

**AGREED-UPON PROCEDURES REPORT
OF THE
NEBRASKA DEPARTMENT OF HEALTH
AND HUMAN SERVICES
SUBRECIPIENT MONITORING
AGING AND MEDICAID PROGRAMS
JULY 1, 2017, THROUGH JUNE 30, 2018**

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Issued on October 4, 2018

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

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NERASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES
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KEY OFFICIALS AND AGENCY CONTACT INFORMATION

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Medicaid and Long Term Care**

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Matthew Van Patton	Director, Medicaid & Long Term Care
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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 & 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, 2017, through June 30, 2018. Management of DHHS is responsible for ensuring the criteria used is applicable. The responsible party, each subrecipient, is responsible for ensuring the accuracy of the reports and compliance with Federal cost principles. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Procedures Performed and Results

1. Complete Internal Control Questionnaire

The APA determined that all nine subrecipients tested lacked proper internal controls in one or more areas reviewed. Most lacked adequate written policies to determine that costs are necessary and reasonable, allocable, and allowable in accordance with Federal regulations. Furthermore, several lacked a reasonable basis to allocate personnel costs for employees who work on more than one program. Generally, personnel costs were allocated based upon a budgeted estimate of the amount of time worked on each program and not based on actual time worked or a documented method for reasonably allocating the personnel costs based on relative benefit received for each program.

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

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

The APA found that three of nine subrecipients had audit findings documented in a prior audit report. The APA performed follow-up procedures on each of those, as necessary.

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

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

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

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

5. ***If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska***

The APA determined that five of the nine subrecipients had received a Section 501(c)(3) exempt status from the Internal Revenue Service and operated as a non-profit organization. However, none of the five had made the appropriate filing with the Nebraska Secretary of State to operate as a non-profit in Nebraska.

See **Attachments 1-4 and 8.**

6. ***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.

7. ***Perform a detailed test of employee payroll***

For each of the nine subrecipients, the APA performed detailed employee payroll testing, which consisted of numerous steps for the employees selected for testing. In addition to the inadequate procedures to allocate personnel costs noted previously, the APA found several other concerns, including issues with income tax withholdings, lack of approved pay rates, timesheets that were not signed by either the employee or a supervisor, a lack of authorization for amounts deducted from employees' pay, and amounts deducted from employees' pay that did not agree to documentation provided.

For more detailed information regarding each of the subrecipients' payroll testing findings, see **Attachments 1-9.**

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

The APA found concerns with the journal entries reviewed for one of nine subrecipients tested. One journal entry moved 25% of certain costs to the Title III C-1 program from the Title III B program without adequate documentation to support the percentage of costs transferred. The subrecipient also used journal entries to record indirect costs in the Medicaid programs by taking 15% of the budgeted personnel costs for a 10-month period. Again, there was not adequate documentation on file to determine if those costs reflected the amount of administrative time actually worked on the programs.

See **Attachment 5.**

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

No concerns were noted during this test.

10. Perform a detailed test of agency expenditures

For each of the nine subrecipients, the APA performed a test of expenditures, which consisted of numerous steps for each transaction selected for testing. Generally, the APA determined the subrecipients lacked adequate procedures to allocate costs based on the relative benefits received by each program.

Furthermore, the APA found a number of concerns with all nine subrecipients tested, including charges to Federal awards for vehicle replacement costs, which is not an actual or allowable expense, lack of adequate documentation to support mileage reimbursements to employees or to determine that miles driven were reasonable, in-kind building space costs that were not calculated in accordance with Federal regulations, lack of documentation to support expenses submitted by subrecipients, lack of consistency by the subrecipients in accounting for their own subrecipient expenses, lack of documentation to support meal requests provided by contractors, lack of documentation to support the rates charged for homemaker services, treating one relationship with a vendor as a contract rather than a subrecipient subject to Federal regulations, amounts paid that exceeded the amount authorized for clients, lack of adequate documentation to support rates paid, and concerns with indirect cost calculations and charges.

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

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

Significant contracts would have been tested in the expenditure section above, or the subrecipient monitoring section, below.

12. Ascertain the procedures to ensure the time elapsing between the receipt of the Federal awards and the disbursement of funds is minimal. (45 CFR 75.309)

The subrecipients are paid on a reimbursement basis. Therefore, no issues were noted.

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

The APA determined seven of the nine subrecipients lacked adequate procedures over the collection and recording of income and matching amounts, including contribution logs that were not signed by two individuals, volunteer hours reported as matching that were not documented by approved timesheets, volunteer hours reported that were mathematically inaccurate, lack of documentation to verify income and matching amounts reported by senior centers or subrecipients, records that did not support the amount of income reported, amounts reported that did not agree to the amount deposited, and a lack of documentation or sign-in sheets at congregate sites.

For additional details for each subrecipient, see **Attachments 1, 3-8**.

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

The APA found concerns with the amounts reported for seven of nine subrecipients. In general, the amounts reported to DHHS were not supported by the financial information provided by the subrecipient. The APA also determined one subrecipient had adjusted the original entries made in the accounting

system, which had completely eliminated the audit trail. Furthermore, local matching amounts reported were not supported, NSIP amounts reported were not accurate, volunteer hours were not recorded in the accounting system, and one subrecipient did not have the form on file that the senior center used to report its financial activity for the month.

For further information regarding these concerns, see **Attachments 1-2, 4-8.**

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

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

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

The APA noted issues with the subrecipient monitoring procedures performed by seven of the nine subrecipients. The other two subrecipients did not make any subawards. In general, the subrecipients tested lacked adequate monitoring procedures for its subawards. Most lacked written policies documenting the subrecipient monitoring process. Additionally, most performed only very limited testing and did not review personnel costs, methods used to allocate expenses to the various programs, income, or matching amounts. Many of them did not maintain the documentation to support the detailed testing performed. In some cases, cash was not counted, matching amounts were not verified, all senior centers or subawards were not reviewed, and explanations could not be provided for indirect costs charged.

For additional details on the subrecipients tested, see **Attachments 1-6, and 8.**

* * * * *

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is to determine whether the subrecipient financial reports were accurate and in compliance with Federal cost principles. Accordingly, this report is not suitable for any other purpose. This report is a matter of public record, and its distribution is not limited.



Charlie Janssen
Auditor of Public Accounts
Lincoln, Nebraska

September 5, 2018

Aging Office of Western Nebraska (AOWN)
 Summary of Results – Subrecipient Monitoring
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Complete Internal Control Questionnaire

The APA noted the following concerns over the AOWN's internal controls:

The AOWN lacked adequate, up-to-date policies and procedures covering many internal control issues. Written policies should include the functions of financial and performance management, the method to determine costs are necessary and reasonable, allocable and allowable in accordance with the UGG and subawards, use of credit cards, and the method to allocate costs to more than one program, fixed assets and inventory policy, and subrecipient monitoring procedures.

Additionally, the Fiscal Officer did not have a current copy of the Uniform Grant Guidance available either in writing or electronically.

The AOWN should continue to work to update its policies and procedures to ensure the policies identified above are included. Furthermore, we recommend the Fiscal Officer maintain a copy of the Uniform Grant Guidance.

The AOWN completed a time study in April 2017 that was used to allocate personnel costs to more than one Federal program or activity. The APA had a number of concerns related to the time study as follows:

As mentioned previously, the AOWN lacked written procedures related to its time study. The written procedures should include not only the process used to allocate each employees time to each program, but should also include the method used by AOWN to round the actual percentages calculated to those used for allocation purposes. The following examples illustrate the actual percentages calculated in the time study compared to the allocation percentages actually used by AOWN.

Director	C1	C2	III Respite	Care Management	Medicaid Waiver	IIIB ADRC
Time Study Calculation	17.03%	12.10%	3.08%	13.54%	27.63%	10.05%
Actual Allocation Used	10.00%	5.00%	4.10%	9.00%	37.10%	13.00%

Fiscal Officer	IIIB I & A	IIIB Outreach	IIIB SDC	C1	C2	III Respite
Time Study Calculation	7.22%	2.55%	0.76%	16.00%	10.75%	5.92%
Actual Allocation	5.70%	1.40%	0.40%	13.00%	9.00%	4.10%

Bookkeeper	IIIB I & A	C1	C2	III Respite
Time Study Calculation	8.90%	16.01%	10.85%	5.87%
Actual Allocation	5.70%	13.00%	9.00%	4.10%

Note: For the above employees, only the programs with variances between the calculation and the allocation amount used are included.

As noted above, the amounts actually used to allocate costs did not agree to the calculation determined in the time study. The AOWN needs to ensure the amounts calculated by the time study are the amounts used to allocate its costs. If the AOWN rounds the time study calculations in some fashion, the method used to round should be adequately documented in the policy to ensure a consistent treatment between Federal, State, and local funds.

Additionally, the time study did not indicate whether the employees were performing their normal job duties during the time period of the time study or had significant leave used during the time study period. For example, one

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employee tested had 70 hours of leave used in the period of the time study - 39.7% of her time. The AOWN should ensure the time period is representative of the normal job duties for its employees.

The APA tested 4 of the 17 employees included in the time study. Four of the employees tested did not record 100% of their time directly to an agency program or activity. But the AOWN charged 100% of their time across all programs. The examples included below show the amount of time coded as “Other,” which may include lunches, meetings, and other time away from the office that is not PTO, and the total amount of time covered in the time period.

Title	Direct Program Activities	Other
Director	45.1%	45.9%
Fiscal Officer	37.5%	22.8%
Bookkeeper	79.8%	15.1%
Service Coord/Res Dev	69.5%	18.1%

Note: The remaining time is coded to PTO.

The AOWN should implement procedures to ensure the allocation of personnel costs to the Federal programs is based upon an appropriate time study. If costs are not directly benefiting a program, the costs should not be charged to the Federal programs.

The AOWN charged 9.8% of some employees’ time to administration. There is no documentation to support this percentage.

The APA learned that the current Fiscal Officer was newly hired since the completion of the time study. A new time study was not completed for this employee; rather his time was allocated using the percentages determined by the former Fiscal Officer. The AOWN should implement procedures to ensure any new hires or employees who change positions complete a new time study that properly allocates the amount of time currently spent on each program or activity.

The State Unit on Aging did not provide adequate documentation for the approval of the time study used by the AOWN. The State Unit on Aging should formalize their review process of agencies’ time studies and provide explicit approval of the studies.

Employees at the nutrition sites were not included in the time studies. The personnel costs for these employees were based on the budgeted amount of meals between the C1 and C2 programs. This budgeted amount did not have adequate support. It did not agree to the actual meal count numbers provided to the APA. The AOWN should ensure the meal count numbers are adequately documented so that they actual meal count percentages can be used to allocate certain costs.

It also came to our attention during testing that the Fiscal Officer was making adjustments to original entries the accounting system, QuickBooks. An inherent risk in this software is the ability to change entries without an adequate audit trail. As opposed to make changes to previous entries, the AOWN should ensure that any changes are done through the journal entry process so there is adequate documentation of the original entry and the change.

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

Prior audit found a lack of internal control processes to ensure financial statements were complete and accurate and to provide a clear and accurate year end cut off.

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

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No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

AOWN indicated it operates as a non-profit corporation. However, the AOWN has not made the appropriate filings with the Nebraska Secretary of State to be considered a non-profit corporation.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested six employees of the AOWN, each who had personnel costs charged to more than one program. Four were based on the time study and two were allocated using budgeted amounts of meals at the nutrition sites. The APA's concerns with the AOWN's time study and meal count process are documented above.

The following table includes the programs charged for all six employees tested for the January 2018 payroll:

Program Charges								
IIB	C1	C2	IID	IIE	LOC	Waiver	CM/Other	Total
\$788.12	\$1,113.68	\$599.67	\$171.34	\$830.98	\$0.00	\$2,749.93	\$2,313.02	\$8,566.74
\$547.00	\$833.52	\$573.05	\$156.29	\$505.32	\$156.29	\$2,281.76	\$156.29	\$5,209.52
\$210.32	\$320.49	\$220.35	\$60.09	\$194.30	\$60.09	\$877.36	\$60.09	\$2,003.09
\$0.00	\$0.00	\$0.00	\$0.00	\$341.25	\$0.00	\$733.68	\$631.30	\$1,706.23
\$0.00	\$314.76	\$340.99	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$655.75
\$0.00	\$526.75	\$225.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$752.50
\$1,545.46	\$3,109.20	\$1,959.81	\$387.72	\$1,871.85	\$216.38	\$6,642.73	\$3,160.70	\$18,893.85

Because the method used to allocate personnel costs was not adequately documented and included the aforementioned issues, none of these six employees had adequate documentation to support the amount charged to each program. Therefore, the AOWN was not in compliance with the Uniform Grant Guidance. The AOWN should work with the SUA to implement a method of time reporting that allocates the payroll costs based on the relative benefits received to each program and is supported by adequate documentation .

The APA also noted the following concerns in testing the personnel costs of the AOWN employees tested:

The Director's January payroll was not allocated in accordance with the percentages documented on its time study for the following programs:

Executive Director	CM	MW	ADRC
Time Study Allocation %	9.00%	37.1%	13.00%
Actual % Used	27.00%	32.10%	0.00%

One employee's timesheet was not signed by a supervisor documenting the approval of hours worked.

One employee was paid for over 80 hours one pay period that included sick leave. This was not in accordance with its policies and procedures.

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Two of six employees had pay rates that lacked proper documentation for the approval. The form authorizing the increase was not signed.

One employee had payroll income taxes withheld using 2 exemptions. The W-4 provided by AOWN showed zero withholding exemptions.

The AOWN should implement procedures to ensure the allocation percentages calculated in the time study are the percentages used to allocate personnel costs. The AOWN should also implement procedures to ensure all timesheets are appropriately approved by a supervisor and documented by a signature on the timesheet, to ensure the hours paid are in accordance with its policies, to ensure pay rates are properly documented, and to ensure the amounts withheld for income taxes agree to the amounts elected by the employee.

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

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a \$2,190.75 expense coded as vehicle replacement. It is included in the travel cost category in the budgets. This is not an actual expenses as required by the terms of the subawards with DHHS. The amounts are being accumulated in a separate fund by AOWN to be used for future vehicle purchases. Because it is not an actual expense, there is a lack of documentation to support the amounts. Additionally, the amounts allocated to each program are not adequately documented. This is not a reasonable or allowable use of Federal funds. Since the beginning of the grant period, the AOWN has recorded \$15,335.25 to this expense.

The allocation of the vehicle replacement costs to the programs for the January 2018 payment is as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
\$ 166.66	\$ 735.50	\$ 913.17	\$16.67	\$ 16.75	\$ 25.00	\$ 275.33	\$41.67	\$ 2,190.75

The AOWN should implement procedures to ensure only actual and allowable costs are charged to the Federal grants. The AOWN should work with the DHHS to determine the amount required to be reimbursed for these unallowable costs.

The APA tested a \$423.30 travel expense paid to an employee for miles travelled in her personal vehicle in January 2018. A total of nine days were included on the local travel mileage log for which 776.7 miles were requested for reimbursement at \$.545 per mile. Nine of the ten trips (226.30 miles and \$123.33) lacked adequate documentation to identify the purpose of the trip, and instead included a client name and address. The documentation to support the programs charged was not adequate. It appears that a budgeted amount of 59% to Case Management and 41% to Medicaid Waiver was used to allocate the expense. This employee’s payroll costs were allocated 85.5% to waiver, 9.5% to SCO and 5% to CM. Therefore, the allocation of costs did not seem reasonable. Additionally, three of nine trips indicated “SCO” as the purpose of the trip; however, none of the miles were allocated to the Senior Care Options program. (309.4 miles and \$168.62) The AOWN should implement procedures to ensure mileage logs appropriately identify the purpose of the trip so that the trips can be charged to the proper program.

The APA tested a \$647.08 travel expense paid to an employee for miles travelled in his personal vehicle in January 2018. A total of ten days were included on the local travel mileage log for which 1187.30 miles were requested for reimbursement at \$.545 per mile. Nine of the ten trips (1112.6 miles and \$606.38) lacked adequate documentation to identify the purpose of the trip, and instead included a client name and address. The documentation to support the programs charged was not adequate. It appears that a budgeted amount of 59% to Case Management and

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41% to Medicaid Waiver was used to allocate the expense. This employee’s payroll costs were allocated 50% to waiver and 50% to CM. Therefore, the allocation of costs did not seem reasonable. Additionally, one trip noted “SCO” as the purpose of the trip; however, none of the miles were allocated to the Senior Care Options program. (74.7 miles and \$40.71) The AOWN should implement procedures to ensure mileage logs appropriately identify the purpose of the trip so that the trips can be charged to the proper program.

The APA tested a \$2,055.79 VISA charge coded to supplies expense. The credit card charge consisted of the following expenses:

Expense	Amount
Walmart gift cards	\$ 1,850.00
Target gift cards	\$ 125.00
Domino's pizza	\$ 23.98
Supplies	\$ 21.81
Plant	\$ 35.00
Total	\$ 2,055.79

The gift cards and pizza were for the benefit of the employees as employee recognition awards. The AOWN provided its employee recognition policy, which is included below:

Employee Recognition Program

All central office staff in December will be recognized at the Employee Recognition Day.

Because the policy does not contain sufficient details, including a dollar limit on the awards, the APA considers the expenses for employee recognition to be unallowable.

Additionally, the AOWN purchased a plant as a get well gesture to one of its employees. The APA also considers this expense to be unallowable under 2 CFR 200.404, which defines reasonable costs. Section (a) of the regulation states, “Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.”

Therefore, the only allowable expense included in the credit card charge was the \$21.81 in supplies.

The AOWN also lacked documentation to support the allocation of these costs to the various programs. The cost was allocated according to a budgeted amount, as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
\$ 590.79	\$ 156.36	\$ 107.54	\$75.13	\$ 74.36	\$488.35	\$ 356.76	\$206.50	\$ 2,055.79

We recommend the AOWN work with DHHS to improve its employee recognition policy in order for the costs to be considered allowable. We also recommend AOWN implement procedures to ensure all costs are in accordance with the Uniform Grant Guidance and have adequate support for the allocation between its programs. The AOWN should work with DHHS to determine the amount to be reimbursed as unallowable costs.

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Attachment 1

The APA tested a \$31,062.25 expense for in-kind building space for the nutrition site locations for January 2018. That amount was allocated based on the budgeted allocation of the C1 and C2 program, 59% to C1 (\$18,326.73) and 41% to C2 (\$12,735.52).

The AOWN calculated the amount by requesting the sites to provide documentation to support the value of the building. They then used 1% of the building value as an annual building cost. The annual building cost is expensed as in-kind on a monthly basis. The APA requested documentation to support the values of each site and adequate documentation was not provided.

The Uniform Grant Guidance, at 2 CFR 200.306(h)(2)(i)(3) states, “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. . .” Therefore, the amount recorded as building in-kind is not allowable. Because the same amount is recorded each month, a total of \$217,435.75 has been recorded as building space in-kind expense since July 2017.

Although the in-kind expenses do not have a financial impact on the amount paid by DHHS because the in-kind amounts are recorded as an expense and as a matching amount. So in essence, the net effect is zero. However, because the amounts are recorded as matching, there would be some implications regarding whether the matching requirements in the C1 and C2 grant are met if these amounts are not allowable. The AOWN should work with DHHS to ensure matching in the C1 and C2 programs was met and to properly account for in-kind building space.

The APA tested \$500 and \$544 expenses charged to utilities for the Alliance and Chadron nutrition sites for utilities. The amounts are included in the agreements with the entities. However, the amount allocated between the C1 program and C2 programs is based upon the 59% and 41% budgeted amounts and do not agree to the actual meal counts for the sites. The amounts allocated to C1 were \$295 and \$320.96; the amounts allocated to C2 were \$205 and \$223.04.

The AOWN should implement procedures to ensure the costs charged to meal site are allocated based on actual meal counts and not budgeted figures.

The APA tested an expense paid to the Morrill County Handyman. The AOWN has a subaward with Morrill County to provide homemaker and chore services in Morrill County. Morrill County requests from AOWN reimbursement of expenses on a monthly basis. The APA requested documentation to support the \$600 personnel costs, the \$1,470.50 charged to other expenses.

The APA determined that Morrill County did not submit timesheets for the employee whose personnel costs were charged to the grant. According to the AOWN Director, Morrill County employees did not complete timesheets.

Additionally, the allocation of the personnel cost between homemaker and chore was based on budgeted amounts of 34% (\$216) and 64% (\$384). The allocation of personnel costs based on a budget is not adequate.

Morrill County also provided documentation to support the \$1,470.50 in homemaker and chore services provided by four different individuals. Each handyman submitted documentation to support the services provided, including the date, number of hours/jobs, rate, client signature and type of work provided.

One handyman was reimbursed for 28 separate jobs; however, the documentation for 26 of the jobs failed to include the signature of the client but in some cases included a note stating, “via telephone.” The total of the 26 jobs for which there was no signature was \$1,150.

Two other handymen claimed to have provided snow removal services to the same client on the same date. One charge was \$40 the other was \$20.

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These services were split based on a budgeted figure of 36% (\$529.38) to homemaker and 64% (\$941.12) to chore. However, based on the actual jobs performed, the allocation should have been \$220.50 to homemaker and \$1,250 to chore.

We recommend AOWN implement procedures to ensure this subrecipient maintains adequate records to support the use of Federal and State funds.

The APA tested a \$2,545.41 raw food expense paid to Walmart. The AOWN allows its nutrition sites to charge food purchases on account at Walmart. The AOWN then allocates the costs to each site based upon the most recent meal count percentages from each site as follows:

- *Hemingford was allocated 79% to C1 (\$271.22) and 21% to C2 (\$72.10). This did not agree to any of the monthly meal counts.*
- *Bridgeport was allocated 65% to C1 (\$96.28) and 35% to C2 (\$51.84). This appears to have agreed to the July meal count.*
- *Harrison was allocated 50% to both C1 and C2 (\$274.53 to C1 and \$274.52 to C2.) This did not agree to any of the monthly meal counts.*

Additionally, the APA determined that an amount that was supposed to be charged to Sidney for C1 was actually charged to Mitchell for C1. (\$212.99)

The AOWN should implement procedures to ensure its raw food cost are allocated based on the actual meal count percentages. The AOWN should also implement procedures to ensure the coding to each site is accurate.

Finally, the APA tested an \$1800 contractual service expense paid to a CPA for payroll processing services. The allocation to each program was based upon a budgeted number and lacked adequate documentation. The expense was allocated to the various programs as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
\$ 165.60	\$ 234.00	\$ 126.00	\$36.00	\$ 174.60	\$0.00	\$ 901.80	\$162.00	\$ 1,800.00

The AOWN should implement procedures to ensure amounts are allocated to each program in accordance with the relative benefits received. Any allocation method should be adequately documented.

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

N/A – APA tested contracts above.

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

No issues noted.

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

The APA reviewed four site deposit amounts for the Title C programs. The internal control processes includes two signatures on the daily meal reports to verify the amounts received at the nutrition sites. Two of the four site did not have two signatures included each day money was received. (Sidney and Morrill) Those two sites collected \$2,807.80 and \$1,205.50 for the month of December 2017.

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Additionally, the Sidney meal count report was not mathematically accurate. The amount recorded for C1 was \$1,502.40; however, the report mathematically showed \$1,513.40. Likewise, the daily meal count report showed \$1,305.38 for C2 contributions; however, when re-added, the C2 amount was actually, \$1,294.40.

The AOWN should implement procedures to ensure the amounts reported by the nutrition sites are mathematically accurate and are verified by two individuals.

The APA also found issues with the matching amounts for the in-kind building expenses, as noted above. The AOWN should implement procedures to ensure matching amounts are recorded using values in accordance with requirements found in the Uniform Grant Guidance.

Finally, the APA determined that two nutrition sites, Chadron and Hemingford, did not have all of the volunteers' signatures for all volunteer hours worked. Chadron recorded 77.25 volunteer hours for January 2018, while Hemingford recorded 19.25 hours.

Because of the significance of the dollars at issue in the in-kind matching for the Title C programs, the DHHS should ensure the total matching requirements were met at the end of the grant year for the Title C programs.

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 in some instances the AOWN was reporting activity on the Form A that was not actually recorded in its accounting system until the following month, including ADRC deposits and Local Public Cash. The AOWN and DHHS should work together to make sure the Form A amounts are consistently reported internally and compared to other area agencies.

Certain amounts in the IIIB program were not properly reported in previous reporting periods, so the AOWN made an entry in the January 2018 Form A to record all amounts that had not been previously reported so that the Form A YTD matched the GL YTD. This occurred specifically in the Income Contributions/Fees and Local Other (In-Kind) amounts for the IIIB program.

Many of the AOWN programs contained many small variances between the GL and the amounts reported on the Form A, as shown below and highlighted in yellow. The AOWN Fiscal Officer made adjustments to the original entries in QuickBooks, which completely wiped out an audit trail of that original entry. The documentation provided by the Fiscal Officer was not sufficient to determine if the entries made were proper.

Title C1 and C2:

Cost Category	C1			C2		
	Form A	GL	Difference	Form A	GL	Difference
Personnel	\$ 43,778.60	\$ 43,615.76	\$ 162.84	\$ 35,604.72	\$ 35,491.56	\$ 113.16
Travel	\$ 1,770.95	\$ 1,770.95	\$ -	\$ 2,965.65	\$ 2,965.65	\$ -
Printing & Supplies	\$ 2,053.13	\$ 2,053.13	\$ -	\$ 4,269.14	\$ 4,269.14	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building Space	\$ 18,521.37	\$ 18,521.37	\$ -	\$ 12,905.84	\$ 12,905.84	\$ -
Comm & Utilities	\$ 3,501.69	\$ 3,501.69	\$ -	\$ 2,416.54	\$ 2,416.54	\$ -
Other	\$ 805.30	\$ 805.30	\$ -	\$ 298.46	\$ 348.61	\$ (50.15)
Raw Food	\$ 26,838.05	\$ 26,838.05	\$ -	\$ 20,552.05	\$ 20,552.05	\$ -
Contracted Services	\$ 468.00	\$ 468.00	\$ -	\$ 252.00	\$ 252.00	\$ -
Gross Costs	\$ 97,737.09	\$ 97,574.25	\$ 162.84	\$ 79,264.40	\$ 79,201.39	\$ 63.01

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Other Non-matching	\$ -		\$ -	\$ -		\$ -
Title XX	\$ 664.64	\$ 664.64	\$ -	\$ 3,805.60	\$ 3,805.60	\$ -
NSIP	\$ -		\$ -	\$ -		\$ -
Income Contrib/Fees	\$ 17,406.01	\$ 17,517.21	\$ (111.20)	\$ 13,812.34	\$ 13,812.34	\$ -
Total Non-Match	\$ 18,070.65	\$ 18,181.85	\$ (111.20)	\$ 17,617.94	\$ 17,617.94	\$ -
Actual Costs	\$ 79,666.44	\$ 79,392.40	\$ 274.04	\$ 61,646.46	\$ 61,583.45	\$ 63.01
Local Public Cash	\$ 474.85	\$ 282.80	\$ 192.05	\$ 1,279.60	\$ 735.34	\$ 544.26
Local Public Other	\$ 18,326.73	\$ 18,326.73	\$ -	\$ 12,735.52	\$ 12,735.52	\$ -
Local Other (In kind)	\$ 3,641.28	\$ 3,641.28	\$ -	\$ 2,611.47	\$ 2,611.47	\$ -
Local Other (Cash)	\$ 50.00		\$ 50.00	\$ -	\$ -	\$ -
Total Local Matching	\$ 22,492.86	\$ 22,250.81	\$ 242.05	\$ 16,626.59	\$ 16,082.33	\$ 544.26
SUA Cost	\$ 57,173.58	\$ 57,141.59	\$ 31.99	\$ 45,019.87	\$ 45,501.12	\$ (481.25)

Title IIID and IIIE:

Cost Category	III-D			III-E		
	Form A	GL	Difference	Form A	GL	Difference
Personnel	\$ 1,306.82	\$ 1,040.42	\$ 266.40	\$ 4,278.26	\$ 4,278.26	\$ -
Travel	\$ 68.35	\$ 56.38	\$ 11.97	\$ 160.16	\$ 160.16	\$ -
Printing & Supplies	\$ 109.86	\$ 131.35	\$ (21.49)	\$ 129.99	\$ 129.99	\$ -
Equipment	\$ 38.14		\$ 38.14	\$ -	\$ -	\$ -
Building Space	\$ 63.25	\$ 63.25	\$ -	\$ 374.65	\$ 374.65	\$ -
Comm & Utilities	\$ 14.92	\$ 9.04	\$ 5.88	\$ 16.71	\$ 16.71	\$ -
Other	\$ 18.64	\$ 29.89	\$ (11.25)	\$ 40.01	\$ 40.01	\$ -
Raw Food	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracted Services	\$ 28.00	\$ 72.00	\$ (44.00)	\$ 2,708.20	\$ 2,708.20	\$ -
Gross Costs	\$ 1,647.98	\$ 1,402.33	\$ 245.65	\$ 7,707.98	\$ 7,707.98	\$ -
Other Non-matching	\$ -		\$ -	\$ -		\$ -
Title XX	\$ -		\$ -	\$ -		\$ -
NSIP	\$ -		\$ -	\$ -		\$ -
Income Contrib/Fees	\$ -		\$ -	\$ 282.50	\$ 313.15	\$ (30.65)
Total Non-Match	\$ -	\$ -	\$ -	\$ 282.50	\$ 313.15	\$ (30.65)
Actual Costs	\$ 1,647.98	\$ 1,402.33	\$ 245.65	\$ 7,425.48	\$ 7,394.83	\$ 30.65
Local Public Cash	\$ -		\$ -	\$ 703.93	\$ 637.84	\$ 66.09
Local Public Other	\$ -		\$ -	\$ -	\$ -	\$ -
Local Other (In kind)	\$ -		\$ -	\$ -	\$ -	\$ -
Local Other (Cash)	\$ -		\$ -	\$ -	\$ -	\$ -
Total Local Matching	\$ -	\$ -	\$ -	\$ 703.93	\$ 637.84	\$ 66.09
SUA Cost	\$ 1,647.98	\$ 1,402.33	\$ 245.65	\$ 6,721.55	\$ 6,756.99	\$ (35.44)

The DHHS should work with the AOWN to ensure all amounts adjusted are adequately supported. The DHHS should compare subsequent Form As to the general ledgers to ensure the amounts are properly supported.

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

Tested with other expenditures as noted.

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

The APA tested two of the AOWN's four subrecipients and obtained the most recent monitoring results for the Morrill County and Scotts Bluff County handyman programs. For both subawards, the last monitoring was performed for March 2017.

As mentioned previously, the AOWN lacked a written policy covering its subrecipient monitoring process. The AOWN had a document it followed for monitoring but it failed to include the timing of the monitoring and the actual fiscal procedures performed for such monitoring.

The APA noted the following

Morrill County

Morrill County reported \$1,508.75 in expenses for the March 2017 time period.

The document provided to support the \$600 salary to the employee was signed by the handyman program employee who administered the program. This documentation is not sufficient and support should come from the County to document the salary of the employee. Furthermore, timesheets of the employee were not obtained to support the number of hours worked on the handyman program. The AOWN should ensure it obtains a pay stub or payroll register and timesheets to support the salaries reported by the subawardee.

The subawardee charges \$25 per month to the subaward for the handyman share of telephone, fax, and internet expenses. There was no documentation to determine whether this was a reasonable allocation of those expenses to the program. The AOWN should ensure the allocated expenses are supported by adequate documentation for the cost and the amount allocated to the program.

As noted previously, the support obtained for the handyman services provided was not adequate as not all clients signed for the services received. Most services for snow removal did not have client signatures. There was a total of \$883.75 reported to AOWN as other costs, which includes these type of services.

Morrill County reported a total of \$949.63 in local other matching. No documentation was provided to support this amount. The AOWN should implement procedures to ensure subrecipient income and matching amounts are properly supported.

Scotts Bluff County

Scotts Bluff County reported \$7,454.66 in expenses for the March 2017 time period.

Scottsbluff County reported \$4,699.02 in salary and benefits for two of its employees to administer the handyman program. The AOWN provided documentation to support the salary and tax costs of \$3370.75, but failed to maintain documentation to support the \$1,328.27 in other costs charged to the program. It was also unclear as to whether the two employees worked 100% of their time on the handyman program or had other County responsibilities, as timesheets were not provided.

Scotts Bluff County also reported \$2,285.83 in other costs related to the handyman services provided. The AOWN obtained copies of the checks paid to the handyman providers and the service requests signed by the client.

The APA determined the AOWN had not provided the rate paid for the services provided so it was unable to determine whether the hours paid for services provided agreed to the service requests signed by the clients.

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Additionally, one service provided did not document the number of hours worked on 4 of his 5 service request forms.

A summary of the amounts paid to the providers is as follows:

Worker	Number of Requests	Hours Documented	Amount Paid
Worker 1	5	1	\$ 54.00
Worker 2	9	15.25	\$ 265.73
Worker 3	20	29.75	\$ 458.28
Worker 4	1	2.5	\$ 38.90
Worker 5	4	1.47	\$ 16.08
Worker 6	3	1	\$ 10.84
Worker 7	4	1.5	\$ 16.09
Worker 2	7	10.25	\$ 196.73
Worker 3	27	41.25	\$ 572.83
Worker 4	2	5	\$ 77.80
Worker 8	7	8	\$ 84.00
Worker 3	23	32.5	\$ 455.65
Worker 4	1	2.5	\$ 38.90
Totals	113	151.97	\$ 2,285.83

The AOWN should ensure documentation is adequate to support the rate paid to each of the service providers and recalculate the amount of hours worked from the service requests to the amount reported on the Form A.

Scotts Bluff County reported \$1,544.33 in client contributions. There was no documentation maintained to support the amount of client contributions.

The AOWN should implement procedures to strengthen its subrecipient monitoring procedures. First, it should adopt a formal policy describing the subrecipient monitoring process, to include the frequency of the monitoring and the types of items included in the reviews. The AOWN should also implement procedures to ensure all expenses, income, and matching reported are adequately documented by pay stubs, timesheets, invoices, and other documentation for services provided. Any expenses allocated to the handyman program should be reviewed to ensure the amount allocated is supported by adequate documentation and the allocation method is a reasonable basis for allocating the costs to each program.

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Complete Internal Control Questionnaire
<p><i>There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subgrant awards. WCNAAA should develop written procedures for its cost allocation method that ensures costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions.</i></p> <p><i>The method used to allocate personnel costs was not adequate. The time study was two years old, not all employees' time was calculated and used for the time study, and adjustments were made to the original study without adequate documentation. The WCNAAA should consider documenting the actual time worked on each program on a daily basis.</i></p> <p><i>There are no written policies regarding the use of credit cards. The WCNAAA should develop a written policy regarding the use of its credit cards.</i></p> <p><i>The Board does not approve the detailed payments made; rather, fiscal report is provided for them to review. The WCNAAA should consider the need for the Board to approve all payments made.</i></p> <p><i>The other methods used to allocate expenses of the Agency were not adequately documented (for those expenses allocated using a method other than the time study.) The WCNAAA should document all methods used to allocate its expenses and ensure adequate documentation is maintained to support such methods.</i></p> <p><i>APA noted that a signature stamp is used by the Director on timesheets, invoices, checks, and other documents. Upon further inquiry, other Board members also have signature stamps for signing checks. The Director claimed that no one else had access to her stamp. The Board members' stamps are kept locked in the fiscal office. There is a risk for fraud without proper controls over the signature stamps.</i></p>
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.
<p><i>No issues noted.</i></p>
Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions
<p><i>No issues noted.</i></p>
Review list of individuals authorized to process expenditure transactions in accounting system.
<p><i>No issues noted.</i></p>
If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska
<p><i>WCNAAA provided documents showing the IRS had approved its status as a 501(c)(3) corporation. However, WCNAAA has not filed the necessary paperwork with the Nebraska Secretary of State to qualify as a non-profit entity in the State of Nebraska. If the WCNAAA intends to operate as a non-profit entity, the proper filings should be made with the Nebraska Secretary of State.</i></p>
Obtain a list of employees paid during the period tested
<p><i>No issues noted.</i></p>
Perform a detailed test of employee payroll
<p><i>The APA tested three employees and could not verify whether the correct program was charged for the duties performed as the allocation method was out of date and not adequate to charge the actual costs to each program.</i></p> <p><i>Because the method used to allocate personnel costs were not documented, the WCNAAA was not in compliance with A-87 or 45 CFR § 75.430. As mentioned previously, the WCNAAA should implement a method of time reporting that more accurately reflects the actual time worked on each program.</i></p>

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

Employees Tested	Program Charges							Salary for Pay Period
	IIIB	C1	C2	IIIE	SCO	Waiver	Other	
Employee 1	\$200.14	\$415.67	\$354.09	\$338.70	\$30.79	\$1,262.41	\$477.25	\$3,079.05
Employee 2	\$352.08	\$403.85	\$258.88	\$269.23	\$20.71	\$414.21	\$352.08	\$2,071.04
Employee 3	\$24.48			\$48.96		\$1,040.40	\$110.16	\$1,224.00
Totals	\$576.70	\$819.52	\$612.97	\$656.89	\$51.50	\$2,717.02	\$939.49	\$6,374.09

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

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested an automobile insurance expense of \$5,301. The WCNAAA method to allocate vehicle insurance was not documented and was not based on the vehicle usage per year. Therefore, the APA could not determine if the expense was charged to the proper program in accordance with the relative benefits received.

The APA tested the rent expense of \$4,930. The WCNAAA allocated the rent expense based on its outdated payroll allocation method, which also was not adequately documented. Therefore, the APA could not determine if the expense was charged to the proper program in accordance with the relative benefits received.

The APA tested an “other insurance” expense of \$9,425. The WCNAAA allocated the insurance expense based on its outdated payroll allocation method, which also was not adequately documented. Therefore, the APA could not determine if the expense was charged to the proper program in accordance with the relative benefits received.

The WCNAAA should ensure all of its expense allocation methods are reasonable, adequately documented and in accordance with UGG and subaward terms and conditions.

The APA tested the expense to the City of McCook for contractual services under its subaward agreement. The July expense to McCook was \$8,874.00. The APA noted that the home delivered meal route sheets were not signed by the driver or individual provided the meal. After an inquiry was made regarding signed meal sheets, the APA received signed copies. However, we could not verify whether these were signed at the time the meal was delivered since we received two different copies. The WCNAAA should ensure that home delivered meals have the signature or initials of the driver or deliverer of the meals and should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate.

The APA tested the expense to the Gothenburg for contractual services under its subaward agreement. The July expense to Gothenburg was \$5,281.20. The APA noted that the home delivered meal route sheets were not signed by the driver or individual provided the meal. The WCNAAA should ensure that home delivered meals have the signature or initials of the driver or deliverer of the meals and should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate.

The APA tested the expense to the Keith County Senior Center for contractual services under its subaward agreement. The July expense to Keith County was \$4,885.20. The APA noted that one of four

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days tested in July did not agree to the meal sign in sheets provided by the center. The center reported 84 meals on the 27th of July, but the sign in sheets showed 83 meals. The WCNAAA should periodically obtain the signatures of the individuals receiving the home delivered meals to ensure the counts are accurate.

The APA tested the expense to the Mid Nebraska in North Platte for contractual services under its subaward agreement. The July expense to Mid Nebraska was \$10,339.20. The WCNAAA should periodically obtain the signatures of the individuals receiving the home delivered meals to ensure the counts are accurate.

The APA tested the expense to Lexington for contractual services under its subaward agreement. The July expense to Lexington was \$5,202.00. The WCNAAA should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate.

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 subawards to grantees.

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

No issues noted.

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

No issues noted.

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

During testing, the APA requested documentation to support the local matching amounts included on Form A, the Monthly Financial Summary. According to the WCNAAA, the amounts were taken from the budget several years and were not actual amounts. There was no other documentation available at the WCNAAA. The following table includes amounts for which documentation was requested from WCNAAA:

City of McCook:

Type	C1	C2	Supp Svs	Total
Local Public Cash	\$ 4,225.00	\$ 4,225.00	\$ 4,225.00	\$ 12,675.00
Local Public In Kind	\$ 2,556.00	\$ 2,556.00	\$ 2,556.00	\$ 7,668.00
Local Other Cash	\$ 133.34	\$ 133.33	\$ 133.33	\$ 400.00

City of Lexington:

Type	C1	C2	Supp Svs	Total
Local Public Cash	\$ 7,500.00	\$ 2,500.00	\$ 5,000.00	\$ 15,000.00
Local Other Cash	\$ 77.03	\$ 77.03	\$ 77.02	\$ 231.08

It should be noted that the City of Lexington did not include the Local Public Cash of \$15,000 on its monthly financial report. It appears the WCNAAA added this to the Local Public Cash totals.

These amounts are the majority of the local public cash and local public in kind/other that was reported for the month of July 2017.

The WCNAAA should ensure the Monthly Financial Reports are and supported by adequate

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documentation.

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

No issues noted.

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

The WCNAAA did not have adequate procedures to monitor its subrecipients. The APA reviewed the documentation of the most recent site visit by the WCNAAA to five of its subrecipients. Those subrecipients were paid the following amounts in July 2017:

Subrecipient	Month Last Reviewed by WCNAAA	Amount Paid in July 2017
McCook	October 2016	\$8,874.00
Gothenburg	August 2016	\$5,281.20
Keith County	August 2016	\$4,885.20
North Platte	August 2016	\$10,339.20
Lexington	August 2016	\$5,202.00
Totals		\$34,581.60

The following concerns were noted:

- No written procedures exist that document the monitoring procedures to be performed at each senior center. There are, however, documented assessment forms that are used by WCNAAA. The WCNAAA should develop written procedures for its subrecipient monitoring.*
- The information reviewed at the site visit is not adequately documented or maintained in all cases. For example, WCNAAA tests 10 expenditures at each senior center. Invoices are reviewed but the documentation is not maintained by WCNAAA. It is difficult to determine which invoices have been reviewed based on the documentation provided by WCNAAA. If there are questions, a notation may be written on the check registers. In some cases, dates that the checks cleared the bank are documented but not in all cases. The WCNAAA should maintain documentation to support all of the testing performed at the senior centers and should provide better documentation and notes to explain exactly what has been reviewed.*
- Cash contributions received at the senior center are not actually counted by WCNAAA. Instead, the WCNAAA observes senior center staff count the cash contributions received. WCNAAA should consider counting the cash received on the day of the visit and then tracing that amount to a subsequent deposit by the senior center.*
- Matching amounts reported by the senior centers are not verified during all of the site reviews by WCNAAA. These amounts include Local Public Cash, Local Public In Kind, and Local Other Cash. A summary of the amounts not verified by WCNAAA during the site visit (for August and October 2016) are as follows:*

Description	McCook (Oct 2016)	Gothenburg (Aug 2016)	Keith County (Aug 2016)	Lexington (Aug 2016)
C1 Local Public Cash	\$4,225.00			
C1 Local Public In Kind	\$2,556.00		\$400.00	
C1 Other Non-Match Funds		\$228.76		\$5.48
C1 Local Other Cash	\$641.66			
C2 Local Public Cash	\$4,225.00			
C2 Local Public In Kind	\$2,556.00		\$400.00	
C2 Other Non-Match Funds		\$228.76		\$1.37
C2 Local Other Cash	\$641.66			
IIIB Local Public Cash	\$4,225.00			
IIIB Local Public In Kind	\$2,556.00		\$400.00	
IIIB Other Non-Match Funds		\$228.76		
IIIB Local Other Cash	\$641.66			
Totals	\$22,267.98	\$686.28	\$1,200.00	\$6.85

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Attachment 2

WCNAAA should verify all amounts included on the Monthly Fiscal Reports, including matching, received from the senior centers and should maintain the documentation of all such amounts.

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Complete Internal Control Questionnaire

There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subgrant awards. MAAA should develop written procedures for its cost allocation methods that ensure costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions. Costs are considered allocable to a Federal award or other cost objective if the good or service involved is chargeable and assignable in accordance with the relative benefits received.

The method used to allocate personnel costs was not adequate or in accordance with the UGG. Currently, personnel costs are allocated to the various programs based on the budget projections and not based on actual time worked. MAAA's accounting system contained 22 positions with coding to more than one program. The MAAA should consider documenting the actual time worked on each program on a daily basis. Any method used to allocate employee's personnel costs should be approved by DHHS.

The MAAA should implement procedures to ensure changes to pay rates are accurate. The Fiscal Manager annually adjusts pay rates in the accounting system. There is no documented review of the changes made to the pay rates.

The MAAA should ensure the Director's monthly review of time worked and leave used is documented. Currently, the Director reviews a printout of time worked and leave used for all employees but does not document the review with a date and signature.

The MAAA should develop written policies for the use of its credit cards.

The MAAA should include the monthly claims paid in the Board's meeting minutes. Currently, the check register is included with the Board packets for review, but the approved claims are not published in the Board minutes.

The method used to allocate expenses other than personnel costs to the various programs is not adequate or in accordance with the UGG. Costs were allocated among multiple Federal or State programs based on budgeted projections rather than on relative benefits received. The MAAA should document all methods used to allocate its expenses and ensure adequate documentation is maintained to support such methods.

The MAAA should strengthen the monitoring it performs at its subrecipients. Currently, MAAA does not have a written policy regarding its subrecipient monitoring procedures. Programs documenting steps completed were available but not the Agency's overall policy on monitoring. Additionally, the MAAA only reviewed one Federal program for one month per year at each of its subrecipients, which may not adequately address all relevant issues, including whether the subrecipients method to allocate costs to various programs is adequate and in accordance with the UGG.

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

No issues noted.

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

No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

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MAAA provided documents showing the IRS had approved its status as a 501(c)(3) corporation. However, MAAA has not filed the necessary paperwork with the Nebraska Secretary of State to qualify as a non-profit entity in the State of Nebraska. If the MAAA intends to operate as a non-profit entity, the proper filings should be made with the Nebraska Secretary of State.

Obtain a list of employees paid during the period tested

Nothing noted.

Perform a detailed test of employee payroll

The APA tested three employees and could not verify whether the correct program was charged for the duties performed. The allocation of the personnel costs was based on budgeted amounts and not a reflection of actual time worked.

Because the method used to allocate personnel costs were not documented, the MAAA was not in compliance with A-87 or 45 CFR § 75.430. As mentioned previously, the MAAA should implement a method of time reporting that more accurately reflects the actual time worked on each program.

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

Employees Tested	Program Charges							Salary for Pay Period
	IIIB	C1	C2	IIIE	SCO	Waiver	Other	
Employee 1	\$650.57	\$325.29	\$487.93	\$162.64	\$162.64	\$325.29	\$1,138.51	\$3,252.87
Employee 2	\$612.40	\$612.40	\$612.40	\$122.48	\$0.00	\$244.96	\$244.96	\$2,449.60
Employee 3	\$637.81	\$850.42	\$850.42	\$212.61	\$0.00	\$425.21	\$1,275.63	\$4,252.10
Totals	\$1,900.78	\$1,788.11	\$1,950.75	\$497.73	\$162.64	\$995.46	\$2,659.10	\$9,954.57

Additionally, the APA noted the following concerns:

- One employee had an additional \$50 Federal tax withholding, for which no written authorization or documentation was provided.
- One employee had 4% of gross pay withheld for retirement; however, the most recent authorization form provided for a 3% withholding.
- One employee had \$25.15 deducted for dental insurance; however the billing provided indicated the amount for that employee was \$26.41.
- One employee had \$21.07 withheld for long-term disability insurance for which no written authorization was provided.

The MAAA should implement procedures to ensure all deductions or withholdings from pay are properly authorized and supported by adequate documentation and agree to authorized rates.

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

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

MAAA pays the bills for 5 of its counties, so the documentation to support the expenses is sent to MAAA for payment. There are 3 counties who have contracts with MAAA to provide services. For those counties, the MAAA annually performs subrecipient monitoring for one month and one program. The APA tested the expenses recorded for the three counties under contract with the MAAA, as follows:

Adams County Senior Services reported the following expenses for August 2017:

Expense Category	Program Charges				Total
	IIIB	C1	C2	IIIE	
Personnel - Contract	\$7,207.53	\$7,820.86	\$1,012.64	\$1,115.56	\$17,156.59

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Travel - Contract		\$13.91		\$59.39	\$73.30
Office Supplies	\$123.25	\$358.35		\$19.40	\$501.00
Equipment Purchases	\$337.51	\$200.87	\$2.40		\$540.78
Office Rent		\$25.00			\$25.00
Communication & Utilities - Contract	\$1,035.20	\$725.29	\$27.25	\$63.66	\$1,851.40
Other Cost - Contract	\$1,871.65			\$139.51	\$2,011.16
Raw Food		\$307.15			\$307.15
Contracted Meals	\$1,565.95	\$5,707.22	\$215.76	\$272.25	\$7,761.18
Totals	\$12,141.09	\$15,158.65	\$1,258.05	\$1,669.77	\$30,227.56

The APA tested the expenses in the highlighted cells and noted the following:

- Personnel costs are allocated to the various programs based on a time study completed in 2011. The APA did not obtain or review the time study due to its age. The most accurate method to allocate payroll costs is to record the amount of time worked on each program on the timesheets daily. Any method to allocate payroll costs should be approved in writing by the MAAA and/or DHHS.
- The methods use to allocate costs other than personnel were also not documented. The MAAA should ensure the seniors centers have a reasonable and documented method to allocate its costs based on relative benefits received, rather than on budgets or estimates.
- The Director's timesheets are not approved by anyone other than the Director. Adams County Senior Services should consider having a Board member approve the Director's timesheets.
- One employee's timesheet was not signed by the employee, but was approved by the Director.
- Adams County Senior Services records volunteer in kind hours as an expense which may not be consistent with other senior centers. The MAAA should ensure volunteer services hours are consistently reported by all senior centers.
- One volunteer's record of time worked was not approved by a supervisor.
- Adams County Senior Services has an arrangement with Mary Lanning Healthcare Services for lifeline services. However, no contract exists to document the financial arrangements and other terms of the services to be provided. A monthly invoice is provided in which the names of the client and the rate is included. Rates were either \$24.75 or \$33 per client. Adams County Senior Services paid \$272.25 for August lifeline services.

Hall County Senior Citizens Industries reported the following expenses for August 2017:

Expense Category	Program Charges					Total
	IIB	C1	C2	IID	III	
Personnel - Contract	\$9,000.77	\$6,651.54	\$11,161.84	\$147.00	\$817.98	\$27,779.13
Travel - Contract	\$54.01	\$448.20	\$1,091.11		\$16.20	\$1,609.52
Office Supplies	\$467.06	\$824.21	\$2,729.76		\$23.10	\$4,044.13
Communication & Utilities - Contract	\$1,300.81	\$1,468.75	\$93.09		\$3.47	\$2,866.12
Other Cost - Contract	\$2,484.77	\$2,001.91	\$1,253.09		\$143.01	\$5,882.78
Raw Food		\$10,174.56	\$7,964.19			\$18,138.75
Contracted Other	\$1,158.50				\$340.00	\$1,498.50
Totals	\$14,465.92	\$21,569.17	\$24,293.08	\$147.00	\$1,343.76	\$61,818.93

The APA tested the expenses in the highlighted cells and noted the following:

- The Director does not complete a timesheet to document time worked and leave used. The Senior Citizens Industries Personnel Policy Manual date December 1, 2004, and revised August 23, 2010 includes a "Miscellaneous" Section on page 12 that states:
All employees working at the Grand Generation Center facility will be required to clock in and clock out on the time clock software. Bus driver are the only employees who will not use this time clock system.
- A number of the timesheets provided by Hall County Senior Citizens Industries were not signed by the employee, a supervisor, or both.
- One employee received a payout of 150.85 hours of vacation time upon termination of

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employment. That amount included 8.24 vacation hours earned in the final pay period, in which the employee worked 27.75 hours. Leave is earned at 8 hours per month (prorated based on the number of hours worked for part time employees). This individual normally earned less than 5 hours of vacation per month, but earned 8.24 in one bi-weekly pay period. It appears the leave earnings for the last pay period should have been approximately 1.27 hours, resulting in a 6.97 overpayment. (\$9.50 per hour equals \$66.22 overpayment) MAAA should ensure leave payouts are in accordance with policies set by the Board.

- *That same employee had a vacation balance of 113.23 as of December 31, 2016. The current Personnel Policy Manual dated December 1, 2004, revised August 23, 2010, includes a section on Vacation Leave. Beginning on page 9, the policy states:*

Vacation must normally be used within the year it is accrued, but a maximum of one half of accrued days of vacation may be carried over to the succeeding year, not to exceed nineteen and one half days maximum. Employees with 5 years employment may carryover vacation in the amount of twenty-five days. Hours not taken above this allowed amount will be lost.

Since the normal work schedule was approximately five hours per day, the employee should have earned about 5 hours per month in vacation leave, or 60 hours per year. Additionally, the balance of 113.23 days is equivalent to 22.65 five-hour work days. In either case, the amount of vacation leave carried over from 2016 to 2017 appears to be in excess of amount allowed per the Personnel Policy. The MAAA should ensure leave payments are appropriately carried over in accordance with terms of the Personnel Manual, especially when leave payouts are made.

- *One employee was paid incorrectly. The employee worked 80.55 hours for the pay period and was paid \$1,208.25 for 80.55 hours of work and was also paid \$12.38 for .55 hours of overtime. The overtime payment was in error.*
- *One employee did not have his leave used correctly recorded. The employee worked 47.5 hours in the pay period and used 2.5 hours of vacation leave. The employee was paid for 50 hours of work time for the pay period. Therefore, it does not appear his leave balance was properly adjusted for the leave used.*
- *The allocation of payroll costs is not adequately documented. In general, the allocation is an estimate of time worked on each program rather than an allocation based on the benefit received. There are some workers (cooks) who have their payroll allocated based on the number of meals served. No documentation was provided to support the number of meals served and the calculation is only done annually, which might not adequately reflect all meals served throughout the year. The most accurate method to allocate payroll costs is to record the amount of time worked on each program on the timesheets daily. Any method to allocate payroll costs should be approved in writing by the MAAA and/or DHHS.*
- *The methods use to allocate costs other than personnel, including raw food costs, utilities, administrative allocations, etc were also not adequately documented. The MAAA should ensure the seniors centers have a reasonable and documented method to allocate it costs based on relative benefits received, rather than on budgets or estimates.*
- *The Hall County Senior Services Industries pays mileage to individuals for delivering the home-delivered meals. The procedure to ensure miles paid are reasonable compared to the meal routes is not adequately documented. The mileage log does not contain the locations traveled each day, just the total number of miles. The MAAA should ensure a comparison of miles claimed to the route sheets is documented.*
- *The Hall County Senior Services Industries uses a vendor to process its payroll. The documentation provided to document the rate paid and services provided was dated October 23, 2017, after the APA requested the supporting documentation. The MAAA should ensure documentation to support services provided is available.*
- *The Hall County Senior Services Industries uses a vendor to assist in its bookkeeping functions. The agreement provided a rate of \$50 per hour. The Hall County Senior Services Industries received only a statement showing the amount owed and did not received invoices that detailed the amount of time and dates services were provided. The MAAA should ensure documentation*

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to support services provided is adequate.

- The Hall County Senior Services Industries reported \$1,158.50 for homemaker contractual services in August 2017. The rate per hour for homemaker services is \$9 per hour. Two workers time records did not agree to the amount paid as follows:
 - Worker 1 – 2 hours recorded as worked; 1.5 hours paid.
 - Worker 2 – 3.25 hours recorded; 4 hours paid.

Hamilton County Senior Services reported the following expenses for August 2017:

Expense Category	Program Charges				Total
	IIB	C1	C2	III	
Personnel - Contract	\$2,903.98	\$2,325.66	\$2,325.65	\$241.81	\$7,797.10
Office Supplies	\$246.74				\$246.74
Equipment Purchases		\$132.35	\$16.50		\$148.85
Communication & Utilities - Contract	\$711.60	\$420.72	\$420.72	\$168.25	\$1,721.29
Other Cost - Contract	\$172.56	\$85.32	\$222.52		\$480.40
Raw Food		\$2,410.47	\$2,410.47		\$4,820.94
Contracted Other	\$135.00				\$135.00
Totals	\$4,169.88	\$5,374.52	\$5,395.86	\$410.06	\$15,350.32

The APA tested the expenses in the highlighted cells and noted the following:

- Personnel costs reported by Hamilton County Senior Services includes only gross pay and not benefits and taxes. While there is nothing wrong with this, it is not consistent with other senior centers, which we wanted to bring to the MAAA's attention.
- There is not a documented method to allocate costs to the various programs. Personnel costs are allocated based on an estimated or budget amount for each program, rather than based on the actual time worked or relative benefit received. The most accurate method to allocate payroll costs is to record the amount of time worked on each program on the timesheets daily. Any method to allocate payroll costs should be approved in writing by the MAAA and/or DHHS.
- The Hamilton County Senior Services appears to allocate its raw food and other costs evenly between the C1 and C2 program. There is no documentation to support this allocation method, which would mean an equal number of meals are served between C1 and C2. All costs that are allocated to more than one program should have a documented basis for the allocation based on the relative benefits received for the programs.
- Timesheets are not signed by the employee or supervisor, increasing the risk that the hours worked and paid will be incorrect.
- One employee earned overtime pay during the pay period tested. The Hamilton County Senior Center policies require the timesheets to be signed by a supervisor in the event that overtime is worked. The time sheet was not signed or initialed in accordance with the policy.

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 subawards to grantees.

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

No issues noted.

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

For 5 of the counties, the MAAA obtains the bank statements to verify the deposits made. Those amounts are transferred to the main MAAA bank account monthly.

For the other 3 counties, the MAAA tests one program for one month each year to determine if program

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income is correctly determined, recorded, and used in accordance with requirements. See subrecipient monitoring section below.

Howard County Volunteer hours were incorrectly reported for local in-kind matching. The spreadsheet provided did not foot. The total reported was \$2,454.75 and the actual amount of volunteer hours should have been \$2,414.75. A variance of \$36. MAAA should ensure amounts reported are accurate by testing the footing of the reports provided.

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

No issues noted.

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

No issues noted.

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

The MAAA did not have adequate procedures to monitor its subrecipients. The three subrecipients tested recorded the following expenses for August 2017:

Subrecipient	Expenses Reported for August 2017
Adams	\$30,227.56
Hall	\$61,818.93
Hamilton	\$15,350.32
Total	\$107,396.81

The following concerns were noted:

- *No written procedures exist that document the type and amount of monitoring procedures to be performed at each senior center. The MAAA should develop written procedures for its subrecipient monitoring.*
- *The amount of monitoring does not appear to be adequate given the amount paid to the subrecipients. MAAA reviews one month for one program each year to review. The MAAA should consider testing all programs each year or should request the subrecipient to send in supporting documentation on a periodic basis to support payments.*
- *It does not appear the MAAA reviewed the method to allocate expenses to multiple programs while at the subrecipient. The MAAA should ensure the method used to allocate expenses to multiple programs is adequately documented and based on relative benefits received and not estimates or budgets.*
- *The MAAA should consider testing various months at the subrecipient. It appears that in 2016 and 2017 the month of August was reviewed.*

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<p>Complete Internal Control Questionnaire</p> <p><i>There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subgrant awards. NENAAA should develop written procedures for its cost allocation method that ensures costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions.</i></p> <p><i>The method used to allocate personnel costs was not adequate. The former Fiscal Officer completed the allocation method for each employee. There was no documentation to support the amount of time each employee spent on each program. There were 33 employees included on the allocation spreadsheet. Nineteen of the employees worked 100% of their time on one program. The remaining 14 employees had their personnel costs split between more than one program. The NENAAA should consider documenting the actual time worked on each program on a daily basis. Any method used to allocate employee's personnel costs should be approved by DHHS.</i></p> <p><i>The other methods used to allocate expenses of the Agency were not adequately documented. Again, the former Fiscal Officer determined the allocation method for the other expenses of the office that are charged to more than one program. There was no documentation to support how those percentages were determined or what they were based upon. The NENAAA should document all methods used to allocate its expenses and ensure adequate documentation is maintained to support such methods.</i></p> <p><i>NENAAA did not have procedures to ensure the match amounts from the senior centers are supported by adequate documentation.</i></p> <p><i>NENAAA performed very little, if any fiscal monitoring of the senior centers. Such monitoring should include a comparison of accounting records to amounts reported to NENAAA, tracing the meal logs to sign in sheets to verify meal counts, cash counts of income received and tracing to subsequent deposit, obtaining documentation to support the IIIB units of service reported by the senior centers, and verification of amounts included as matching.</i></p>
<p>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</p> <p><i>No issues noted.</i></p>
<p>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</p> <p><i>No issues noted.</i></p>
<p>Review list of individuals authorized to process expenditure transactions in accounting system.</p> <p><i>No issues noted.</i></p>
<p>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</p> <p><i>NENAAA provided documents showing the IRS had approved its status as a 501(c)(3) corporation. However, NENAAA has not filed the necessary paperwork with the Nebraska Secretary of State to qualify as a non-profit entity in the State of Nebraska. If the NENAAA intends to operate as a non-profit entity, the proper filings should be made with the Nebraska Secretary of State.</i></p>
<p>Obtain a list of employees paid during the period tested</p> <p><i>No issues noted.</i></p>
<p>Perform a detailed test of employee payroll</p> <p><i>The APA tested three employees and could not verify whether the correct program was charged for the duties performed as there was no documentation to support the allocation method used to charge personnel costs to the various programs.</i></p> <p><i>Because the method used to allocate personnel costs were not documented, the NENAAA was not in compliance with A-87 or 45 CFR § 75.430. As mentioned previously, the NENAAA should implement a</i></p>

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method of time reporting that more accurately reflects the actual time worked on each program.

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

Employees Tested	Program Charges							Salary for Pay Period
	IIIB	C1	C2	IIIE	SCO	Waiver	Other	
Employee 1	\$1,543.04	\$925.83	\$617.22	\$617.22	\$308.60	\$1,234.43	\$925.83	\$6,172.17
Employee 2	\$989.17	\$593.50	\$395.67	\$593.50	\$197.83	\$791.33	\$395.67	\$3,956.67
Employee 3	\$1,127.89	\$805.64	\$322.26	\$322.26	\$0.00	\$483.38	\$161.13	\$3,222.56
Totals	\$3,660.10	\$2,324.97	\$1,335.15	\$1,532.98	\$506.43	\$2,509.14	\$1,482.63	\$13,351.40

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

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested the building lease expense totaling \$5,549. The NENAAA method to allocate building space expense was determined by the previous Fiscal Officer. There was no support for the method used to allocate this type of expense. Therefore, the APA could not determine if the expense was charged to the proper program in accordance with the relative benefits received.

The APA tested an “other” expense for janitorial services totaling \$490. The documentation provided to support the expense was not adequate as it did not contain the actual dates of service. Additionally, the NENAAA method to allocate this expense was determined by the previous Fiscal Officer. There was no support for the method used to allocate this type of expense. Therefore, the APA could not determine if the expense was charged to the proper program in accordance with the relative benefits received.

The APA tested a travel expense charged to the IIIB program totaling \$993.42. The expense was solely related to the SMP/SHIP National Conference for an employee whose time was entirely allocated to SMP/SHIP. This is not a reasonable expense of the IIIB Program and should not have been charged to the NENAAA’s IIIB funds. Additionally, the miles incurred and reimbursed for the trip did not appear reasonable based on the locations travelled. According to Mapquest.com, it is 114 miles from the NENAAA to Eppley Airfield in Omaha; a total of 228 miles for a roundtrip. The employee claimed 252 miles, which exceeds 10% of the actual miles travelled.

The NENAAA should ensure its payments are reasonable and adequately documented and its expense allocation methods are reasonable and in accordance with UGG and subaward terms and conditions.

The APA tested July expenses reported by the City of Columbus for contractual services under its subaward agreement and totaling \$9,171.64. The APA noted that NENAAA recorded these payments to the senior centers as a liability account and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. Additionally, the home delivered meal route sheets were not signed by the driver or individual provided the meal. The NENAAA should ensure that home delivered meals have the signature or initials of the driver or deliverer of the meals and should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate. The units of service reported for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. Furthermore, the NENAAA did not monitor or request documentation to support the IIIE expenses claimed by the senior centers and should periodically review documentation to support the expenses. The sign in sheets or meal delivery routes did not agree to the logs provided to NENAAA by the senior centers. The following variances were

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noted for the days tested.

Meal Type	Congregate Meals				Home Delivered Meals				
	Date Tested	7/7/2017	7/12/2017	7/17/2017	7/27/2017	7/7/2017	7/12/2017	7/17/2017	7/27/2017
City of Columbus									
From Sign in Sheet or Meal									
Route Sheet	75	130	111	96	21	25	23	23	
From Log	74	128	108	92	24	29	28	28	
Difference	1	2	3	4	-3	-4	-5	-5	

In addition to the variances noted above, the NENAAA should ensure the sign in sheets adequately identify guest meals that are charged to the Program, and should also ensure that ineligible meals used as matching amounts are adequately documented. Again, NENAAA should periodically request documentation to support the guest and ineligible meals provided.

The APA tested July expenses reported by the City of Norfolk for contractual services under its subaward agreement and totaling \$5,682.15. The APA noted that NENAAA recorded these payments to the senior centers as a liability account and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. The units of service reported for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. Furthermore, the NENAAA did not monitor or request documentation to support the IIIE expenses claimed by the senior centers and should periodically review documentation to support the expenses. The sign in sheets or meal delivery routes did not agree to the logs provided to NENAAA by the senior centers. The following variances were noted for the days tested.

Meal Type	Congregate Meals				Home Delivered Meals				
	Date Tested	7/7/2017	7/12/2017	7/17/2017	7/27/2017	7/7/2017	7/12/2017	7/17/2017	7/27/2017
Norfolk									
From Sign in Sheet or Meal									
Route Sheet	49	37	41	45	75	59	64	65	
From Log	48	37	40	44	68	54	60	62	
Difference	1	0	1	1	7	5	4	3	

In addition to the variances noted above, the NENAAA should ensure the sign in sheets adequately identify guest meals that are charged to the Program, and should also ensure that ineligible meals used as matching amounts are adequately documented. Again, NENAAA should periodically request documentation to support the guest and ineligible meals provided.

The APA tested July expenses reported by the Northeast Nebraska Senior Center for contractual services under its subaward agreement and totaling \$3,652.10. The APA noted that NENAAA recorded these payments to the senior centers as a liability account and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. Additionally, the home delivered meal route sheets were not signed by the driver or individual provided the meal. The NENAAA should ensure that home delivered meals have the signature or initials of the driver or deliverer of the meals and should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate. The units of service reported for the IIIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. The sign in sheets or meal delivery routes did not agree to the logs provided to NENAAA by the senior centers. The following variances were noted for the days tested.

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Meal Type	Congregate Meals				Home Delivered Meals			
	Date Tested	7/7/2017	7/12/2017	7/17/2017	7/27/2017	7/7/2017	7/12/2017	7/17/2017
NE Nebraska								
From Sign in Sheet or Meal Route Sheet	54	56	42	81	26	25	28	36
From Log	52	54	40	63	27	26	26	33
Difference	2	2	2	18	-1	-1	2	3

In addition to the variances noted above, the NENAAA should ensure the sign in sheets adequately identify guest meals that are charged to the Program, and should also ensure that ineligible meals used as matching amounts are adequately documented. Again, NENAAA should periodically request documentation to support the guest and ineligible meals provided.

The APA tested July expenses reported by the Valentine Senior Center for contractual services under its subaward agreement and totaling \$3,773.55. The APA noted that NENAAA recorded these payments to the senior centers as a liability account and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. The NENAAA should periodically obtain the initials or signatures of the individuals receiving the home delivered meals to ensure the counts are accurate. The units of service reported for the IIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed. Furthermore, the NENAAA did not monitor or request documentation to support the IIIE expenses claimed by the senior centers and should periodically review documentation to support the expenses.

The APA tested July expenses reported by the City of Wayne for contractual services under its subaward agreement and totaling \$3,717.60. The APA noted that NENAAA recorded these payments to the senior centers as a liability account and should consider recording the payment as a contractual service expense since that is how it is reported to DHHS. Additionally, the home delivered meal route sheets were not signed by the driver or individual provided the meal. The NENAAA should ensure that home delivered meals have the signature or initials of the driver or deliverer of the meals and should periodically obtain the signatures of the individuals receiving the meals to ensure the counts are accurate. The units of service reported for the IIB program are not periodically reviewed to ensure adequate documentation exists to support the units of service billed.

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 subawards to grantees.

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

No issues noted.

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

The NENAAA did not verify whether the income and other nonmatch amounts reported by the senior centers were accurate or supported by adequate documentation.

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

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

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Cost Category	IIIB		
	Form A	GL	Diff
Personnel	\$ 25,164.90	\$ 25,164.90	\$ -
Travel	\$ 1,064.28	\$ 1,119.95	\$ (55.67)
Printing and Supplies	\$ 7.51	\$ 7.51	\$ -
Equipment	\$ -	\$ -	\$ -
Building Spaced	\$ 1,331.76	\$ 1,331.76	\$ -
Communication& Utilities	\$ 211.85	\$ 211.85	\$ -
Other	\$ 779.22	\$ 608.71	\$ 170.51
Contractual Services	\$ 83,552.55	\$ 83,573.93	\$ (21.38)
Gross Costs	\$ 112,112.07	\$ 112,018.61	\$ 93.46
Other	\$ 5,873.36	\$ 5,968.21	\$ (94.85)
Federal Title XX			\$ -
NSIP			\$ -
Income Contrib/Fees	\$ 4,693.01	\$ 4,693.01	\$ -
Total NonMatch	\$ 10,566.37	\$ 10,661.22	\$ (94.85)
Actual Costs	\$ 101,545.70	\$ 101,357.39	\$ 188.31
Local Public Cash	\$ 12,214.43	\$ 12,262.24	\$ (47.81)
Local Public Other	\$ -		\$ -
Local Other In Kind	\$ -		\$ -
Local Other Cash	\$ 44,042.84	\$ 44,016.41	\$ 26.43
Total Local Matching	\$ 56,257.27	\$ 56,278.65	\$ (21.38)
SUA Cost	\$ 45,288.43	\$ 45,078.74	\$ 209.69

The Form A did not agree to the GL or accounting records for the highlighted cells. The NENAAA should ensure its Form A is supported by adequate records.

Additionally, the majority of the matching amounts come from the senior centers and those amounts are not verified by the NENAAA. The total matching amounts reported by the senior centers in July 2017 are as follows:

Cost Category	Total for All
Other	\$ 2,490.80
Income Contrib/Fees	\$ 78,821.90
Total NonMatch	\$ 81,312.70
Local Public Cash	\$ 17,702.47
Local Other Cash	\$ 58,795.00
Total Local Matching	\$ 76,497.47

The income and matching amounts by senior center tested are as follows:

Cost Category	Columbus	Norfolk	NE Neb	Valentine	Wayne
Other	\$ -	\$ -	\$ 390.00	\$ -	\$ -
Income Contrib/Fees	\$ 7,622.50	\$ 7,305.30	\$ 4,802.00	\$ 4,744.05	\$ 4,768.85
Total NonMatch	\$ 7,622.50	\$ 7,305.30	\$ 5,192.00	\$ 4,744.05	\$ 4,768.85
Local Public Cash	\$ 4,098.22	\$ -	\$ -	\$ -	\$ 8,354.01
Local Other Cash	\$ 221.00	\$ 8,322.78	\$ 4,210.76	\$ 2,178.04	\$ -
Total Local Matching	\$ 4,319.22	\$ 8,322.78	\$ 4,210.76	\$ 2,178.04	\$ 8,354.01

The NENAAA should periodically request and review documentation to support the income and matching amounts reported by the senior centers.

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

No issues noted.

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

The NENAAA did not have adequate procedures to monitor its subrecipients. Fiscal monitoring procedures have not occurred for the most part on past visits to the senior centers. The five

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subrecipients tested were paid the following amounts for July 2017:

Subrecipient	Amount Paid for July 2017
Columbus	\$9,171.64
Norfolk	\$5,682.15
NE Nebraska	\$3,652.10
Valentine	\$3,773.55
Wayne	\$3,717.60
Total	\$25,997.04

Does not include amounts paid for NSIP as those were not paid until September.

The following concerns were noted:

- *No written procedures exist that document the monitoring procedures to be performed at each senior center. The NENAAA should develop written procedures for its subrecipient monitoring.*
- *The NENAAA should maintain documentation to support all of the testing performed at the senior center, including its review of invoices and other documentation to support the expenses, income, and matching reported by the senior centers.*
- *NENAAA should consider counting the cash received on the day of the visit and then tracing that amount to a subsequent deposit by the senior center.*
- *NENAAA should verify all amounts included on the Monthly Fiscal Reports, including income and matching, and should maintain the documentation of all such amounts.*

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Complete Internal Control Questionnaire

There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subgrant award. ENOA should develop written procedures for its cost allocation methods that ensures costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions.

The method used to allocate personnel costs was not adequate. Some employees kept timesheets documenting the amount of time worked on each program. The APA was provided timesheets for 11 employees whose payroll was allocated to various programs based on time worked in September 2017. Other employees, particularly those with costs charged to Medicaid Waiver and LOC, used estimates to allocate time to the programs. There were 23 employees whose time was charged to Waiver and LOC. There was not adequate documentation to support the amount allocated for each employee. Those employees are included below:

Employee	Gross Pay Sept 2017	Waiver		LOC	
		Amount	Percent	Amount	Percent
1	\$5,364.00	\$4,023.00	75%	\$1,341.00	25%
2	\$4,292.00	\$0.00	0%	\$129.00	3%
3	\$2,826.24	\$706.56	25%	\$0.00	0%
4	\$3,372.19	\$3,038.60	90%	\$333.59	10%
5	\$5,083.92	\$2,541.96	50%	\$2,541.96	50%
6	\$2,181.89	\$1,963.70	90%	\$218.19	10%
7	\$3,337.76	\$3,003.98	90%	\$333.78	10%
8	\$3,514.40	\$3,162.96	90%	\$351.44	10%
9	\$4,025.92	\$3,623.33	90%	\$402.59	10%
10	\$4,083.84	\$3,683.96	90%	\$399.88	10%
11	\$5,140.63	\$4,626.57	90%	\$514.06	10%
12	\$3,152.49	\$2,837.49	90%	\$315.00	10%
13	\$3,174.00	\$2,857.00	90%	\$317.00	10%
14	\$3,507.04	\$3,156.04	90%	\$351.00	10%
15	\$3,344.99	\$3,010.99	90%	\$334.00	10%
16	\$3,543.05	\$3,189.05	90%	\$354.00	10%
17	\$4,933.00	\$4,193.00	85%	\$740.00	15%
18	\$3,718.64	\$3,346.48	90%	\$372.16	10%
19	\$2,686.87	\$2,075.87	77%	\$611.00	23%
20	\$2,662.00	\$2,400.00	90%	\$262.00	10%
21	\$3,569.60	\$3,212.60	90%	\$357.00	10%
22	\$4,649.68	\$4,184.68	90%	\$465.00	10%
23	\$4,548.48	\$2,046.82	45%	\$2,501.66	55%
Totals	\$86,712.63	\$66,884.64		\$13,545.31	

Additionally, there was some allocation of administrative personnel costs from Congregate Meals to IIB Supportive Services by transferring 25% of the monthly budgeted costs. The allocation of 25% of monthly costs is an estimate, which is not an adequate method to allocate costs. For September 2017, the total amount of personnel costs transferred from C1 to IIB was \$5,341.48. The ENOA should consider documenting actual time worked on each program on a daily basis for any employee whose time is charged to more than one program. Furthermore, any method used to allocate employee’s personnel costs should be explicitly approved by DHHS.

The Eastern Nebraska Human Services Agency (ENHSA) is the governing body of ENOA. The Board of Directors does not review or approve the payments made by ENOA. The Board receives a quarterly financial statement that summarizes the total activity of ENOA, not programmatic information. The ENOA should consider providing more detailed financial information to its Board of Directors so it can provided effective financial monitoring and oversight.

ENOA considered its arrangements with certain senior centers to be contractual services, as opposed to

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subawards. As such, there is no financial monitoring in accordance with Federal regulations that is required with these contractors. Other Aging offices in Nebraska consider similar arrangements to be subawards. The APA believes the ENOA arrangements should also be considered subawards to grantees rather than contractual services because the “Contractor” is responsible to provide support services, determine eligibility for meals, run the program for ENOA and are required to adhere to Federal requirements. DHHS should review the situation and ensure that all Aging offices are consistent in their treatment of these arrangements and should work with ENOA to ensure all Federal requirements of a subrecipient of Federal funds are being met.

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

No issues noted.

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

No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

ENOA has indicated they are not a 501(c)(3) corporation.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested five employees. Two of the five employees had their personnel costs charged to more than one program. For one employee, his personnel costs were recorded 50% to LOC and 50% to waiver. There was not adequate documentation to support the percentages used to allocate the costs, as noted above. For the other employee, her time was not properly allocated in the journal entry process at the end of the year. The employee’s time was initially recorded to the C1 program. The employee maintained timesheets documenting her actual time worked on each program. At the end of the month a journal entry is performed to move costs from one program to others that are documented on her timesheet. On August 16, 2017, she recorded .25 hours to home maker. This amount was left out of the journal entry for September 2017. The entry moved 38.5 hours from C1 to IIIB, but it should have moved 38.75 hours. Additionally, the employee worked 4 hours on other programs, but that time was left in the C1 program costs. The following includes the programs charged for the pay period tested:

Employees Tested	Program Charges				Salary for Pay Period
	IIIB	C1	LOC	Waiver	
Employee 1	\$284.28	\$1,297.80			\$1,582.08
Employee 2			\$1,326.24	\$1,326.24	\$2,652.48
Totals	\$284.28	\$1,297.80	\$1,326.24	\$1,326.24	\$4,234.56

Because the method used to allocate personnel costs for one individual was not documented, the ENOA was not in compliance with the Uniform Grant Guidance. As mentioned previously, the ENOA should implement a method of time reporting that more accurately reflects the actual time worked on each program. The ENOA also should ensure the journal entry to move costs from one program to another are accurate.

In addition to the allocation issues noted above, one employee had two different kinds of insurance deductions and did not have authorization for the deductions in her personnel file. The amounts for one pay period were \$12.35 and \$36.

In December 2014, the ENHSA approved a policy to have its employees pay 9% of the premium cost for “employee only” health insurance and the “historical percentage” of associated dependent coverage.

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The “historical percentage” of the dependent coverage could not be located in prior Board minutes; therefore, it did not appear to be properly authorized. One of the five employees tested had insurance coverage for him and his spouse. \$233.89 was withheld from each semi-monthly paycheck, totaling \$467.78. The monthly premium for this employee was \$1,228.57, so he was paying 38.075% of the premium. Likewise, he was paying 74.948% of his dental insurance premium, an amount equal to \$14.33 per pay period.

Finally, documentation was not adequate to support whether certain benefits were pre-tax or after-tax benefits. One employee had an election form to have benefits after-tax; however, one insurance amount was pre-tax. One employee had both health and dental insurance as after-tax deduction, while another had both as pre-tax deductions. Finally, one employee had health insurance as a pre-tax deduction and dental insurance as an after-tax deduction. Documentation provided was not adequate to make a determination on the type of tax treatment elected by the employees.

The ENOA should ensure all deductions are supported by authorization forms signed by the employees, the amounts paid by employees is adequately documented by the Board, and the pre-tax and after-tax elections for each employee are adequately documented.

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

ENOA performed a monthly journal entry to move 25% of selected costs charged to the Congregate Meals program to the IIB Supportive Services program. There was not adequate documentation to support the 25% used to allocate the costs. For September 2017, \$17,658.21 in costs were moved from Congregate Meals to IIB Supportive Services.

The ENOA performed a journal entry to record indirect costs to the Waiver and LOC programs. The LOC amount was \$3,882 per month and the Waiver amount was \$19,166 per month. Both amounts were determined by taking 15% of the budgeted personnel costs for a 10 month period. The indirect costs were calculated to allocate a portion of ENOA administrative costs to the programs. The ENOA has not documented the actual amount of administrative time spent on these programs and therefore this is not an adequate method to allocate those costs. The ENOA should implement procedures to ensure the indirect costs amount is supported by documentation that reflects actual administrative costs of the programs.

Additionally, the ENOA did not specifically include indirect costs as separate expense category in its budgets for Waiver and LOC, but are reporting indirect costs as a separate cost category on the Form A. The ENOA should ensure the indirect costs are specifically included in future budgets.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a \$454.21 mileage expense coded to the Waiver program. The employee incurred the mileage for client visits. The purpose of the trips was not documented on the mileage log. The mileage logs also did not contain all locations travelled. The start and stop locations were not documented, so the APA used the office location for all trips. There were 22 days of mileage claimed and 13 of the days exceeded a 10 % variance to the Mapquest calculated mileage based on the locations documented. Overall, 849 miles were claimed but only 655.3 miles were adequately documented – a variance of 193.7 miles and 29.6%. Additionally, the entire expense was coded to the Waiver program, but the employee spent 10% of her time on the LOC program. The ENOA should implement procedures to ensure the location of travel is adequately documented and miles charged to Federal programs are reasonable when compared to Mapquest. The ENOA should also determine whether a portion of the employee’s expense should be charged to the LOC program.

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The APA tested a \$496.48 mileage expense coded to the C1 program. The employee incurred the mileage for trips to senior centers to help at meals or for site visits. The purpose of the trips was not documented on the mileage log. The mileage log did not contain adequate documentation to support the miles travelled. There were 18 days of mileage claimed and 10 of the days exceeded a 10% variance to the Mapquest calculated mileage based on the locations documented. Overall, 928 miles were claimed but only 823.9 miles were adequately documented – a variance of 104.1 miles and 12.6%. The ENOA explained that based on the route travelled and construction, the miles will vary. The ENOA should implement procedures to ensure mileage driven and charged to Federal programs is both reasonable and adequately documented. If construction requires a significant detour, documentation should be included on the log. Otherwise, the ENOA should ensure it only pays for the most direct route.

The APA tested a \$1,362.75 vehicle maintenance and repair expense coded to the C2 program. The services are provided by the City of Omaha/Douglas County Fleet Operations. The ENOA had copies of the Fleet Management Billing Report for August 2017 but did not have copies of the work orders. Three separate work orders were requested and provided to the APA showing the detail of the work performed and parts used. The ENOA should ensure copies of the work orders are on file prior to payment.

The APA tested an \$800 payment to a client for the caregiver self-directed care program under IIIIE for July and August 2017. The client received reimbursement to help with care giving support needs. Documentation provided included a “Self-Directed Care Provider Narrative” that is signed by both the care giver and the client. It documents the dates and times worked and a brief description of the services provided. Because the program is on a reimbursement basis, the client must first pay the provider for services. However, documentation to determine that the client actually paid the caregiver is not required. Additionally, the rate of pay on the “Self-Directed Care Provider Narrative” was \$16.66 per hour and \$17 per hour for one day, which did not agree to the budgeted amount for the client of \$13.33 per hour. The client billed 24 hours each month. It appears the rate was adjusted in order to bill the maximum amount allowed for the month - \$400. The ENOA should implement procedures to ensure that clients have actually made payments prior to reimbursement under this program. Furthermore, ENOA should ensure the hourly amounts charged agree to the budgets.

The APA tested a \$480 “Other” expense coded to the Waiver program for interpreter services for the dates of September 11 and 18, 2017. An “Interpreter Voucher Request” was provided for both days. On September 11, the interpreter worked 8 hours at the contracted rate of \$30 per hour, or \$240. On September 18, the interpreter documented time worked from 8:30 to 4:00, a total of 7.5 hours. However, the interpreter was paid for a total of 8 hours on both days, which appears to be an over payment of .5 hours or \$15. The ENOA should ensure payments made agree to the documentation provided.

The APA tested a \$23,283.35 contractual food expense to Treat America, the congregate meal contractor that was charged to the C1 program. The APA tested meals reported at 4 of 14 senior centers. Each senior center requests meals one day in advance of the meal. At 3 of the 4 senior centers tested, those requests were not maintained. Therefore, the APA requested the meal logs at the senior centers to ensure the amount of meals recorded on the logs was reasonable. The following meal information was obtained:

August 2017 Meals	Number of Meals Logged	Number of Meals Paid	Variance	Invoiced Amount
Bellevue Senior Center	655	663	8	\$3,051.40
Bellevue Senior Center Evening Meal	240	173	-67	See above
Corrigan Senior Center	639	640	1	\$2,336.00

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Fremont Friendship Senior Center	953	981	28	\$3,580.65
Millard/Montclair Senior Center	596	569	-27	\$2,076.85
Totals	3,083	3,026	-57	\$11,044.90

Note: At least one time per month, a meal in Bellevue is prepared at the senior center and not catered by Treat America. This likely caused the variance for the evening meals at Bellevue.

Note 2: Fremont did not maintain its sign in sheets to document the meals signed for by the clients. A computer spreadsheet of the meals were provided.

The ENOA should require the senior centers to maintain the requests for meals as documentation to support the amount paid to the vendor. As noted in the table above, the meal logs do not always adequately reflect the amount of meals requested due to meal cancellations and other factors. All cancellations of meals should be adequately documented so the meal log can be traced to the number of meals purchased. The ENOA should also ensure its senior centers maintain the meal log sign in sheets as documentation of the daily meal counts.

The APA tested a \$61,035.30 contractual food expense to Treat America, the home-delivered meal contractor that was charged to the C2 program. The invoice indicated that a total of 16,722 meals were ordered in August 2017 at a contract cost of \$3.65. ENOA did not maintain the meal logs that documented the delivery of the meals. A spreadsheet of the meals provided was included as documentation to support the meals. The information was ultimately entered into NAMIS. The ENOA should maintain the home-delivered meals route sheets and have the client sign for the meals to adequately document delivery of the meals.

The APA tested a \$9,119.25 contractual services expense to Caretech for homemaker services in August 2017 that were charged to the IIIB program. ENOA has a contract with Caretech to provide home maker services in Douglas, Sarpy, Cass, Washington, and Dodge Counties at a rate of \$21 per hour. The APA selected 5 of the 94 clients included on the invoice for testing. Each client has a signed rights and responsibilities page indicating the services to be provided. On all of those signed forms, a rate was included that did not agree to the \$21 per hour noted in the contract. The rate noted was the amount to be paid by the client. For example, one client who was authorized for home maker services had a form that stated the actual cost of the service was \$20.50, of which \$2.05 was his responsibility. These do not appear to be updated when the contract changes. We recommend ENOA ensure its documentation related to services provide is accurate.

The APA tested an \$11,487 contractual services expense to Elite Services for homemaker services in August 2017 that were charged to the IIIB program. ENOA has a contract with Elite Services to provide home maker services in Douglas, Sarpy, and Cass counties at a rate of \$21 per hour. The APA selected 5 of the 129 clients included on the invoice for testing. Each client has a signed rights and responsibilities page indicating the services to be provided. On some of those signed forms, a rate was included that did not agree to the \$21 per hour noted in the contract. The rate noted was the amount to be paid by the client. For example, one client who was authorized for home maker services had a form that stated the actual cost of the service was \$20.50, of which \$2.05 was his responsibility. These do not appear to be updated when the contract changes. We recommend ENOA ensure its documentation related to services provide is accurate.

The APA tested an \$11,397.67 contractual services expense to the Intercultural Center under contract to provide a nutrition program and supporting social services. The Center is required to employ a Director and Nutrition Program Coordinator, to determine the recipients meet the age requirements or are the spouse of an active participant, and generally run the senior center. The costs are charged to the C1 program. The annual budget for the program was \$136,772, which is \$11,397.67 per month.

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The ENOA provided documentation to support the major costs of the senior center, including personnel costs, rent, and janitorial services. The APA believes this type of contract is actually a subaward of Federal funds. The APA believes DHHS should require the ENOA to treat this and similar contracts as subawards that must strictly adhere to Federal regulations. ENOA should also implement financial subrecipient monitoring procedures at these subrecipients.

The APA tested a \$5,967.15 contractual services expense to Visiting Nurse Health Services under contract to provide caregiver support program respite services in Douglas, Sarpy, Dodge, Washington and Cass counties. The expense is charged to the IIIIE program. The contracted rate is \$21 per hour. The APA selected 5 of the 12 clients included on the August 2017 monthly billing for testing and obtained timesheets and service authorizations for each client. One timesheet was not signed by the client for the entire month. Additionally, 3 of the 5 clients tested had weekly services paid by ENOA that exceeded the amount authorized, as follows:

Client	Week	Weekly Hours Authorized	Weekly Hours Billed	Difference
Client 1	8/13 to 8/19	7	7.05	0.05
Client 2	8/6/ to 8/12	5	6.12	1.12
Client 2	8/13 to 8/19	5	5.54	0.54
Client 2	8/20 to 8/26	5	6.11	1.11
Client 2	8/27 to 8/31	5	6.10	1.10
Client 3	8/1 to 8/5	6	6.10	0.10
Client 3	8/6 to 8/12	6	6.12	0.12
Totals		39	43.14	4.14

The ENOA should ensure timesheets documenting services provided are signed by all parties prior to payment. ENOA should also implement procedures to ensure the amounts billed and paid do not exceed the authorized amounts per client.

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

N/A – APA tested contracts above.

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

No issues noted.

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

The ENOA did not have adequate documentation to support \$2,064 in advertising that was reported as in kind for the C2 program. The ENOA received a telephone quote of \$516 per week for the weekly newspaper advertisement. The ENOA should obtain the quote in writing from the vendor.

The ENOA included \$3,954.01 as match for the C2 program related to volunteer hours for delivering its home delivered meals. There was no documentation provided to support the amount of time it took to complete each route, such as volunteer timesheets. For September 2017, ENOA reported 395.5 hours for its volunteer drivers.

The ENOA also included \$1,162.02 as match for the C2 program related to volunteer miles driven for delivering its home delivered meals. The APA tested the mileage of three different routes driven. One of the three routes had 8 miles claimed per day. The APA calculated 5.5 miles for that route. A total of 128 miles were claimed for that route for September 2017.

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The ENOA should ensure the amounts recorded as matching are supported by adequate documentation.

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

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

Cost Category	III B			III C1		
	Form A	GL	Variance	Form A	GL	Variance
Personnel	46,290.66	46,290.66	0.00	39,165.87	39,165.87	0.00
Travel	291.47	291.47	0.00	1,288.48	1,312.56	(24.08)
Printing & Supplies	56.53	56.53	0.00	2,398.62	2,398.62	0.00
Equipment	411.61	0.00	411.61	109.57	109.57	0.00
Building Space	3,222.04	3,502.69	(280.65)	3,934.65	3,934.65	0.00
Communication & Utilities	1,966.24	1,400.88	565.36	1,795.30	1,795.30	0.00
Other	1,941.33	2,337.65	(396.32)	357.95	357.95	0.00
Raw Food			0.00	425.82	425.82	0.00
Contractual Services	86,162.09	86,162.09	0.00	83,115.84	68,983.92	14,131.92
Gross Cost	140,341.97	140,041.97	300.00	132,592.10	118,484.26	14,107.84
Other - Local Public Handyman			0.00			0.00
Federal Title XX			0.00	1,656.24	1,656.24	0.00
Federal USDA			0.00	5,394.90	5,394.90	0.00
Income/Contributions	4,902.94	4,902.94	0.00	14,575.98	34.50	14,541.48
Total Non-Match	4,902.94	4,902.94	0.00	21,627.12	7,085.64	14,541.48
Actual Cost	135,439.03	135,139.03	300.00	110,964.98	111,398.62	(433.64)
Local Public (Cash)			0.00			0.00
Local Public Other			0.00			0.00
Local Other (In Kind)	300.00	0.00	300.00	14,131.92	0.00	14,131.92
Local Other Cash			0.00			0.00
Total Local Matching	300.00	0.00	300.00	14,131.92	0.00	14,131.92
SUA Cost	135,139.03	135,139.03	0.00	96,833.06	111,398.62	(14,565.56)

IIIB: The GL had \$531.37 in contractual services related to DME. The APA reduced the contractual services column for these items. They are reported in the budget as other so the other category was increased by \$531.37. Additionally, the ENOA reported some of the expenses incorrectly. The variances noted in yellow were initially incorrectly reported. After the APA brought the issue to the ENOA attention, they corrected the error and resubmitted Form A to DHHS. The totals did not change.

C1: The GL included \$24.08 that was a reimbursement for mileage. ENOA did not include the amount in the Form A. Additionally, the GL included an additional \$9,265 recorded as equipment. This was for a convection oven at the Bellevue Senior Center. However, since it was not budgeted, it was not included as an allowable expense on Form A. The Bellevue Senior Center reimbursed ENOA for the expense, so the APA removed it from the GL amounts. For the difference in income/contributions, the senior centers report the income received for meals monthly. The ENOA provided a spreadsheet showing the total amount of \$14,575.98 for Sept. APA will review the income amounts in testing.

Local Other In Kind - ENOA does not enter the in kind transactions reported by the senior centers on a monthly basis. So when the APA received the GL from ENOA, the in kind amounts had not yet been entered. The APA will review the support for the in kind amounts during testing.

The ENOA should ensure its Form A is correctly completed when submitted.

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

Tested with other expenditures as noted.

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

Because the ENOA does not consider its payments to the senior centers to be subawards, the APA did not review the monitoring at each senior center. Rather, the APA documented the process for the financial reviews of the senior centers. According to ENOA, “Financial monitoring is not completed on all contracted centers. Most of the centers contracted funds are for salary reimbursement only based on hours of operation.” A detailed center evaluation is completed annually. Additionally, other visits

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occur at random and unannounced.

The ENOA should ensure financial monitoring procedures are performed at all centers to comply with Federal regulations. Support for expenses, contributions, and any other activities should be documented for each senior center at least annually.

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Complete Internal Control Questionnaire

There are no written policies for determining that costs are reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance (UGG) and terms and conditions of the subaward. Generally, the allocation between multiple programs is based on estimated time worked on each program. These time estimates are also used to allocate other expenses. The Blue Rivers Area Agency on Aging (BRAAA) should develop written procedures for its cost allocation methods that ensures costs are reasonable, allocable, and in accordance with the UGG and its subaward terms and conditions.

The method used to allocate personnel costs was not adequate. Employees who worked on multiple programs had personnel costs allocated based on estimated time worked on each program. The APA tested the September 2017 payroll that was paid in October 2017, totaling in excess of \$140,000. That payroll included 94 payments to employees – 69 of the employees had time allocated to more than one program. The total payroll allocated to more than one program was in excess of \$110,000. For those employees whose time was allocated between only Title C1 and C2, generally the allocation percentages were usually 65% to C1 and 35% to C2 based on the total NSIP meals for the year. However, some employees were split 64% to 36%. The other employees had a wide range of percentages used to allocate payroll costs between the programs. There was not adequate documentation to support the amount allocated for each employee. The following amounts were allocated to each program for the payroll tested and includes payroll journal entries:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Totals
\$ 16,269.16	\$ 36,334.48	\$ 18,230.72	\$ 802.62	\$ 2,617.28	\$ 2,980.46	\$ 22,029.74	\$ 99,264.46

There is a lack of segregation of duties over payroll processing at the BRAAAA. One individual is responsible to change pay rates in the system, enter time worked, and maintain personnel files. There is not a secondary review of time worked or pay rates to ensure amounts entered are accurate. During testing, the APA found errors in the deduction amounts of certain employees. The APA understands that payroll will be outsourced in January 2018.

The Board of Directors does not review or approve the payments made by the BRAAAA, and therefore, payments are not included in the meeting minutes. The only direct approval the Board gives is for salary changes and payments to the Director. The Board receives financial reports at its meetings, but does not see the detailed payments made by the BRAAA. The BRAAA should consider providing more detailed financial information to its Board of Directors so it can provide effective financial monitoring and oversight.

The BRAAA lacked written policies covering its credit card use, bidding procedures, and capital assets/inventory procedures. Additionally, the BRAAA subrecipient monitoring policy appeared to have been typed while the APA was on site and did not appear to be approved as part of the overall operating policies of the BRAAA. The BRAAA should ensure its official policies include these items.

The method used to allocate expenses to each program lacked adequate documentation. In general, the payroll allocation percentages were used to allocate most costs of the BRAAA. These costs were not based on actual time worked. Again, the BRAAA should ensure any costs allocated to more than one program are documented in a manner that describes the relative benefit received by each program.

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

The independent audit of the BRAAA also had concerns with segregation of duties and the lack of an internal control system designed to provide for the preparation of the financial statements being audited.

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

No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

BRAAA stated that while they have received approval from the IRS to operate as a 501(c)(3) corporation, it is created under the Interlocal Cooperation Act and does not act as a not for profit entity.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested three employees. All three employees had their personnel costs charged to more than one program. There was not adequate documentation to support the percentages used to allocate the costs, as noted above. The following includes the programs charged for the three employees tested for the October 2017 payroll:

Program Charges														
IIB		C1		C2		IID		LOC		Waiver		Other		Total
\$108.00	2%	\$1,727.79	32%	\$647.91	12%	\$107.98	2%	\$215.98	4%	\$1,187.84	22%	\$1,403.78	26%	\$5,399.28
\$286.89	4%	\$1,793.29	25%	\$1,075.97	15%	\$0.00	0%	\$215.19	3%	\$1,147.69	16%	\$2,654.04	37%	\$7,173.07
\$377.50	10%	\$1,623.21	43%	\$830.51	22%	\$0.00	0%	\$113.23	3%	\$452.99	12%	\$377.50	10%	\$3,774.94
\$772.39		\$5,144.29		\$2,554.39		\$107.98		\$544.40		\$2,788.52		\$4,435.32		\$16,347.29

Because the method used to allocate personnel costs was not documented, the BRAAA was not in compliance with the Uniform Grant Guidance. As mentioned previously, the BRAAA should implement a method of time reporting that more accurately reflects the actual time worked on each program.

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

The approval of staff salary increases consisted of an email between the Director and the Fiscal Officer. The BRAAA should consider having the Board approve salary increases each year. The documentation of the increase should also be properly communicated to all employees and documented in the personnel files.

Payroll deductions for all three employees tested were not adequate. The dental rates billed by the insurance provider were less than the amounts withheld for two employees. One employee tested had \$38.40 withheld per month for dental insurance. The premium appeared to be \$35.76. The other employee had \$135.20 withheld per month, and the premium appeared to be \$125.88. For one employee tested, a credit union deduction of \$125 per month was not adequately documented. Finally, for one employee tested, the BRAAA withheld \$250 for medical insurance for the employee’s children without adequate documentation to support the amount. The BRAAA provided medical insurance to its full time employees at no cost to the employee. Coverage for spouses and children were available, but those rates did not appear to be properly approved and included in the personnel policy manual. The rate for children was documented in an email between the director and the fiscal officer.

For one of three employees tested the amount paid to the employee did not appear to be correct. It appears as though an extra \$10 was withheld for State income tax, without documentation to support that amount.

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The BRAAA should ensure salary amounts are properly authorized and documented in personnel files, payroll deductions are properly authorized and agree to the premium amount or amount elected, medical premiums are adequately approved and documented in its personnel manual, and employees' pay is accurate and agrees to elections on file.

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

No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested a \$2,323.85 printing and supplies expense. The amount was made up on numerous invoices from Eakes Office Solutions. When possible, the invoices were allocated directly to the program that benefited from the expense. This was documented in writing on the invoice by identifying the program to which the costs should be charged. However, the invoice also contained \$922.20 in costs that were charged to administration and were allocated to programs based upon percentages that lacked documentation to support the calculation. The allocation of these costs to the programs is as follows:

IIB	C1	C2	IID	LOC	Waiver	Other	Total
\$ 43.40	\$ 303.78	\$ 108.49	\$ 10.85	\$ 21.70	\$ 162.74	\$ 271.24	\$ 922.20

The APA tested a \$4,500 rent expense that was allocated to the various programs based upon percentages that lacked documentation to support the percentage. The allocation of this cost to the programs is as follows:

IIB	C1	C2	IID	III E	LOC	Waiver	Other	Total
\$526.00	\$508.00	\$248.00	\$48.00	\$145.00	\$165.00	\$1,000.00	\$1,860.00	\$4,500.00

The APA tested an \$11,850 expense charged to "other" expenses. The amount was payment to a CPA firm for cost of the fiscal year 2017 audit. The expense was allocated to the various programs based upon the administration allocation method, which lacked adequate support for the calculation. The allocation of this cost to the programs is as follows:

IIB	C1	C2	IID	III E	LOC	Waiver	Other	Total
\$3,160.00	\$2,567.50	\$1,382.50	\$0.00	\$200.00	\$187.50	\$1,687.50	\$2,665.00	\$11,850.00

The APA tested an \$832.50 contractual services expense to Critical Systems Technology (CST) for lifeline services it provides. There were 36 individuals on the invoices using the service with rates of either \$22.50 or \$26 per month. The invoice was allocated between the IIB and IIE programs based upon a notation written on the invoice by the care manager. The BRAAA did not provide adequate documentation to support the allocation between IIB and III E. The expense was allocated as follows:

IIB	III E	Total
\$626.10	\$206.40	\$832.50

The BRAAA should implement procedures to ensure costs allocated to more than one program have documentation that supports the percentages used to allocate the costs to each program.

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The APA tested a contractual service expense totaling \$11,165.67 for the Beatrice Senior Center. The APA obtained documentation of the expenses, which were allocated by the BRAAA between the C1 and C2 programs. The meal log for the month of October indicated 88% of the meals were C1 and 12% were C2. The BRAAA coded 87% of the costs to C1 and 13% of the costs to C2. The following table shows the difference between the actual meal allocation and the BRAAA meal allocation:

Total Expense	C1 Actual	C1 BRAAA	Variance	C2 Actual	C2 BRAAA	Variance
\$11,165.67	\$ 9,825.79	\$ 9,714.13	\$ 111.66	\$ 1,339.88	\$ 1,451.54	\$(111.66)

The APA noted that BRAAA did not record the payments to the contracted senior centers as an expense, but reported the expense in its Form A remitted to DHHS. The BRAAA should consider recording the payment as a contractual service expense since that is how it is reported to DHHS.

Finally, the APA tested a contractual services expense totaling \$11,013.69 to the Southeast Nebraska Community Action Program (SENCA), of which \$5,848.05 was coded to C1 and \$5,165.64 was coded to C2. The following table illustrates the various costs incurred by SENCA:

Cost Category	C1	C2
Personnel	\$ 4,825.90	\$ 4,198.99
Printing & Supplies	\$ 0.03	\$ 73.39
Communication & Utilities	\$ 362.25	\$ 348.06
Other	\$ 437.16	\$ 339.61
Raw Food	\$ 222.71	\$ 205.59
Total	\$ 5,848.05	\$ 5,165.64

These costs are reported to the BRAAA on a form similar to the Form A used to report BRAAA activity to DHHS. All of the costs are reported by the BRAAA as contractual services. The BRAAA did not record the payments to the contracted senior centers as an expense, but reported the expense in its Form A remitted to DHHS. The BRAAA should consider recording the payment as a contractual service expense since that is how it is reported to DHHS.

The BRAAA annually reviews one month of SENCA activity and traces it to supporting documentation. Therefore, the detail of all the expenses were not previously obtained by the BRAAA for the October expenses selected for testing by the APA.

The APA requested the documentation to support the expenses of SENCA but adequate documentation was not provided in a timely manner. The APA noted the following related to the SENCA reported expenses:

- The BRAAA did not have an adequate understanding of the personnel costs reported by SENCA. SENCA provided a general ledger and pay stubs as supporting documentation; however, the amounts provided could not be traced to the amount reported as personnel costs by SENCA. The BRAAA could not explain the process.
- SENCA reported indirect costs in its Communication & Utilities and Other expense categories, as follows:

Cost Category	C1	C2
Communication & Utilities	\$ 129.16	\$ 132.92
Other	\$ 353.96	\$ 262.81

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Total	\$ 483.12	\$ 395.73
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The BRAAA lacked an adequate and documented understanding of the indirect costs reported by SENCA. The BRAAA indicated the indirect costs were a portion of salary and fringe benefits but did not know whose salary and fringe and lacked the documentation to support the indirect costs.

- A general ledger was provided that supported many of the reported expenses, other than personnel. However, not all invoices were provided.
- The SENCA recorded 52% of its costs to C1 and 48% of its costs to C2. Documentation was not provided to support this allocation of costs. The BRAAA should ensure that all allocation methods used by its subrecipients are adequately documented in the same manner as required of the BRAAA.

The BRAAA should implement procedures to ensure an adequate understanding of the costs reported by SENCA to ensure they are reasonable, allowable, and supported by adequate documentation.

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

N/A – APA tested contracts above.

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

No issues noted.

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

The BRAAA is reimbursed for various meals, including Title XX and NSIP, based on the number of meals served. The income reported for these meals is as follows:

Cost Categories	Title III-C1	Title III-C2
Title XX	\$ 780.36	\$ 4,003.64
NSIP	\$ 5,516.00	\$ 2,827.30

The congregate meals are documented on “grid” sheets, which contain the pre-printed clients’ names and tallies for each meal received. Sign in sheets are not used. For the home delivered meals, route sheets or mile logs are not maintained and clients are not required to sign or initial for their meals. Each month BRAAA send confirmations to 13 random clients who received the home delivered meals. The BRAAA should consider implementing sign in sheets at its meals sites for the congregate meals to more appropriately document client meals received. Additionally, BRAAA should require the delivery route sheet or mileage log to be signed by the driver and initialed by the client to ensure home delivered meals provided to clients.

For the Title XX C1 and C2 meals, one client was authorized for both home delivered meals and congregate meals. The meal log for September 2017 indicated the client had 5 home-delivered meals and 5 congregate meals. All 10 meals were charged to the congregate meal program (C1). Five meals should have been charged to the home delivered meal program. Five meals at \$5.36 is \$26.80. The BRAAA should work with DHHS to ensure the authorization form for the client is accurate and can be billed to the proper program.

For the NSIP amount reported for C1, BRAAA used the Form A amount reported by Beatrice for the October meals, rather than the actual NSIP meals reported for the month. Additionally, the C2 NSIP amount did not include an amount for the October Beatrice meals. BRAAA should adjust its NSIP totals in future months to correct for these issues.

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For the C2 program, contributions were not recorded for Beatrice. Documentation provided showed that \$120 was collected. The BRAAA should ensure contribution amounts are appropriately recorded.

For income amounts reported for the C1 program, which totaled \$20,437.27, the BRAAA provided the Cash Contribution Sheets from each site. The APA selected two sites for testing and traced the deposit amount to the Cash Contribution Sheet. For the Fairbury Senior Center, it appears amounts were changed for two days listed in order to agree to the amount deposited. A note was included on the Cash Contribution Sheet that someone spoke with the Manager and she believes she wrote the wrong number on one date and forgot to correct the other date. One amount was off by \$28. The BRAAA should ensure that each senior center has implemented adequate controls over the collection of contributions and should observe and document the collection procedures on a periodic basis.

The BRAAA reported \$13,684.16 for local public in kind services for the III-B program. Of that total, \$10,935 was related to in kind volunteer hours. The volunteer hours worked are not adequately documented. Each site simply sends in a summary of the hours worked each day for various activities, including kitchen aides, drivers, dining room aides, etc. None of the sites require its volunteers to keep timesheets. Documentation of the routes driven is not maintained to ensure hours charged for volunteer drivers are accurate. The BRAAA should ensure volunteer hours are supported by timesheets signed by each volunteer that adequately documents the activities worked on each day. Additionally, one site's summary spreadsheet did not include the last two days of the month in the total volunteer hours. The BRAAA should ensure the documentation provided is accurate.

The BRAAA reported \$3,664.24 in matching for the C1 program and \$3,405.68 for the C2 program. The majority of those costs were matching amounts reported by SENCA, as follows:

SENCA Match	C1	C2
Personnel Costs	\$ 3,410.08	\$ 3,147.76
Communication & Utilities	\$ 129.16	\$ 132.92
Totals	\$ 3,539.24	\$ 3,280.68

The BRAAA did not have adequate procedures to ensure the matching amounts were supported by adequate documentation and were not duplicative with the indirect costs charged by SENCA. The BRAAA should obtain adequate documentation to support the personnel costs charged, including the individual's payroll stubs, as well as the amount allocated to each program. The allocation method should also be adequately documented.

It also appears that the amount of Communication and Utilities match is the same as the indirect costs SENCA charged to the C1 and C2 program, noted above. The BRAAA should ensure all expenses and matching amounts are adequately supported and not duplicative.

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 amount reported for NSIP for Beatrice did not agree to the actual NSIP amounts and will need to be adjusted on a future report. Additionally, the entire NSIP amount for Beatrice was included in C1 and not adequately split between C1 and C2. The amount reported was \$629.30. It should have been \$744.10.

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

Tested with other expenditures as noted.

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

The BRAAA has two subawards with Beatrice and SENCA. The BRAAA obtains all of the supporting documentation for Beatrice each month. The APA observed the documentation provided for October 2017 and amounts agreed to support.

For SENCA, the BRAAA selects one month each year and reviews the supporting documentation for the one month. The BRAAA last reviewed July 2017. The following tables illustrates the amounts reported for SENCA during the last review period – July 2017:

Cost Category	C1	C2
Personnel	\$ 4,541.09	\$ 4,191.75
Printing & Supplies	\$ 0.78	\$ 73.26
Communication & Utilities	\$ 660.80	\$ 637.32
Other	\$ 340.53	\$ 314.59
Raw Food	\$ 255.32	\$ 235.70
Gross Costs	\$ 5,798.52	\$ 5,452.62
Title XX	\$ -	\$ 400.00
Federal USDA	\$ 287.00	\$ 116.90
Income/Contributions	\$ 1,201.85	\$ 1,095.00
Subtotal	\$ 1,488.85	\$ 1,611.90
Actual Cost	\$ 4,309.67	\$ 3,840.72
Local Public Cash Matching	\$ 3,539.24	\$ 3,294.34
BRAAA Cost	\$ 770.43	\$ 546.38

The APA had the following concerns with the BRAAA subrecipient monitoring procedures, which are similar to those included above under contractual services:

- *The written procedures provided by the BRAAA lacked sufficient detail to describe all of the steps needed to be completed. The BRAAA should approve a more detailed, formal subrecipient monitoring policy.*
- *The BRAAA did not have an adequate understanding of the personnel costs reported by SENCA. SENCA provided a general ledger and pay stubs as supporting documentation; however, the amounts provided could not be traced to the amount reported as personnel costs by SENCA. The BRAAA could not explain the process.*
- *SENCA reported indirect costs in its Communication & Utilities and Other expense categories, as follows:*

Cost Category	C1	C2
Communication & Utilities	\$ 129.16	\$ 146.58
Other	\$ 282.74	\$ 261.00
Total	\$ 411.90	\$ 407.58

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

- *The SENCA recorded 52% of its costs to C1 and 48% of its costs to C2. Documentation was not provided to support this allocation of costs. The BRAAA should ensure that all allocation methods used by its subrecipients are adequately documented in the same manner as required of the BRAAA.*

Complete Internal Control Questionnaire

The method used to allocate personnel costs to more than one Federal program was not adequate. Employees who worked on multiple programs had personnel costs allocated based on estimated time worked.

Aging Partners allocates time worked by business unit. Prior to each fiscal year, Aging Partners determines the business unit allocation of each position and loads that allocation into its payroll system. The determination is an estimate of time spent on each activity and is not based on actual numbers.

Each business unit is allocated to the various Federal programs, which is also based on estimates and not based on actual time worked on each program.

For example, one employee tested was allocated 50% to the Central Kitchen business unit and 50% to Multi-County Coordination business unit. That employee’s salary in the Central Kitchen business unit was allocated 98% to C1 and 2% to C2. That employee’s salary in the Multi-County Coordination business unit was allocated 25% to IIIB, 26% to C1, 10% to C2, and 39% to IIIE.

The APA tested the payroll paid in November 2017, totaling in excess of \$433,000 for the Federal programs tested. The method used to allocate employee hours worked to more than one Federal program was not adequate. The following amounts were allocated to each program for the payroll tested:

Title III-B	Title III-C1	Title III-C2	Title III-D	Title III-E	LOC	Waiver	Totals
\$ 187,559.23	\$ 71,673.04	\$ 12,361.72	\$ 8,080.84	\$ 18,957.86	\$ 3,921.91	\$ 130,588.70	\$ 433,143.30

The method used to allocate all other expenses to each program also lacked adequate documentation to support the allocation method. Similar to the personnel costs, the business units were allocated to the Federal programs based on budgeted numbers (or estimates).

Aging Partners should ensure any costs allocated to more than one program are supported by adequate documentation that describes the relative benefit received by each program.

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

No issues noted.

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

No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

Aging Partners does not operate as a non-profit corporation.

Obtain a list of employees paid during the period tested

No issues noted.

Perform a detailed test of employee payroll

The APA tested five employees. All five employees had their personnel costs charged to more than one program. There was not adequate documentation to support the percentages used to allocate the costs, as noted above. The following includes the programs charged for the five employees tested for the November 2017 payroll:

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Program Charges														
IIB		C1		C2		IID		IIE		LOC		Waiver		Total
\$674.90	21%	\$2,322.51	71%	\$276.27	8%	\$0.00	0%	\$14.30	0%	\$0.00	0%	\$0.00	0%	\$3,287.98
\$1,430.25	50%	\$922.23	33%	\$287.13	10%	\$24.84	1%	\$174.15	6%	\$0.00	0%	\$0.00	0%	\$2,838.60
\$2,100.66	61%	\$837.25	24%	\$222.59	7%	\$45.75	1%	\$228.39	7%	\$0.00	0%	\$0.00	0%	\$3,434.64
\$2,663.15	89%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$329.15	11%	\$0.00	0%	\$0.00	0%	\$2,992.30
\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$1,140.41	40%	\$1,710.61	60%	\$2,851.02
\$6,868.96		\$4,081.99		\$785.99		\$70.59		\$745.99		\$1,140.41		\$1,710.61		\$15,404.54

Because the method used to allocate personnel costs was based on estimated or budgeted time worked on each program, Aging Partners was not in compliance with the Uniform Grant Guidance and should implement a method of time reporting that more accurately reflects the actual time worked on each program in order to distribute the costs based on relative benefits received in each program.

The Director completes a timesheet that documents his leave usage. Since the Director reports to the Mayor, there is no approval of his timesheet/leave usage. The City should implement a procedure to ensure that its Director's time worked and leave used is approved.

The allocation of the Director's pay was determined to be 50% to the administrative business unit and 50% to the multi-county administration business unit. For the period selected for testing (pay period ending 11/1/17) the Director's payroll was allocated 100% to the administrative business unit only. The Aging Partners stated that a correction would need to be made to the allocation of his payroll. The Aging Partners should make appropriate journal entries to correct the allocation and should implement procedures to ensure employee salaries are correctly allocated based on the documented allocation percentages.

For 2 of the 5 employees tested, there was no documentation on file to support the amount of pay that was deducted and sent to the credit union. According to City personnel, staff make the election at the credit union and fill out a form. In the past, the credit union did not send the authorization forms to the City. According to the City, they now receive copies of the authorization forms. The City should ensure all deductions from pay are adequately authorized by the employee. Both amounts were \$100 per pay period.

Two of five employees also had amounts deducted from their pay for medical flexible spending. According to the City, these elections are done by the employee online and the City is only able to provide the amounts from the system that were withheld and not an actual authorization from the employee. The City should consider confirmations of the online elections printed by the employees and maintained in the personnel files to support any online authorizations for deductions from pay. One amount was \$100 per pay period, the other was \$9.75 per pay period.

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

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

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Perform a detailed test of agency expenditures

The APA tested a \$32,288.51 rental expense for its building space. In general, Aging Partners used the office spaces of its staff to allocate the common area spaces for each activity. For each employee, the payroll allocation was used to allocate their space to the various programs. As mentioned previously, the method to allocate personnel costs was based on estimated numbers, which was not adequate to determine the relative benefits received for each program. The allocation of the building space rental costs to the programs is as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Total
\$ 18,865.36	\$ 6,150.86	\$ 587.80	\$ 755.72	\$ 1,378.42	\$ 75.02	\$ 4,475.33	\$ 32,288.51

Additionally, the APA identified some other issues with the space allocation spreadsheets. For example, one of the spreadsheets had a formula missing so some of the allocations to the various programs were incorrect. Likewise, some of the employees included for each area were not current causing some of the percentages to be incorrect.

If the Aging Partners continues to use the personnel costs allocation percentages to allocate the building space amounts, it should ensure the personnel costs are based on actual time worked on each program. Furthermore, the Aging Partners should ensure the building space cost allocation spreadsheets are accurate and up to date to ensure the allocation percentages used reflect the actual programs involved.

The APA tested a \$20,924 insurance expense coded as other expenses. The allocation of this cost to the programs is as follows:

IIIB	C1	C2	IIID	IIIE	LOC	Waiver	Total
\$11,131.35	\$3,491.73	\$401.99	\$23.33	\$438.60	\$92.00	\$5,345.00	\$20,924.00

The method used to allocate the expense to the various programs was based on budgeted figures, which is not adequate to determine the relative benefits received for each program. Additionally, the Aging Partners did not have copies of the actual insurance invoices to support the amount of insurance charged. Instead, the Aging Partners received an invoice from the City’s Risk Management Department detailing the amount owed for insurance. The Aging Partners should ensure they have a copy of the insurance invoices to document the actual amount charged for insurance. The Aging Partners should also make sure the allocation to the Federal programs is documented and in accordance with the relative benefits received for each program.

The APA tested a \$7,881.05 expense coded as an “other” cost. The payment was made to the Blue Rivers Area Agency on Aging (BRAAA) for their ADRC services. Aging Partners receives the funding from the State for the ADRC program to distribute under a joint demonstration project with BRAAA and Midlands Area Agency on Aging (MAAA). Then Aging Partners has a subaward with each of the other area agencies to pay them for their agreed-upon share of the ADRC expenses. BRAAA included the following ADRC costs, all of which were charged to the IIIB program.

Personnel Costs	\$ 6,679.35
Travel	\$ 126.73
Printing and Supplies	\$ 458.44
Building Space	\$ 330.00
Communication and Utilities	\$ 71.94
Other	\$ 214.59
Total	\$ 7,881.05

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The BRAAA has a method to allocate its expenses, including personnel costs, to its various programs that is not supported by adequate documentation. Therefore, Aging Partners cannot ensure the costs reimbursed were for actual ADRC services, in accordance with the terms of the agreement between Aging Partners and BRAAA. Additionally, the subaward with BRAAA requires staff who are partially funded by the ADRC grant to provide timesheets showing how the hours are attributed to the ADRC duties. The timesheets provided did not reflect the ADRC duties but were allocated based on estimated amounts. There was no other documentation provided to Aging Partners to support the percentage of salary charged to each employee.

The Aging Partners should implement procedures to ensure the terms of the agreement are complied with so that only actual costs are reimbursed. If adequate documentation is not provided, it should be requested from the BRAAA prior to payment.

The APA tested a \$7,653.23 expense coded as an “other” cost. The payment was made to the MAAA for their ADRC services. Aging Partners receives the funding from the State for the ADRC program to distribute under a joint demonstration project with BRAAA and MAAA. Then Aging Partners has a subaward with each of the other area agencies to pay them for their agreed-upon share of the ADRC expenses. MAAA included the following ADRC costs, all of which were charged to the IIIB program.

Personnel Costs	\$ 6,845.35
Travel	\$ 154.08
Printing and Supplies	\$ 25.28
Building Space	\$ 350.00
Communication and Utilities	\$ 221.00
Other	\$ 57.52
Total	\$ 7,653.23

The MAAA has a method to allocate its expenses, including personnel costs, to its various programs that is not supported by adequate documentation. Therefore, Aging Partners cannot ensure the costs reimbursed were for actual ADRC services, in accordance with the terms of the agreement between Aging Partners and MAAA. Additionally, the subaward with MAAA requires staff who are partially funded by the ADRC grant to provide timesheets showing how the hours are attributed to the ADRC duties. No timesheets were provided by MAAA. There was no other documentation provided to Aging Partners to support the percentage of salary charged to each employee.

Additionally, for one employee, MAAA overcharged the Aging Partners \$500 for health insurance. The calculated amount according to the employee pay stub was \$329.99; however MAAA reported the amount on the invoice as \$829.99.

The Aging Partners should recover the \$500 overcharge from the MAAA and should implement procedures to ensure the terms of the agreement are complied with so that only actual costs are reimbursed. If adequate documentation is not provided, it should be requested from the MAAA prior to payment.

The APA tested a \$2,777.72 expense coded as an “other” cost. The payment was made to Paula Ritter Gooder under a contractual agreement for nutrition counseling services. The contract between the vendor and the Aging Partners was not to exceed \$30,000 at a rate of \$50 per hour plus mileage.

The documentation received was not adequate as it lacked the appropriate detail to ensure the services paid for were provided. The invoice only contained summary level data as follows:

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Services provided for October 2017		
Professional Hours of Service 53.5hrs @ \$50.00 / hr	\$	2675.00
Mileage 192 miles @ .535/mile		102.72
		2777.72
	\$	2777.72

The Aging Partners should require a detailed time summary by day that is signed by a program manager responsible for the contract. The Aging Partners should also require a detailed accounting of the miles driven by date and location to ensure the amount charged under the contract is reasonable and accurate.

Additionally, the payment was allocated to the various Federal programs based on estimates. The allocation to each program was as follows:

IIB	C1	C2	IIE	Total
\$492.36	\$2,110.56	\$147.92	\$26.88	\$2,777.72

By requiring additional details on the nature of the services provided, Aging Partners would be better able to code this expense to the proper programs.

The APA tested a \$1,411.13 expense from Cash-Wa Distributing that was coded to raw food. Aging Partners allocates the food expense 98% to C1 (\$1,382.91) and 2% to C2 (\$28.22). This is an estimate of the food costs of each program. The allocation is not supported by adequate documentation to ensure each program paid for the relative benefits received.

The APA tested an \$860.24 expense from Treat America that was coded to raw food. The expense was for meals provided at the Downtown Senior Center on October 30 and 31. Aging Partners allocates the food expense 98% to C1 (\$843.04) and 2% to C2 (\$17.20). The allocation is not supported by adequate documentation to ensure each program paid for the relative benefits received.

The APA tested a \$4,705.75 expense to Mary Wilson that was coded to contractual services. The contract was for Legal Services provided under the IIB program and was 100% allocated to that program. The contract was for a maximum amount of \$56,469. The following was the invoice received for the payment:

(1) PERSONNEL	47629.00	7977.29	4008.20
(2) TRAVEL	2900.00	444.21	202.55
(3) PRINTING & SUPPLIES	420.00	70.00	35.00
(4) EQUIPMENT	0	0	0
(5) BUILDING SPACE	2100.00	350.00	175.00
(6) COMMUNICATION & UTILITIES	3420.00	570.00	285.00
(7) OTHER COSTS	0	0	0
(8a) RAW FOOD	0	0	0
(8b) CONTRACTUAL SERVICES	0	0	0
(9) TOTAL COSTS	56469.00	\$9,411.50	4705.75

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The Aging Partners did not receive any other documentation to ensure the amounts included were for actual expenses, including timesheets or invoices. Without procedures to ensure the amounts paid under the contract are for actual services, there is a risk for loss of misuse of funds.

The APA tested a \$15,458 expense to Tabitha, Inc. that was coded to contractual services. Aging Partners allocated this expense 58% to C1 (\$8,965.64) and 42% to C2 (\$6,492.36). The invoice indicated the expense was for the Meal on Wheels provided during October 2017. If the entire invoice was for Meal on Wheels expense, it seems as though it should have been 100% charged to C2. The Aging Partners indicated that none of Tabitha should be coded to C1.

The Aging Partners should implement procedures to ensure costs are properly charged to Federal programs based on the relative benefits received in each program.

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

N/A – APA tested contracts above.

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

No issues noted.

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

No issues noted.

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

The Aging Partners method to allocate funds to the correct Federal program is based on a number of interlinked Excel spreadsheets and is not conducive to being able to readily trace the funds from the City's financial management system to the Form A's used to report the program data to the DHHS.

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.

The Aging Partners lacks formal, written policies that documents the process to accumulate the financial data from the accounting system to the spreadsheets to the Form A reports to ensure the expenditures are in compliance with the Uniform Grant Guidance. The Aging Partners Administrative Officer can provide the methodology in a written, email form, but there did not appear to be an official written policy or procedure to ensure the accumulation of financial data is in accordance with the procedures and adequately reviewed to ensure the program charges are accurate.

2 CFR 200.302(a) states the following:

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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.

Additionally, in the City's accounting system, miscellaneous contractual services are reported as an "Other" expense category in Form A. The Aging Partners has to move that to contractual services expense category on the Form A. See below:

Cost Categories	Total Form A	Total GL	Variance
Personnel	\$ 433,143.30	\$ 433,143.37	\$ (0.07)
Travel	\$ 7,230.22	\$ 6,816.42	\$ 413.80
Printing & Supplies	\$ 8,024.09	\$ 8,024.06	\$ 0.03
Building Space	\$ 34,234.60	\$ 34,234.61	\$ (0.01)
Comm & Utilities	\$ 3,749.09	\$ 3,749.10	\$ (0.01)
Other	\$ 40,109.29	\$ 66,893.06	\$ (26,783.77)
Raw Food	\$ 13,729.79	\$ 14,143.61	\$ (413.82)
Contractual Services	\$ 56,945.13	\$ 30,161.34	\$ 26,783.79
Gross Costs	\$ 597,165.51	\$ 597,165.57	\$ (0.06)

The APA also determined that the Director's salary allocation for the pay period tested was not in accordance with the described allocation. As such, the controls over the accumulation of these costs should be improved and should include a review process to ensure costs are coded to the correct Federal program.

The Aging Partners should consider whether its accounting system can be modified to account for the cost of each program separately. If not, the Aging Partners should develop detailed, written procedures that describes the process to accumulate the financial data from the accounting system to the Form A report to the DHHS. These procedures should also include a documented review process to ensure the costs (including payroll) are charged to the correct Federal program.

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

Tested with other expenditures as noted.

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

For about the last two years, Aging Partners has not passed Federal funds through to the subrecipient counties. Therefore, the APA did not perform review Aging Partners subrecipient monitoring procedures but instead documented the review process. Aging Partners performs an annual risk assessment on each of its subrecipients. If the risk is deemed low, the Aging Partners performs a site visit every 3 years. The last site visits were in November 2016. The Aging Partners documents the financial controls, but does not look at individual transactions during the monitoring.

Complete Internal Control Questionnaire

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

The SCNAAA completed a time study in May 2017 that was used to allocate costs to more than one Federal program or activity. The APA had a number of concerns related to the time study as follows:

The SCNAAA has written procedures for its allocation of costs and include the use of a time study. However, those written procedures are not adequately detailed to explain the method used to round the time study’s calculation to the actual percentages used to allocate costs on the allocation spreadsheet. For example, one employee recorded a total of 5.83% of her time to IIIE activities in the time study. However, there was no allocation of the employee’s payroll costs to the IIIE program. Additionally, the same employee recorded 23.29% of her time to meal costs in the C1 program. However, the allocation spreadsheet used 25.25%. If the SCNAAA rounds the time study calculations in some fashion, the method used to round should be adequately documented in the policy to ensure a consistent treatment between Federal, State, and local funds.

The APA tested 4 of the 18 employees included in the time study. Three of the four employees tested did not code 100% of their time directly to an agency program or activity. For example, the Finance Director recorded only 42.75 hours directly to the agency’s programs and activities. The remaining 160.25 hours were recorded in one column entitled “Split Across All Programs.” This column was used to record time that could not be specifically attributed to any one program or activity but in many cases benefited more than one program or activity.

Since the agency is using the time study to determine the direct charges to the programs, only the portion directly attributed to program activities should be included as a direct personnel cost. The remainder of the hours could be considered indirect charges. The following table illustrates the charges from the time studies for the three of the four employees tested:

Title	Direct Program Activities	Split Across All Programs
Director of Finance	21.06%	78.94%
Administrative Assistant	72.78%	27.22%
Executive Director	62.42%	37.58%

The SCNAAA should implement procedures to ensure the allocation of personnel costs to the Federal programs is based upon an appropriate time study. If costs are not directly attributable to a program, the costs should not be charged to the Federal programs but could be considered indirect costs.

The APA learned that the current Finance Director was newly hired since the completion of the time study. A new time study was not completed for this employee; rather her time was allocated using the percentages determined by the former Finance Director. The SCNAAA should implement procedures to ensure any new hires or employees who change positions complete a new time study that properly allocates the amount of time currently spent on each program or activity.

The SCNAAA employees did not certify that the time study is representative of their normal work activities and did not include a large amount of leave hours, time spent covering duties of other employees, etc. The SCNAAA should ensure the employees sign the time study and include a statement that the time study represents their normal work activities.

Finally, the State Unit on Aging did not provide adequate documentation for the approval of the time study used by the SCNAAA. A follow-up letter indicated that the agency complied with the corrective action plan by completing a time study and making adjusting entries. The letter did not contain explicit approval of the time study from the

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State Unit on Aging. The State Unit on Aging should formalize their review process of agencies' time studies and provide explicit approval of the studies.

In addition to the issues related to the agency's time study, the APA also noted other concerns regarding the agency's internal controls:

Timesheets are not signed by the employee. The SCNAAA uses a time clock for its employees to record time worked. The Finance Director takes the time cards and manually enters the time worked onto a monthly calendar for each employee. At the end of each month the time worked and holiday hours are summarized and recorded on the calendar. If the total time worked and holiday time does not equal the total number of hours for the month, then either vacation leave or sick leave is used to make up for the remaining time. These calendars are signed by the Director of Finance for all employees. The Executive Director signs the calendar of the Director of Finance and initials the calendars of the other employees. A Board members signs the calendar of the Executive Director. The SCNAAA should ensure the employees sign and acknowledge the manual calendar created by the Finance Director since it involves the recording of leave usage to ensure they agree with the amounts reported.

The SCNAAA could improve its segregation of duties over payroll. The Finance Director is the only person with access to the accounting system and processes the payroll. While the Executive Director reviews the monthly calendars, a listing of payments presented to the Board, the general ledger, and bank statements, the SCNAAA should consider having him review a detailed payroll report that shows time worked and the rate of pay to ensure no unauthorized changes were made in the system,.

The fiscal portion of the subrecipient monitoring procedures were not adequate. The Board did not review each senior center on a yearly basis. In general, personnel costs and raw food are the major expenses of the senior centers. The SCNAAA did not review any of the personnel costs during their monitoring. The SCNAAA also did not review the method used to allocate costs to more than one program. For example, if a senior center received funds for IIIB, C1, and C2, the SCNAAA did not document the method used to allocate costs (personnel) across the programs. The SCNAAA should strengthen its subrecipient monitoring of the senior centers and ensure all centers are appropriately monitored on an annual basis and that major expenses and income amounts are adequately reviewed. The SCNAAA should also document and understand the method used by the senior centers to allocate costs to more than one of the programs. More details on specific subrecipient monitoring testing is included later in this report.

Coding of senior center expenses is not consistent with other area agencies. Most area agencies code all of the senior center expenses as contractual services. SCNAAA records the expenses to the individual cost categories such as personnel, raw food, etc. The SCNAAA should work with the State Unit on Aging to ensure coding of the senior center expenses is consistent.

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

Prior audit also noted a lack of segregation of duties.

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

No issues noted.

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

No issues noted.

If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska

SCNAAA indicates it operates as a non-profit corporation. However, the SCNAAA has not made the appropriate filings with the Nebraska Secretary of State to be considered a non-profit corporation.

Obtain a list of employees paid during the period tested

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No issues noted.

Perform a detailed test of employee payroll

The APA tested four employees of the SCNAAA and four employees at the senior centers. The four SCNAAA employees had their personnel costs charged to more than one program based on the results of the agency's time study. The APA's concerns with the time study are documented above. The senior center employees did not have documentation to indicate how payroll costs were allocated to the programs.

The following table includes the programs charged for all eight employees tested for the December 2017 payroll. The first four are SCNAAA employees, and the second four are senior center employees:

Program Charges														
IIB		C1		C2		IID		IIE		LOC		Waiver		Total
\$372.37	22.75%	\$404.41	25.25%	\$152.15	9.5%	\$0.00	0%	\$0.00	0%	\$8.01	.5%	\$148.15	9.25	\$1,085.09
\$61.02	6%	\$122.04	12%	\$50.85	5%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$325.44	32%	\$559.35
\$971.22	31%	\$391.63	12.5%	\$219.31	7%	\$0.00	0%	\$31.33	1%	\$0.00	0%	\$469.95	15%	\$2,083.44
\$87.36	5%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$0.00	0%	\$611.52	35	\$0.00	0%	\$698.88
\$1,904.00	56.18%	\$553.07	16.32%	\$931.93	27.5%									\$3,389.00
		\$2,385.60	100%											\$2,385.60
		\$2,517.10	%											\$2,517.10
\$948.93	50%	\$422.94	22.28%	\$526.00	27.72%									\$1,897.87
\$4,344.90		\$6,796.79		\$1,880.24		\$0.00		\$31.33		\$619.53		\$943.54		\$14,616.33

Because the method used to allocate personnel costs for three of the four employees included indirect costs that were charged directly to the programs above, and because the senior centers did not provide documentation to support the allocation of the costs to more than one program, the SCNAAA was not in compliance with the Uniform Grant Guidance. The SCNAAA should implement a method of time reporting that records only direct program charges to the programs and should ensure the senior centers have documentation to support the allocation of personnel costs to the various programs. .

The APA also noted the following concerns in testing the personnel costs of the SCNAAA employees:

The Finance Director was approved for a 4% increase in September 2017. The actual amount of the increase in the payroll system was 4.105%. The Agency should implement procedures to ensure pay increases in the payroll system agree to the authorization from the Board or Director.

Three of four employees did not have proper authorization for the amount of retirement withholdings. The agency provided authorization forms that were effective in January 2018, the month after the period selected for testing. Authorization forms were not provided for the period prior to that time. The SCNAAA should ensure all deductions from pay are appropriately authorized and agree to supporting documentation.

The Executive Director had different withholding amounts for his Federal and State income tax withholdings, which is not appropriate under the Department of Revenue Rules and Regulations.

The employees at the SCNAAA do not sign their time cards or the time summary prepared by the Finance Director that documents hours worked and leave used.

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The timecard hours worked did not agree to the time summary prepared by the Finance Director for two of the four SCNAAA employees tested. One employee worked 5:57 minutes one day but the time summary showed he worked 8 hours that day. Another employee had recorded 7 days of vacation leave and 8 hours of holiday leave in December 2017. The Finance Director changed this to 60 hours of holiday leave and 8 hours of vacation to make up for the time not actually worked. The employee had apparently accumulated a number of holiday hours for working on previous holidays. Those holiday hours were used instead of the vacation hours. There was not adequate documentation on file explaining the situation.

The SCNAAA should implement procedures to ensure the approved salary amounts are the amounts recorded in the payroll system, all deductions from pay of employees are adequately supported, the same number of income tax withholdings are used for the calculation of Federal and State income taxes withheld, and time cards are signed by the employee and adequately document work time and leave used.

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

Two of four senior centers did not provide documentation to support the authorized pay rate of the employee tested.

One senior center could not provide the checks or payroll details of one employee selected for testing. The APA had requested three checks paid to the employee in the month tested as reported to the SCNAAA. The APA received two of the three pay stubs. The amount of one pay stub was not fully charged to the SCNAAA and the senior center was unable to provide an explanation. The third pay stub was simply not provided. The amount of the pay stub not provided was \$1,085.

One senior center included \$313.61 in leave payments in the salary charged to the SCNAAA. However, only \$169.26 was supported by the time records.

Two of four employees tested had Federal and State income tax withholdings slightly off. Both payroll calculations were performed manually at the senior centers.

All four employees tested did not have a signed and approved timesheet.

Two of four employees tested did not have documentation to support the allocation of the payroll costs between the Federal programs. See table above for amounts allocated.

Because of the aforementioned concerns, the personnel costs charged to the programs were not in compliance with the Uniform Grant Guidance.

The SCNAAA should strengthen its monitoring of the senior center payroll costs and should ensure pay rates are duly authorized, income tax withholdings are accurate, timesheets are signed and approved by the employee and supervisor, and the allocation of personnel costs between Federal programs is supported by adequate documentation.

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

No significant journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

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The APA tested a \$4,250 rental expense for its building space. The allocation of the rent is based upon the time studies completed by agency staff. As mentioned previously, the agency lacked a written policy that described the rounding of the calculated amounts in the time study to the allocation spreadsheet. The rounding amounts were not uniform across the programs. Additionally, the allocation of this rental expense did not agree to the allocation spreadsheet in many instances. For instance, the IIBB Access activity was noted as .97% on the allocation spreadsheet; however, 7.9% was used to allocate this cost. Additionally, the IIIE program showed 2.06% on the allocation spreadsheet; however, there was nothing allocated to IIIE for this cost. A final example is Medicaid Waiver, in which the allocation spreadsheet showed a 42.01% calculation; however, the actual amount of this cost allocated was 43.8%. It appears as though the allocation spreadsheet was not consistently used and that the agency haphazardly assigned percentages to each program that were close to the percentage calculated.

The allocation of the building space rental costs to the programs is as follows:

IIBB	C1	C2	IIID	IIIE	LOC	Waiver	Other	Total
\$ 714.00	\$ 531.25	\$ 106.25	\$0.00	\$ 0.00	\$ 174.25	\$ 1,861.50	\$862.75	\$ 4,250.00

If the SCNAAA chooses to use the time study to allocate costs, it should only allocate the portion of the costs that are directly attributable to the programs and should ensure the amount charged to the programs agrees to the time study percentages.

The APA tested a \$437 payment to a Chore worker that was coded to the IIBB program as an “Other” expense. The SCNAAA provided an agreement from 2011 that stipulated a rate of \$8 per hour for up to 8 hours per month. The chore provider was paid \$9.50 per hour for a total of 46 hours for 7 different clients for one month. The SCNAAA should ensure its payments are in accordance with the terms of its contracts and agreements and should look to amend the agreements when necessary.

The APA tested a \$601 expense coded to the IIIE program as an “other” expense. The expense is to provider of meals in Comstock. The entity provided an invoice to the SCNAAA indicating the client served, the number of meals provided, and a cost per meal. For December 2017, the invoice showed 167 meals provided to 12 different clients. However, SCNAAA was only charged \$601 for those meals, which is about \$3.60 per meal. There was no explanation regarding the \$5.50 per meal noted on the invoice and the actual amount charged. Additionally, the SCNAAA did not have a contract or agreement with this organization that defined the terms and conditions. The SCNAAA should ensure written agreements are on file for all services provided that document the terms and conditions of the agreements, including the rate per meal and whether the meal is for the client or the caregiver. At first glance it appears the meal expenses should be charged to the Title C2 program for the client. The SCNAAA should work with the State Unit of Aging to ensure appropriate coding of these funds.

The APA tested a \$2,225 expense to Medscope. \$1675 was charged to the IIBB lifelines program and \$550 was charged to the IIIE Respite Lifelines program. There was no contract or agreement on file with Medscope that defined the terms and conditions of the services provided. The SCNAAA should ensure it has agreements with all entities that provide services and that clearly define the terms and conditions of the agreement.

The APA tested a \$1000 expense charged to the IIBB program for legal services. The contract provided was for a three year period and stated it was not to exceed \$24,000. The invoice provided was for a three week period in December for \$1000. According to the SCNAAA general ledger, payments to the vendor since July 2017 have been \$13,000. It appears likely that payments to the vendor has exceeded the \$24,000 stated in the contract. Additionally, the invoice included a charge of \$190.60 for mileage. The invoice did not indicate the points of destination for which mileage was claimed. The SCNAAA indicated it was mileage from Beatrice to Kearney since the contractor is located in Beatrice. The SCNAAA should ensure all payments conform to the terms and conditions of its contracts and agreements and should amend the contracts as necessary.

The APA also tested the following expenses from the four senior centers selected for testing:

Broken Bow

The C1 and C2 budget submitted by the Prairie Pioneer Center in Broken Bow splits costs 65% to C1 and 35% to C2. The FY 2017 nutrition reports from SCNAAA show the senior center serving 55% of its meals as C1 and 45% of its meals as C2. The senior center reports only Title C in total, and the SCNAAA splits the amounts into C1 and C2. Generally, the SCNAAA uses the budgeted meals as a guideline when allocating the meal costs between C1 and C2.

The SCNAAA should ensure there is adequate documentation to support the allocation of meals between C1 and C2 programs and should consider whether the senior center should track the costs of each program separately.

In addition to the lack of adequate documentation provided over personnel costs noted above, the APA also requested documentation to support a raw food expense of \$2,247.30 paid to Sysco. The senior center provided two invoices – one in the amount of \$782.52, the other in the amount of \$453.08 – for a total of \$1,235.60. The amount of \$2,247.30 was hand written on the invoice but was not adequately supported. Later the senior center provided a statement from Sysco showing a total of \$2,908.48 in charges, a \$36.75 adjustment, and a \$2,545.81 payment. This statement also failed to support the amount charged to the SCNAAA for the raw food costs.

We recommend the SCNAAA implement strict monitoring procedures over this senior center and withhold payments until all expenses are adequately supported.

Phelps County Senior Center

This senior center provides IIIB services and C1 meals. The center provides one IIIB report each month. Then, the SCNAAA splits the amounts on the report into the various IIIB activities based on budgeted percentages. The allocation of costs should be based on the relative benefits received by each program. Estimates or budgets are not a reasonable method to allocate costs.

The SCNAAA should consider having the senior center track costs based on each program and activity so that the costs more accurately reflect the relative benefits received.

The APA tested invoices from Black Hills Energy and the City of Holdrege for utility expenses. The Black Hills Energy invoice totaled \$645.24; however, \$580.72 was charged to the IIIB program. The City of Holdrege invoice totaled \$713.73; however, \$642.36 was charged to the IIIB program. According to the center's Director, the center shares space with the Phelps County Public Transit system and so that entity pays for 10% of the utilities. No documentation was provided to ensure the amount charged to the IIIB program was reasonable.

Additionally, the entire amounts charged to the senior center were charged to the IIIB program, instead of being allocated to IIIB and C1. The center's Director indicated that they just rotate paying the utility bills each month between IIIB and C1. This method to allocate costs does not provide for charging the costs based on the relative benefits received.

The SCNAAA should ensure costs charged directly to the programs are based on the relative benefits received for each program. The method to allocate costs should be supported by adequate documentation.

Peterson Senior Center (Community Action Partnership of Mid Nebraska)

The senior center operates its kitchen out of the Community Action Partnership of Med Nebraska location. The SCNAAA did not obtain the same level of detail for this senior center as the other senior centers on a monthly basis

to support their Form A amounts reported. The SCNAAA staff indicated they only received the monthly summary report.

The SCNAAA should provide the same level of monitoring of this senior center as all the other senior centers and should request the monthly documentation to support the amounts claimed for reimbursement.

Franklin Senior Center

The center reports one amount for Title C and then the SCNAAA splits the amounts between C1 and C2. The same is true for IIIB – the center reports a total amount and the SCNAAA splits it out between a few different IIIB activities. This is based on budget estimates.

The SCNAAA should consider having the senior center track its cost by program and activities so that the costs are appropriately allocated based on the relative benefits received.

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

N/A – APA tested contracts above.

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

No issues noted.

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

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

Broken Bow

The center reported \$1,125.01 in Title XX income. The documentation received could only support \$674.64 of that amount. The variance was not explained.

The center reported \$687.40 in USDA NSIP income. The amount was recorded on the deposit spreadsheet provided by the center, but the meal documentation to support the amount was not provided.

The center reported \$4,557.30 of contributions and fees. The amount recorded on the deposit spreadsheet was \$4,049.80. The center was unable to explain the difference. The APA selected two amounts from the cash deposit spreadsheet \$533 and \$505 and was provided to deposit slips that agreed to the amounts on the spreadsheet. However, the amounts were split between the C1 and C2 programs, and there was no documentation to support the allocation between the two programs.

As mentioned previously, the SCNAAA should withhold payments from this senior center until appropriate documentation is on file for all expenses and income amounts.

Phelps County Senior Center

The Phelps County Senior Center reported \$6,071 in contributions and fees for the C1 program. The senior center provided bank statements showing deposits totaling \$5,783.56 for Holdrege and \$566 for Bertrand, totaling \$6,349.56. Documentation also indicated there was a \$460 reduction of the Holdrege deposit and \$50 for the Bertrand deposit for under 60 meal contributions. The revised total of \$5,839.56 did not agree to the amount reported.

The SCNAAA should ensure the senior centers maintain appropriate documentation to support the contribution and fees reported and that any such documentation reflect the under 60 versus over 60 meal contributions.

The Phelps County Senior Center reported \$3,073.50 in Local In Kind Matching. This amount represents volunteer hours worked in Holdrege and Bertrand. The senior centers did not require volunteers to record time worked on time sheets.

The SCNAAA should ensure volunteer hours are supported by adequate documentation, including timesheets that are signed by the volunteer and approved by a supervisor.

Franklin – Senior Citizens Services, Inc

The Senior Citizens Services Inc in Franklin reported \$522 in Local In Kind Matching. This amount represents volunteer hours worked. The senior center provided timesheets of two volunteers time worked. However, the timesheets were neither signed by the volunteer or the supervisor.

The SCNAAA should ensure the senior centers volunteer timesheets are signed by the volunteer and a supervisor who approves the hours worked.

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 SCNAAA incurred \$2560 in volunteer in-kind hours that were not recorded in the accounting system. The volunteer hours were also not supported by signed and approved timesheets. The SCNAAA should ensure volunteer hours are supported by signed and approved timesheets and should also consult with the State Unit on Aging to ensure consistency with other area agencies on the coding of in-kind contributions in the accounting system.

The SCNAAA erroneously reported \$250 in SHIIP expenses as Title IIIB for December 2017. The SCNAAA should ensure the amounts reported to DHHS are accurate.

The SCNAAA allocates certain IIIB activity between Chore and Homemaker based on an estimated percentage. Because Federal regulations require the program expenses be charged in relation to the benefits received for each program, the SCNAAA should ensure there is an adequate method to charge costs to the IIIB activities.

For those senior centers that report more than one IIIB activity, or both Title C1 and C2 activities, there generally is a lack of adequate documentation to support the allocation of expenses. The title IIIB expenses are generally allocated based on budgeted percentages to each activity. The senior centers who provide both C1 and C2 services generally report only one amount for Title C and rely on the SCNAAA to allocate the expenses between C1 and C2.

Because Federal regulations require the program expenses be charged in relation to the benefits received for each program, the SCNAAA should ensure the senior centers have an adequate method to charge costs to the IIIB activities. Additionally, the SCNAAA should require the senior centers to track Title C activity separately.

The SCNAAA did not have adequate documentation to support the amounts reported by one senior center. The SCNAAA did not provide a Form A for Arnold Senior Center. For the C1 program, a total of \$2712.70 in expenses were recorded for Arnold, along with \$2397 in income. Therefore, the SCNAAA paid the senior center \$315.70 for C1 services. Furthermore, a total of \$3698.50 in expenses were recorded for the C2 program, along with \$1051.20 in income. Therefore, the SCNAAA paid \$2647.30 to the senior center for C2 services. According to the SCNAAA, Arnold is paid on a per meal basis and a mistake was made on the C2 amount for Arnold. Arnold appears to have

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been overpaid by \$2,349.40 for the month tested for the C2 program. The expenses reported agreed to a meal log provided by the senior center. The SCNAAA should ensure there is adequate documentation to support all amounts reported by this senior center, including the income and allocation of the amounts between C1 and C2.

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

Tested with other expenditures as noted.

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

The SCNAAA should implement procedures to strengthen its subrecipient monitoring procedures. The senior centers account for a majority of the SCNAAA expenses, income, and matching amounts reported, as follows:

Cost Categories	Totals				
	Central Office GL	Senior Centers	Total GL	Total Form A	Variance
Personnel	\$ 60,223.36	\$ 79,059.89	\$ 139,283.25	\$ 141,843.25	\$ (2,560.00)
Travel	\$ 988.86	\$ 1,916.70	\$ 2,905.56	\$ 3,155.56	\$ (250.00)
Printing & Supplies	\$ 2,085.46	\$ 3,864.17	\$ 5,949.63	\$ 5,949.63	\$ -
Equipment	\$ 125.35	\$ -	\$ 125.35	\$ 125.35	\$ -
Building Space	\$ 3,387.25	\$ 385.00	\$ 3,772.25	\$ 3,772.25	\$ -
Communication & Utilities	\$ 597.54	\$ 9,532.45	\$ 10,129.99	\$ 10,129.99	\$ -
Other	\$ 7,868.58	\$ 5,361.08	\$ 13,229.66	\$ 13,229.66	\$ -
Raw Food	\$ -	\$ 41,983.88	\$ 41,983.88	\$ 41,983.88	\$ -
Contractual Services	\$ 2,862.12	\$ 1,772.00	\$ 4,634.12	\$ 4,634.12	\$ -
Gross Costs	\$ 78,138.52	\$ 143,875.17	\$ 222,013.69	\$ 224,823.69	\$ (2,810.00)
Other	\$ -	\$ 6,934.94	\$ 6,934.94	\$ 6,934.94	\$ -
Title XX	\$ -	\$ 6,473.13	\$ 6,473.13	\$ 6,473.13	\$ -
NSIP	\$ -	\$ 9,330.30	\$ 9,330.30	\$ 9,330.30	\$ -
Income Contributions/Fees	\$ 75.00	\$ 46,354.84	\$ 46,429.84	\$ 46,429.84	\$ -
Total Non-Match	\$ 75.00	\$ 69,093.21	\$ 69,168.21	\$ 69,168.21	\$ -
Actual Cost	\$ 39,300.84	\$ 74,781.96	\$ 114,082.80	\$ 116,892.80	\$ (2,810.00)
Local Public (Cash)	\$ -	\$ 5,611.83	\$ 5,611.83	\$ 6,225.41	\$ (613.58)
Local Other (Cash)	\$ -	\$ 21,302.00	\$ 21,302.00	\$ 21,302.00	\$ -
Local Other (In Kind)	\$ 2,560.00	\$ 10,583.75	\$ 13,143.75	\$ 13,143.75	\$ -
Total Local Matching	\$ 2,560.00	\$ 37,497.58	\$ 40,057.58	\$ 40,671.16	\$ (613.58)
SUA Share	\$ 36,740.84	\$ 37,284.38	\$ 74,025.22	\$ 76,221.64	\$(2,196.42)

Because the senior center activity comprises a majority of the expenses, income and matching amounts reported by the SCNAAA, the agency should consider whether additional monitoring procedures, such as desk reviews should be implemented to supplement the annual onsite review process. Any such reviews should include the major expense, income and matching amounts being reported by the senior centers.

The SCNAAA policy requires a subrecipient monitoring on an annual basis. However, the SCNAAA failed to monitor two of the four senior centers tested in the past year. Additionally, another senior center tested is currently at one year since the last visit. The following table lists the most recent onsite monitoring of the four senior centers tested:

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Center	Date of Last Visit
Broken Bow	2/28/2017
Franklin	8/24/2016
Petersen Senior Center	N/A
Phelps County Senior Center	4/5/2016

The SCNAAA should implement procedures to ensure each subrecipient is monitored at least once annually in accordance with its policy.

The SCNAAA did not perform subrecipient monitoring procedures at the Petersen Senior Center. The SCNAAA should ensure ALL senior centers are appropriately monitored to be in compliance with the UGG.

The SCNAAA did not provide evidence of fiscal monitoring during its last visit to the Phelps County Senior Center.

The fiscal review procedures performed during the monitoring visits were not adequate, as follows:

- *The SCNAAA reviewed only two expenses of each senior center on each visit. The expense documentation reviewed was not maintained. A handwritten note was included to document which expense was reviewed.*
- *The SCNAAA generally did not perform a review of the personnel costs. The personnel costs and raw food expenses are the largest costs of the senior centers and both should be reviewed at each visit.*
- *The SCNAAA did not review the senior centers' methods to allocate costs to more than one program.*
- *Income and matching amounts reported were not generally reviewed and compared to supporting documentation during the site visit.*

The SCNAAA should implement procedures to ensure the senior centers financial activity is adequately supported, reasonable and allocable in accordance with the UGG.

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Complete Internal Control Questionnaire															
<p><i>The League of Human Dignity (LHD) lacked procedures for determining costs are necessary and reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance and the terms and conditions of the grant award. The LHD thought the policies included information only on allowable costs.</i></p> <p><i>The LHD did not have written policies and procedures regarding the use of its credit cards.</i></p> <p><i>We recommend the LHD review its policies and procedures to ensure they contain the aforementioned information.</i></p>															
Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.															
<p><i>No issues noted.</i></p>															
Document the accounting software used by the entity and obtain a back-up or general ledger of the FY 2018 transactions															
<p><i>No issues noted. The LHD requested \$7,282.80 in reimbursement from DHHS for the Level of Care (LOC) subaward for February 2018 expenses.</i></p>															
Review list of individuals authorized to process expenditure transactions in accounting system.															
<p><i>No issues noted.</i></p>															
If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska															
<p><i>No issues noted.</i></p>															
Obtain a list of employees paid during the period tested															
<p><i>No issues noted.</i></p>															
Perform a detailed test of employee payroll															
<p><i>The LHD requested \$4,931.95 in personnel and benefit expenses for February 2018. The APA tested two employees whose time was charged to the LOC subaward. The LHD employees' record time worked in an electronic timekeeping system that records time worked to each program.</i></p> <p><i>The following table includes the programs charged for the two employees tested for the February 2018 salary and benefits:</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #b0c4de;"> <th colspan="3">Program Charges</th> </tr> <tr style="background-color: #b0c4de;"> <th>LOC</th> <th>Waiver</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>\$774.11</td> <td>\$3,365.50</td> <td>\$4,139.61</td> </tr> <tr> <td>\$921.07</td> <td>\$2,452.78</td> <td>\$3,373.85</td> </tr> <tr style="background-color: #b0c4de;"> <td>\$1,695.18</td> <td>\$5,818.28</td> <td>\$7,513.46</td> </tr> </tbody> </table> <p><i>The APA found that one of the two employees tested had a signed IRS Form W-4 with a married filing status; however, the State income taxes for the February payroll were withheld at the Single rate. This does not have an effect on the amount requested for reimbursement from the subaward. We recommend the LHD implement procedures to ensure the amounts withheld from its employees' pay agree to the IRS Form W-4, in compliance with Nebraska Department of Revenue, 2017 Circular EN, which states "The same marital status and number of income tax withholding allowances claimed for federal purposes much be used for Nebraska."</i></p> <p><i>As an additional procedure, the APA also reviewed the payroll allocation spreadsheet provided by the LHD for the February 2018 payroll entries and identified the following issues:</i></p> <ul style="list-style-type: none"> <i>• There is not an independent review of the payroll allocation spreadsheets to ensure their accuracy.</i> <i>• One employee was included on the allocation spreadsheet with 7.9% of her costs charged to the LOC. However, the employee's timesheet did not list any time charged to the LOC subaward. This employee had</i> 	Program Charges			LOC	Waiver	Total	\$774.11	\$3,365.50	\$4,139.61	\$921.07	\$2,452.78	\$3,373.85	\$1,695.18	\$5,818.28	\$7,513.46
Program Charges															
LOC	Waiver	Total													
\$774.11	\$3,365.50	\$4,139.61													
\$921.07	\$2,452.78	\$3,373.85													
\$1,695.18	\$5,818.28	\$7,513.46													

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a total of \$4,549.77 in salary and benefits for February 2018. Per discussion with LHD, a different employee's salary and benefits should have been included but were erroneously omitted from the spreadsheet. The salary and benefits for this employee was \$3,159.62 for February 2018. The difference in salary and benefits for the two employees was \$1,390.15. Again, 7.9% was charged to the LOC award.

- The gross salary amount for one employee did not agree to the actual amount paid to the employee. The difference was \$369.17 and 8.3% of the employee's time was charged to the LOC award.
- Two employees' insurance amounts were erroneously omitted from the allocation spreadsheet. One employee's insurance amount was \$53.73 and 11.1% was charged to the LOC subaward. The other employee's insurance amount was \$647.79 and 4.6% was charged to the LOC subaward.
- One employee's 401k amount included on the allocation spreadsheet did not agree to the actual 401k amount for the month. The difference in this employee's 401k amounts was \$69.90 and 3.5% was charged to the LOC award.

We recommend the LHD implement procedures to ensure the payroll allocation spreadsheet is accurate by having a second individual review the amounts included on the spreadsheet each month to the actual amounts paid. The LHD should also work with DHHS to ensure corrections are made for the items noted above.

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

Because the LOC program was not set up to directly charge costs to the program, all of the accounting entries to the LOC subaward were done by journal entries. No issues noted.

Review negative expenditures to determine if transactions were reasonable and proper

No issues noted.

Perform a detailed test of agency expenditures

The APA tested \$984.44 in mileage-related travel expenses charged to the LOC subaward and did not note any issues.

The APA also reviewed the LHD procedures to allocate other costs to the program, including direct program charges and indirect costs. The APA identified some concerns related to the indirect cost rate as follows:

The LHD indicated it used the 10% de minimis indirect cost rate. However, the calculation of indirect costs appeared not to use the Modified Total Direct Costs (MTDC) in accordance the Uniform Grant Guidance. Rather the indirect costs included in the budget were simply 10% of the total budgeted costs as follows:

Monthly financial Summary (Form A)		Grantee: League of Human Dignity Inc.		
Funding Source:		SUBGRANT		Month:
Activity: Composite				
	9/1/2017 - 6/30/2019			
COST CATEGORIES	BUDGET	EXPENDITURES YTD	CURRENT MONTH EXP	APPROVED BY HCBS
1. Personnel	820,188.00		0.00	
2. Travel	190,935.00		0.00	
3. Printing & Supplies	20,097.00		0.00	
4. Equipment	11,699.00		0.00	
5. Building Space	54,485.00		0.00	
6. Comm & Utilities	0.00		0.00	
7. Other	25,578.00		0.00	
8. Contractual Services	33,048.00		0.00	
9. Indirect Costs <i>de minimis rate</i>	109,601.00		0.00	
10. Gross Costs	1,205,611.00	0.00	0.00	
III. Only Grandparent only				

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The sum of cost numbers 1 through 8 in the budget included above were \$1,096,010. The indirect cost included in the budget was 10% of all of those costs. The MTDC is defined in 2 CFR 200.68, as follows:

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

Additionally, the LHD also seems to have some kind of allocation method to accumulate and allocate indirect costs. This method also is not consistent with the use of a 10% de minimis rate. See “Indirect Cost Allocation” spreadsheet provided by the LHD:

Indirect Costs Allocation				2017-2018				
For month of Feb 18				Year-to-date	Already		current	Maximum
Program	Dept	YTD total Expenses*	%	Indirect Costs	Posted	GL	entry	10.00%
Med Waiver	030	1,292,246	63.89%	-152,626.00	-133,409.00	5900.020	-19,217.00	
EHS	040	14,279	0.71%	97,510.04	84,855.65	5900.030	12,654.39	7.55%
Omaha CIL	060	70,675	3.49%	1,077.46	892.34	5900.040	185.12	7.55%
Norfolk CIL	070	99,960	4.94%	5,332.98	4,913.63	5900.060	419.35	7.55%
SW Ia CIL	080	87,493	4.33%	7,542.76	6,508.17	5900.070	1,034.59	7.55%
Lincoln CIL	100	187,467	9.27%	6,602.03	5,524.28	5900.080	1,077.75	7.55%
MO	110	72,934	3.61%	14,145.85	12,385.36	5900.100	1,760.49	7.55%
Transp	120	9,318	0.46%	5,503.44	5,030.47	5900.110	472.97	7.55%
LOC	140	48,460	2.40%	703.12	604.90	5900.120	98.22	7.55%
Lincoln BRP	220	4,645	0.23%	3,656.68	3,186.38	5900.140	470.30	7.55%
P St bldg	510	47,229	2.33%	350.50	323.44	5900.220	27.06	7.55%
CB bldg	530	9,068	0.45%	3,563.80	3,280.62	5900.510	283.18	7.55%
Norfolk bldg	540	16,086	0.80%	684.25	633.30	5900.530	50.95	7.55%
Omaha bldg	550	31,541	1.56%	1,213.81	954.18	5900.540	259.63	7.55%
O St bldg	560	10,689	0.53%	2,380.01	2,132.18	5900.550	247.83	7.55%
Norfolk house	570	1,468	0.07%	806.57	725.33	5900.560	81.24	7.55%
Scottsbluff bldg	580	8,892	0.44%	110.77	100.24	5900.570	10.53	7.55%
Lincoln Fund Dev	700	10,068	0.50%	670.97	572.16	5900.580	98.81	7.55%
Om/SWIA F.D.	710	0	0.00%	759.71	781.87	5900.700	-22.16	7.55%
Norfolk Fund Dev	730	149	0.01%	0.00	0.00	5900.710	0.00	#DIV/0!
Holiday mailing	900	0	0.00%	11.24	4.50	5900.730	6.74	7.55%
		2,022,667	100.00%	0.00	0.00	5900.900	0.00	#DIV/0!
				152,626.00	133,409.00		19,217.00	

Based on this indirect cost allocation provided by the LHD, it does not appear the 10% de minimis is actually being used.

We recommend the LHD consult with DHHS to ensure the indirect costs charged to the subaward are in compliance with the Uniform Grant Guidance concerning the usage of the de minimis rate. Documentation from the U.S. Department of Health and Human Services, Program Support Center, Cost Allocation Services Office should be obtained to support its position.

The APA also has concerns regarding whether the LHD has complied with the Uniform Grant Guidance regarding the allowability of certain costs.

The LHD charged certain costs both directly and indirectly to the subaward, including office supplies, telephone, postage and shipping, occupancy, equipment rental and maintenance, and printing and copying. Charges that are attributable to more than one, but not all, programs are allocated to the subaward using a percentage of salary

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expenses based on the location that incurred the costs. Similarly, these same costs incurred for the co-CEOs, the CFO, the Accounting Assistant, and the Personnel Specialist are allocated to all programs using the indirect cost allocation method.

2 CFR 200.403(d) states that the following provision must be met for a cost to be considered allowable:

Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

Furthermore, 2 CFR 200.412 states:

There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. **Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost in order to avoid possible double-charging of Federal awards.** Guidelines for determining direct and indirect (F&A) costs charged to Federal awards are provided in this subpart.

We recommend the LHD work with DHHS to determine whether similar costs can be charged both as direct costs and indirect costs under the Uniform Grant Guidance. We also recommend the LHD and DHHS obtain proper documentation from the U.S. Department of Health and Human Services, Program Support Center, Cost Allocation Services Office to support its position.

Finally, the APA found that depreciation amounts are included in the LHD’s occupancy costs. When asked whether the depreciation was calculated in compliance with the Uniform Grant Guidance, the LHD was unsure, as their auditor completed the depreciation calculation.

We recommend the LHD and DHHS obtain documentation to ensure the depreciation amounts comply with the Uniform Grant Guidance.

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

N/A – APA tested contracts above.

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

No issues noted.

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

No program income or matching for the LOC subaward.

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

No issues were noted.

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

Tested with other expenditures as noted.

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

No subrecipients for the LOC subaward.