meal services provided to clients be verified by the clients through the use of meal logs.

Contracted Services – Health Promotion: *No issues were noted with this payment.*

Contracted Services - IT: *Payment for computer and network hardware and support under a contract signed in 2020. The monthly payment amount changed from $3,139 per month to $3,528 per month for additional services. However, these changes were based on verbal agreements between AOWN and the vendor and are not supported by adequate documentation. Additionally, the allocation of this payment is based on personnel costs for the central office staff and is affected by the issues noted with the methodology in Step 6 above.*

This is considered a questioned cost. We recommend that all costs charged to the federal programs be supported by adequate documentation and allocated according to the relative benefit received.

Raw Food: *Payment to a vendor for food and paper goods for the Gering Senior Center. The payment was coded to the Title III-C1 and C2 programs. Paper goods used exclusively for the home-delivered meal program were charged directly to Title III-C2. The cost of the food and shared paper goods was allocated to the programs using the AOWN's coding calculator, which uses meal counts to calculate a rolling average split between the two programs. The calculator used at the time of this payment included meal counts through May 2022.*

The APA noted that the counts for Gering included Gering, Minatare, and Sidney. However, Gering delivers meals for Gering, Minatare, and Scottsbluff, so the count for Scottsbluff should have been used instead of Sidney. The effect on the rolling average was small, but the APA did not verify whether the previous counts used in the average were correct.

Additionally, the APA noted that some paper goods used exclusively for home delivered meals were misclassified and included in the raw food total, which was allocated between the programs. The effect on the allocation due to that error is an overstatement to Title III-C1 and understatement to C2 of $35.92.

The APA has noted errors with the coding calculator in prior years.

We continue to 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.

To follow up on a fiscal year 2022 monitoring finding concerning client verification of services provided, the APA selected four voucher payments, totaling $280 for testing.

The APA noted that the billing documents submitted for three of four payments did not include the start and stop times of the services. The APA recommends that the start and stop time be reported for all services provided to clients and that the AOWN review to ensure that no services overlap.

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. (2022 45 CFR 75.305)

No issues noted.

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

The APA selected three income and matching items for testing. A summary by program is shown in the table below.

Income/Matching	IIIC1	IIIC2	Total
In-Kind Building Space	$ 1,071.50	$ 2,637.66	$ 3,709.16
Volunteer Services	$ 432.32	$ 4,935.68	$ 5,368.00
Meal Contributions	$ 520.50	$ 4,390.59	$ 4,911.09
	$ 2,024.32	$ 11,963.93	$ 13,988.25

The APA noted that the volunteer timesheets were not signed by a supervisor and were only signed by the volunteers. The APA recommends that the senior center employees supervising the volunteers sign off on the timesheets to verify the hours of service provided.

The APA noted that the amount reported for In-Kind Building Space did not conform to the Uniform Guidance, as discussed in Step 9 above.

No issues were noted with the volunteer services or participant contributions.

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 AOWN discontinued the subrecipient Handyman programs in FY22. All chore and homemaker services are now provided through grant agreements. Clients requesting chore or homemaker services pay the providers and receive a grant from AOWN to cover or offset the cost.

No subrecipient monitoring was necessary.

1. Complete Internal Control Questionnaire

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

The SCNAAA has one individual (Director of Finance) 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 included in our prior monitoring and in the agency's financial audit. The SCNAAA has implemented some controls to compensate for the lack of segregation of duties, which consist of documented reviews of a financial report by the Executive Director and the Board. However, the APA noted that further controls may be necessary.

The financial report reviewed was an Excel spreadsheet of expenditures created by the Director of Finance from the accounting system. Because the report was not directly from the accounting system, there is a risk that transactions could be left off the Excel spreadsheet.

We continue to recommend the SCNAAA strengthen the monitoring of its financial activities by requiring the reports reviewed to be produced directly form the accounting system and comparing the activity with the bank information.

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

The APA obtained the SCNAAA's fiscal year end 2021 audit report and management letter. There were findings for inadequate segregation of duties and lack of ability to prepare financial statements.

The APA also reviewed its findings from the prior subrecipient monitoring. Repeat findings will be noted in the individual steps above and below or were corrected.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2023 transactions

No issues noted.

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

Obtained.

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 August 17, 2022, payroll report for testing. A summary by program of their salaries and payroll taxes is shown in the table below. Total salaries for this payroll period were $30,660.43.

Employee	IIIB	III-C1	III-C2	IIID	IIIE	Ombudsman	Waiver	LOC	Other	Total
Employee 1	-	-	-	-	-	-	$1,377.03	$42.59	-	$1,419.62
Employee 2	$732.78	$420.13	$175.87	$78.16	$39.08	$273.57	$1,602.34	$78.16	$508.06	$3,908.15
Employee 3	$419.97	$544.39	$373.30	-	$217.76	-	-	-	-	$1,555.42
Total	$1,152.75	$964.52	$549.17	$78.16	$256.84	$273.57	$2979.37	$120.75	$508.06	$6,883.19

The APA identified the following issues during its review of payroll:

- *SCNAAA employees record hours worked using a time clock. The Director of Finance uses the records from the timekeeping system to manually prepare a calendar of hours worked for each employee each month. The APA found a mathematical error on the manual calendar for Employee Number 3 for one day of the month, which resulted in an hour of leave being recorded instead of an hour of actual work.*

  The APA recommends that if the agency determines the manual calendars created by the Director of Finance are necessary that they be reviewed by a second person each month and compared to the original timecards to ensure their accuracy.

- *The monthly calendar for Employee Number 2, who is the Executive Director, was not approved by the Board Chair, as is required per SCNAAA policy.*

- *To allocate costs to multiple programs, most SCNAAA employees completed a time study in February 2022 to document the amount of time worked on each program. Employee Number 2 is an administrative employee who did not complete a time study. Rather, his pay, along with two other administrative employees, was allocated based on an average of all of the employees' time study results.*

  However, an adjustment was made to the average time study results to charge some costs to the Title III-B Admin, III-C1 Admin, and III-C2 Admin subprograms. The adjustment is unsupported and affects programs other than those listed.

  SHIIP program expenses were also included in the III-B personnel costs for the Executive Director. SHIIP is a separate federal program with a different funding source and should not be included in costs reported to the federal aging programs. The APA moved SHIIP costs to Other programs in its calculation.

  A comparison of the Executive Director's pay using the SCNAAA allocation and the APA calculation is shown in the table below.

Allocation	***III-B***	***III-C1***	***III-C2***	***III-D***	***III-E***	***Ombudsman***	***Waiver***	***LOC***	***Other***
SCNAAA	*$732.78*	*$420.13*	*$175.87*	*$78.16*	*$39.08*	*$273.57*	*$1,602.34*	*$78.16*	*$508.06*
APA	*$433.80*	*$410.35*	*$175.87*	*$70.35*	*$50.81*	*$277.48*	*$1,621.88*	*$85.98*	*$781.63*
Variance	*$298.98*	*$9.78*	*-*	*$7.81*	*$(11.73)*	*$(3.91)*	*$(19.54)*	*$(7.82)*	*$(273.57)*

  The average allocation of all employees from the time study is also the basis for allocating expenses across all programs. So, since it is unsupported and inaccurate here, all expenses using the allocation will also be inaccurate.

- *The APA also noted that the allocation percentages for Employee Number 3 do not agree to the time study results for two programs.*

  The time study percentages for Title III-B In-Home Services subprogram and the Title III-C2 program were reversed in the allocation, resulting in an overstatement of $15.55 to III-B and understatement of $15.55 for III-C2.

- *The health insurance and pension expenses for all employees follow the same allocation process as payroll and are therefore also affected.*

Due to the multiple issues with the allocation process described above, all personnel costs are considered questioned costs.

The APA recommends the SCNAAA implement procedures to ensure the allocation of personnel costs is charged in accordance with the Uniform Guidance, which requires expenses to be charged according to the relative benefits received by the programs. The APA also recommends that the SCNAAA remove the SHIIP program activity from its Form A reporting for the Federal aging programs.

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

The APA tested negative expenditure related to a reimbursement to the SCNAAA for a portion of a cell phone bill. Upon further review, the APA determined the SCNAAA paid $151.50 in August 2022 for cell phone expenses for two of *its employees. Both phones are also used personally and did not appear to comply with the Uniform Guidance. 2 CFR 200.445(a) states the following:*

> Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as a taxable income to the employees.

The APA recommends that the SCNAAA implement procedures to ensure all costs charged to the federal programs comply with the Uniform Guidance. If the SCNAAA allows the employees to use the phones for personal business, then the cost should not be charged to the Federal programs.

9. Perform a detailed test of agency expenditures

The APA selected five expenditures other than payroll for testing. A summary of the expenditures by program is shown in the table below.

Type of Expense	III-B	III-C1	III-C2	III-E	Ombudsman	Waiver	LOC	Other	Total
Credit Card Payment (multiple cost categories)	$325.22	$102.91	$58.73	$123.18	$138.61	$905.56	$27.41	$185.08	$1,866.70
Other Expense (Comstock Den)	-	-	-	$856.00	-	-	-	-	$856.00
Contractual Services Expense (Franklin Senior Center)	$3,425.92	$648.28	$4,138.55	-	-	-	-	-	$8,212.75
Contractual Services Expense (Prairie Pioneer [Broken Bow] Senior Center)	$777.00	$121.67	$1,967.33	-	-	-	-	-	$2,866.00
Contractual Services Expense (Young at Heart [Bertrand] Senior Center)	-	$91.27	$481.15	-	-	-	-	-	$572.42
Total	$4,528.14	$964.13	$6,645.76	$979.18	$138.61	$905.56	$27.41	$185.08	$14,373.87

Credit Card Payment: *The monthly statement from Chase Card Services included several different categories of expenses. Some expenses were directly charged to individual programs. Other expenses were allocated to several programs. There was $676.40 in fuel and car maintenance expenses allocated based on the usage of the SCNAAA's vehicles and $765.76 in administrative expenses that were allocated based on the personnel cost allocation.*

The vehicle expenses and administrative expenses totaled $1,442.16 and were allocated incorrectly. The allocation percentages used did not agree to the current personnel allocation or vehicle allocation tables.

Additionally, the SHIIP program was included in the III-B expenses.

The APA calculated the allocation of the credit card bill using the current vehicles usage table and the APA's calculation of the allocated personnel costs. The table below is a comparison of the SCNAAA allocation and the APA's calculation:

Allocation	III-B	III-C1	III-C2	III-E	Ombudsman	Waiver	LOC	Other	Total
SCNAAA	$325.22	$102.91	$58.73	$123.18	$138.61	$905.56	$27.41	$185.08	$1,866.70
APA	$230.58	$102.19	$55.48	$122.57	$115.79	$950.70	$17.61	$271.78	$1,866.70
Variance	$94.64	$0.72	$3.25	$0.61	$22.82	$(45.14)	$9.80	$(86.70)	-

This is a repeat finding. The $1,442.16 in allocated expenses is considered a questioned cost.

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

Other Expense (Comstock Den): *No issues were noted.*

Contractual Services Expenses: *The APA noted that the senior centers submit financial reports to SCNAAA each month to request payment. The senior centers report gross costs and income and matching. The payment requested from SCNAAA is the net costs. However, the payments cannot exceed the amount budgeted per the center's contract* *with SCNAAA. Any excess net costs over the budgeted amount are expected to be absorbed by the senior centers and are reported as matching.*

The APA noted that the senior centers do not provide documentation for expenses each month. Instead, the SCNAAA performs an annual assessment of the senior centers and reviews a sample of expenses and income during that assessment.

The APA requested that the SCNAAA obtain the documentation for the August 2022 costs reported by the three senior centers selected for testing and provide it to the APA. The APA also reviewed the results of the senior centers' most recent annual assessment. The APA noted the following issues with the senior centers.

Franklin Senior Center:

- *No documentation was provided to support the $459 in volunteer services claimed as personnel expenses and matching.*
- *Expenses were not charged according to the relative benefit received for each program. The largest expenditure, a $5,530 general expense for the senior center building, was charged 50% to III-B and 50% to III-C2, meaning there were no costs charged to III-C1.*

Prairie Pioneer Center (Broken Bow):

- *The $777 payment for III-B net costs was simply the budgeted costs divided by 12 months, which does not comply with the Uniform Guidance.*
- *No support was provided for the $688.50 of volunteer services reported as personnel expenses and in-kind matching.*
- *No timesheet was provided for one center employee and timesheets for other employees contained inconsistent information or did not agree to the hours paid for the period.*
- *One raw food invoice provided appeared to be for another period and the amount did not agree to the $232.75 expense reported for August.*
- *One raw food invoice included a credit of $36.80. The amount reported for the expense, $2,489.19, did not reflect the credit.*
- *The amount for two utilities receipts provided did not agree to the $107.20 and $120.98 expenses reported.*

Young at Heart Senior Center (Bertrand)
Prior to our monitoring, the APA was notified that the director of the Young at Heart Senior Center had resigned in August 2022. Therefore, the APA tested the expenses reported for both July and August 2022 and reviewed the results of the center's annual assessment.

- *The annual assessment included concerns that meals were overreported. The SCNAAA noted five dates that the center's Facebook page stated the center would be closed due to illness or weather. No signatures were recorded on the center's sign-in books for these dates. However, the senior center reported meals were provided on those dates. A total of 73 meals were reported for the dates in question. This did not affect the payments to the senior centers but signifies a potential control issue with the center's reporting.*
- *One raw food expense for $319.48 appears to have been reported twice.*
- *No support was provided for the July and August volunteer services, totaling $1,892.75, and reported as personnel costs and in-kind matching.*
- *No support was provided for the $3,024.43 in regular personnel costs reported for July 2022.*
- *No personnel costs other than volunteers were reported for August 2022.*

Additionally, the APA was unable to verify the income and matching amounts reported because no documentation was provided by the senior centers. This will be discussed further in Step 12 below.

Due to these issues, the senior center contractual payments are considered questioned costs.

The APA recommends the SCNAAA implement procedures to ensure amounts reported by senior centers are accurate, reasonable, necessary, and are supported by adequate documentation, such as invoices and approved records of time worked. We also recommend the SCNAAA implement procedures to ensure expenses are allocated based on the relative benefits received.

Additionally, we recommend that the SCNAAA consider more frequent monitoring of senior centers if issues are noted during a center's annual assessment.

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 did not record income received by the senior center contractors in their accounting system. Instead, the information from the monthly reports submitted by the senior centers is compiled in separate workbooks, which are then used to report the income and matching amounts on the Form A.

The APA requested documentation to support the income and matching amounts reported by three senior centers tested in step 9 above. A summary of the income and matching reported by each senior center tested is shown in the tables below, along with the APA's findings:

Franklin Senior Center				
	III-B	III-C1	III-C2	Total
Other Non-Matching	-	$71.50	$71.50	$143.00
Contributions	-	$628.75	$3,128.54	$3,757.29
Local Public Cash	-	$120.00	$380.00	$500.00
Local Other Cash	-	-	-	-
Local Other In-Kind	-	$110.16	$348.84	$459.00
Total	-	$930.41	$3,928.88	$4,859.29

No documentation was provided to support the income reported by the Franklin Senior Center for August 2022. As noted in step 9 above, documentation of expenses and income is also not routinely submitted to SCNAAA with the monthly reports. The senior center had more than two weeks to provide the documentation requested. Therefore, the APA was not able to verify whether the amounts reported for income and matching were accurate or supported.

Prairie Pioneer Center (Broken Bow)				
	III-B	III-C1	III-C2	Total
Other non-Matching	-	-	-	-
Contributions	-	$1,225.75	$1,044.86	$2,270.61
Local Public Cash	-	$580.80	$739.20	$1,320.00
Local Other Cash	$779.84	$1,108.53	$1,410.86	$3,299.23
Local Other In-Kind	-	$688.50	-	$688.50
Total	$779.84	$3,603.58	$3,194.92	$7,578.34

To support income and matching amounts, the senior center provided a "Daily Proceeds" log that was signed by two people each day. However, the log did not identify the programs for which income was collected. The center also provided an "Income" worksheet showing income received by category, such as congregate meals, meal tickets, home delivered meals and other fundraising and indirect support received. The amounts on the "Income" worksheet did not agree to the amounts on the "Daily Proceeds" summary. The table below shows the amounts recorded on both documents.

Date	Income Worksheet	Daily Proceeds Log	Variance
7/31/2022	$441.12	-	$441.12
8/6/2022	$502.00	$482.00	$20.00
8/13/2022	$2,267.64	$701.88	$1,565.76
8/20/2022	$540.85	$548.85	$(8.00)
8/27/2022	-	$877.38	$(877.38)
8/31/2022	-	$177.00	$(177.00)
Totals	$3,751.61	$2,787.11	$964.50

**The APA excluded from the income worksheet amounts reimbursed by the SCNAAA.*

Therefore, the APA was unable to verify whether the income and matching amounts were properly reported and adequately supported.

Young at Heart (Bertrand)			
	III-C1	III-C2	Total
Other non-Matching	$72.00	-	$72.00
Contributions	$981.00	-	$981.00
Local Public Cash	$1,440.00	$560.00	$2,000.00
Local Other Cash *	$(467.53)	$(113.45)	$(580.98)
Local Other In-Kind	$746.82	$290.43	$1,037.25
Total	$2,772.29	$736.98	$3,509.27

**Negative amounts reported in Local Other Cash are to adjust a prior report.*

No documentation was provided to support the income received by the Young at Heart Senior Center. As noted in step 9 above, documentation of expenses and income is also not routinely submitted to SCNAAA with the monthly reports. The senior center had more than two weeks to provide the documentation requested. Therefore, the APA was not able to verify whether the amounts reported for income and matching were accurate or supported.

The APA recommends the SCNAAA implement procedures to ensure all income and matching amounts reported be adequately documented and that the SCNAAA review support for all income and matching items during their annual assessment to ensure that they agree to the Form A. If amounts cannot be supported, the SCNAAA should consider further monitoring procedures, including requiring the center centers to provide monthly documentation.

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

The APA noted that costs for the SHIIP program were included in the costs reported for Title III-B. SHIIP is a Federal program with a separate funding source and should be accounted for separately according to the Uniform Guidance. Total SHIIP costs included in III-B costs for August 2022 were $10,459.26.

We recommend the SCNAAA works with the SUA to ensure the SHIIP costs are not included with the Title III-B program activity and that all reports for the fiscal year are revised.

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 noted 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 and prone to error. APA noted several coding errors during the testing of expenses and income. Errors will be discussed in detail in the applicable sections of this summary to follow.* *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 2023 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 selected four employees from the pay period ending September 14, 2022, to complete a detailed test of payroll. A summary of their salaries by program is shown in the table below.

Employee	III-B	III-C1	III-C2	III-D	III-E	Waiver	LOC	Other	Total
Employee 1	$1,567.41	$241.99	$18.63	$36.84	$6.75	$1,440.06	$0	$688.48	$4,000.16
Employee 2	$2,391.41	$376.75	$0	$0	$0	$0	$0	$0	$2,768.16
Employee 3	$0	$0	$0	$0	$0	$1,747.87	$941.16	$0	$2,689.03
Employee 4	$0	$1,181.00	$0	$0	$0	$0	$0	$0	$1,181.00
Total	$3,958.82	$1,799.74	$18.63	$36.84	$6.75	$3,187.93	$941.16	$688.48	$10,638.35

Personnel costs for salaried employees are allocated based on a time study completed in March 2022. Personnel costs for administrative staff are allocated based on the average results for all non-administrative employees from the time study. Hourly employees record time worked directly to business units in the timekeeping system. Personnel costs for hourly employees are allocated based on the average results for all employees who record time to the same business unit.

The APA noted the following issue with the allocation of payroll costs.

Employee 1 *is a salaried administrative employee, whose allocation was based upon the average results of the time study.*

Salaried employees who participated in the time study recorded time worked for each federal program, such as Title III-B, III-C1, III-C2, etc. However, to record the pay in the accounting system, the time study allocation results must be converted to the business units used by the City, for example, Central Kitchen, Downtown Senior Center, etc. Then, when reporting personnel costs on the Form A to the SUA, the Aging Partners converts the business unit activity from the accounting system back to the Federal program level. These conversions change the allocation percentages, which no longer agrees to the average results from the time study. The table below shows the differences in the allocation of Employee 1's payroll when using the business units from the accounting system and the time study average results.

Employee 1	***III-B***	***III-C1***	***III-C2***	***III-D***	***III-E***	***Waiver***	***LOC***	***Other***	***Total***
Business Units (Form A)	*$1,567.41*	*$241.99*	*$18.63*	*$36.84*	*$6.75*	*$1,440.06*	*$0*	*$688.48*	*$4,000.16*
Time Study Averages	*$1,557.43*	*$359.68*	*$27.69*	*$54.75*	*$10.03*	*$1,456.74*	*$15.35*	*$518.49*	*$4,000.16*
Variances	***$9.98***	***$(117.69)***	***$(9.06)***	***$(17.91)***	***$(3.28)***	***$(16.68)***	***$(15.35)***	***$169.99***	

The APA also determined that the Aging Partners did not have adequate documentation on file for the Director's authorized salary, which is set by the Mayor. Payroll is administered by the City of Lincoln. The pay rate for the period tested was $50.02 per hour; a 3% increase from the prior year rate of $48.546 per hour. Aging Partners did not have any documentation to support the increase but noted a 3% adjustment had been approved for his salary group.

Employee 2 *is a salaried employee whose pay is allocated based on the results of a time study conducted in March 2022.*

Initially, all personnel costs for salaried employees are coded to a home business unit in the accounting system and then manually allocated to the federal programs through the budget workbooks when the Form A is prepared. The allocations to the home business unit are based on the average amount of time worked on each program for ALL employees in the business unit, rather than by the results of the individual employee. The APA does not feel this method to allocate personnel costs is reasonable because the employees have different pay rates. Costs would be higher for programs worked by employees with higher pay. A comparison of the allocation of this employee's pay using the actual time study results for the employee compared to the budget for this business unit (reported on Form A) is shown in the table below.

Employee 2	***III-B***	***III-C1***	***Total***
Time Study	*$2,391.41*	*$376.75*	*$2,768.16*
Budget Allocation	*$2,443.23*	*$324.93*	*$2,768.16*
Variance	***$51.82***	***$(51.82)***	

Employee 4 *is an hourly employee who records actual time worked to the appropriate business units in the accounting system each pay period. However, this employee's pay must also be allocated through the budget worksheets when the Form A is prepared to convert the business unit data to the Federal program data. This employee is a food service employee who prepares meals for the Title III-C1 program and recorded 100% of his time worked to the Central Kitchen business unit. Because he is only preparing meals for the Title III-C1 program, his pay should be allocated only to that program. However, the Aging Partners uses the average of all employees in the business unit to allocate personnel costs. This employee had his pay charged to Titles III-B, III-C1, and III-C2. Personnel costs for this employee were charged to programs that received no benefit from the employee's work. The following table shows the difference between his actual time worked versus the allocation used by Aging Partners:*

Employee 4	***III-B***	***III-C1***	***III-C2***	***Total***
Actual Time Worked	*-*	*$1,181.00*	*-*	*$1,181.00*
Budget Allocation	*$209.93*	*$894.92*	*$76.15*	*$1,181.00*
Variance	***$209.93***	***$(286.08)***	***$76.15***	

The APA considers all personnel costs reported for the Title III Aging Programs questioned costs due to these allocation issues.

No issues were noted with the allocation of Employee 3's personnel costs because Employee 3 works only on Waiver and Level of Care, which have business units that directly relate to the Federal programs.

We recommend Aging Partners implement procedures to ensure all personnel costs are adequately documented and 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 6 transactions for testing, totaling $76,531.58. A summary of the transactions tested by program is shown in the table below.

Expense Category	***III-B***	***III-C1***	***III-C2***	***III-D***	***III-E***	***Waiver***	***LOC***	***Other***	***Total***
#1 Raw Food	*$0*	*$2,682.17*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$2,682.17*
#2 Homemaker Services	*$240.00*	*$0*	*$0*	*$0*	*$210.00*	*$0*	*$0*	*$0*	*$450.00*
#3 Legal Services	*$3,684.29*	*$26.85*	*$2.07*	*$4.09*	*$32.70*	*$0*	*$0*	*$0*	*$3,750.00*
#4 Credit Card Payment	*$4,964.78*	*$3,088.51*	*$92.09*	*$96.71*	*$30.52*	*$1,401.66*	*$0*	*$881.99*	*$10,556.26*
#5 Rent	*$20,632.82*	*$4,118.57*	*$340.45*	*$427.95*	*$140.91*	*$6,176.01*	*$306.73*	*$485.37*	*$32,628.81*
#6 County Expenses	*$8,252.84*	*$12,374.24*	*$4,979.18*	*$706.66*	*$151.42*	*$0*	*$0*	*$0*	*$24,464.34*
Total	*$37,774.73*	*$22,290.34*	*$5,413.79*	*$1,235.41*	*$565.55*	*$7,577.67*	*$306.73*	*$1,367.36*	*$76,531.58*

Document #3 *is a payment to Legal Aid for legal services provided through the Elder Legal Access Line. The APA noted that the contract with Legal Aid states that payments will be made monthly. However, the payment tested was $3,750, which is one fourth of the annual $15,000 contract amount. Aging Partners explained that they are billed quarterly and make payments for each billing.*

The APA recommends Aging Partners ensure that its payments to contractors are made according to the terms of the contract.

Document #4 *is a credit card payment containing various expenses. The City of Lincoln encourages its agencies to pay expenses by credit card whenever possible. The payment was coded to several different business units based on the item purchased. The APA noted two items that were not properly allocated to the programs, as follows:*

- *A $309 payment for an email encryption service. The service is used by all Aging Partners' employees and should be allocated to all programs according to the relative benefit received. However, none of the expense was allocated to the Medicaid Waiver or LOC programs.*

- *A $1,127.92 payment to Mom's Meals, a vendor that provides home delivered meals. The cost was recorded to the Central Kitchen business unit and to the Raw Food expense category. The allocation in the budget worksheet for that business unit and expense category is 100% to III-C1 congregate meals because the Central Kitchen prepares only congregate meals. A manual allocation to move the funds to the appropriate program,* *Title III-C2 home delivered meals, was needed but was not made by Aging Partners. The APA considers this expense to be a questioned cost.*

The APA recommends the Aging Partners implement procedures to ensure that costs are charged to the appropriate programs according to relative benefit received, as is required by the Uniform Guidance.

***Document #5** 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 prior monitoring summaries completed by the APA included these payments as questioned costs since the actual costs of maintenance and utilities were not provided. In response to the APA's finding, the Aging Partners received documentation for the actual expenses from the PBC. However. Aging Partners had not yet implemented a procedure to reconcile the actual costs provided by the PBC to the amount of rent paid and still paid the amount invoiced to them by the PBC, which was the anticipated expenses. Upon review of the documentation provided by the PBC, the APA found that the actual expenses for September 2022 were $24,728.29 – significantly less than the $32,628.81 paid for the month of September. The APA considers the difference in the payment and the actual costs, $7,900.52, to be a questioned cost.

The APA recommends that Aging Partners implement a procedure to reconcile the actual building expenses to the rent amount invoiced and to only pay the amount that can be supported as an actual expense.

***Document #6** is the APA's test of expenses reported by Seward County. Aging Partners reports expenses and income for its participating counties on a quarterly basis. No payment is made to the counties. However, the counties' expenditures and income are reported by Aging Partners to the SUA on the Form A. For the first quarter of fiscal year 2023, Seward County reported $105,378.41 in Federal expenses, which included $52,499.56 for personnel and $21,555.27 for raw food.*

Seward County reports expenses and income for four entities. The APA selected the Lied Senior Center in Seward to review its reported expenses of $17,666.62 in personnel costs and $8,797.72 in raw food expenses. The following issues were noted:

- *Aging Partners does not review the underlying support for the expenses reported by the counties. At the APA's request, Aging Partners obtained documentation to support the amounts reported by the Lied Senior Center. The APA recommends the Aging Partners periodically review supporting documentation from the counties to ensure the reported amounts are accurate and conform to the provisions in the Uniform Guidance.*

- *The methodology to allocate Lied Senior Center expenses to multiple programs was not reasonable or properly documented.*

  The Aging Partners used the units of service provided by each entity as the basis for the allocation to the various programs. Aging Partners then attempts to calculate an overall average to be used as the allocation for combined expenses. To calculate the average, Aging Partners assigns the separate allocation for each entity to each of the employees of the entity and then determines an average for those employees. However, this method is weighted more heavily to entities with more than one employee. The Lied Senior Center only has one employee.

  Additionally, the allocation percentages for custodial staff at the entities are adjusted from the units of service methodology and there was no documentation supporting the adjusted percentages used for these employees.

The APA performed an alternative calculation by averaging the units of service for all four entities and calculating a percentage for each service in total. The APA used this calculation to allocate the personnel and raw food costs and compared it to the Aging Partners allocation. See the table below.

Personnel Expense	***III-B***	***III-C1***	***III-C2***	***III-D***	***III-E***	***Total***
Aging Partners	*$8,252.84*	*$4,896.18*	*$3,659.52*	*$706.66*	*$151.42*	*$17,666.62*
APA	*$10,540.88*	*$5,599.35*	*$1,399.29*	*$102.58*	*$24.52*	*$17,666.62*
Variances	***$(2,288.04)***	***$(703.17)***	***$2,260.23***	***$604.09***	***$126.90***	
Raw Food Expense		***III-C1***	***III-C2***			
Aging Partners		*$7,478.06*	*$1,319.66*			*$8,797.72*
APA		*$7,038.18*	*$1,759.54*			*$8,797.72*
Variances		***$439.88***	***$(439.88)***			

The APA recommends the Aging Partners ensure its allocation methodology is reasonable and in accordance with the Uniform Guidance.

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

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 certain client contributions received by Aging Partners as well as those reported for July, August, and September 2022 by the Lied Senior Center in Seward. A summary of the contributions by program is shows in the table below.

Client Contributions by Senior Center or Business Unit	***III-B***	***III-C1***	***III-C2***	***Total***
Lied Senior Center	*$0*	*$6,862.00*	*$0*	*$6,862.00*
Aging Partners for Community Activities and Services	*$533.00*	*$0*	*$0*	*$533.00*
Aging Partners Central Kitchen	*$0*	*$2,924.60*	*$267.00*	*$3,191.60*
Aging Partners Health and Fitness	*$3,464.46*	*$0*	*$0*	*$3,464.46*
Total	***$3,997.46***	***$9,786.60***	***$267.00***	***$14,052.06***

The APA noted the following issues:

The cash logs for the Community Activities and Services and Central Kitchen contributions received by the Lake Street, Downtown, and Northeast Senior Centers did not identify the program for which the contributions were received. However, a weekly reconciliation is prepared at the senior centers which identifies the contribution amounts by program, such as Transportation or Congregate meals.

Additionally, it appears that the contributions are being recorded by the senior centers only on Fridays since there are no other contributions reported on other days of the week.

The APA recommends that contributions be counted and logged daily and that the program for which the contribution was received be identified to ensure the contributions are used for the correct program.

The Health and Fitness contributions include funds received at senior centers and other locations during events such as foot clinics and fitness classes. The contributions are collected in locked boxes and then brought to the Aging Partners office to be counted and deposited. The APA noted that that some of these contributions were not deposited timely. For

	example, $44.46 received at a Chair Yoga class on August 10 were counted and deposited August 30 and $360 received at foot clinics on August 23 and 30 were counted and deposited September 9. *This is a repeat finding. The APA recommends that Aging Partners implement procedures to ensure that contributions received are counted by two individuals at the time of receipt and recorded on a contribution log daily that appropriately identifies the program for which the contributions was received. 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.* *For the Lied Senior Center reported contributions, there was no cash log provided; instead, a calculator tape with contribution amounts was provided for each date. The calculator tapes were initialed by two people.* *The APA recommends Aging Partners work with the SUA to determine if this meets the SUA's guidelines for control of cash contributions.* *As discussed in the expenditures section above, the APA also noted that the Aging Partners does not review documentation to support the underlying the income amounts reported by the Counties. The APA recommends the Aging Partners review this information periodically since it is being reported as program income.*
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.* *During our reconciliation of the Form A's to the general ledger information provided by the Aging Partners, we found $165 of client contributions was improperly recorded in the accounting system and was not properly reported on the Form A. A similar issue was noted in the prior year monitoring.* *The APA also found that Aging Partners was not recording the Local Public Cash amount in its accounting system. A total of $410,579.13 was reported as Local Public Cash, including $181,976.80 from the county reports. Aging Partners explained that ¼ of the budgeted amounts for the counties are reported each quarter and 1/12 of the budgeted amount for Lincoln and Lancaster County are reported each month. APA was not able to verify that the total amount reported for September was correct as the budget does not break down the county and city amounts.* *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. We also recommend the SUA monitor the Local Public Cash amounts reported throughout the year to ensure the total amount reported is correct.*
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.
In the prior years, the APA had found that Aging Partners had not passed federal aging funds through to the counties. However, for fiscal year 2023, they did pass through federal carryover funds for fiscal year 2022. *The APA reviewed Aging Partners' risk assessment and monitoring process and an example of a completed monitoring checklist. The APA noted, as it has in prior years, that while the Aging Partners documents financial controls, it does not review financial transactions or supporting documentation as part of its monitoring procedures.* *The APA recommends the Aging Partners include reviewing financial transactions and supporting documentation in detail as part of its monitoring procedures.*

Attachment 5

1. Complete Internal Control Questionnaire

The Eastern Nebraska Human Services Agency (ENHSA) is the governing body of the Eastern Nebraska Office on Aging (ENOA.)

Administrative and Accounting staff record time worked to business units that get allocated to several Federal programs. ENOA intended to allocate the costs based on the average hours worked for all staff from July to September 2022. However, an error in the allocation worksheet occurred and the average time worked from July to December 2020 was used. Therefore, the allocation of costs charged to the administrative and accounting business units was not reasonable. The differences can be seen in the table below:

Time Period	*III-B*	*III-C1*	*III-C2*	*III-E*
Jul-Dec 2020	*8.0%*	*7.5%*	*15.6%*	*2.4%*
Jul-Sep 2022	*8.9%*	*9.0%*	*14.4%*	*3.2%*
Percent variance	***(0.9)%***	***(1.5)%***	***1.2%***	***(0.8)%***
Jul-Dec 2020	*$4,639.55*	*$4,349.58*	*$9,047.12*	*$1,391.86*
Jul-Sep 2022	*$5,161.50*	*$5,219.49*	*$8,351.18*	*$1,855.82*
Dollar variance	***$(521.95)***	***$(869.91)***	***$695.94***	***$(463.95)***

We recommend ENOA implement procedures to ensure its worksheets used to allocate costs are accurate and reviewed by a second individual. We also recommend ENOA determine if adjustments need to be made and reported to the State Unit on Aging (SUA).

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

The ENSHA fiscal year 2022 audit report was not available at the time of the monitoring. In the prior year, the APA reviewed the fiscal year 2021 audit and noted any findings in the prior monitoring.

The APA also reviewed its prior monitoring findings and determined that the findings were either corrected or are noted in the sections below.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2023 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 the pay period ending October 16 ,2022, which had a total gross pay of $170,372.75. The table below shows the allocation of the four employees gross pay by program.

Employee	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*LOC*	*Other*	*Totals*
Employee 1	*$153.60*	*$144.00*	*$299.52*	*$46.08*	*$624.00*	*$17.28*	*$635.52*	*$1,920.00*
Employee 2	-	-	-	-	*$1,867.13*	*$111.30*	-	*$1,978.43*
Employee 3	*$632.01*	*$1,095.73*	-	-	-	-	-	*$1,727.74*
Employee 4	-	-	*$2,444.24*	-	-	-	-	*$2,444.24*
Totals	***$785.61***	***$1,239.73***	***$2,743.76***	***$46.08***	***$2,491.13***	***$128.58***	***$635.52***	***$8,070.41***

The following issues were noted related to personnel costs:

Employee 1: *As mentioned previously, the ENOA's worksheet used to calculate the allocation of personnel costs for Administrative and Accounting personnel contained an error. The table below shows the effect of this error on the* *allocation of gross pay for Employee 1, who coded all work hours to either the Administration or Accounting business units.*

Employee 1	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*LOC*	*Other*	*Total*
ENOA allocation	*$153.60*	*$144.00*	*$299.52*	*$46.08*	*$624.00*	*$17.28*	*$635.52*	*$1,920.00*
APA calculation	*$170.88*	*$172.80*	*$276.48*	*$61.44*	*$624.00*	*$17.28*	*$597.12*	*$1,920.00*
Variance	*$(17.28)*	*$(28.80)*	*$23.04*	*$(15.36)*	-	-	*$38.40*	-

Employee 2: *This employee is an hourly employee who used the electronic timekeeping system to record time worked on either the Waiver or Level of Care (LOC) program. The employee's pay was allocated according to the amount of time worked on each program. However, the employee's leave time was not allocated the same; instead, the leave hours were charged only to the Medicaid program. ENOA has a procedure to adjust the leave hours at a later point in time, but the adjustment had not been completed at the time of our monitoring. This issue affects all hourly employees who recorded leave time used.*

The variance in the allocation of this employee's gross pay is shown in the table below. In this case, the variance is small due to the small amount of leave time used for this employee. However, the variance for each employee and each program will vary.

Employee 2	*Worked Hours*	*GL Allocation*	*Variance*
Waiver	*$1,864.27*	*$1,867.04*	*$2.77*
LOC	*$114.16*	*$111.39*	*$(2.77)*

Employee 3: *The employee is a salaried employee who used the electronic timekeeping system to record time worked on each program. For salaried employees, the personnel costs are initially recorded to a single business unit, or program. At month end, an adjusting entry is made to properly allocate the costs based on the time worked.*

This employee recorded time worked to the Title III-B and III-C1 programs. The employee's personnel costs were initially charged only Title III-C1. The APA found an error in the ENOA calculation to allocate this employee's gross pay. ENOA included leave hours in its calculation of total hours worked, rather than including only the actual hours worked on each program. Because the number of total hours was different than the APA's calculation, a variance existed. The difference in the allocation of gross pay is shown in the table below. This issue also affected the allocation of payroll taxes and benefits expenses.

Calculated by	*III-B*	*III-C1*	*Total*
ENOA	*$1,896.00*	*$3,287.22*	*$5,183.22*
APA	*$1,865.00*	*$3,318.22*	*$5,183.22*
variance	*$31.00*	*$(31.00)*	

The APA also noted that the ENOA did not perform an entry to adjust the costs for life, disability, and accidental death insurance premiums to the correct programs. Generally, these costs are charged only to one business unit or program. For employees who work who work on more than one program, the allocation of these costs is incorrect. For Employee 3, this would result in an understatement of III-B expenses and overstatement of III-C1 expenses of $6.31.

As a result of these allocation issues, the APA considers the personnel costs questioned costs.

We recommend the ENOA implement procedures to ensure that all personnel costs are allocated correctly and in accordance with the relative benefits received. We recommend ENOA consider whether adjustments for the errors identified by the APA need to be reported to the SUA. We also recommend the SUA perform follow-up procedures to ensure the leave used for hourly employees is allocated properly since that allocation had not yet been performed at the time of our monitoring.

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

The APA reviewed a journal entry to allocate $1,780 in software licenses to the programs. The licenses were paid for by ENSHA, who charged ENOA for the number of licenses used by its employees.

The costs were allocated using each employee's home business unit. However, as noted in step 6 above, many employees work on more than one program and their personnel costs are allocated according to the time recorded in the time keeping system. Therefore, the allocation of the license costs to only one business unit for each employee does not appear reasonable.

We recommend the ENOA consider whether an alternative allocation method, such as charging the licenses as administrative costs, would be more appropriate and whether adjustments for these costs need to be submitted to the SUA.

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

No issues noted.

9. Perform a detailed test of agency expenditures

From the October 2022 expenses, the APA selected five expenses for testing, totaling $107,737.89. The expenses were charged to the programs as follows:

Expense Category	***III-B***	***III-C1***	***III-C2***	***Waiver***	***Total***
#1 Travel - Mileage	-	-	*$3,613.79*	*$5,895.57*	*$9,509.36*
#2 Contractual Services - Homemaker	*$4,776.00*	-	-	-	*$4,776.00*
#3 Contractual Services – Intercultural Senior Center Salary	*$3,721.07*	*$4,750.68*	-	-	*$8,471.75*
#4 Contractual Services – Intercultural Senior Center Rent	-	*$3,875.00*	-	-	*$3,875.00*
#5 Contractual Services – Treat America meals	-	*$18,607.77*	*$62,498.01*	-	*$81,105.78*
Total	***$8,497.07***	***$27,233.45***	***$66,111.80***	***$5,895.57***	***$107,737.89***

The APA found the following issues related to the expenses tested:

Document #2: *This is a payment to Hand2Hand Cleaning for homemaker services provided to clients. Homemaker services are paid at rate of $24 per hour. The APA found that timesheets for one provider contained services provided to different clients at the same time. The table below shows the overlapping time.*

Provider	***Date***	***Start Time***	***Stop Time***	***Client***
Provider 1	*9/7/2022*	*11:00 AM*	*1:00 PM*	*Client A*
Provider 1	*9/7/2022*	*12:30 PM*	*2:30 PM*	*Client B*

This issue was also noted in the prior monitoring.

We continue to recommend the ENOA strengthen procedures to ensure services provided by contractors are valid and supported by adequate documentation.

Document #3: *This is a $8,471.75 payment to the Intercultural Senior Center for salary reimbursement for September 2022. Timesheets were provided to support the allocation between the Title III-B and III-C1 programs. However, it appears the holiday hours worked were charged entirely to Title III-C1, rather than allocating the holiday hours based on the actual hours worked. This results in an overpayment in Title III-C1 and an underpayment in Title III-B of $193.55.*

We recommend the ENOA implement procedures to ensure costs are allocated according to the relative benefit received by each program.

Document #4: *This is a payment to the Intercultural Senior Center for rent. The entire rent expense is charged to Title III-C1. However, as noted above, employees at the center also charge their salary expenses to Title III-B, as there are Title III-B services also provided at the center. Therefore, it seems reasonable to charge a portion of the rent expense to Title III-B.*

We recommend the ENOA work with the SUA to determine if some of the rent expenses at the Intercultural Senior Center should be allocated to Title III-B.

Document #5: *This is a $81,105.78 payment to Treat America for catered meals for the congregate and home-delivered meal programs. The contract with Treat America charges $4.23 for each meal. The number of meals ordered and paid for is based on client reservations each day. This may differ from the actual number of meals served.*

The APA selected three senior centers that served congregate meals and reviewed the sign in sheets for one day to determine whether the number of meals served was reasonable. The APA found a lack of documentation to support the number of meals served by the Camelot Friendship Center on September 29, 2022.

The senior center ordered 27 meals for September 29. The sign in sheet included totals at the bottom of the page showing 19 regular meals and 8 deli meals. However, the sheet was not mathematically correct. When the APA counted the actual meals on the sign in sheet, there appeared to be 18 regular meals and 5 deli meals. Additionally, only 14 clients signed to verify that they received a meal.

We recommend the ENOA work with the senior centers to ensure the meal logs are accurate and that clients are signing for the meals to verify the number of meals served.

To verify the receipt of home-delivered meals, the ENOA sends letters to a sample of home delivered meal recipients each month asking for confirmation of the number of meals received. The APA reviewed the confirmation letters returned for September 2022 home delivered meals and found issues with two confirmations. Two clients indicated their disagreement with the number of meals on the confirmation. The ENOA failed to follow up with these clients on the discrepancies.

We recommend the ENOA ensure meal counts are accurate and services are verified by the clients receiving them. Discrepancies in the reported meals should properly resolved.

In addition to the five documents tested above, the APA reviewed an additional $11,558.87 in personnel costs related to its umbrella organization, ENHSA, to its administrative business unit. These costs were allocated as personnel costs to the Aging programs and as indirect costs to Waiver and LOC. The costs should have been allocated based on hours worked from July to September 2022 but were allocated based on hours worked from July to December 2020. The table below shows the difference in the allocations.

Time Period	*III B*	*III C1*	*III C2*	*III E*	*Waiver*	*LOC*	*Other*	*Total*
Jul-Dec 2020	*$924.71*	*$866.92*	*$1,803.18*	*$277.41*	*$3.756.63*	*$104.03*	*$3,825.99*	*$11,558.87*
Jul-Sep 2022	*$1,028.74*	*$1,040.30*	*$1,664.48*	*$369.88*	*$3,756.63*	*$104.03*	*$3,594.81*	*$11,558.87*
variance	*$(104.03)*	*(173.38)*	*$138.71*	*$(92.47)*	*-*	*-*	*$231.18*	

The allocation of $11,558.87 to ENOA was based upon the employee head count of all related organizations. ENOA appeared to have 16% of the employees, so the total costs for these employees were charged to ENOA using that percentage, except for accounting staff time. ENOA has its own accounting staff, so there was a reduction of 75% for accounting expenses. This reduced the allocation of accounting staff time from 16% to 4%. ENOA failed to provide documentation to support the reduced percentage charged for accounting personnel. This has been included in our prior monitoring reports for several years.

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 client contributions received and in-kind matching amounts reported on the Form A's for the Title III programs, as follows:

Description	III-B	III-C1	III-C2	III-D	III-E	Total
Contributions	$5,943.20	$12,948.41	$23,029.32	$374.77	$1,487.25	$43,782.95
In-Kind	-	$8,359.74	$2,437.50	-	-	$10,797.24
Total	**$5,943.20**	**$21,308.15**	**$25,466.82**	**$374.77**	**$1,487.25**	**$54,580.19**

No issues were noted with the contributions received.

The in-kind matching reported for the Title III-C2 program was for printing the meal menus in the Omaha World Herald, which is done free of charge. The total value of the in-kind contribution for the month of October is $4,875.00. The in-kind contribution benefits both Title III-C1 and Title III-C2 as meals are provided under both the programs; however, the ENOA only recorded half of the in-kind matching, $2,437.50, and only in the Title III-C2 program and nothing in the Title III-C1 program. This was also noted in the prior monitoring summary.

The APA continues to recommend the ENOA work with the SUA to ensure that all available matching funds are properly reported.

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 ENOA recorded $2,351.84 in costs in its accounting system and later manually removed those costs for its Form A reporting. These included lobbying expenses and payments to employees that were not allowable costs for the federal programs.

Included in the aforementioned costs is an adjustment to deduct a referral bonus paid to an employee. However, the amount of the adjustment was entered incorrectly and an additional $100 was deducted.

We recommend the ENOA consider whether a different cost center could be used to charge costs that are not chargeable to the Federal programs and ensure the amounts reported are accurate.

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 its contractual agreements to contracts during fiscal year 2020. No subrecipient monitoring is required.

1. Complete Internal Control Questionnaire

The APA found errors in the MAAA's allocation of personnel costs that are included in more detail in #6 below. The MAAA also failed to complete an adequate review of pay rates and hours worked recorded in the payroll system to ensure pay rates agree to the authorized rates and the hours worked agree to employee timesheets.

The APA recommends the MAAA implement a more detailed review of its payroll processing each pay period to ensure pay rates are authorized and hours worked agree to timesheets. We also recommend all such reviews be documented.

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

The APA obtained the MAAA's fiscal year 2022 financial audit, which included findings for a lack of segregation of duties and inadequate controls over allocating personnel costs to federal programs.

Issues identified by the APA in prior monitoring periods 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 November 2022 payroll period, which included $117,960.67 in personnel expenses. A summary of wages and payroll expenses by program for each employee tested is shown in the table below.

Employee	IIIB	IIIC1	IIIC2	IIIE	Wavier	LOC	Other	Total
Employee 1	$ -	$ -	$ -	$ -	$3,435.96	$84.04	$-	$3,520.00
Employee 2	$2,118.52	$71.66	$160.18	$ 529.64	$ -	$ -	$ -	$2,880.00
Employee 3	$512.75	$326.81	$1,498.81	$73.25	$1,977.76	$366.25	$2,408.24	$7,163.87
Total	**$2,631.27**	**$398.47**	**$1,658.99**	**$602.89**	**$5,413.72**	**$450.29**	**$ 2,408.24**	**$13,563.87**

The APA noted the following concerns as a result of our testing:

Employee 2: *Recorded time worked to two different time categories in the electronic timekeeping system that both benefited more than one federal program. The hours worked in those categories required further allocation to appropriately charge costs to the proper program. For example, 10.5 hours were recorded to a category called "C1/C2" and 120 hours were recorded to a category called "Grants". Leave used was allocated proportionately to these two programs. The APA found issues with the allocation of the "C1/C2" category. The allocation of these hours should have been based on meal counts from October 2022. However, the accounting system was not properly updated, and an older allocation month was used. A total of $231.84 in gross pay was charged to the Title III-C1 and III-C2 meal programs. The table below show the variance in the allocations. No issues were noted with the methodology used to allocate the costs from the "Grants" category, which were allocated between Title IIIB and Title IIIE*

Program	MAAA	APA	variance
IIIB	$2,118.52	$2,118.52	$0.00
C1	$71.66	$ 80.82	$(9.16)
C2	$160.18	$151.02	$ 9.16
IIIE	$529.64	$529.64	$0.00
Total	**$2,880.00**	**$ 2,880.00**	

Employee 3: *The executive director's pay is to be allocated in accordance with the MAAA cost allocation plan, which states the following:*

> "…employee salaries which are indistinguishable between programs, will be allocated as a ratio of employee salaries to total salaries for each program; calculated yearly to account for changes in programs offered."

The MAAA failed to update the allocation percentages in the accounting system, so the November 2022 payroll costs, as well as the previous four months, were allocated using the fiscal year 2021 salaries rather than the fiscal year 2022 salaries. The effect of this error for the employee's November 2022 pay is shown in the table below.

Program	***MAAA***	***APA***	***variance***
IIIB	*$512.75*	*$553.23*	*$(40.48)*
C1	*$326.81*	*$629.50*	*$(302.69)*
C2	*$1,498.81*	*$1,182.05*	*$316.76*
IIIE	*$73.25*	*$41.47*	*$31.78*
Waiver	*$1,977.76*	*$1,837.22*	*$140.54*
LOC	*$366.25*	*$332.97*	*$33.28*
Other	*$2,408.24*	*$2,587.43*	*$(179.19)*
Total	***$7,163.87***	***$7,163.87***	

No issues were noted during the testing of Employee 1. However, all personnel costs are considered questioned costs due to the allocation errors noted above.

The APA recommends the MAAA implement procedures to ensure personnel cost allocation percentages are accurately updated and in accordance with its allocation plan and that personnel costs are allocated to the based on the relative benefits received by each program. We also recommend the MAAA work with the SUA to determine whether corrections to the allocation for prior periods should be made.

Additionally, MAAA failed to update the tax tables used in its payroll processing, therefore, for all employees tested the Federal and State tax withholding amounts were calculated using the 2021 tax tables rather than the 2022 tax tables. The APA also found that the number of exemptions used to calculate the State tax withholding for Employee 1 did not agree to the W-4 form on file. The MAAA was not aware that the tax tables in their accounting software had not been updated until the APA brought it to their attention.

The APA recommends the MAAA implement procedures to ensure that its accounting system's tax tables are properly updated each year and that the number of tax withholding exemptions in the system agree to supporting documentation on file.

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 nine expenses other than payroll for testing. A summary of the payments and amounts charged to each program is shown in the table below.

Expense Category	III-B	III-C1	III-C2	III-D	III-E	Waiver	LOC	Other	Total
Contractual Services – Village Diner	-	$3,986.50	$18,028.50	-	-	-	-	-	$22,015.00
Raw Food – Cash Wa	-	$410.29	$957.34	-	-	-	-	-	$1,367.63
Travel – Olson Auto	-	$1,063.77	$2,604.41	-	-	-	-	-	$3,668.18
Printing and Supplies – Western Kentucky University	-	-	-	$6,440.00	-	-	-	-	$6,440.00
Multiple Categories - Mastercard	$251.54	$141.41	$1,470.46	-	$3.46	$148.64	$27.18	$605.79	$2,648.48
Printing and Supplies - Webstaurant	-	-	$1,786.36	-	-	-	-	-	$1,786.36
Contractual Services – Homemaker and Respite Grants	$80.00	-	-	-	$1,000.00	-	-	-	$1,080.00
Contractual Services – Wood River	-	$492.49	$2,251.48	-	$339.08	-	-	-	$3,083.05
Contractual Services - Chartwells	-	$3,611.50	$4,355.50	-	-	-	-	-	$7,967.00
Total	**$331.54**	**$9,705.96**	**$31,454.05**	**$6,440.00**	**$1,342.54**	**$148.64**	**$27.18**	**$605.79**	**$50,055.70**

The APA noted the following issues related to these expenses:

Contractual Services – Village Diner: *MAAA has a contract with Village Diner to provide meals for the congregate and to-go meal programs at Goldbeck Towers in Hastings, congregate meals through vouchers, and home delivered meals in Adams County. MAAA pays Village Diner $8.50 per meal. For the congregate and to-go meals, the MAAA failed to require documentation from the client to verify the receipt of the meal. This was also noted in the prior monitoring summary.*

The MAAA also included Title XX meals in the home delivered meal counts charged to the Title III-C2 home delivered meal program. Because these meals are funded through Title XX, they should not be reported as meals to Title III-C2.

The APA recommends the MAAA implement procedures to ensure clients verify the services provided and to ensure only meals funded through the Federal aging programs be reported as costs to those programs.

Travel – Olson Auto: *The fuel and vehicle maintenance expense tested was for the van used for the meal programs in Webster County. This vehicle is used to transport all Title III-C1 and III-C2 meals from the preparation site in Guide Rock to the senior center in Red Cloud. The van is also used to deliver home delivered meals. The expense was allocated to the Title III-C1 and III-C2 programs based on the meal counts. However, it seems as though a greater number of the miles traveled is related to the delivery of home delivered meals, so the allocation should take that into consideration and does not.*

We recommend that the MAAA consider whether a log of the miles traveled in the van could be developed that would identify the program for which each trip was made.

Printing and Supplies – Western Kentucky University: *The $6,440 purchase of licenses, training, and supplies for Bingocize, an evidence-based group exercise and health education program developed by Western Kentucky University. This expense was charged to the Title IIID program. The total fiscal year 2023 budget for Title III-D expenses is $16,748, so the $6,440 purchase of this program used a substantial part of the budget.*

The APA recommends the SUA monitor the Title IIID program to ensure the total expenses do not exceed the budget.

Credit Card Payment: *The APA tested a few of the charges on the Mastercard and found the purchase of a $50 gift card. The MAAA explained that the gift card was used as a raffle prize at an event for seniors.*

The Administration for Community Living (ACL) has published guidance on using incentives to promote awareness of and encourage participation in Aging programs. While the guidance states that gift cards are allowable, it discourages their use as incentives as they pose challenges with security and accounting.

The APA recommends the MAAA work with the SUA to determine whether gift card purchases are allowable knowing the inherent risks of these purchases.

Contractual Services – Homemaker and Respite Grants: *The MAAA approved a $1,000 grant to a caregiver for self-directed respite care services at a rate of $15 per hour. The client is responsible for arranging care, paying the provider, and submitting a claim for reimbursement to the MAAA. The APA found that the claims submitted listed a month and a dollar amount of the services and failed to identify the dates, start and stop times, or the number of hours of service provided. The MAAA explained that the Grant Manager called either the client or the provider to get the number of hours of service.*

We recommend that the MAAA implement procedures to ensure all services are adequately documented and verified prior to payment.

Contractual Services – Wood River: *The MAAA has a contract with the City of Wood River to administer the meal programs. The contract reimburses $8.00 per Title III-C1 and III-C2 meal. MAAA also reimburses Wood River $15 per hour for the site supervisor's wages, which is not included in the contract.*

The timesheets submitted for the site supervisors were not approved by a supervisor to verify the number of hours worked. The APA recommends the MAAA ensure that the hours reported were verified prior to payment.

Also included in the payment tested was $171.00 for 19 Title III-E meals provided to a caregiver of a home-delivered meal recipient. The meals were reimbursed at $9.00 per meal. There is no rate for III-E meals in the contract.

The APA recommends that the MAAA ensure the site supervisors timesheets are signed and that all services reimbursed are included in the contract.

Contractual Services – Chartwells: *MAAA has a contract with Chartwells to provide meals for the congregate and to-go meal programs at Golden Friendship Center in Hastings and for home-delivered meals to a small group of rural clients. The contract includes a rate of $7.00 per meal. However, the MAAA paid $7.75 per meal for November 2022 meals. The overpayment was $349.50 to Title III-C1 and $421.50 to Title III-C2.*

The APA also noted that, like the meals served at Goldbeck Towers, no signatures are collected for congregate or to-go meals for verification that the clients received them.

The APA recommends the MAAA implement procedures to ensure all services be verified by the clients who receive them.

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 $10,852.73. The table below shows a summary of the income received for each transaction tested by program.

Income Type – Received From	***III-B***	***III-C1***	***III-C2***	***Total***
Client Contributions – Merrick County	-	*$1,371.00*	*$2,465.00*	*$3,836.00*
Client Contributions – Howard County	-	*$863.00*	*$1,829.00*	*$2,692.00*
Local Public Cash – Hall County	*$174.99*	*$474.99*	*$420.00*	*$1,069.98*
Local Public Cash – Webster County	-	*$101.50*	*$248.50*	*$350.00*
In-Kind – Volunteers – Golden Friendship Center	*$326.25*	*$1,570.50*	*$1,008.00*	*$2,904.75*
Totals	***$501.24***	***$4,380.99***	***$5,970.50***	***$10,852.73***

The APA noted that the contributions collected by Merrick County and Howard County were counted and deposited approximately once per week. The contributions received by Merrick County were deposited on November 4, November 16, November 23, and November 30. The contributions received by Howard County were deposited November 4, November 10, November 18, and November 23.

The APA recommends the MAAA implement procedures to ensure contributions are counted and recorded on the date received and deposited timely. A guideline for timeliness might be to deposit within three days if the aggregate amount is $500 or more or to deposit within five days if the aggregate amount is less than $500.

The APA also noted that the log used to record the in-kind volunteer services provided at the Golden Friendship Center was not mathematically correct and that some of the hours were not properly supported. The hours included services which did not directly benefit the Title III programs, such as decorating the senior center, and several timesheets did not identify the services performed.

The APA recommends the MAAA implement procedures to perform a review of the volunteer logs in detail to ensure their accuracy and are supported by adequate documentation.

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

The APA noted that $58.33 of the expenses reported in the Other cost category on the Form A for Waiver were expenses that belong in the Printing and Supplies or Communication and Utilities cost categories.

We recommend MAAA take steps to ensure that costs are reported in the correct categories.

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 continues to have concerns with the Blue Rivers Area Agency on Aging (BRAAA) process to allocate costs between multiple programs. Most notably, the time study used to allocate personnel and other expenses was from February 2021 and the allocation to the meal programs was an estimated percentage, rather than based on number of meals provided. The BRAAA employees completed new time studies in November and December 2022. However, these were not yet implemented during the month tested. These concerns are discussed in more detail in Sections 6 and 9 below.

We continue to recommend that the BRAAA implement procedures to ensure costs are reasonable, allocable, and in accordance with the Uniform Guidance.

Additionally, while the Executive Director approves all invoices and signs the checks, the BRAAA lacked procedures for an after-the-fact review of activity posted to the accounting system each month, including any electronic payments.

We recommend the BRAAA implement procedures to ensure a review of all transactions from the accounting system is documented each month. This review would ensure all activity posted to the accounting system was authorized.

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

The APA obtained the BRAAA's independent audit for fiscal year 2022, which noted two findings classified as material weaknesses. The first was the lack of an internal control system designed to provide for the preparation of the financial statements being audited, including the schedule of expenditures of federal awards and note disclosures. The second finding was that material audit adjustments to the financial statements were required. A third finding, classified as a significant deficiency, related to the BRAAA's procedures to allocate costs. Inconsistencies and weaknesses in the methodology and documentation supporting such allocations were identified.

Additionally, the findings from the APA's prior year monitoring were reviewed. Any non-corrected issues are addressed within the body of this summary.

We recommend the BRAAA implement procedures to ensure any prior audit or monitoring findings are adequately resolved.

3. Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2023 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 selected four employees from the December 16, 2022, payroll register for testing. The total gross pay for the pay period was $74,271.65. A summary of the employees' pay by program is shown in the table below.

Employee	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*LOC*	*Other*	*Total*
Employee 1	*$265.60*	*$929.60*	*$498.00*	*$33.20*	*$298.80*	*-*	*$1,294.80*	*$3,320.00*
Employee 2	*-*	*$546.70*	*$820.05*	*-*	*-*	*-*	*-*	*$1.366.75*
Employee 3	*-*	*-*	*-*	*$148.00*	*$1,568.80*	*$355.20*	*$888.00*	*$2,960.00*
Employee 4	*$142.88*	*$319.20*	*$490.39*	*-*	*$79.99*	*-*	*$107.54*	*$1,140.00*
Totals	***$408.48***	***$1,795.50***	***$1,808.44***	***$181.20***	***$1,947.59***	***$355.20***	***$2,290.34***	***$8,786.75***

The BRAAA's cost allocation plan contains the following language regarding the allocation of personnel costs:

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. For short term or emergent situations, employees that work to benefit a program that they normally would not have work hours in will document those hours on their bi-weekly time sheet. Costs that benefit all programs will be allocated based on the administrative cost pool. Program directors and/or appropriate management staff must review and approve time sheets and personnel activity reports to maintain accuracy of time study and future salary variances

- Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.

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

The APA noted several issues with the allocation of personnel costs for the employees tested that are noted below:

Employee 1: *This employee is the Executive Director, whose salary should be allocated using the administrative cost pool, which is determined using an average of employee time studies. First, the APA noted that the time studies used to allocate her payroll costs had not been updated since February 2021. Additionally, the BRAAA explained that the administrative cost pool did not accurately reflect her current work activities, so adjustments were made to the allocation. Those adjustments were not supported. From April 2022 through January 2023, her pay was allocated as noted below. The APA also included the percentages from the February 2021 time studies and the percentages from the November/December 2022 time studies.*

Allocation	III-B	III-C1	III-C2	III-E	Waiver	LOC	Other
BRAAA Actual	8%	28%	15%	1%	9%	0%	39%
February 2021 Time Studies	6%	13%	8%	1%	25%	0%	47%
November/December 2022 Time Studies	7%	9%	12%	1%	24%	1%	46%

Employee 2: *This is a meal site employee, whose pay was allocated between the Title III-C1 and III-C2 meal programs. This employee did not complete a time study, as required in the cost allocation plan. Instead, the BRAAA allocated personnel costs for meal site employees in the ratio of 40% to Title III-C1 and 60% to Title III-C2. The BRAAA explained that these percentages were a projected ratio of congregate to home delivered meals based on the expectation that more clients would attend congregate meal sites as the Covid pandemic waned. Not only were these percentages not supported, they also did not appear reasonable in comparison with the actual meals provided at the sites. From July to December 2022, 25% of meals served were congregate meals (Title III-C1) and 75% of the meals served were home delivered meals (Title III-C2). Additionally, none of the personnel costs were charged to the Title III-B for meal site employees. However, Title III-B services are also required to be provided at meal sites. The following table shows the variances for this employee using the estimated percentages used by the BRAAA compared to the actual meal counts:*

Employee 2 Allocation	III-C1	III-C2	Total
BRAAA estimate	$546.70	$820.05	$1,366.75
Actual Meal Counts	$341.69	$1,025.06	$1,366.75
Variance	$205.01	$(205.01)	-

Employee 3: *This employee is the CHOICES Supervisor who was promoted to the position in April 2022. The February 2021 time study for the person previously in the position was used to allocate the personnel costs for this employee. However, adjustments were made to the previous time study results as the current employee did not have the same duties as the person previously employed in the position. The BRAAA failed to provide adequate documentation to support the adjustments.*

The APA reviewed the newer time study results completed in November/December 2022 to determine if the allocation used was reasonable. However, the APA found an error in the calculation of the new time study results. For the employee tested, hours worked on Title III-E on two separate dates were incorrectly recorded as Title III-D. Therefore, the allocation percentages developed from the new time study results would charge a portion of the employee's personnel costs to Title III-D, even though the employee did not work on that program. The APA recalculated the time study results to account for this error and then used the corrected percentages to compare to the actual allocation used by the BRAAA for the payroll period. As noted in the table below, the allocation used by the BRAAA does not accurately reflect the employee's activities.

Allocation	*III-B*	*III-E*	*Waiver*	*LOC*	*Other*
BRAAA %	*0%*	*5%*	*53%*	*12%*	*30%*
APA %	*1%*	*7%*	*48%*	*19%*	*26%*
Variance	*(1%)*	*(2%)*	*5%*	*(7%)*	*4%*
BRAAA gross pay	*$0.00*	*$148.00*	*$1,568.80*	*$355.20*	*$888.00*
APA gross pay	*$29.60*	*$207.20*	*$1,420.80*	*$562.40*	*$740.00*
Variance	*$(29.60)*	*$(59.20)*	*$148.00*	*$(207.20)*	*$118.40*

Additionally, the APA determined that the tax withholdings for this employee did not agree to the Internal Revenue Service (IRS) Form W-4 provided by the BRAAA. Upon notification, the BRAAA provided a different IRS Form W-4; however, the amount of Federal and State tax withholding calculated by the BRAAA did not agree to the APA's calculation using the information from those forms.

Employee 4: *Employee is a Data Management Clerk, whose pay was allocated using the February 2021 time study. During our review of the time study, the APA found that two of the 14 days included in the time study were marked as days the office was closed; however, the time study included time worked on different programs on those days. The most significant impact on the results of this error is in Title III-B. For both days in which the office was closed, 2.5 hours each day were allocated to Title III-B, which is more time recorded to Title III-B than any other day in the time study. When the hours for the days the office was closed are included in the time study results, 9% of the employee's time appears to be for Title III-B. However, when those hours are excluded, the result for Title III-B decreased to 4.5%.*

In addition to the error in the time study, the APA also found that the BRAAA did not actually use the time study results to allocate this employee's personnel costs. The table below includes a comparison of the BRAAA's actual allocation percentages and the APA's calculation using the time study results.

Calculated by	*III-B*	*III-C*	*Waiver*	*LOC*	*Other*
BRAAA	*12.5%*	*71%*	*7%*	*0%*	*9.5%*
APA	*4.5%*	*77.6%*	*7.2%*	*1%*	*9.7%*
Variance	*8%*	*(6.6%)*	*(0.2%)*	*(1%)*	*(0.2%)*

Because of the concerns with the methods used to allocate personnel costs to more than one program, the BRAAA failed to comply with provisions of the Uniform Guidance. As a result, all the personnel costs for the period tested are considered questioned costs.

The APA recommends the BRAAA implement procedures to ensure its personnel costs are allocated in accordance with the relative benefits received by each program. This would include procedures to ensure time studies are updated at least annually. Any adjustments to the time study would generally be discouraged, but, if necessary, should be supported by adequate documentation. The BRAAA should consider the need for changes to its cost allocation plan to account for the allocation of meal site expenses using meal counts. The BRAAA should also consider whether Title III-B services are provided at these sites and should develop a methodology to determine how to allocate personnel costs to Title III-B. We also recommend the BRAAA implement procedures to ensure that employee tax withholdings agree to the employee's elections on the IRS Form W-4.

In the prior years, the APA noted that the BRAAA personnel expenses reported to the State Unit on Aging (SUA) included health insurance, contributions to a health savings account, retirement contributions, and life insurance benefits. In our current testing, however, the APA determined that three of four employees tested had retirement contributions withheld from their pay and each also had matching contributions made by the BRAAA. However, the APA was unable to find a retirement payment in the accounting system records provided for December 2022. The BRAAA failed to explain or provide documentation to support the payment of the retirement expense. Similarly, the APA found no record of the life insurance premium payment in December 2022.

We recommend the SUA perform follow-up procedures to ensure the payment of the December 2022 retirement contributions and life insurance premiums to those vendors. Without a record of such payments, those expenses would not be allowable.

The APA also determined that the allocation of the employer paid health insurance costs did not agree to the allocation of wages, in accordance with the BRAAA cost allocation plan.

We recommend the BRAAA implement procedures to ensure the payroll benefits are allocated in the same manner as employee wages as required by the cost allocation plan.

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

The APA noted that the BRAAA recorded $680 income received at the meal sites for site rental as a reduction of the meal expenses. The APA recommends the BRAAA consider recording the receipt of these funds as program income.

9. Perform a detailed test of agency expenditures

The APA selected eight December 2022 expenses for testing, totaling over $40,000. A summary of the expenses by program is shown in the table below.

Expense Category	III-B	III-C1	III-C2	III-E	Other	Total
Raw Food and Supplies – Capital One/Walmart	-	$192.32	$244.59	-	-	$436.91
Contractual Services – Legal	$2,083.33	-	-	-	-	$2,083.33
Travel – Farmer's Cooperative	-	$308.99	$463.49	-	$2,255.10	$3,027.58
Raw Food and Supplies - Sysco	-	$13,379.13	$19,032.81		-	$32,411.94
Contractual Services – Homemaker	$1,141.00	-	-	-	-	$1,141.00
Contractual Services – Respite	-	-	-	$500.00	-	$500.00
Contractual Services – Handyman	$229.80	-	-		-	$229.80
Contractual Services – Respite	-	-	-	$600.00	-	$600.00
Totals	**$3,454.13**	**$13,880.44**	**$19,740.89**	**$1,100.00**	**$2,255.10**	**$40,430.56**

The APA noted the following concerns with the expenses tested:

***Capital One/Walmart:** Payment to Capital One for the agency's Walmart credit card account. The APA tested the purchases made for the Nebraska City and Fairbury meal sites. The supplies expenses were allocated 48.7% to Title III-C1 and 51.3% to Title III-C2, while the raw food expenses were allocated 42.9% to III-C1 and 57.1% to III-C2. In our discussions, the BRAAA explained that those allocation percentages were both in error and should have been allocated 40% to Title III-C1 and 60% to Title III-C2. However, as noted previously, the 60/40 allocation method was based on an estimate and differs significantly from the actual ratio of congregate to home-delivered meals. The APA compared the actual allocation to the allocation based on the BRAAA's estimated meal counts and an allocation based on actual meal counts. See the comparison in the table below.*

Allocation Method	*III-C1*	*III-C2*
BRAAA Actual	*$192.32*	*$244.59*
Estimated Meal Counts	*$174.76*	*$262.15*
Actual Meal Counts	*$109.23*	*$327.68*

We consider this payment to be a questioned cost.

Farmer's Cooperative: *This was a payment for fuel and vehicle repair for the agency's vehicles used in the Aging and Medicaid programs. The payment was allocated to each program based on the usage of the vehicles documented on the mileage logs. However, during our review, the APA noted that two of the vehicles with fuel expenses totaling $79.85 were used solely for Waiver program. However, none of this expense was allocated to the Waiver program. BRAAA explained that this was an employee error caused by an entering the wrong code in the accounting system. We consider this amount to be a questioned cost.*

Additionally, the APA has concerns with the allocation of 40%, or $308.99, of the meal vehicle usage to the Title III-C1 because most of the vehicle usage is related to the delivery of home delivered meals, which benefits only the Title III-C2 program. Therefore, the allocation of a large portion of the costs to the Title III-C1 program may not be reasonable.

Sysco: *This payment was to a vendor for raw food and supplies used at the meal sites. The payment was allocated using the 60/40 allocation method. However, as noted previously, the actual meals served for July-December 2022 were 25% III-C1 and 75% III-C2. The variance between the allocation used by the BRAAA and the actual meal counts is shown in the table below:*

Allocation Method	*III-C1*	*III-C2*	*Total*
BRAAA Actual	*$13,379.13*	*$19,032.81*	*$32,411.94*
Actual Meal Counts	*$8,102.99*	*$24,308.96*	*$32,411.94*
Variance	*$5,276.15*	*$(5,276.15)*	*-*

Homemaker: *This was a $1,141 payment to a provider of Title III-B homemaker services. In December 2022, the provider recorded 81.5 hours of services at $14 per hour to six different clients. However, three of the clients were authorized for services under a different Federal program, Title XX of the Social Security Act. As a result, 64 hours or $896 were recorded as a Title III-B expense and should not have been.*

Respite: *This $600 payment went to a caregiver for self-directed respite care services. The respite services were provided by two different providers to one client. The regular caregiver pays the providers for the services and is then reimbursed up to a maximum amount per month. The BRAAA's authorization for the services and the maximum payment per month were documented in emails between BRAAA staff in the case file. The APA recommends the BRAAA consider the need for a more formal documentation process such as the utilization of an authorization form.*

To follow-up on prior year findings, the APA also reviewed two other expenses as follows:

Capital Business Systems: *The APA identified issues in the prior monitoring with the allocation of the copy service expense. This current year payment of $270.18 payment was for use of the central office's copier. The payment is allocated to the different programs based on copy counts. A total of $169.45 was directly charged to programs based on the program for which copies were made. The remaining $100.73 was for copies made by the Administration and Fiscal departments. Therefore, this portion of the payment was allocated using the administrative cost pool, which is an average of employee time studies. However, in its calculation, the BRAAA reversed the charges attributed to Title III-C1 and Title III-C2. Additionally, as noted previously, because the time study for the period tested was from February 2021, the APA had issues with the administrative cost allocation methodology. As a result, we consider the $100.73 to be questioned costs.*

Calculated by	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*Other*	*Total*
BRAAA	*$6.04*	*$8.06*	*$13.10*	*$1.01*	*$25.18*	*$47.34*	*$100.73*
APA	*$6.04*	*$13.10*	*$8.06*	*$1.01*	*$25.18*	*$47.34*	*$100.73*
Variance	*-*	*$(5.04)*	*$5.04*	*-*	*-*	*-*	*-*

Rent Expense: *Another prior finding was related to the allocation of the rent expense to various programs. The payment tested was a $4,500 payment for the central office space rent. Per its cost allocation plan, the BRAAA allocated the payment to the programs based on the central office employees' usage of the space. A worksheet was provided to explain that the payment was first divided evenly between each of the employees located at the central office, and then those costs were allocated according to each employee's payroll allocation determined from the time studies. However, on our comparison of the allocation on the rent worksheet to the payroll allocations for Employee 1, Employee 3, and Employee 4 tested in the payroll section above, the allocations were not the same. The BRAAA failed to realize these allocations were different until the APA brought it to their attention.*

Instead of using each employee's individual time study result, the APA calculated an allocation using the average time studies in the administrative cost pool. The variances between the BRAAA's allocation of the expense to the APA's calculation using the administrative cost pool are shown in the table below.

Calculated by	*III-B*	*III-C1*	*III-C2*	*III-E*	*Waiver*	*LOC*	*Other*	*Total*
BRAAA	*$240.22*	*$376.43*	*$606.97*	*$117.80*	*$1,050.88*	*$34.41*	*$2,073.29*	*$4,500.00*
APA	*$270.00*	*$585.00*	*$360.00*	*$45.00*	*$1,125.00*	*-*	*$2,115.00*	*$4,500.00*
variance	*$(29.78)*	*$(208.57)*	*$246.97*	*$72.80*	*$(74.12)*	*$34.41*	*$(41.71)*	*-*

We continue to 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. The BRAAA should ensure its time studies are updated at least annually, that the cost allocation plan entails all allocation methodologies, including the use of meal counts to allocate costs, and that the allocation of expenses on its worksheets and in the accounting system is accurate. We also recommend the BRAAA discontinue reporting the Title XX activity as part of the Title III programs since they are two separate 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.

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

The APA selected three income and matching transactions for testing that were reported for December 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*
Contributions Income – Falls City	*-*	*$658.00*	*$95.00*	*$753.00*
Contributions Income – Table Rock	*-*	*$2,146.00*	*$1,070.00*	*$3,216.00*
Contributions Income – BRAAA	*$613.00*	*-*	*$3,982.00*	*$4,595.00*
Totals	***$613.00***	***$2,804.00***	***$5,147.00***	***$8,564.00***

Falls City: *There was $390 in contributions listed on the cash log as To-Go meals that were incorrectly recorded as contributions to Title III-C1, instead of Title III-C2.*

Table Rock: *A client deposited $202 in contributions directly at the bank. Those contributions were recorded Title III-C1 congregate meals. However, the client received Title III-C2 home delivered meals.*

We recommend the BRAAA strengthen its procedures to ensure that the contributions 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.

The APA noted that the personnel expenses reported on the Form A for Waiver did not agree to the GL. The variance is shown in the table below:

Waiver			
Recorded On	*Form A*	*General Ledger*	*Variance*
Amount	*$29,692.80*	*$29,669.92*	*$22.88*

The amount is the allocation of the employer-paid life insurance benefits to the Medicaid Waiver program. As noted in step 6 above, no life insurance premiums expenses were recorded in BRAAA's accounting system. However, the premium was added to the Form A's personnel costs for Waiver.

The APA recommends that the BRAAA implement procedures to ensure the accurate accounting of employer paid benefits. We also recommend the SUA follow up with this item to ensure an actual expense was incurred and was properly reported.

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 in fiscal year 2022. Contractual payments are tested with expenses above.

1. Complete Internal Control Questionnaire
The Northeast Nebraska Area Agency on Aging (NENAAA) fiscal policies, under Cash Receipts & Disbursements Procedures, allowed its governing board members to use signature stamps to sign checks less than $1,000. This was also noted in the prior monitoring summary. *Because of the inherent risk of the use of signature stamps, the APA does not recommend their use. The APA continues to recommend the NENAAA consider discontinuing the use of signature stamps and revise their fiscal policies.* *The time studies used to allocate personnel and other costs for fiscal year 2023 were completed in August of 2021. The current process results in the time study being almost a year old at the beginning of the fiscal year in which it is used and close to two years old by the end of the fiscal year. The APA recommends the NENAAA consider whether the time study should be conducted closer to the fiscal year in which it is used* *The NENAAA lacked an adequate segregation of duties over its accounting processes. Any employee with access to the accounting system could process a transaction from beginning to end, including the Executive Director, whose access to the system is likely not necessary.* *The agency also lacked a documented review of its employees' pay rate each pay period. The month end payroll review consisted of a review of hours worked by the Fiscal Officer and a review of the net amount paid to each employee by a board member.* *Although some compensating controls exist, the APA recommends that the NENAAA remove the Executive Director's access to the accounting system and implement a documented monthly review of the detailed expenditures, including payroll, by the Executive Director.*
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. *The APA noted in the prior year monitoring that the NENAAA did not have a current contract with Philips Lifeline, a provider of Personal Emergency Response Systems (PERS). The APA noted that NENAAA made a payment to Philips Lifeline in January 2023 and requested the contract to follow up on this finding. The NENAAA provided a contract for calendar year 2023. However, the contract was not executed until March 2023.* *The APA continues to recommend that the NENAAA keep a current contract on file for all vendors.* *Any other uncorrected issues are noted in the detail testing sections below.* *The APA also reviewed the fiscal year 2022 audit report and found the management letter noted that Medicaid funding was improperly classified as deferred revenue.* *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 2023 transactions
No issues noted.
4. Review list of individuals authorized to process expenditure transactions in accounting system.
Obtained and reviewed. No issues noted.
5. Obtain a list of employees paid during the period tested
No issues noted.

6. Perform a detailed test of employee payroll

The APA selected three employees from the January 2023 payroll register for testing. Total gross pay for that payroll period was $103,310.87. The gross pay for the three employees tested was charged to each program as follows:

Employee	III-B	III-C1	III-C2	III-E	Omb	Waiver	LOC	Other	Total
Employee 1	$1,340.56	$301.09	$207.90	$422.97	$308.26	$2,573.61	$344.10	$1,670.34	$7,168.83
Employee 2	-	-	-	-	-	$3,941.67	$225.00	-	$4,166.67
Employee 3	$591.98	$2,561.05	$1,045.41	-	-	-	-	-	$4,198.44
Totals	**$1,932.54**	**$2,862.14**	**$1,253.31**	**$422.97**	**$308.26**	**$6,515.28**	**$569.10**	**$1,670.34**	**$15,533.94**

In August 2021, the NENAAA conducted a time study for a one-month period to support its basis of allocating the fiscal year 2023 payroll costs to the appropriate programs. No issues were noted with the time study; however, as noted previously, the APA recommended the agency consider whether the time study period should be closer to the fiscal year in which it will be used.

The APA also found the following issues during testing:

Employee 1: *The allocation for this employee was done using the average of the employees' time studies. However, the actual allocation of her January 2023 pay did not agree to the average of the time studies because of an error in recording the allocation in the accounting system. The NENAAA was unaware of this error until the APA brought it to their attention.*

The employee's Title III-B allocation also included time charged to the Senior Health Insurance Information Program (SHIIP), which is a separate Federal program administered by the Department of Insurance. Because this is a separate Federal program, it should not be reported in the Title III-B activity.

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.

The APA recalculated the allocation of Employee 1's gross pay using the average of the time study results and moved the SHIIP expenses to Other. A comparison is shown in the table below.

Allocation	III-B	III-C1	III-C2	III-E	Omb.	Waiver	LOC	Other	Total
NENAAA	18.7%	4.2%	2.9%	5.9%	4.3%	35.9%	4.8%	23.3%	100.0%
APA	13.2%	4.2%	2.9%	6.0%	4.3%	33.9%	4.7%	30.8%	100.0%
Variance	5.5%	0.0%	0.0%	-0.1%	0.0%	2.0%	0.1%	-7.5%	
NENAAA	$1,340.56	$301.09	$207.90	$ 422.97	$308.26	$2,573.61	$344.10	$1,670.34	$7,168.83
APA	$ 946.29	$301.09	$207.90	$430.13	$308.26	$2,430.23	$336.93	$2,208.00	$7,168.83
Variance	$394.27	$(0.00)	$0.00	$(7.16)	$0.00	$143.38	$7.16	$(537.66)	

Like the issues included above, the APA found that the allocation of health insurance expense did not agree with the calculated allocation from the average of the time studies. The SHIIP activity was also recorded as Title III-B activity.

The APA recalculated the health insurance expense allocation using the correct health insurance allocation and moving the SHIIP allocations to Other. A comparison of the allocations is shown in the table below.

Allocation	*IIIB*	*C1*	*C2*	*IIIE*	*Omb*	*Waiver*	*LOC*	*Other*	*Total*
NENAAA	*20.3%*	*4.8%*	*3.2%*	*6.9%*	*0.5%*	*37.1%*	*4.3%*	*22.9%*	*100%*
APA	*14.2%*	*4.8%*	*3.3%*	*6.9%*	*0.5%*	*35.5%*	*4.4%*	*30.4%*	*100%*
Variance	*6.1%*	*0.0%*	*-0.1%*	*0.0%*	*0.0%*	*1.6%*	*-0.1%*	*-7.5%*	
NENAAA	*$5,843.40*	*$1,381.70*	*$921.13*	*$1,986.19*	*$143.93*	*$10,679.35*	*$1,237.77*	*$6,591.83*	*$28,785.30*
APA	*$4,087.51*	*$1,381.69*	*$949.92*	*$1,986.19*	*$143.93*	*$10,218.78*	*$1,266.55*	*$8,750.73*	*$28,785.30*
Variance	*$1,755.89*	*$ 0.01*	*$(28.79)*	*$0.00*	*$ 0.00*	*$460.57*	*$(28.78)*	*$(2,158.90)*	

We recommend the NENAAA implement procedures to ensure the time study allocations are properly recorded in the accounting system and ensure the SHIIP expenses are not reported in Title III-B.

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 nine expenditures, totaling $69,574.87, for testing. A summary of the cost by program for each expense is shown in the table below.

Exp. Category	*III-B*	*III-C1*	*III-C2*	*III-E*	*Omb.*	*Waiver*	*LOC*	*Other*	*Total*
#1 Other	*$5,244.86*	*$1,177.99*	*$813.37*	*$1,654.80*	*$1,206.04*	*$10,069.03*	*$1,346.28*	*$6,535.04*	*$28,047.41*
#2 Contractual	*$6,150.00*	-	-	*$1,950.00*	-	-	-	-	*$8,100.00*
#3 Contractual	-	-	-	*$280.00*	-	-	-	-	*$280.00*
#4 Contractual	*$280.00*	-	-	-	-	-	-	-	*$280.00*
#5 Contractual	*$112.00*	-	-	-	-	-	-	-	*$112.00*
#6 Travel	-	-	-	-	-	*$774.74*	*$23.14*	-	*$797.88*
#7 Contractual	*$252.97*	*$2,279.50*	*$2,908.90*	*$275.00*	-	-	-	-	*$5,716.37*
#8 Contractual	*$3,241.51*	*$9,080.50*	*$7,840.25*	*$275.00*	-	-	-	-	*$20,437.26*
#9 Contractual	*$737.25*	*$1,608.75*	*$3,232.95*	*$225.00*	-	-	-	-	*$5,803.95*
Total	***$16,018.59***	***$14,146.74***	***$14,795.47***	***$4,659.80***	***$1,206.04***	***$10,843.77***	***$1,369.42***	***$6,535.04***	***$69,574.87***

The APA found the following issues related to the expenses tested:

Expenditure #1: *Payment to Morrow, Davies & Toelle, P.C for the NENAAA's fiscal year 2022 audit and monitoring of the senior center contractors. The APA found two issues related to this transaction:*

- *The NENAAA lacked a contract for the senior center monitoring activity. The NENAAA paid $5,500 for this activity and required the senior centers to pay that same amount, which is half of the total expense.*
- *There was an error in the allocation of this expense to the programs. The expense should have been allocated based on the average of the August 2021 time studies. However, the allocation percentages recorded in the accounting system were incorrect. Additionally, the NENAAA included the SHIIP expenses with Title III-B.*

The APA recalculated the allocation for this expense using the actual average time study results and also moved the SHIIP expenses to Other. A comparison of the allocations is shown in the table below.

Allocation	*III-B*	*III-C1*	*III-C2*	*III-E*	*Omb*	*Waiver*	*LOC*	*Other*	*Total*
NENAAA	*18.7%*	*4.2%*	*2.9%*	*5.9%*	*4.3%*	*35.9%*	*4.8%*	*23.3%*	*100%*
APA	*13.2%*	*4.2%*	*2.9%*	*6.0%*	*4.3%*	*33.9%*	*4.7%*	*30.8%*	*100%*
Variance	*5.5%*	*0.0%*	*0.0%*	*-0.1%*	*0.0%*	*2.0%*	*0.1%*	*-7.5%*	
NENAAA	*$5,244.86*	*$1,177.99*	*$813.37*	*$1,654.80*	*$1,206.04*	*$10,069.03*	*$1,346.28*	*$6,535.04*	*$28,047.41*
APA	*$3,702.26*	*$1,177.99*	*$813.37*	*$1,682.84*	*$1,206.04*	*$9,508.07*	*$1,318.23*	*$8,638.60*	*$28,047.41*
Variance	*$1,542.60*	*$(0.00)*	*$(0.00)*	*$(28.04)*	*$0.00*	*$560.96*	*$28.05*	*$(2,103.56)*	

The APA recommends the NENAAA implement procedures to ensure the allocation percentages are accurately recorded in it accounting system and that SHIIP expenses are not included with the Title III-B activities. We also recommend the NENAAA ensure all services provided are supported by written agreements.

No issues were noted with expenditures #2-#5.

Expenditure #6: *Payment to a NENAAA employee for travel to Waiver clients for home visits. The payment was allocated to the programs using the employee's time study results. However, the trips were all for Waiver client visits, so a more appropriate allocation would have been to charge the entire cost to Waiver. The difference in the allocation percentages is shown in the table below.*

Allocation	*Waiver*	*LOC*	*Total*
NENAAA Time Study	*$774.74*	*$23.14*	*$797.88*
APA Recalculated	*$797.88*	*-*	*$797.88*
Variance	*$(23.14)*	*$ 23.14*	*-*

The APA recommends that the NENAAA implement procedures to ensure that all expenses are charged based on the relative benefits received, in accordance with the Uniform Guidance.

Expenditures #7-#9 were contractual service expenses for the NENAAA's senior center contractors. Under the contracts, the Title III-B services are reimbursed at a per unit rate based on the type of service, Title III-C meals are reimbursed at a per meal rate based on the type of meal, and III-E services are reimbursed based on type of service and units of service. The APA requested support for a sample of Title III-B and Title III-E services, as well as for Title III-C meals reported by each of the senior centers selected for testing and found the following issues:

#7 Crofton Golden Age Senior Center: *For the Title III-B Services, the senior center lacked documentation to support 12 units of Social Activities. The senior center explained that these units were reported in error due to a scheduled event that was cancelled. Social Activities were reimbursed at $0.50 per unit and the $6.00 reimbursed for these units are considered a questioned cost.*

#8 City of Columbus: *For its Title III-B reported services, the senior center lacked documentation to support 4 units of Social Activities. The $2.00 reimbursed for these units are considered a questioned cost.*

#9 Valentine Area Community Senior Center Inc.: *The APA had no issues for the services and meals sampled.*

The APA initially selected the Norfolk Senior Citizen's Center Inc. for testing but learned the senior center failed to timely report expenses or income for January 2023 services. The NENAAA explained that the senior centers are required to submit supporting documentation for their expenses and income at least once per year. This senior center was selected for January 2023; however, the senior center failed to submit its documentation by the deadline and the reimbursement *for January was delayed until the documentation was provided. The reimbursement for January's services was made with the February reimbursement.*

Because the documentation was not provided timely, the APA requested a sample of services and meals for testing. The following issues were noted:

- *One of two to-go meal clients lacked a verification form to verify the receipt of the receipt of the reported meals.*
- *One of three home-delivered meal clients lacked a verification form to verify the receipt of the reported meals.*
- *The center lacked sign in sheets to verify the number of congregate meals reported, which were only served to senior center staff or volunteers. The NENAAA explained that the meal verification forms were used to document these meals. However, the forms do not indicate the type of meal received.*

We recommend the NENAAA strengthen its procedures to ensure the contractors' reported meals and services are adequately supported by sign in sheets or verification forms. When senior center documentation does not agree to the meals or services provided, we recommend the NENAAA consider whether additional or more frequent oversight is warranted for those senior centers. We also recommend the SUA review the February reports and verify that the reported expenses are accurate for amounts that were corrected from these findings.

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 income reported by the NENAAA is collected and reported by the senior centers. The APA requested the income support for the senior centers selected for testing in the expenditure section above. A summary of the contribution income reported by those senior centers is shown in the table below.

Contractor	***III-B***	***III-C1***	***III-C2***	***Total***
City of Columbus	*$201.24*	*$5,447.50*	*$4,350.75*	*$9,999.49*
Crofton Golden Age Senior Center	-	*$1,397.50*	*$1,625.00*	*$3,022.50*
Norfolk Senior Citizen's Center Inc.	-	-	*$5,436.50*	*$5,436.50*
Valentine Area Community Senior Center Inc.	-	*$1,014.00*	*$1,923.00*	*$2,937.00*
Total	***$201.24***	***$7,859.00***	***$13,335.25***	***$21,395.49***

The APA identified the following issues:

City of Columbus: *The contributions reported included $10 collected for meals that were not eligible for reimbursement under the Title III-C programs as the individual was under 60 years old. Therefore, the contributions are not program income for Title III-C.*

Crofton Golden Age Senior Center: *The contributions log included $205 in contributions that were not properly reported to the NENAAA. The center explained that a $190 deposit was not entered correctly and did not get reported but failed to provide an explanation for the remaining $15.*

Norfolk Senior Citizen's Center Inc.: *The contributions reported included $352 collected for meals that were not eligible for reimbursement under Title III-C programs as the individuals were under 60 years old. Therefore, the contributions* *are not program income for Title III-C. The APA also found that contributions were only recorded for five days in January 2023. The APA recommends that contributions be counted and logged on the date they were received.*

Valentine Area Community Senior Center Inc.: *All contributions received were maintained in a single lockbox and were not separated by meal program. Upon completion of the cash log, the center allocated the contributions received based on the number of participants in each meal program. The Uniform Guidance requires income to be used for the program in which it was received. The APA also determined that $2 in contributions attributed to the Title III-C1 congregate meals on the financial reports was reported as Title III-C2 home-delivered and to-go meals on the contributions log.*

We recommend the NENAAA strengthen procedures to ensure the accurate reporting of income by the senior centers. The NENAAA should ensure the consistent reporting of contributions for ineligible meals at the senior centers. We also recommend the NENAAA implement procedures to ensure that contributions received are counted and reviewed by two individuals daily.

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 in our prior monitoring, the NENAAA included activity from the Senior Health Insurance Information Program (SHIIP) in its Title III-B program reporting. The SHIIP and Title III-B programs are separate federal funding sources and should be accounted for separately under the Uniform Guidance.

The total SHIIP expenses included in the Title III-B reporting for the period tested were $12,489.21 and SHIIP revenue was $2,375. We recommend the NENAAA work with the SUA to ensure the SHIIP costs are reported properly.

The APA also found variances between the Form A report and the NENAAA's accounting records for Title III-E. The table below shows the variances.

Category	***Form A***	***General Ledger***	***Variance***
Personnel	*$6,684.81*	*$6,724.84*	*$(40.03)*
Travel	*$121.94*	*$149.67*	*$(27.73)*
Printing & Supplies	*$115.21*	*$91.46*	*$23.75*
Building Space	*$421.97*	*$421.97*	*-*
Communication & Utilities	*$203.87*	*$205.39*	*$(1.52)*
Other	*$1,735.59*	*$2,109.97*	*$(374.38)*
Contractual Services	*$11,894.00*	*$11,894.00*	*-*
Total	***$21,177.39***	***$21,597.30***	***$(419.91)***

The NENAAA explained that there was an error and that the amounts were corrected on a subsequent report. The APA recommends the SUA ensure the adjustments were made correctly on the subsequent report.

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 converted its subrecipient funding to contracts with senior centers and has a local CPA firm conduct agreed-upon procedures at one-half of the subrecipients each year.

As noted previously, the NENAAA also requires each senior center to provide documentation to support the amounts reported once per year. The APA observed issues with the reporting of the Norfolk Senior Citizen's Center Inc. during testing of expenditures. We recommend the NENAAA consider whether additional monitoring is necessary for senior centers with continued findings.

1. Complete Internal Control Questionnaire

The League of Human Dignity (LHD) implemented a policy to pay salaried staff members extra for Level of Care (LOC) work performed on weekends. Staff receive two times their normal pay rate for weekend work. The policy for the extra pay is not documented; therefore, there is a question as to whether it is allowable for reimbursement.

*2 CFR 200.403(c) requires costs to "*Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity."

The APA noted other issues with the additional pay included in step 6 below.

We recommend the LHD update their policies and procedures to ensure the extra pay on the Level of Care program is an allowable cost.

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

In the prior monitoring the APA found a significant overpayment made to the LHD for its building space expense. Our prior summary showed that for one building tested, the LHD had erroneously requested reimbursement for costs that were $27,000 more than the actual costs for the month tested. We recommended the amount be recouped by the Medicaid and LOC programs.

The Nebraska Department of Health and Human Services (DHHS) provided documentation showing a repayment of over $59,000 from the LHD in August 2022 for the errors related to this overpayment. However, DHHS failed to request or review any of the documentation supporting the building expenses to ensure the amount repaid was accurate.

We recommend DHHS implement procedures to ensure reports and information remitted by the LHD are accurate and supported.

3. Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2023 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 $234,198.16 and $3,415 to the Medicaid Waiver and LOC subawards, respectively, for personnel expenses in February 2023. 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	$4,991.26	$251.66	$5,242.92
Employee 2	$4,913.27	$125.98	$5,039.25
Employee 3	$4,707.54	$120.71	$4,828.25
Total	**$14,612.07**	**$498.35**	**$15,110.42**

The following issues were noted:

Employee 2: *The tax withholdings on the employee's pay stub did not agree to the amount requested on the IRS Form W-4. The LHD had the martial status set to single in the payroll system even though the IRS Form W-4 was marked as married. Therefore, the amount of taxes withheld was $194 more than what the employee requested.*

Employee 3: *The allocation of Employee 3's pay between the Waiver and LOC programs was incorrect because of an error on the employee's timesheet. The employee recorded 3.5 hours to administration. Upon discussion with the LHD, it was determined that the hours were for time worked on Waiver. The LHD incorrectly included the 3.5 hours in the allocation to LOC. This error resulted in the Waiver program being undercharged $63 and the LOC being overcharged by the same amount.*

As noted in the internal control section above, the LHD implemented a new policy for LOC weekend pay. The extra hours are paid on an additional payroll in the subsequent month after all approvals have been obtained. None of the three employees tested received overtime payments on their February 2023 paychecks. However, all three employees recorded extra time worked on their February 2023 timesheets.

Upon further review, the APA determined the additional hours worked were included in the February 2023 payroll allocation calculation, even though payment for the hours worked was at a different rate and was paid in a subsequent check. The APA believes the LHD should exclude the LOC weekend pay from its allocation calculations and instead charge the entire gross amount of the additional check to the LOC program.

The table below shows the difference in the allocations calculated by the LHD and the APA.

Calculated By	Waiver	LOC	Total
Employee 1			
LHD	$4,991.26	$251.66	$5,424.92
APA	$5,118.14	$124.78	$5,424.92
Variance	$(126.88)	$126.88	-
Employee 2			
LHD	$4,913.27	$125.98	$5,039.25
APA	$5,039.25	-	$5,039.25
Variance	$(125.98)	$125.98	-
Employee 3			
LHD	$4,707.54	$120.71	$4,828.25
APA	$4,823.90	$4.35	$4,828.25
Variance	$(116.36)	$116.36	-

Because of the error in the allocation calculations noted above, the employer share of retirement and payroll taxes will also be incorrect.

We recommend the LHD implement procedures to ensure employee tax withholding amounts agree to the amount elected by the employee. We also recommend the LHD implement procedures to ensure employees record time to the proper program on their timesheet and that personnel costs are allocated according to the actual time worked on each program.

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 $68,171.08 and $1,105.90 to the Waiver and LOC programs, respectively, for non-personnel expenses in February 2023. These costs include the indirect costs charged by the agency. The APA tested four expenditures as shown in the table below:

Expense Category	Waiver	LOC
Building Space	$8,672.97	$233.02
Mileage	$640.59	$0.00
IT Services	$2,630.04	$0.00
Indirect Costs	$27,672.30	$624.18
Total	**$39,615.90**	**$857.20**

The following issues were noted:

Building Space: *This category includes costs to maintain the LHD's buildings, including maintenance, utilities, insurance, taxes, depreciation, and other expenses. The APA selected one of the buildings, the Lincoln Building on P Street, to test the monthly occupancy charge. 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 $16,959.57 in building expenses for the Lincoln building for February 2023, of which $8,672.97 was charged to Waiver and $233.02 was charged to LOC.*

The APA selected the following three building expenses for testing:

Lincoln Building	
Utilities	$3,439.11
Utilities	$3,047.01
Property Insurance	$1,345.08
Total	**$7,831.20**

The amount charged for property insurance was incorrect. The LHD provided an allocation worksheet for insurance costs for the period March 1, 2022 to February 28, 2023. The amount to be allocated to the P Street building for property insurance was $1,526.12 per the allocation worksheet. However, the amount allocated per the LHD's accounting records was $1,345.08, a difference of $181.04. The LHD explained that the prior year's allocations were used in error. Additionally, the APA reviewed the insurance invoice and noted that the annual premium was $96,036 but that the insurance allocation worksheet included a total of $116,628 to be allocated, of which $80,229 was labeled property insurance.

A similar error was noted in the prior summary that resulted in significant overpayments to the LHD. These recurring errors warrant the need for additional monitoring by DHHS.

We recommend the LHD implement procedures to ensure the building costs are accumulated and reported accurately. We also recommend the DHHS implement additional monitoring procedures to ensure the amounts reported by the LHD are accurate and supported.

IT Services: *The amount charged to the Waiver program for a payment for IT equipment was not correct. During our review of the invoice, there were $2,297.54 in charges marked to Waiver; however, the LHD recorded $2,630.04 to the Waiver program in its accounting system, a difference of $332.50. Upon discussion with LHD staff, a journal entry was made to correct the error.*

We recommend DHHS verify that the revised report is correct and supported by adequate documentation.

Indirect Costs: *The LHD elected to use the 10% de minimis 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.*

The indirect costs charged to the Waiver program were 10% of the direct costs reported for February 2023; however, the indirect costs charged for the LOC program were less than 10% of the direct costs. The LHD provided the worksheets used to calculate the indirect costs applied for LOC and noted that the indirect costs were based a share of administrative costs, rather than on Modified Total Direct Costs for LOC.

The Uniform Guidance states that the indirect cost methodology must be applied consistently for all federal awards. 2 CFR 200.414(f) states the following:

> In addition to the procedures outlined in the appendices in paragraph (e) of this section, any non-Federal entity that does not have a current negotiated (including provisional) rate, except for those non-Federal entities described in appendix VII to this part, paragraph D.1.b, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. No documentation is required to justify the 10% de minimis indirect cost rate. As described in § 200.403, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. <u>If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.</u>

Emphasis added.

We recommend the LHD implement procedures to ensure indirect costs are reported consistently for all programs, in accordance with Federal requirements.

The APA also requested support for the LHD's February 2023 phone bill for $2,402.60 to follow up on an issue noted in the prior two summary reports. In the past, the APA concluded that communications expenses were not correctly allocated.

The LHD policy was to allocate the phone expense based on each employee's time worked. However, our testing found that for the three employees tested in the payroll section above, the LHD had allocated their telephone expense 100% to the Waiver program, even though none of the employees worked exclusively on the Waiver program. Therefore, this prior finding was not appropriately resolved by the LHD.

We recommend the LHD implement procedures to ensure the allocation of expenses to each program is accurate, supported, and based on the relative benefits received by 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.

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 for the Waiver program:

Cost Category	Form A	GL	Difference
Personnel	$234,198.16	$236,309.74	$(2,111.58)
Printing & Supplies	$4,442.75	$3,890.15	$552.60
Building Space	$13,881.12	$19,264.57	$(5,383.45)
Communications & Utilities	$3,710.77	$3,862.20	$(151.43)
Contractual Services	$9,039.88	$22,042.98	$(13,003.10)

After a week of discussions between the APA and the LHD and being unable to fully explain the variances, the LHD provided a revised Form A, which had the general ledger for printing and supplies as the only change. The variances with the revised general ledger are included below:

Cost Category	Form A (Revised)	GL	Difference
Personnel	$234,198.16	$236,309.74	$(2,111.58)
Printing & Supplies	$2,607.27	$3,890.15	$(1,282.88)
Building Space	$13,881.12	$19,264.57	$(5,383.45)
Communications & Utilities	$3,710.77	$3,862.20	$(151.43)
Contractual Services	$8,849.88	$22,042.98	$(13,193.10)

Although the amounts reported to DHHS are less than the amounts in the accounting system, there is a significant risk that for any given month, DHHS will be unable to determine if costs have already been reported or if they still need to be reported because the LHD cannot reconcile to their accounting records. Several explanations for the variances were offered, including amounts with February dates in the accounting system that were reported as expenses for January and expenses recorded in February for which the invoices were received after the February reports were completed.

The APA also noted a smaller variance between the Form A and the accounting records for the LOC program:

Cost Category	Form A	GL	Difference
Communications and Utilities	$27.28	$44.21	$(16.93)

In this case, because the variance was so small, it was able to be explained. The variance was due to an expense recorded in the accounting system with a February 2023 date, even though the invoice was received in March.

This issue has been noted for years, yet nothing has changed.

The LHD's accounting and reporting practices do not appear to conform to federal guidelines, which require that costs be supported by adequate documentation. 2 CFR 200.400(d) states the following:

> The application of these cost principles should require no significant changes in the internal accounting policies and practices of the non-Federal entity. However, the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.

Emphasis added.

It is virtually impossible to verify whether the LHD expenses are properly reported without reviewing expenses for the entire year.

We recommend the LHD implement procedures to ensure they are able to support the amounts reported to DHHS on the Form A. We also recommend the DHHS implement stronger monitoring procedures over the course of the award period to ensure expenses are accurately reported and supported by proper accounting records.
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.