

**AGREED-UPON PROCEDURES REPORT  
OF THE  
NEBRASKA DEPARTMENT OF HEALTH  
AND HUMAN SERVICES  
SUBRECIPIENT MONITORING  
HOSPITAL PREPAREDNESS AND PUBLIC  
HEALTH EMERGENCY PREPAREDNESS 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  
 HOSPITAL PREPAREDNESS AND  
 PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAMS

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
SUBRECIPIENT MONITORING  
HOSPITAL PREPAREDNESS AND  
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**KEY OFFICIALS AND AGENCY CONTACT INFORMATION**

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NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES  
SUBRECIPIENT MONITORING  
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PUBLIC HEALTH EMERGENCY PREPAREDNESS PROGRAMS

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

Department of Health and Human Services  
Division of Public Health  
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.

The APA performed the monitoring procedures described below on 32 separate entities. The APA reported the results of monitoring for the University of Nebraska Medical Center grants separately, resulting in a total of 36 subrecipients included in the results below.

## **Procedures Performed and Results**

### ***1. Complete Internal Control Questionnaire***

The APA determined that 24 of 36 subrecipients tested lacked proper internal controls in one or more areas reviewed. Several areas of concern were noted, including a lack of segregation of duties, a lack of formal written policies and procedures, charging budgeted costs or percentages of personnel costs to the program rather than actual costs, the use of facsimile stamps to sign checks by unauthorized employees, undocumented rates of pay, and a lack of understanding of the Uniform Grant Guidance.

Additionally, the APA noted DHHS failed to pay one subrecipient for approximately six months after approving an invoice for payment.

For more detailed information regarding each subrecipient's lack of internal controls, see **Attachments 1, 4-13, 15-16, 21, 24-26, 28, 30-33, and 35-36.**

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

The APA found that 11 of 32 entities 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***

The APA found issues with the financial information provided by 6 of the 36 subrecipients tested. Most of the issues related to entities not separately tracking expenditures related to the programs. In those instances, the entity used some sort of allocation method to charge expenses to the program. The APA also identified some miscoded transactions. Finally, the APA found that one entity reported expenditures based upon the date the expense was incurred rather than when the expense was paid. As a result, the general ledger provided by the entity did not include all activity requested for reimbursement.

For more detailed information regarding issues related to each subrecipient's general ledger, see **Attachments 4, 22-23, 30, and 32-33.**

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

For all subrecipients, the APA documented the individuals authorized to process transactions in the accounting system. No issues were noted other than the lack of segregation of duties previously discussed.

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

The APA noted 6 of 36 subrecipients tested operated as a non-profit organization. All six subrecipients had made the appropriate filings with the Nebraska Secretary of State.

**6. *Obtain a list of employees paid during the period tested***

No issues were noted related to a listing of employees paid during the period tested.

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

The APA performed detailed employee payroll testing for all of the subrecipients, which consisted of numerous steps for each employee tested. The APA found concerns with 34 of the 36 subrecipients tested, including the following: inadequate records to support the number of hours charged to the subawards; inaccurate income tax withholding amounts; charges to the subawards based upon estimated or budgeted hours worked; the allocation of holiday or leave hours based on estimated or budgeted amounts; inadequate approval of timesheets; lack of adequate documentation to support benefit amounts; charges for fringe benefit amounts that were not adequately supported or included in the approved budget; lack of adequate documentation to support the approved rates of pay; charges for personnel costs for time worked prior to the subaward agreement's begin date; inaccurate calculations for retroactive salaries charged to the subawards; charges to the subawards for overtime at different rates than actual hours worked; inadequate written personnel policies; and bonus payments made without adequate written policies to ensure compliance with the Uniform Grant Guidance.

For more detailed information regarding each subrecipient's payroll testing findings, see **Attachments 1-13, 15-24, and 26-36**.

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

Either the subrecipients tested had no significant journal entries, or no concerns were noted during the review of journal entries.

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

Either the subrecipients tested had no significant negative records, or no concerns were noted during the review of negative expenditures.

**10. *Perform a detailed test of agency expenditures***

For each of the 36 subrecipients, the APA performed a detailed test of expenditures, which consisted of numerous steps for each transaction selected for testing. Generally, the APA determined that subrecipients lacked adequate procedures to allocate costs based on the relative benefits received by each program.

Furthermore, the APA found concerns with 22 of 25 subrecipients tested, including the following: indirect costs calculated incorrectly; similar costs charged as both direct and indirect costs; lack of adequate documentation to support expenses; charges to the subawards for mileage incurred using an agency-owned vehicle, which is not an actual cost; charges for travel advances paid to employees that were more than the actual costs of travel; travel expenses charged entirely to one subaward, even when the employees' hours were partially charged to another subaward; subscription renewals or extended service agreements that were charged to the subawards for future periods; charges for indirect costs based upon unapproved or expired indirect cost rates; amounts charged to the subawards as personnel costs rather than contractual services; charges for rent expenses when the subrecipient owns the building or based upon expired rental agreements; charges for photocopies using rates that differed from the agreed-upon fee; charges for contractual services that did not specifically identify the work performed under the contract; and amounts incorrectly charged to the subawards.

For more detailed information for each subrecipient's expenditure findings, see **Attachments 3-8, 10, 16, 18-22, 25-27, 30-31, and 33-36**.

**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 lapsing between the receipt of the Federal awards and the disbursement of funds is minimal.***

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.**

No issues were noted related to program income or matching.

**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.) Determine if matching amounts are supported.**

The APA found reporting concerns for 17 of 36 subrecipients tested, including the following: transactions reported that were dated outside of the quarter tested; amounts reported that did not agree to the amounts included in the general ledger or that were not included in the subrecipients' general ledgers; indirect costs incorrectly calculated; charges for costs not approved in the budget; charges reported in different categories than shown in the general ledger; and charges for fringe benefits of employees who did not work on the subawards.

For more detailed information on each subrecipient's reporting findings, see **Attachments 2, 5-7, 17-19, 22, 25-26, 28, 30-31, and 33-36.**

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

For 2 of 36 subrecipients tested, the entity does not appear to have been adequately monitoring its subrecipient. The APA noted several concerns related to expenditures incurred by subrecipients, including the following: lack of adequate documentation to support the hours charged to the subawards; inadequate IRS Form W-4 documentation; lack of adequate documentation to support deductions from employees' pay; lack of documentation to support the approved rate of pay; and a lack of a contract or agreement to support significant expenses.

For more detailed information on each subrecipient's monitoring findings, see **Attachments 11-12.**

\* \* \* \* \*

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 19, 2018

Southwest Nebraska Public Health Department  
 Summary of Results – Subrecipient Monitoring  
 2016-2017 Quarter 3 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>
<i>The Southwest Nebraska Public Health Department (SWNPHD) lacks adequate segregation of duties over its accounting processes. Three staff members have access to perform all tasks within the accounting system. Additional controls should be implemented to compensate for the lack of segregation of duties, including a more detailed review of the payroll and other expense documents by the Board.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>The lack of segregation of duties was also noted in the prior audit report.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>SWNPHD uses QuickBooks and a Transaction Detail by Account report was obtained listing all payroll expenditures, totaling \$34,141.65. Since the total amount remaining on the subaward was only \$31,758.98 after the quarter 2 payment, the APA only reviewed the payroll detail for quarter 3.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>See segregation of duties issue noted above.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<p><i>The APA tested three employees whose salary and benefit amounts were charged to the subaward, including the Emergency Response Coordinator (ERC), the Program Assistant, and the Surveillance Coordinator. The APA noted the following issues:</i></p> <p><i>Surveillance Coordinator: The pay check dated February 17, 2017 included 72 regular hours for the period January 29, 2017 through February 11, 2017. However, the approved employee timecard included only 55 regular hours. The SWNPHD Director claimed the employee worked on January 30-31, 2017; however no time was recorded.</i></p> <p><i>Program Assistant: Federal income taxes were withheld using one allowance, but the State income taxes were withheld using no withholding allowances. Per review of the Program Assistant’s IRS Form W-4, one allowance was selected.</i></p> <p><i>The Nebraska Department of Revenue, Title 316 NAC 21-010 states:</i></p> <p style="padding-left: 40px;"><i>Except as provided in Reg-21.010.01B, when determining the proper amount of income tax to be deducted and withheld from an employee’s wages, the employer will allow the number of exemptions claimed by the employee on his or her Employee’s Withholding Allowance Certificate, Federal Form W-4, for federal income tax purposes.</i></p> <p><i>The APA also noted the timesheets completed by employees did not reflect leave used. Therefore, the total hours paid did not agree to the timesheets for each of the employees selected for testing.</i></p> <p><i>We recommend the SWNPHD implement procedures to ensure all time worked and leave used is properly documented on approved timesheet that agree to the hours actually paid. We also recommend the SWNPHD ensure all income tax withholdings agree to the IRS Form W-4 on file.</i></p> <p><i>The APA also determined the SWNPHD lacked adequate documentation to support the monthly payroll journal entries. The SWNPHD charged employees’ time to a pre-determined program for each bi-weekly pay period. At the end of each month, the SWNPHD summarized the actual time</i></p>

Southwest Nebraska Public Health Department  
 Summary of Results – Subrecipient Monitoring  
 2016-2017 Quarter 3 Reimbursement from DHHS  
 FYE 6/30/2018

*recorded to each program on the timesheets and calculated an actual charge to each program for the month. This calculation is the basis for the monthly payroll journal entries.*

*The APA recalculated the amount charged to the grant based on the timesheets and the general ledger amounts paid and determined that for the three employees tested for February 2018, it appears the SWNPHD seems to have undercharged the grant for the personnel costs of these employees. The following table shows the differences in the APA's calculation to the actual amounts charged to the grant for February 2018:*

<b>Employee</b>	<b>Difference</b>
Program Assistant	\$ 130.32
Surveillance Coordinator	\$ 52.33
ERC	\$ 675.32
<b>Totals</b>	<b>\$ 857.97</b>

*The differences in the payroll adjustments are due to the fact that leave is not recorded on the timesheets but is included in the amount paid. Additionally, the SWNPHD's monthly calculation included an estimated benefit amount of 30%. Because the amount is estimated, differences in the actual allocation amounts exist.*

*The APA also noted that leave hours are charged 100% to the predetermined program and are not allocated in accordance with the actual time worked on each program.*

*45 CFR 75.431(b) states:*

*Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met: (1) They are provided under established written leave policies; (2) The costs are equitably allocated to all related activities, including Federal awards; and, (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

*We recommend SWNPHD implement procedures to ensure payroll expenses are properly allocated to the programs based on the actual time worked on the programs.*

*Finally, the APA found that small amounts of State and Federal unemployment taxes were charged to the grant. The Director indicated that the amounts are calculated by the accounting system, but it does not appear the SWNPHD had an understanding of unemployment calculations to ensure they are accurate. We recommend the Department implement policies and procedures to ensure unemployment charges are appropriate.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*N/A – As noted above, the APA only tested payroll for this period.*

Southwest Nebraska Public Health Department  
Summary of Results – Subrecipient Monitoring  
2016-2017 Quarter 3 Reimbursement from DHHS  
FYE 6/30/2018

**Attachment 1**

<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No Issues Noted</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Charles Drew Health Center  
 Summary of Results – Subrecipient Monitoring  
 2016-2017 Quarter 4 Reimbursement from DHHS  
 FYE 6/30/2018

**Complete Internal Control Questionnaire**

*No issues were noted.*

**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**

*N/A*

**Obtain a list of employees paid during the period tested**

*No issues noted.*

**Perform a detailed test of employee payroll**

*The Charles Drew Health Center (CDHC) requested reimbursement of \$7,416.54 in salary and benefit costs of one employee for quarter 4 of the 2016-2017 Public Health Emergency Preparedness (PHEP) subaward. The APA obtained documentation to support the rate of pay and hours worked for the employee and performed additional detailed testing. The APA identified the following concerns over the personnel and benefit costs:*

*The amount withheld for dental insurance was \$15 higher per pay period than authorized. This resulted in lower federal income tax, Social Security tax, and Medicare tax withholdings. The CDHC should implement procedures to ensure the amounts withheld for insurance deductions are accurate.*

*CDHC lacked documented approval of timesheets provided to the APA. The APA recommends CDHC review its payroll process to ensure employees are only being paid based on approved timesheets.*

*CDHC lacked adequate documentation to support the time worked on the Federal programs. The APA received revised versions of the “Personal Activity Report,” which documented time worked on each program. The revised report included hours that were added to the original report so that the total hours reported agreed to the amount paid for the pay period. Below is an example of a revised report, in which the cells highlighted in gray were added or changed:*

Personal Activity Report Bi-Weekly: 03/26/17-04/22/17																		
Employee Name: Jeffrey Taplett <span style="float: right;">Bi-Weekly Time Sheet: 03/26/17-04/22/17</span>																		
Date	HRSA							Total Hrs	Date	Bioterrorism							Total Hrs	Total Hrs Worked Bi-Weekly
	Program Development	APRN Duties	Participant Direct Service	Staff Training	Reporting/Admin	Bereavement				Program Development	APRN Duties	Participant Direct Service	Staff Training	Reporting/Admin	PTO	Holiday		
March 27, 2017	1.00	5.00					6.00	March 27, 2017	1.00	1.00						2.00	8.00	
March 28, 2017	2.00	2.00				3.00	7.00	March 28, 2017					1.00			1.00	8.00	
March 29, 2017	2.00	3.00					5.00	March 29, 2017	1.00	2.00						3.00	8.00	
March 30, 2017	1.00	4.00				2.00	7.00	March 30, 2017	1.00							1.00	8.00	
March 31, 2017	1.00	3.00					4.00	March 31, 2017					4.00			4.00	8.00	
April 3, 2017	2.00					4.00	6.00	April 3, 2017	1.00	1.00						2.00	8.00	
April 4, 2017	1.00	3.00				1.00	5.00	April 4, 2017		2.00			1.00			3.00	8.00	
April 5, 2017						8.00	8.00	April 5, 2017								0.00	8.00	
April 6, 2017						8.00	8.00	April 6, 2017								0.00	8.00	
April 7, 2017						4.00	4.00	April 7, 2017	1.00	2.00		1.00				4.00	8.00	
April 10, 2017	2.00	2.00					4.00	April 10, 2017	1.00	2.00	1.00					4.00	8.00	
April 11, 2017	1.00	3.00	1.00				5.00	April 11, 2017		2.00			1.00			3.00	8.00	
April 12, 2017	1.00	3.00					4.00	April 12, 2017		2.00			2.00			4.00	8.00	
April 13, 2017	2.00	2.00					4.00	April 13, 2017	1.00		2.00		1.00			4.00	8.00	
April 14, 2017							0.00	April 14, 2017						8.00		8.00	8.00	
April 17, 2017		3.00			1.00		4.00	April 17, 2017		2.00			2.00			4.00	8.00	
April 18, 2017	1.00	3.00					4.00	April 18, 2017	1.00	3.00						4.00	8.00	
April 19, 2017	1.00	2.00			1.00		4.00	April 19, 2017		2.00	2.00					4.00	8.00	
April 20, 2017	2.00	3.00					5.00	April 20, 2017	1.00	2.00						3.00	8.00	
April 21, 2017	2.00						2.00	April 21, 2017	1.00	2.00			3.00			6.00	8.00	
<b>Total Hours</b>	<b>22.00</b>	<b>41.00</b>	<b>1.00</b>	<b>0.00</b>	<b>12.00</b>	<b>20.00</b>	<b>96.00</b>	<b>Total Hours</b>	<b>10.00</b>	<b>25.00</b>	<b>5.00</b>	<b>1.00</b>	<b>11.00</b>	<b>4.00</b>	<b>8.00</b>	<b>64.00</b>	<b>160.00</b>	
<b>% of Time</b>	<b>14%</b>	<b>26%</b>	<b>1%</b>	<b>0%</b>	<b>8%</b>	<b>13%</b>	<b>60%</b>	<b>% of Time</b>	<b>6%</b>	<b>16%</b>	<b>3%</b>	<b>1%</b>	<b>7%</b>	<b>3%</b>	<b>5%</b>	<b>40%</b>	<b>100%</b>	

Charles Drew Health Center  
 Summary of Results – Subrecipient Monitoring  
 2016-2017 Quarter 4 Reimbursement from DHHS  
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*CDHC appears to be allocating a budgeted amount of 40% of personnel costs to the PHEP subaward instead of allocating costs based on the direct hours worked for each pay period. The following table shows the direct hours for regular hours worked between the PHEP subaward and other activities for quarter 4:*

<b>Activity</b>	<b>Regular Hours</b>	<b>%</b>
PHEP	144	34.95%
Other	268	65.05%
Total	412	100.00%

*Based on the regular hours worked, it appears a more accurate allocation of time worked would have been to charge 35% to the PHEP subaward. It appears the CDHC allocated leave hours in a way that resulted in the 40% charge to the PHEP subaward. As a result, the CDHC overcharged 24.23 hours, or \$768.82 as a result of the overstated hours. Therefore, the benefit amounts were also overstated since the benefits charged are 22.7% of salary costs.*

*Additionally, the allocation of personnel costs were not equitably allocated and did not conform to the written policy regarding the allocation of costs. Per the Cost Matching and Sharing policy of the Administrative Policies and Procedures, “Costs that benefit more than one program will be allocated to those programs based on the ratio of time spent on each program to the total of such time spent.”*

*Per 45 CFR 75.431(b):*

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

- (1) They are provided under established written policies;*
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,*
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.”*

*We recommend the CDHC implement procedures to ensure the allocation of time worked is based on accurate time reporting and that leave used in allocated consistently with the regular work hours.*

*The CDHC budgeted benefits at a rate of 22.7% of salary costs, which DHHS approved. DHHS did not have documentation to ensure the CDHC benefit costs were in fact 22.7% of its salary. CDHC failed to provide documentation for the 22.7% charged to benefits. We recommend the DHHS ensure there is adequate documentation on file to support the benefits charged to the program.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*No testing performed.*

**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.**

Charles Drew Health Center  
Summary of Results – Subrecipient Monitoring  
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Attachment 2

<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>The CDHC included a travel expenditure for \$79.97 in the quarter 4 report for reimbursement. The transaction date from the general ledger was December 9, 2016. The expenditure occurred outside the quarter being claimed; however, the expenditure occurred during the period of performance for the grant. The APA recommends the CDHC review its procedures to ensure the costs requested for reimbursement are reported in the quarter for which they were incurred. The DHHS should implement procedures to verify these prior period costs have not been previously claimed.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>The CDHC did not make any subawards from the PHEP funds.</i>

Lincoln Lancaster County Health Department  
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<b>Complete Internal Control Questionnaire</b>																								
<i>No issues noted.</i>																								
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>																								
<i>No issues noted.</i>																								
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>																								
<i>The Lincoln Lancaster County Health Department (LLCHD) uses JD Edwards and a general ledger was obtained for the period tested.</i>																								
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																								
<i>No issues noted.</i>																								
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>																								
<i>N/A</i>																								
<b>Obtain a list of employees paid during the period tested</b>																								
<i>No issues noted.</i>																								
<b>Perform a detailed test of employee payroll</b>																								
<p><i>The APA noted the following during the detailed test of personnel and benefit expenditures:</i></p> <p><b><i>Subaward 33666 (HPP):</i></b>  <i>A total of \$10,296.51 in salary and benefits was charged to the subaward for the period tested. The APA tested one employee (Grants Coordinator II) whose time was charged to the subaward and determined 100% of the salary and benefits reported for this quarter were related to the Grants Coordinator II position. No issues were noted.</i></p> <p><b><i>Subaward 34338 (PHEP):</i></b>  <i>A total of \$50,663.10 in salary and benefits was charged to the subaward for the period tested. The APA tested the following four employees that made up 100% of the charges to the subaward:</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;"><i>Title</i></th> <th style="padding: 5px;"><i>Q4 Salaries</i></th> <th style="padding: 5px;"><i>Q4 Benefits</i></th> <th style="padding: 5px;"><i>Total Q4 Salaries and Benefits</i></th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;"><i>Emergency Response Coordinator</i></td> <td style="padding: 5px;"><i>\$18,788.57</i></td> <td style="padding: 5px;"><i>\$8,687.12</i></td> <td style="padding: 5px;"><i>\$27,475.69</i></td> </tr> <tr> <td style="padding: 5px;"><i>Public Health Nurse II</i></td> <td style="padding: 5px;"><i>\$10,066.42</i></td> <td style="padding: 5px;"><i>\$3,529.40</i></td> <td style="padding: 5px;"><i>\$13,595.82</i></td> </tr> <tr> <td style="padding: 5px;"><i>On-Call Staff</i></td> <td style="padding: 5px;"><i>\$6,667.50</i></td> <td style="padding: 5px;"><i>\$1,331.76</i></td> <td style="padding: 5px;"><i>\$7,999.16</i></td> </tr> <tr> <td style="padding: 5px;"><i>On-Call Staff</i></td> <td style="padding: 5px;"><i>\$1,111.76</i></td> <td style="padding: 5px;"><i>\$480.57</i></td> <td style="padding: 5px;"><i>\$1,592.33</i></td> </tr> <tr> <td style="padding: 5px;"><b><i>Total</i></b></td> <td style="padding: 5px;"><b><i>\$36,634.25</i></b></td> <td style="padding: 5px;"><b><i>\$14,028.85</i></b></td> <td style="padding: 5px;"><b><i>\$50,663.10</i></b></td> </tr> </tbody> </table> <p><i>The subaward budget stated that FICA taxes are the only benefits included for employees whose on-call hours are charged to the subaward. For the two on-call staff tested, the APA determined that other fringe benefits (life insurance, dental insurance, health insurance, post-employment health insurance, pension plan, etc.) totaling \$1,231.32 were charged to the subaward. These two employees only had on-call hours charged to the subaward for the period tested; therefore, the fringe benefits should not have been charged.</i></p> <p><i>We recommend the LLCHD implement procedures to ensure only expenditures approved in the budget are claimed for reimbursement. We also recommend the LLCHD work with the DHHS to determine whether any fringe benefit amounts will need to be repaid or reduced from future award payments as a result of this finding.</i></p>	<i>Title</i>	<i>Q4 Salaries</i>	<i>Q4 Benefits</i>	<i>Total Q4 Salaries and Benefits</i>	<i>Emergency Response Coordinator</i>	<i>\$18,788.57</i>	<i>\$8,687.12</i>	<i>\$27,475.69</i>	<i>Public Health Nurse II</i>	<i>\$10,066.42</i>	<i>\$3,529.40</i>	<i>\$13,595.82</i>	<i>On-Call Staff</i>	<i>\$6,667.50</i>	<i>\$1,331.76</i>	<i>\$7,999.16</i>	<i>On-Call Staff</i>	<i>\$1,111.76</i>	<i>\$480.57</i>	<i>\$1,592.33</i>	<b><i>Total</i></b>	<b><i>\$36,634.25</i></b>	<b><i>\$14,028.85</i></b>	<b><i>\$50,663.10</i></b>
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<i>No issues noted.</i>																								

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<b>Review negative expenditures to determine if transactions were reasonable and proper</b>						
<i>No issues noted.</i>						
<b>Perform a detailed test of agency expenditures</b>						
<i>The APA noted the following during the detailed test of expenditures:</i>						
<b>Subaward 33666 (HPP):</b>						
<i>The APA tested \$3,187.74 in expenditures other than payroll charged to this subaward. The following issues were noted:</i>						
<i>The APA tested \$129.89 in long-distance telephone charges for the quarter. The LLCHD lacked an adequate understanding of the telephone bill to determine whether these charges were directly related to the subaward or whether they were long distances charges for the entire health department. We recommend the LLCHD work with DHHS to determine whether any of these amounts need to be repaid or reduced from future reimbursements.</i>						
<i>The APA tested a \$90.00 expense for Voice Over Internet Protocol (VoIP) charges. The LLCHD stated that the charge was the telephone phone extension for the Grants Coordinator II. The total cost of the extension for one year was \$213.00, or \$53.25 per quarter, which is \$36.75 less than the amount charged for this quarter. We recommend the LLCHD implement procedures to ensure the amounts charged to the grant are accurately allocated. We also recommend the LLCHD work with DHHS to determine whether any amounts need to be repaid or reduced from future reimbursements as a result of this finding.</i>						
<i>The APA tested \$537.50 charged to Office Space/Rent for the period tested. The LLCHD’s rental rate changed twice over the course of the subaward; however, the rate charged to the subaward was never adjusted. See table below.</i>						
Month	Rate/Sq. Ft.	HPP Sq. Ft.	Annual Cost	Monthly Cost	Actual Charges	Variance
Jul-16	\$ 16.56	130.00	\$ 2,152.80	\$ 179.40		
Aug-16	\$ 16.56	130.00	\$ 2,152.80	\$ 179.40		
Sep-16	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72	\$ 537.50	
Oct-16	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72		
Nov-16	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72		
Dec-16	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72	\$ 537.50	
Jan-17	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72		
Feb-17	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72		
Mar-17	\$ 17.42	130.00	\$ 2,264.60	\$ 188.72	\$ 537.50	
Apr-17	\$ 15.33	130.00	\$ 1,992.90	\$ 166.08		
May-17	\$ 15.33	130.00	\$ 1,992.90	\$ 166.08		
Jun-17	\$ 15.33	130.00	\$ 1,992.90	\$ 166.08	\$ 537.50	
				<b>\$ 2,178.08</b>	<b>\$ 2,150.00</b>	<b>\$ 28.08</b>
<i>We recommend the LLCHD implement procedures to ensure actual rent amounts are properly charged to the subaward.</i>						
<b>Subaward 34338 (PHEP):</b>						
<i>The APA tested \$12,595.70 in expenditures other than payroll charged to this subaward. following issues were noted:</i>						

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*The APA tested \$1,750.00 charged to Office Space/Rent for the period tested. Per the APA's calculation below, the subaward was overcharged for the award period:*

Month	Rate/Sq. Ft.	PHEP Sq. Ft.	Annual Cost	Monthly Cost	Actual Charges	Variance
Jul-16	\$ 16.56	400.50	\$ 6,632.28	\$ 552.69		
Aug-16	\$ 16.56	400.50	\$ 6,632.28	\$ 552.69		
Sep-16	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39	\$ 1,750.00	
Oct-16	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39		
Nov-16	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39		
Dec-16	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39	\$ 1,750.00	
Jan-17	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39		
Feb-17	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39		
Mar-17	\$ 17.42	400.50	\$ 6,976.71	\$ 581.39	\$ 1,750.00	
Apr-17	\$ 15.33	400.50	\$ 6,139.67	\$ 511.64		
May-17	\$ 15.33	400.50	\$ 6,139.67	\$ 511.64		
Jun-17	\$ 15.33	400.50	\$ 6,139.67	\$ 511.64	\$ 1,750.00	
				<b>\$ 6,710.03</b>	<b>\$ 7,000.00</b>	<b>\$ (289.97)</b>

*The LLCHD stated they were aware the grant was overcharged for the period tested. We recommend the LLCHD work with DHHS to ensure amounts overcharged are repaid or reduced from future reimbursements.*

*Additionally, the APA found that the DHHS disallowed \$341.41 in supplies and educational materials for the quarter tested. However, indirect costs were paid on these disallowed costs.*

*The LLCHD has an indirect cost rate of 19.61%. Therefore, the subaward was overcharged by \$66.95 for the indirect costs related to these disallowed direct costs. We recommend the LLCHD and DHHS implement procedures to ensure the indirect cost rates are accurate, particularly when DHHS disallows certain costs.*

*Finally, the APA noted that the LLCHD has similar costs charged both as direct and indirect costs, including building rent. We recommend the DHHS and the LLCHD determine if this is in accordance with the Uniform Grant Guidance. 2 CFR 200.413(a) states the following:*

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

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

*Significant contracts would be tested above.*

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

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**Attachment 3**

<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No issues noted.</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subrecipients were noted.</i>

Panhandle Public Health District  
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<b>Complete Internal Control Questionnaire</b>
<i>Panhandle Public Health District (PPHD) lacked adequate segregation of duties regarding its credit card processes. One individual reconciled the statements to the supporting documentation for all seven credit cards, including her own. The APA recommends that PPHD update their procedures to ensure that no one individual is responsible for reconciling the statement of their own credit card.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>No issues noted.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The PPHD excluded in its general ledger provided to the APA some expenditures at the beginning of the quarter that were previously reported and included transactions from after the quarter end (July). PPHD reports expenditures based on when the activity occurred instead of when the activity was paid. This appears to be in accordance with guidance from the DHHS. The APA recommends DHHS ensure each entity is reporting consistently and that the end of year grant reporting is appropriate and includes only 12 months of activity.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i><b>Panhandle Region Medical Response System (PRMRS) Subaward 33670:</b> The PPHD charged \$51,611.37 to the subaward in 2016-2017 quarter 4. Payroll and benefits for three employees equaled \$20,365.21 of the total expenditures. The APA traced authorized pay rates and hours and performed additional detail testing for one employee. No issues were noted regarding payroll charged to the grant.</i>
<i><b>PRMRS Ebola subaward 33675:</b> The PPHD charged \$2,613.06 to the subaward. There were no payroll and benefits expenditures charged to the subaward during the period tested.</i>
<i><b>Public Health Emergency Preparedness (PHEP) subaward 34279:</b> The PPHD charged \$16,939.86 in total expenditures to the subaward. Payroll and benefits for seven employees was \$15,002.39. The APA traced authorized pay rates and hours charged to the PHEP grant and performed detailed testing of payroll for one employee. For the employee tested, the Federal income tax was not withheld properly. The employee completed an IRS Form W-4 for 2017 that indicated a withholding status of married, but withhold at a higher single rate. The APA noted the PPHD was withholding the Federal income tax at the married rate, resulting in net pay \$64.05 higher than requested. This issue does not affect the PHEP funds reimbursed. The APA recommends the PPHD review their procedures to ensure the correct amounts are being deducted from employees' pay.</i>
<i>The Department has their employees record time worked to each program using an electronic timekeeping system.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>

Panhandle Public Health District  
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<b>Perform a detailed test of agency expenditures</b>
<p><b>Panhandle Region Medical Response System (PRMRS) Subaward 33670:</b> <i>The PPHD charged \$31,246.16 in non-salary and benefit expenditures. The APA tested training/education expenditures of \$195, travel expenditures of \$1,454.36, and supplies of \$23,920.56. There were no issues regarding these expenditures.</i></p> <p><b>PRMRS Ebola subaward 33675:</b> <i>The PPHD charged \$2,613.06 to this subaward. The APA tested a \$2,525.28 expense coded to office supplies. The PPHD did not have adequate documentation to support the expenditure. The documentation provided to the APA included an “invoice” from Chadron Community Hospital. The APA questioned the authenticity of the invoice as it failed to include the hospital’s letterhead, remittance advice, or any payment terms. We recommend the PPHD ensure documentation to support expenditures is adequate and should also maintain purchase orders and packing slips to support payments. .</i></p> <p><b>Public Health Emergency Preparedness (PHEP) subaward 34279:</b> <i>The PPHD charged \$1,937.47 in non-salary and benefit expenditures to the subaward. The APA tested \$488.68 in travel expenditures, including a \$430.68 mileage expense charged to the subaward. The mileage was incurred in an agency-owned vehicle for an employee to attend a conference. The PPHD charged the grant \$0.535 per mile for each mile driven in the agency-owned vehicle. This is not an actual cost, in accordance with terms of the subaward. Only actual costs, such as gas expense or depreciation, can be charged to the grant. See 2 CFR 200.436 for depreciation regulations. The amount is not allowable, and the PPHD should work with DHHS to determine the amount required to be reimbursed. The PPHD should also implement procedures to ensure all expenses charged to the grant are allowable in accordance with the terms of the subaward and the Uniform Grant Guidance.</i></p>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>No issue noted.</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subrecipients were noted.</i>

Santee Sioux Nation  
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<b>Complete Internal Control Questionnaire</b>
<i>The Santee Sioux Tribe of Nebraska (Santee) lacks an adequate segregation of duties over the payroll process, as one individual enters pay rates into the system and also processes payroll. There is not a secondary review to ensure pay rates are accurate and authorized.</i>
<i>Santee failed to have its employees gain an understanding of the Uniform Grant Guidance.</i>
<i>The Santee lacked formal, written policies regarding the use of its credit cards.</i>
<i>We recommend that Santee implement procedures to ensure a proper segregation of duties over the payroll process. If a proper segregation of duties is not possible to due limited staff, additional controls could be implemented to compensate for the lack of segregation of duties. We also recommend Santee implement a review of the pay rates during their payroll approval process, ensure it has a formally approved credit card policy, and require an employee within the organization to obtain knowledge of the Uniform Grant Guidance.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>Auditor obtained prior Single audit from the Federal Audit Clearinghouse. There was a material weakness identified. There were findings for both payroll processing and payment processing.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>Not provided.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The Santee reported \$4,084.51 in salary and benefits for quarter four of the 2016-2017 Public Health Emergency Preparedness (PHEP) funds, which included the salary and benefits for one employee. The APA had the following concerns related to the salaries and benefits:</i>
<i>Santee lacked adequate documentation to support the amount charged to the PHEP grant for the week of April 19 through April 25, 2017. The employee worked 16 hours total; however, there was no documentation to indicate the amount of time worked on PHEP activities. Eight hours were charged to the PHEP grant, totaling \$202. Benefits for that amount were \$15.47.</i>
<i>Santee did not properly allocate holiday hours to the PHEP subaward. The 8 hours paid for Memorial Day were entirely charged to the PHEP grant, rather than allocating the holiday hours based on the percentage of time worked. During the week that included Memorial Day, the employee recorded 12 hours to the PHEP grant (37.5%) and 20 hours to another program (62.5%). This caused salaries to be overcharged by \$126.25 and benefits to be overcharged by \$9.66.</i>
<i>45 CFR 75.431(b) states:</i>
<i>Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays,</i>

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*court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:*

- (1) They are provided under established written policies;*
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,*
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

*Santee failed to provide adequate documentation to support the health insurance deduction from the employee's pay beginning in June 2017. The employee had \$89.18 deducted from her weekly payroll for health insurance.*

*We recommend Santee implement procedures to ensure adequate documentation exists to support the time and effort worked on Federal Programs, to support the allocation of leave hours to each program, and to properly document any deductions from the wages of its employees.*

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

*No significant journal entries.*

**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 \$437.28 travel expenditure and the \$90 conference registration fee charged to the PHEP grant for the quarter. The expenses were incurred as a result of the 14<sup>th</sup> Annual Immunize Nebraska Conference in Omaha, Nebraska on June 9, 2017. The APA noted the following:*

*The employee received \$437.28 as a travel advance to attend the conference. The Santee policy regarding travel expenses states:*

*"For out-of-town travel approved by the Chief Executive Officer (CEO) Meals and Incidental Expenses (M&IE) rates in lieu of actual expenses, may be paid at the rates established by the Federal Guidelines... Within seven (7) days of return, the employee shall complete and submit a trip report. This submission shall include a reconciliation of their trip costs...In the event that the actual expense is greater than the allowance advanced and under that permitted by the Federal Guidelines, the employee will be reimbursed for the difference reconciled. If the expense is less than the allowance advance, the employee shall submit re-imburement to the Tribe with the required reconciliation...Reimbursement for use of privately owned vehicles shall be made at a mileage rate established as current Government Services Administration (GSA) rates."*

*The employee received an advance of \$112 for meals, which included \$64 for the first day of travel and \$48 (75%) for the last day of travel. According to the Federal GSA guidelines, an individual is to receive 75% of the per diem rate for a full day on the first and last days of travel. The Federal GSA per diem is \$64; therefore, the employee should have received \$48 each day, or \$96. Additionally, receipts were provided for only \$35.60 in meals, leaving \$76.40 in meal expenses unsupported and therefore unallowable. One meal receipt for \$8.12 was not allowable because it occurred after the travel ended. The total unallowable meal expenses were \$84.52.*

*The employee received an advance of \$107 for lodging, which is the GSA maximum for lodging in Omaha, Nebraska. The actual cost of the hotel, as noted on the invoice, was \$80.63. Therefore, \$26.37 of this expense was unsupported and unallowable.*

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<i>The employee received an advance of \$218.28 for personal vehicle mileage at the GSA rate of \$.535 per mile, for 408 miles.</i>
<i>The employee failed to complete the required reconciliation of the trip expenses and did not reimburse the tribe for the difference between the amount advanced and actual expenses. The individual should reimburse the Tribe for \$110.89.</i>
<i>The amount overbilled to the PHEP grant for travel expenditures was \$110.89. We recommend Santee implement procedures to ensure travel costs are paid in accordance with its policy and Federal regulations. Only actual expenses should be charged to the Federal subawards. We also recommend Santee work with DHHS to reduce future payments or to repay the over-billed amount.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>The indirect costs shown in the general ledger do not agree to the reported indirect costs. The indirect costs for quarter 3 were recorded in the quarter 4 general ledger, but the amount shown in the general ledger, \$632.46, does not agree to the quarter 3 amount reported of \$707.43.</i>
<i>Santee should ensure the general ledger amounts agree to the amounts reported.</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

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<b>Complete Internal Control Questionnaire</b>
<i>The Department lacked formal, written policies and procedures. Most of the policies were informal; so the Department is in the process of formalizing. This would include policies and procedures for determining whether costs are necessary, reasonable, allocable, and allowable in accordance with the UGG and terms and conditions of the subaward. Also would include policies regarding the use of credit cards or charge accounts.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>No issues noted.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>For the Cities Readiness Initiative (CRI) grant funds, the Department budgeted a portion of three employees' salaries and benefits. The total reimbursement to the Department for quarter four of the grant was \$6,461.48. Of that amount, \$4,782.26 was salary and benefits. The APA obtained documentation to support the rate of pay and hours worked for each of the three employees and performed additional detailed testing for one of the employees and noted the following:</i>
<i>The Department charged an extra hour to the CRI grant for one employee on the quarter four invoice. The amount was \$33.76. The Department should ensure a correction is made and should review their procedures to ensure hours worked are properly charged to each grant.</i>
<i>The Department paid 50% of an employee's dental insurance monthly premium. However, they failed to provide documentation that included the Board's approval of this policy. The employer share of the monthly premium was \$20.05.</i>
<i>For the Public Health Emergency Preparedness (PHEP) grant the Department budgeted a portion of three employees' salaries and benefits. The total reimbursement to the Department for quarter four of the grant was \$33,082.68. Of that amount, \$23,483.17 was salary and benefits. The APA obtained documentation to support the rate of pay and hours worked for each of the three employees and performed additional detailed testing for one of the employees. No issues were noted.</i>
<i>The Department has their employees record time worked to each program using an electronic timekeeping system.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>
<b>Perform a detailed test of agency expenditures</b>

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Attachment 6

*For the PHEP grant, the APA tested \$1,324.55 in out-of-state travel expenses for an employee to attend the Emergency Preparedness Conference in Atlanta, Georgia. The cost was \$233.75 for meals and \$1,090.80 for lodging. The entire travel expense was charged to the PHEP grant, but the time worked on each of those days was charged to the CRI grant, which did not seem reasonable.*

*The Department should implement procedures to ensure that time work is properly charged to the program receiving the benefit of the time worked.*

*For the PHEP grant, the APA tested \$1,580.28 in overhead/facilities expenses for office rent costs for the quarter. The lease provided by the Department had expired in February 2017 and there was not an amended agreement or any other documentation between the landlord and the tenant to document the terms of the agreement after the expiration of the lease. Additionally, the rental invoice included an additional rental charge of \$2.75 per square foot for common areas. The lease also indicated the landlord should provide a statement each year detailing the common area expenses, real estate taxes, and insurance. This statement was not provided by the Department, so there was not adequate documentation to support the additional rental charge for the common areas. The total amount charged for the quarter was \$1,290.20, which would be \$117.29 for the PHEP grant. Furthermore, the method used to allocate the rent charges to various programs was not adequate. The Department based the rental allocation on the number of employees for each program. The CRI grant did not incur any rental costs, but had a budgeted personnel costs of .5 FTE. The PHEP program incurred rental costs equaling one FTE, but had budgeted personnel costs at 1.6 FTE.*

*The Department should implement procedures to ensure costs charged to more than one program are supported by adequate documentation and are charged based on relative benefits received.*

*As noted above, the Department has a method to allocate various costs directly to its programs, including office rent. The Department has also chosen to use the 10% de minimis indirect cost rate to charge indirect costs to the subaward. The use of both of these methods to charge costs is not allowable in accordance with the Uniform Grant Guidance.*

*2 CFR 200.414(f) states the following, in part:*

*... costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both.*

*The Department's budget for the PHEP subaward included overhead and facility expenses, telephone and internet charges, photocopying expenses, and supplies. These costs were allocated to the PHEP subaward by some allocation method determined by the Department, as follows:*

**Overhead & Facilities Expenses- \$13,026.12**

Rent Contract Service @ \$521.06/month/per FTE x 1.60 FTEs x 12 months  
= \$10,004.35  
Electrical Service @ \$29.49/month/per FTE x1.60 FTEs x 12 months = \$566.21  
Gas Service @ \$13.00/month/per FTE x 1.6 FTEs x 12 months = \$249.60  
Storage Unit Rental @\$88.00/month x 12 months = \$1,056.00  
Temperature Controlled Storage Unit @ \$95.83/month x 12 months = \$1,149.96  
**Telephone and Internet- \$3,335.52**

Office Telephone Services @ \$41.66 x 2 Staff x 12 months = \$999.84  
Internet Services @ \$7.29 x 2 Staff x 12 months = \$174.96  
Cell Phones and Wi-Fi:  
• EPC & PHN @ \$50.00/month x 12 months = \$1,200.00  
• (2) Wi-Fi “hot spot” (Verizon) @ \$40.03/month x 12 months = \$960.72

**Photocopying - \$593.40**

This cost includes printing documents, reports and information to support the daily functions of the program. Photocopying costs @ \$49.45 x 1 Staff x 12 months = \$593.40

*For the CRI subaward, the budget included cost for supplies and photocopying expenses that were based upon an allocation method determined by the Department, as follows:*

**Supplies- \$1,320.00**

This cost includes:

1. General supplies to support the daily functions of program activities @ \$20.00/ month x 12 months x 3 Staff = \$720.00
2. Costs to purchase signage for Open PODs that identifies stations and directional flow = \$300.00
3. Costs to replace expiring/expired POD supplies identified during the annual end-of year inventory = \$300.00

**Photocopying- \$1,780.20**

The costs for photocopying to administer the daily functions of the office and other program activities, including documents for reports and other information requested by the State.

Photocopying costs = 12 months x \$49.45/month x 3 Staff = \$1780.20

*It should be noted that the Department did not actually receive reimbursement for any direct supplies expenses in the CRI subaward but did receive reimbursement for photocopying expenses.*

*The Uniform Grant Guidance does not allow for an entity to allocate certain costs as direct charges, such as rent, photocopying expenses, or supplies, based on their own internal cost allocation methods, and then to also use the indirect cost rate.*

*Finally, as previously noted, the Department used the 10% de minimis indirect cost rate. For both grants, the calculation of the indirect cost rate for the budget was inaccurate. The Department used an additional \$25,000 in the calculation of the Modified Total Direct Costs (MTDC). However, this*

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*additional amount is only available if the organization uses subawards for its grants, which the Department does not. As a result, the Department’s indirect cost amount was \$2,500 more than allowed for each grant and should be adjusted so that the proper amount is claimed at the end of the grant period.*

*The Department stated that the indirect costs it charged was attributable to the Director’s salary costs and made an entry into its accounting system to reflect as much. The following amounts were charged to each grant for the quarter tested:*

PHEP	\$ 3,384.06
CRI	\$ 1,539.69

*The Department should implement procedures to ensure costs are charged to its subawards based upon its cost allocation plan or that it uses an indirect cost rate calculated in accordance with the Uniform Grant Guidance – but not both. This may include working closely with DHHS to ensure the calculation complies with the UGG.*

**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 be tested above.*

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

*No issues noted.*

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

*No issued 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 Department charged \$90 to the grant for conference registration fees that was not included in the general ledger provided to the APA. A noted on the supporting documentation that was provided indicated the \$90 registration fee was not covered by PHEP. As a result, the Department provided the APA with a revised invoice.*

*The APA recommends the Department review its procedures to accumulate the costs requested for reimbursement and ensure there is a proper review of the request compared to the supporting documentation to mitigate the risk of errors.*

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

*N/A – no subrecipients were noted.*

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<b>Complete Internal Control Questionnaire</b>														
<i>South Heartland District Health Department (SHDHD) lacks written procedures to ensure costs are necessary and reasonable, allocable, and allowable in accordance with Uniform Grant Guidance. The SHDHD should implement formalized, written procedures covering this area.</i>														
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>														
<i>N/A</i>														
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>														
<i>SHDHD uses QuickBooks. General ledger was obtained.</i>														
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>														
<i>No issues noted.</i>														
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>														
<i>N/A</i>														
<b>Obtain a list of employees paid during the period tested</b>														
<i>No issues noted.</i>														
<b>Perform a detailed test of employee payroll</b>														
<p><i>The SHDHD reported \$14,474.93 in payroll and \$3,933.98 in benefit costs for eight employees during quarter 4 of the 2016-2017 grant. The APA performed detailed testing of one employee whose costs for the quarter were \$11,950.24 in salary and \$3,023.09 in benefits. The APA noted the following issues during testing:</i></p> <p><i>The SHDHD provided a cash-in-lieu of insurance fringe benefit of \$450 per month for employees who opted out of the employer-provided health insurance and provided proof of insurance coverage. The SHDHD failed to maintain the written verification from those employees who opted out of the health insurance plan.</i></p> <p><i>The SHDHD also lacked documentation to support the allocation of the cash-in-lieu amount to the various programs. For the one employee tested, the following amounts from the general ledger were charged to the subaward for the cash-in-lieu benefit:</i></p>														
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #4f81bd; color: white;"> <th style="padding: 5px;">Date</th> <th style="padding: 5px;">Amount</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">4/26/2017</td> <td style="padding: 5px;">\$439.88</td> </tr> <tr> <td style="padding: 5px;">4/28/2017</td> <td style="padding: 5px;">\$418.77</td> </tr> <tr> <td style="padding: 5px;">5/12/2017</td> <td style="padding: 5px;">\$443.61</td> </tr> <tr> <td style="padding: 5px;">5/31/2017</td> <td style="padding: 5px;">\$418.77</td> </tr> <tr> <td style="padding: 5px;">6/25/2017</td> <td style="padding: 5px;">\$443.61</td> </tr> <tr> <td style="padding: 5px;"><b>Total</b></td> <td style="padding: 5px;"><b>\$2,164.64</b></td> </tr> </tbody> </table>	Date	Amount	4/26/2017	\$439.88	4/28/2017	\$418.77	5/12/2017	\$443.61	5/31/2017	\$418.77	6/25/2017	\$443.61	<b>Total</b>	<b>\$2,164.64</b>
Date	Amount													
4/26/2017	\$439.88													
4/28/2017	\$418.77													
5/12/2017	\$443.61													
5/31/2017	\$418.77													
6/25/2017	\$443.61													
<b>Total</b>	<b>\$2,164.64</b>													
<p><i>Furthermore, the amount included in the general ledger and noted in the table above, did not agree to the amount reported by the SHDHD on its quarter four invoice, which was \$1,302.26. No explanation was provided to explain the difference in the general ledger amount and the amount reported.</i></p> <p><i>We recommend the SHDHD implement procedures to ensure the allocation of costs to the program is directly related to the relative benefits received.</i></p> <p><i>The SHDHD also charged all leave hours (60.5 hours) during for the employee during the fourth quarter directly to the PHEP program instead of allocating leave between programs based on the hours worked.</i></p>														

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45 CFR 75.431(b) states:

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

- (1) *They are provided under established written policies;*
- (2) *The costs are equitably allocated to all related activities, including Federal awards; and,*
- (3) *The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

SHDHD charged the following hours directly to the program:

<b>Program</b>	<b>Regular Hours</b>	<b>Percent of Total Regular Hours</b>
<b>PHEP</b>	479.5	95.71%
<b>Other</b>	21.5	4.29%
<b>Total</b>	501	100%

The APA allocated total leave of 60.5 hours based on the percentage of total hours worked on each program:

<b>Program</b>	<b>Leave Allocated</b>	<b>Percent of Total Regular Hours</b>
<b>PHEP</b>	57.90	95.71%
<b>Other</b>	2.6	4.29%
<b>Total</b>	60.5	100%

We recommend the SHDHD implement procedures to ensure the allocation of leave hours to each program is based on the actual time charged to each program.

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

*No significant journal entries.*

**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 \$517.88 travel expenditures paid to one employee. The SHDHD lacked adequate documentation to support \$403.39 of this expense. The expense included 10 total travel dates. Nine of the trips were supported only by the employee’s outlook calendar, which is not adequate to support the trip.*

*The SHDHD should implement procedures to ensure adequate documentation is maintained to support travel reimbursements. Adequate documentation could include meeting minutes, emails documenting meetings, or other independent verification to support the meeting.*

*The APA also tested a \$3,100 expenditure for radio public service announcements. No issues were noted regarding this expenditure.*

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*The SHDHD used the 10% de minimis indirect cost rate that is available to entities that have not had a previously approved indirect cost rate. However, included in the calculation of the Modified Total Direct Costs was the additional \$25,000 for subawards. This amount is only available if the organization issues subawards for its grant, which the SHDHD did not. Indirect costs claimed for the subaward were \$7,409, which is \$360.60 higher than the allowable amount of \$7,048.40.*

*Additionally, it appears that the SHDHD allocates certain costs, such as internet and telephone charges, based on a calculated percentage of use to the program. This method to allocate costs directly to the program is also allowable, but not when the de minimis indirect cost rate is used.*

*We recommend that SHDHD work with DHHS to prepare an indirect cost rate that complies with Federal requirements. The SHDHD should adjust the current 2017-2018 grants to ensure the indirect cost rates are in accordance with Federal regulations. Finally, if the SHDHD uses the de minimis indirect cost rate, they should not also directly allocate charges to the program based on a calculated allocation method.*

**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 be tested above.*

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

*No issues noted.*

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

*No issued 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 APA identified a number of issues related to the amounts reported by the SHDHD, as follows:*

*The total amount of employee benefits recorded in the general ledger was not properly reported. The benefits per the general ledger were \$5,299.59 and reported benefits were \$3,933.98.*

*The total amount of cash-in-lieu payments recorded in the general ledger was not the same as the amount reported to DHHS. The variance was shown in the table above.*

*The SHDHD provided the APA with a couple of different general ledgers after questions were raised comparing the amounts reported to the initial general ledger received. The following amounts were paid on July 21, 2017, but were reported for the fourth quarter:*

<i>Account</i>	<i>Reporting Line</i>	<i>Amount</i>
<i>Communication - Other</i>	<i>Communication</i>	<i>\$879.95</i>
<i>Educational Supplies</i>	<i>Supplies and Educational Materials</i>	<i>\$258.21</i>
<i>Materials &amp; Supplies</i>	<i>Supplies and Educational Materials</i>	<i>\$800</i>

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**Attachment 7**

*The APA recommends DHHS ensure it is aware of this to ensure that expenditures occur within the period of performance of the grant.*

*We recommend the SHDHD and DHHS review their procedures to accumulate the costs requested for reimbursement and ensure there is a proper review of the request compared to the supporting documentation to mitigate the risk of errors.*

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

*N/A – no sub-awards were noted.*

<b>Complete Internal Control Questionnaire</b>
<p><i>The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by the employees’ supervisors that creates an “actual” effort of time spent on the various programs. This actual effort percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee spent on various activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees.</i></p> <p><i>The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:</i></p> <p style="padding-left: 40px;"><i>Charges to Federal awards for salaries and wages must be based on records that <u>accurately reflect the work performed.</u></i></p> <p><i>2 CFR 200.430(i)(1)(viii) states the following:</i></p> <p style="padding-left: 40px;"><i>Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. <u>All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</u></i></p> <p><i>As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.</i></p>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
N/A
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for quarter 4.
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
No issues noted.
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
N/A
<b>Obtain a list of employees paid during the period tested</b>
No issues noted.
<b>Perform a detailed test of employee payroll</b>
<p><i>The APA tested four employees who were charged to the subaward, including the Director of Hospital Preparedness, Director of Distance Learning, Director of First Responder Education, and Administrative Assistant. UNMC charged \$131,878.43 in salary and benefits to the grant for the period tested.</i></p> <p><i>As discussed above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The percentages used as the effort certification are not supported by documentation of the actual amount of time worked on the program.</i></p>

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*As such, the APA believes this method to allocate time is inadequate to determine the actual amount of time worked on each program. The following table shows the percentages charged to the subaward based on the budgeted amount and the effort certification:*

*Director First Responder Education:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	38.94%	100.00%
5/31/2017	81.56%	100.00%
6/30/2017	81.56%	100.00%

*Director of Hospital Preparedness:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	33.33%	100.00%
5/31/2017	100.00%	100.00%
6/30/2017	100.00%	100.00%

*Director, Distance Learning:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	15.72%	25.00%
5/31/2017	8.22%	25.00%
6/30/2017	8.22%	25.00%

*Office Associate II:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/13/2017	30.77%	100.00%
4/27/2017	98.12%	100.00%
5/11/2017	98.12%	100.00%
5/25/2017	98.12%	100.00%
6/5/2017	98.12%	100.00%
6/22/2017	98.12%	100.00%
7/6/2017	98.12%	100.00%
7/20/2017	98.12%	100.00%

*As highlighted in the tables above, some of the budgeted amounts are quite different from the actual effort used to allocate the payroll. The monthly effort lacks documentation to support that is the effort actually worked.*

*The APA also noted the following related to personnel and benefit costs:*

*Director of Distance Learning: The UNMC made an adjustment in May 2017 for all hours worked on the subaward back until January 9, 2017, which was the date the employee began working on this subaward. However, the UNMC's calculation of pay for January 2017 charged 24 days to the subaward, rather than the 23 days between January 9 and January 31, 2017. This resulted in the*

University of Nebraska Medical Center (UNMC) – CPE  
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*subaward being overcharged by \$63.53 (\$49.02 for salaries and \$14.51 for benefits). We recommend the UNMC work with DHHS to determine whether this amount should be repaid. We further recommend the UNMC review all calculations for accuracy prior to submitting to DHHS for reimbursement.*

*Director of First Responder Education: \$457.56 in salary expense and \$135.44 in benefits expense were removed from the payroll expenses charged to the grant on June 27, 2017. Per the UNMC, this adjustment was related to 12.8347 hours worked on a Webinar Series in February and March 2017. Due to the lack of approved time records, the APA was unable to verify this adjustment was accurate.*

*Director of Hospital Preparedness: \$141.19 in salary expense and \$41.79 in benefits expense were removed from the payroll expenses charged to the grant on June 27, 2017. Per the UNMC, this adjustment was related to 4 hours worked on a Trauma Symposium in October 2016. Due to the lack of approved time records, the APA was unable to verify this adjustment was accurate.*

*We recommend the UNMC work with DHHS to ensure its method to allocate personnel and benefit costs to the DHHS subawards is adequately supported and consistent with the provisions of the Uniform Grant Guidance.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The APA tested nine expenditures totaling \$35,199.54 charged to the subaward. UNMC charged a total of \$65,320.04 in expenditures (other than payroll) to the grant for the period tested. The APA noted the following related to the expenditures tested:*

*The APA noted two software subscription renewals that were invoiced and paid for during the quarter tested but were for services in the next grant year. One renewal was \$3,100 for the period July 1, 2017 to June 30, 2018. The second renewal was \$2,691 for the period June 22, 2017 to June 21, 2018. Both purchases were included in the approved budget and the invoices were dated in quarter 4. The APA recommends DHHS implement procedures to ensure that these type of renewals are consistently charged only once to each grant.*

*Lodging expense: UNMC requested reimbursement for 3 nights lodging totaling \$1,167.48 for an employee to attend a conference in Washington DC in May 2017. The daily rate excluding taxes for the hotel was \$339 per night, which exceeded the daily GSA hotel rate of \$242 per night in Washington DC. According to UNMC, this hotel was chosen because it was one of the lower rates found and had access to public transportation to the conference. Because of the difference between the amount paid and the GSA rate, the APA determined the cost was not reasonable. We recommend UNMC work with DHHS to determine if there are amounts that should be reimbursed and ensure lodging costs charged to Federal grants are reasonable in relation to the daily GSA hotel rates.*

**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 be tested above.*

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

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**Attachment 8**

<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No issues noted.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>No issues noted.</i>

<b>Complete Internal Control Questionnaire</b>
<p><i>The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by the employees’ supervisors that creates an “actual” effort of time spent on the various programs. This actual effort percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee spent on various activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees.</i></p> <p><i>The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:</i></p> <p style="padding-left: 40px;"><i>Charges to Federal awards for salaries and wages must be based on records that <u>accurately reflect the work performed.</u></i></p> <p><i>2 CFR 200.430(i)(1)(viii) states the following:</i></p> <p style="padding-left: 40px;"><i>Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. <u>All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</u></i></p> <p><i>As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.</i></p> <p><i>In its audits of the University, the APA has discussed a lack of timesheets with University management.</i></p>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
N/A
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>UNMC uses SAP and a Payroll Detail report was obtained (payroll was the only expenditure charged to the grant for quarter 4).</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
N/A
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<p><i>The APA tested two employees whose personnel costs were charged to the subaward. Those two employees were the only charges to the subaward and totaled \$25,481.27.</i></p> <p><i>As noted above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The APA does not feel this method is adequate to determine the actual amount of time worked on each program. The following table shows</i></p>

University of Nebraska Medical Center (UNMC) – ESAR  
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*the percentages and amounts charged to the subaward based on the budgeted amount and the effort certification:*

*Employee 1:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/13/2017	12.00%	12.00%
4/27/2017	13.99%	32.95%
5/11/2017	13.99%	32.95%
5/25/2017	13.99%	32.95%
6/5/2017	13.99%	32.95%
6/22/2017	13.99%	32.95%
7/6/2017	13.99%	32.95%
7/20/2017	13.99%	16.48%

*The UNMC charged \$3,472.76 in salary and \$1,017.45 in benefits to the subaward for this employee for quarter 4.*

*Employee 2:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	17.00%	48.00%
5/31/2017	15.74%	48.00%
6/30/2017	15.74%	48.00%

*The UNMC charged \$ 16,196.79 in salary and \$4,794.27 in benefits to the subaward for this employee for quarter 4.*

*The UNMC explained that due to an employee termination and the death of an employee who worked on the program, these two employees spent more time working on the program. However, the UNMC lacked documentation to support that 32.95% and 48% was the actual effort of the two employees.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*No expenditures outside of payroll charged to the grant for the quarter tested.*

**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*

**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.**

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**Attachment 9**

<i>No issues noted.</i>
<b>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.</b>
<i>No Issues Noted</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

<b>Complete Internal Control Questionnaire</b>
<p><i>The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by the employees’ supervisors that creates an “actual” effort of time spent on the various programs. This actual effort percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee spent on various activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees.</i></p> <p><i>The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:</i></p> <p style="padding-left: 40px;"><i>Charges to Federal awards for salaries and wages must be based on records that <u>accurately reflect the work performed.</u></i></p> <p><i>2 CFR 200.430(i)(1)(viii) states the following:</i></p> <p style="padding-left: 40px;"><i>Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. <u>All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</u></i></p> <p><i>As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.</i></p> <p><i>In its audits of the University, the APA has discussed a lack of timesheets with University management.</i></p> <p><i>We recommend the UNMC implement procedures to ensure the allocation of salary and benefits is adequately supported and in accordance with the Uniform Grant Guidance.</i></p>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/A</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for quarter 4.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The APA tested four employees who were charged to the subaward, including the Laboratory Director, Laboratory Specialist, Chemistry Lab Supervisor, and the State Training Coordinator. UNMC charged \$99,575.23 in salary and benefits to the grant for the period tested.</i>

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*As discussed above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The percentages used as the effort certification are not supported by documentation of the actual amount of time worked on the program. As such, the APA believes this method to allocate time is inadequate to determine the actual amount of time worked on each program. The following shows the percentages charged to the subaward based on the budgeted amount and the effort certification:*

*Laboratory Director: 15% of the total salary was charged to the grant. Percentage agrees to budget and effort certifications; however, timesheets were not on file to support these are the actual amount of time worked on the subaward.*

*Laboratory Specialist-Chemistry:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	54.00%	54.00%
5/31/2017	67.49%	95.00%
6/30/2017	67.49%	95.00%

*Supervisor-Chemistry Lab:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	48.00%	48.00%
5/31/2017	65.10%	100.00%
6/30/2017	65.10%	100.00%

*State Training Coordinator:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
4/28/2017	100.00%	100.00%
5/31/2017	93.28%	100.00%
6/30/2017	93.28%	100.00%

*As highlighted in the tables above, some of the budgeted amounts are quite different from the actual effort used to allocate the payroll. The monthly effort lacks documentation to support that is the effort actually worked.*

*We recommend the UNMC work with DHHS to ensure its method to allocate personnel and benefit costs to the DHHS subawards is adequately supported and consistent with the provisions of the Uniform Grant Guidance.*

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

*No significant journal entries.*

**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 eight expenditures totaling \$154,855.82 charged to the subaward. UNMC charged a total of \$236,624.89 in expenditures (other than payroll) to the grant for the period tested. The APA noted the following related to the expenditures tested:

The UNMC paid for two extended service agreements for the same equipment during the quarter tested; however, the agreements covered subsequent grant years. One agreement was \$36,000 for the period June 29, 2017 to June 28, 2018. The second renewal was \$38,000.16 for the period June 29, 2019 to June 28, 2020. Both purchases were included in the approved budget and the invoices were dated in quarter 4. However, it does not appear reasonable that two 1-year service agreements for the same equipment is paid from the same grant award. The APA recommends DHHS implement procedures to ensure that these type of renewals are consistently charged only once to each grant. We further recommend DHHS and UNMC work together to determine if these expenditures are allowable under Uniform Grant Guidance.

The UNMC also charges the grant \$1,500 per month for the operation of the Biosafety Level-3 (BSL-3) lab, a high containment lab for Ebola patients. The funds charged to the grant are intended to cover the operating expenses of the lab. The funds are held in two separate cost centers by UNMC that account for the expenses of the lab. The following table shows the activity for the two cost centers for the 2016-2017 grant:

Income/Expenses	Cost Center 3353010030	Cost Center 3353010031	Total
Total Income	\$ 10,500.00	\$ 7,500.00	\$ 18,000.00
Total Expenses	\$ 3,210.23	\$ 26,647.56	\$ 29,857.79
<b>Difference</b>	<b>\$ 7,289.77</b>	<b>\$ (19,147.56)</b>	<b>\$ (11,857.79)</b>

The APA questions whether these amounts charged to the grant represents actual costs, since the costs may not be incurred until a later date. Additionally, the expenses charged to the first cost center did not equal the income from the amount charged to the subaward for that cost center. This appears to be in conflict with the subgrant award, which requires the charges to be based on actual expenditures.

Furthermore, certain costs categories are included in both the lab operating expenses (the \$1500 monthly charge) and as direct charges to the subaward, which increases the risk for duplication of costs charged to the grant. These cost categories included payroll, lab supplies, and travel. It is unclear why some costs are directly charged to the grant, while others are run through the lab operating cost centers. We recommend the DHHS obtain a better understanding of these charges to ensure items are in accordance with Uniform Grant Guidance and the terms of the subawards and are not duplicative.

**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 be tested above.

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

No issues noted.

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

No issued noted.

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**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.*

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

*No issues noted.*

<b>Complete Internal Control Questionnaire</b>
<p><i>The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by the employees’ supervisors that creates an “actual” effort of time spent on the various programs. This actual effort percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee spent on various activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees.</i></p> <p><i>The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:</i></p> <p style="padding-left: 40px;"><i>Charges to Federal awards for salaries and wages must be based on records that <u>accurately reflect the work performed.</u></i></p> <p><i>2 CFR 200.430(i)(1)(viii) states the following:</i></p> <p style="padding-left: 40px;"><i>Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. <u>All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</u></i></p> <p><i>As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.</i></p> <p><i>We recommend the UNMC work with DHHS to ensure its method to allocate its salary and benefit costs to the Federal programs are in accordance with the Uniform Grant Guidance and are adequately supported.</i></p>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
N/A
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<p><i>UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for the period tested. Expenditures for this quarter included \$216,871.20 for the Year 2 award and \$461,840.49 for the Year 1 carryforward. Both of these subawards included expenditures from quarters 1-3 and quarter 4 of the 2016-2017 grant year. Quarters 1-3 were included in this reporting period due to the subawards not being signed by DHHS until March 3, 2017.</i></p>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
N/A
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>

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*UNMC charged \$54,783.51 in salary and benefits to the grant for the period tested. The APA tested three UNMC employees who charged \$25,522.82 to the subaward: The Education Coordinator, the Medical Director, and the Medical Staff Team Member. It should be noted the APA, with approval from DHHS, did not perform a detailed payroll test for UNMC as it was done during the APA's audit of the University System.*

*As noted above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The APA does not feel this method is adequate to determine the actual amount of time worked on each program. The following table shows the percentages and amounts charged to the subaward based on the budgeted amount and the effort certification:*

*Education Coordinator:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
July 2016	3.39%	5.01%
August 2016	3.39%	5.01%
September 2016	3.39%	5.01%
October 2016	3.39%	5.01%
November 2016	5.01%	5.01%
December 2016	5.01%	5.01%
January 2016	5.01%	5.01%
February 2016	5.01%	5.01%
March 2016	5.01%	5.01%
April 2016	5.01%	5.01%
May 2016	1.65%	5.01%
June 2016	1.65%	5.01%

*Medical Director:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
July 2016	3.56%	5.40%
August 2016	3.56%	5.40%
September 2016	3.56%	5.40%
October 2016	3.56%	5.40%
November 2016	5.37%	5.40%
December 2016	5.37%	5.40%
January 2016	5.37%	5.40%
February 2016	5.37%	5.40%
March 2016	5.37%	5.40%
April 2016	5.37%	5.40%
May 2016	1.76%	5.40%
June 2016	1.76%	5.40%

*Medical Staff Team Member:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
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<i>July 2016</i>	<i>0.00%</i>	<i>0.00%</i>
<i>August 2016</i>	<i>0.00%</i>	<i>0.00%</i>
<i>September 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>October 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>November 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>December 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>January 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>February 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>March 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>April 2016</i>	<i>20.00%</i>	<i>16.83%</i>
<i>May 2016</i>	<i>6.60%</i>	<i>16.83%</i>
<i>June 2016</i>	<i>6.60%</i>	<i>16.83%</i>

*In addition, the APA was not provided with adequate documentation to support the salary rate paid to the Medical Staff Team Member. A screenshot showing an annual salary of \$55,000 was provided, but there was not adequate documentation to verify this was the approved salary.*

*As noted above, we recommend the UNMC work with DHHS to ensure the salary and benefits charged to Federal programs are in accordance with the Uniform Grant Guidance and are adequately supported. We also recommend the UNMC ensure documentation is on file to support the authorized salary amounts of its employees.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*All expenditures charged to the subaward other than payroll were incurred by the UNMC's subrecipient, Nebraska Medicine. See information on this testing in the subrecipient monitoring section below.*

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

*Significant contracts would be tested during the detailed test of agency expenditures.*

**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 issued noted.*

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

*No issued noted.*

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

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*The APA noted the following related to the expenditures incurred by the UNMC’s subrecipient, Nebraska Medicine:*

**Payroll Detail Testing:**

*Nebraska Medicine charged \$132,970.49 (\$111,451.81 on the Year 2 award and \$21,518.68 on the Year 1 carryforward) in salary and benefits to the grant for the period tested. The APA tested two Nebraska Medicine employees who charged \$54,160.59 (\$32,641.91 on the Year 2 award and \$21,518.68 on the Year 1 carryforward) to the subaward. Both employees were Nebraska Biocontainment Unit (NBU) Clinical Coordinators. The following was noted:*

*Nebraska Medicine failed to timely provide an approved timesheet for one of the two employees tested. The timesheet that was provided for both employees did not document the hours worked on the Federal program, containing only the total hours worked. Therefore, there was a lack of documentation to support the salary and benefit amounts charged to the subawards. As noted previously, the Nebraska Medicine charged \$54,160.59 (\$32,641.91 on the Year 2 award and \$21,518.68 on the Year 1 carryforward) to the subaward for these two employees. These costs could all be considered questioned costs without adequate documentation to support the allocation of salary and benefits to the program. The following table shows the amounts charged to the grant for the pay periods tested:*

<b>Employee</b>	<b>Check Date</b>	<b>Amount Charged to Subaward per GL</b>	<b>Total per Pay Stub</b>	<b>% of Total Charged to Subaward</b>	<b>% Effort in Budget*</b>
Employee 1	January 27, 2017	\$488.63	\$1,576.22	31%	15%
Employee 2	May 19, 2017	\$1,023.50	\$3,301.60	31%	15%

*\*The Year 2 budget includes both employees with a 15% budgeted effort. The Year 1 Carryforward budget includes \$282,156 for personnel, but does not give a breakdown of which employees this is for or their budgeted efforts.*

*Nebraska Medicine employees complete W-4 elections electronically. The information provided by Nebraska Medicine did not appear to be adequate as it was only a screen shot of the elections and did not appear to include “exactly the same information as the paper Form W-4”, as required by Federal regulations. We recommend the UNMC, Nebraska Medicine, and DHHS ensure the electronic W-4 elections comply with IRS regulations.*

*Nebraska Medicine failed to provide documentation to support the deductions from the employees’ pay, including health, dental, and vision insurance, retirement contributions, parking fee, group term life insurance, or CDLP fringe benefits. The APA requested the information to ensure the employees’ pay was correctly calculated. Nebraska Medicine also failed to provide an explanation for the CDLP fringe benefit. Nebraska Medicine provided an internally generated spreadsheet to support the health, dental, and vision insurance. The APA had requested information from the insurance provider to support the amounts withheld from pay. Nebraska Medicine stated they use the rates in IRS Publication 15b for group term life insurance. For the employee tested, the amount based on the 2017 IRS rate would have been \$0.89 per pay period; however, Nebraska Medicine was paying \$1.00 per pay period for this employee’s group term life insurance.*

*Per review of the Nebraska Medicine website, retirement contributions are based on the years of service. Nebraska Medicine also failed to provide adequate documentation to verify the employees’ years of service so that the APA could ensure the retirement contributions were correct.*

*For one employee tested, Nebraska Medicine used the wrong rate for the Supplemental Long Term Disability coverage for the January 27, 2017 check date. The rate used was \$0.575 per \$100 of covered payroll; however, this rate wasn’t effective until February 1, 2017. The rate in effect at this check date*

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was \$0.718 per \$100 of covered payroll. This resulted in the cost per pay period being understated by \$3.03.

*We recommend UNMC ensure its subrecipients comply with requirements of the Uniform Grant Guidance and that adequate documentation is on file to support all payroll charges to the subaward. We further recommend the UNMC and Nebraska Medicine work with DHHS to determine if there are amounts that should be repaid or reduced from future reimbursements.*

**Testing of Other Expenditures:**

*Nebraska Medicine charged a total of \$17,473.45 in expenditures (other than payroll and indirect costs) to the grant for the period tested. The APA tested four expenditures totaling \$13,628.58 charged to the Year 2 subaward. The following was noted:*

*Nebraska Medicine charged \$128.60 for Valentino’s for a 7-hour drill was coded to Travel. Per review of the budget justification, food for drills was approved under supplies. The expense appears reasonable and allowable, the APA just wanted to bring this to DHHS’ and UNMC’s attention to be more aware of expenditure coding in the future.*

*Nebraska Medicine charged a total of \$414,010.71 in expenditures (other than payroll and indirect costs) to the grant for the period tested. The APA tested eight expenditures totaling \$213,270.41 charged to the Year 1 Carryforward subaward. The following was noted:*

*The APA noted 5 purchases for which a contract or agreement was not on file to support the purchase:*

<i>Amount</i>	<i>Vendor</i>	<i>Purchase Description</i>
\$20,421.00	Kiewit Building Group	<i>Project was for Nebraska Biocontainment Modifications to enhance safety and decontamination.</i>
\$126,000.00	ILC Dover LP	<i>Purchase was for Sentinel XL HP Full Hoods for use as Personal Protective Equipment.</i>
\$23,299.77	Avizia	<i>Purchase was for three 3-year service agreements for Avizia Telehealth carts.</i>
\$15,357.50	Grainger	<i>Purchase was 3XL Coveralls for use as Personal Protective Equipment.</i>
\$6,000.00	Abbott Point of Care	<i>Purchase is for two 5-year point of care service contracts. Invoice references service contract #135612.</i>

*Nebraska Medicine provided invoices for each of the purchases; however, based on the dollar amount or nature of the service, it appears some type of written agreement would be applicable.*

*We recommend the UNMC ensure its subrecipients comply with requirements in the Uniform Grant Guidance and ensure adequate supporting documentation is available for all purchases. We further recommend the UNMC and Nebraska Medicine work with the DHHS to determine if expenditures are allowable per Uniform Grant Guidance.*

<b>Complete Internal Control Questionnaire</b>
<p><i>The UNMC utilizes a budget methodology to allocate employee salaries and benefits to its Federal grants. Every six months an effort certification is completed by the employees’ supervisors that creates an “actual” effort of time spent on the various programs. This actual effort percentage does not have supporting documentation to determine whether the actual effort equates to the amount of time each employee spent on various activities. The time worked on each program is neither specifically tracked nor documented by the UNMC employees.</i></p> <p><i>The APA feels the method to allocate personnel costs is not compliant with the Uniform Grant Guidance, specifically, 2 CFR 200.430(i)(1) which states:</i></p> <p style="padding-left: 40px;"><i>Charges to Federal awards for salaries and wages must be based on records that <u>accurately reflect the work performed.</u></i></p> <p><i>2 CFR 200.430(i)(1)(viii) states the following:</i></p> <p style="padding-left: 40px;"><i>Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that: (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed; (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and (C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. <u>All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</u></i></p> <p><i>As such, the documentation provided to support the UNMC allocation of the personnel costs to the various programs is inadequate in order to make a determination on whether those charges are properly allocated between its various programs.</i></p> <p><i>In its audits of the University, the APA has discussed a lack of timesheets with University management.</i></p> <p><i>We recommend the UNMC work with DHHS to ensure its method to allocate its salary and benefit costs to the Federal programs are in accordance with the Uniform Grant Guidance and are adequately supported.</i></p>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
N/A
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>UNMC uses SAP and a general ledger was obtained for all expenditures charged to the grant for the period tested.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
N/A
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The APA tested the one UNMC employee who was charged to the subaward, the Principal Investigator. UNMC charged \$18,087.60 in salary and benefits to the grant for the period tested.</i>

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*As noted above, the UNMC allocates payroll costs based on budget estimates and later adjusts the amounts charged to the grant based on effort certifications. The APA does not feel this method is adequate to determine the actual amount of time worked on each program. The following table shows the percentages charged to the subaward based on the budgeted amount and the effort certification:*

<b>Pay Period</b>	<b>Budget %</b>	<b>Monthly Effort</b>
<i>January 2017</i>	<i>4.51%</i>	<i>1.00%</i>
<i>February 2017</i>	<i>4.51%</i>	<i>1.00%</i>
<i>March 2017</i>	<i>4.51%</i>	<i>1.00%</i>
<i>April 2017</i>	<i>4.51%</i>	<i>1.00%</i>
<i>May 2017</i>	<i>0.33%</i>	<i>1.00%</i>
<i>June 2017</i>	<i>0.33%</i>	<i>1.00%</i>

*Additionally, the UNMC included a retroactive payment for the period July 2015 to March 2016. However, the subaward agreement begin date was August 1, 2015. Therefore, the July 2015 monthly payment would not be allowable. Furthermore, a second retroactive payment was done in September 2016 for the period March 2016 to September 2016. Therefore, March 2016 was charged to the subaward twice. The UNMC charged \$3,055.00 total for these two months. The Principal Investigator was charged to the subaward at the budgeted 10% rate for the retroactive periods; however, adequate documentation was not provided to verify this was the actual time worked. Benefits are paid to the UNMC faculty employees at 23% of the salary. Therefore, the benefits associated with these overpayments are \$702.65.*

*As noted above, we recommend the UNMC work with DHHS to ensure the salary and benefits charged to Federal programs are in accordance with the Uniform Grant Guidance and are adequately supported. We also recommend the UNMC ensure documentation is on file to support the authorized salary amounts of its employees. Finally, we recommend the UNMC work with DHHS to determine amounts that should be repaid or reduced from future reimbursements for the salary amounts overcharged to the subaward.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*All expenditures other than payroll charged to the grant were incurred by UNMC's subrecipient, Nebraska Medicine. See information on this testing in the subrecipient monitoring section below.*

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

*Significant contracts would be tested during the detailed test of agency expenditures.*

**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.**

*No issues noted.*

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

*The APA noted the following while testing expenditures incurred by the UNMC’s subrecipient, Nebraska Medicine:*

***Payroll Detail Testing:***

*Nebraska Medicine charged \$9,782.34 in salary and benefits to the grant for the period tested. The APA tested the two Nebraska Medicine employees who were charged to the subaward: the Project Manager and the Co-Project Manager. The following was noted:*

*For one employee tested, adequate documentation was not provided for the approved salary rate. The documentation provided by Nebraska Medicine was for an employee who was not charged to this subaward.*

*The timesheet provided by Nebraska Medicine for both employees did not document the hours worked on the Federal program, containing only the total hours worked. Therefore, there was a lack of documentation to support the salary and benefit amounts charged to the subawards. As noted previously, Nebraska Medicine charged \$9,782.34 to the subaward for these two employees. These costs could all be considered questioned costs without adequate documentation to support the allocation of salary and benefits to the program. The following table shows the amounts charged to the grant for the pay periods tested:*

<b>Employee</b>	<b>Check Date</b>	<b>Amount Charged to Subaward per GL</b>	<b>Total Regular Pay per Pay Stub</b>	<b>% of Total Charged to Subaward</b>	<b>% Effort in Budget*</b>
Employee 1	May 19, 2017	\$193.56	\$3,871.20	5%	25%
Employee 2	May 19, 2017	\$376.12	\$7,522.40	5%	5%

*\*The original budget does not include a percentage effort; however, both amendment 1 and amendment 2 to the subaward include the above percentages.*

*Nebraska Medicine employees complete W-4 elections electronically. The information provided by Nebraska Medicine did not appear to be adequate as it was only a screen shot of the elections and did not appear to include “exactly the same information as the paper Form W-4”, as required by Federal regulations. We recommend the UNMC, Nebraska Medicine, and DHHS ensure the electronic W-4 elections comply with IRS regulations.*

*Nebraska Medicine failed to provide documentation to support the deductions from the employees’ pay, including health, dental, and vision insurance, retirement contributions, or parking. The APA requested the information to ensure the employees’ pay was correctly calculated. Nebraska Medicine provided an internally generated spreadsheet to support the health, dental, and vision insurance. The APA had requested information from the insurance provider to support the amounts withheld from pay.*

*Per review of the Nebraska Medicine website, retirement contributions are based on the years of service. Nebraska Medicine also failed to provide adequate documentation to verify the employees’*

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*years of service so that the APA could ensure the retirement contributions were correct. For one employee tested, the support provided by Nebraska Medicine showed the employee's contribution rate beginning May 27, 2017; however, the APA was testing the May 19, 2017 check date. Therefore, the APA was unable to verify the retirement contributions were correct for the period tested.*

*We recommend UNMC ensure its subrecipients comply with requirements of the Uniform Grant Guidance and that adequate documentation is on file to support all payroll charges to the subaward. We further recommend the UNMC and Nebraska Medicine work with DHHS to determine if there are amounts that should be repaid or reduced from future reimbursements.*

***Other Expenditure Testing:***

*Nebraska Medicine charged a total of \$47,726.80 in expenditures other than payroll to the grant for the period tested. The APA tested four expenditures totaling \$47,726.80 charged to the subaward and noted the following:*

*The APA tested payments totaling \$18,454 made to Kiewit Building Group to replace wood doors that were difficult to clean at a quarantine location. The APA was provided with one page of the invoice for each of the three expenditures showing the line item being tested. However, the APA was not provided the complete invoice to be able to verify the line items being tested were actually included in the Contractor's Application for Payment. Additionally, Nebraska Medicine failed to provide a contract with Kiewit Building Group to support the expenditures.*

*2 CFR 200.403 states:*

*Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards.....(g) Be adequately documented...*

*We recommend the UNMC ensure subrecipients have adequate supporting documentation for all expenditures prior to requesting reimbursement. We further recommend the UNMC and Nebraska Medicine work with the DHHS to determine if the expenditures are allowable per Uniform Grant Guidance.*

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<b>Complete Internal Control Questionnaire</b>
<i>Public Health Solutions (PHS) lacked proper segregation of duties regarding vendor claims as one individual prepared payments, reconciled statements, and managed the general ledger.</i>
<i>That same individual enters hours, pay rates, and new employees into the accounting system, while also preparing checks and reconciling statements. The Health Director reviews and approves a report of pay rates and hours for each pay period. The Health Director has access to the accounting system.</i>
<i>PHS lacked formal written policies and procedures regarding capital assets and inventory.</i>
<i>We recommend the PHS implement procedures to ensure a proper segregation of duties exist. If a proper segregation of duties is not possible due to a limited staff, the PHS should implement additional controls to compensate for the lack of segregation of duties. We also recommend the PHS ensure it has a formally approved capital asset and inventory policy.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/A</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>PHS reported expenditures of \$19,140.57 in Quarter 1. The amount expended for payroll and benefits was \$13,274.29. The APA reviewed timesheets, authorizations for pay rates, and performed additional detail testing for one employee whose time was charged to the subaward.</i>
<i>The APA determined one employee was paid an amount slightly different than the authorized salary. The employee's authorized pay rate was \$28.60 per hour. For the pay period tested, the employee was paid for \$2,286.47 for 80 hours of work, which calculated to a rate of \$28.58 per hour.</i>
<i>The APA also found that the life insurance deduction for the period tested was not supported by adequate documentation. The employee had \$5.34 per pay period deducted for the life insurance premiums, which equates to a total annual premium of \$138.84. An invoice provided by the PHS showed a monthly life insurance premium of \$25.39, which equates to a \$304.68 annual premium.</i>
<i>We recommend the PHS implement procedures to ensure the amounts paid to its employees agrees to the authorized rate of pay and that all deductions from pay are properly supported.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>
<b>Perform a detailed test of agency expenditures</b>

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<i>Non-personnel direct expenditures were \$1,497.71. The APA tested \$989.58 in contract expenditures. No issues were noted.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No Issues Noted</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subawards were noted.</i>

Community Action Partnership of Western Nebraska  
 Summary of Results – Subrecipient Monitoring  
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<b>Complete Internal Control Questionnaire</b>
<i>No issues were noted.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/a</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>Subrecipient is a non-profit organization in the State of Nebraska.</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>Community Action Partnership of Western Nebraska reported expenditures of \$5,244.98 in Quarter 1. CAPWN charged salaries and benefits for three individuals to the PHEP award. The amounts expended for payroll and benefits were \$4,120.75 and \$434.42 respectively. The APA obtained documentation to support the rate of pay and hours worked for one of the employees tested whose salary and benefits were \$3,170.88 of the total wages charged to the grant. The APA performed additional detailed testing of payroll for one individual. No issues were noted regarding payroll.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No negative expenditures noted.</i>
<b>Perform a detailed test of agency expenditures</b>
<i>Community Action Partnership of Western Nebraska uses an indirect cost rate of 16.98%, approved by the U.S. Department of Health and Human Services. The rate was correctly applied to the appropriate base of total salaries and benefits to arrive at indirect costs for the period of \$689.81.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>No issues were noted.</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Dakota County Health Department  
 Summary of Results – Subrecipient Monitoring  
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<b>Complete Internal Control Questionnaire</b>
<i>The Dakota County Health Department (DCHD) lacked formal, written policies and procedures. Most of the policies were verbally communicated, but had not been formalized either by DCHD or at the County. This would include policies for determining whether costs are necessary, reasonable, allocable, and allowable in accordance with the UGG and terms and conditions of the subaward. This would also include policies regarding the use of credit cards, addition of inventory/capital assets, and descriptions of the functions of financial and performance management. The DCHD should work to implement written policies and procedures as mentioned.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/A</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>Dakota County uses MIPS and an All Checks listing was obtained. No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>There is a lack of segregation of duties within the County. The DCHD prepares claims that are provided to the County Clerk's Office. Ultimately all claims are approved by the County Board. The DCHD does not have access to MIPS. Employees within the Clerk's Office have access to perform all tasks within the MIPS system, creating a lack of segregation of duties. Per the APA's experience with County governments, this has often been noted. It is often outside of a county's budget to hire additional staff to alleviate segregation of duties concerns. Dakota County should continue to weigh the options of hiring additional staff or implement other controls to compensate for the lack of segregation of duties.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The APA tested the one employee who was charged to the subaward, the Emergency Response Coordinator (ERC). The DCHD charged \$10,036.26 in salary and benefits to the grant for the period tested.</i>
<i>The ERC was given a \$0.47 raise effective July 1, 2017. This raise was not included in payroll until the September 1, 2017, check date. The ERC worked 188 hours between July 2, 2017, and August 12, 2017; the time period that the pay rate had not been included. However, the DCHD charged 252 hours of retroactive pay to the grant, including 64 hours worked during the period June 18, 2017, to July 1, 2017, which was included in the reimbursement request for the 4<sup>th</sup> quarter of the 2016-2017 grant. This resulted in the current quarter being overcharged \$30.08 (\$0.47*64 hours). The DCHD should work with DHHS to ensure this amount is refunded or reduced from future federal grant amounts.</i>
<i>Additionally, the APA noted the DCHD paid health and dental insurance amounts for the ERC at the single rate. However, the enrollment forms provided by DCHD showed that the employee had elected family coverage. The APA brought this to the DCHD's attention; however, the grants funds requested were not impacted by this error.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>

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 Summary of Results – Subrecipient Monitoring  
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<b>Perform a detailed test of agency expenditures</b>
<i>N/A – Expenditures other than payroll were immaterial and were therefore not tested for this quarter. Expenditures were traced to the All Checks listing.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No Issues Noted</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Douglas County Health Department (DCHD)  
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 2017-2018 Quarter 1 Reimbursement from DHHS  
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<b>Complete Internal Control Questionnaire</b>
<i>The Douglas County Health Department (DCHD) has written policies to determine whether costs are necessary and reasonable, allocable and allowable. However, the policies are not current and do not reference the Uniform Grant Guidance.</i>
<i>We recommend the DCHD continue its process to revise its policies to ensure compliance with current Federal regulations.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/A</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The DCHD had two different subawards to which salary and benefit expenses were charged as follows:</i>
<i><b>PHEP (Award # 39291):</b> For the PHEP subaward, the DCHD charged a total of \$74,852.16 in salary and benefits to the subaward. A total of seven employees had time charged to the subaward.</i>
<i><b>CRI (Award #38787):</b> For the CRI subaward, the DCHD charged a total of \$12,024.83 in salary and benefits to the subaward. A portion of one employee’s salary was charged to the subaward.</i>
<i>The APA tested two employees for a detailed payroll test and noted that the DCHD did not provide adequate documentation to support the deductions from pay for the two employees. The authorized amount for the life and vision insurance from the insurance provider was not provided to the APA. Per discussion with the DCHD, it had requested the information from the County department that handles these activities and did not received the documentation requested. Furthermore, documentation for other deductions, such as flexible spending and union dues, were also inadequate. Some deductions are elected by the employee online, so the only documentation is a screen shot of the amount being deducted for the employee.</i>
<i>We recommend the DCHD implement procedures to ensure adequate support is maintained for all employee deductions. The DCHD should consider whether an electronic confirmation of the deductions from pay is possible after the elections are made by the employee.</i>
<i>The APA obtained timesheets and the salary authorizations for all employees charged to the subawards and verified the time worked and salary amounts to this documentation. The APA noted the following issues related to the salary and benefit amounts charged to the subawards:</i>
<i>Although DCHD keeps timesheets to record time worked on each program, it appears the budgeted amount per employee is charged to each grant. This is evidenced in the following table that shows that the seven employees charged the same percentage of time to the grant for each pay period in the quarter:</i>

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Employee	PHEP %	CRI %
Employee 1	37.50%	
Employee 2	85.00%	
Employee 3	100.00%	
Employee 4	46.25%	52.50%
Employee 5	37.50%	
Employee 6	60.00%	
Employee 7*	37.50%	

\* For one pay period the percentage charged to the grant was 33.75%.

*Additionally, certain employees project the amount of time they work each pay period because the timecard is filled out prior to the pay period. So, if Friday, April 6, was a pay day, then on or before that date, an employee would enter a timecard for the period April 7 to April 20, projecting their work activities.*

*Furthermore, the DCHD stated that the percentages from the budget justification is used as a template for the quarterly reporting. Each employee is told what the expectations are with respect to the maximum hours that they may charge to the subaward. When an employee is required to work on some other objective, they will charge time to the other funding source.*

*Finally, leave hours are allocated to each program based on the budgeted time for each program, as opposed to the actual time worked.*

*Based on the above information, it does not appear that actual time spent working on each program is being used. Therefore, we recommend the DCHD work with DHHS to determine whether the method to allocate salary and benefits is based on methods acceptable under the Uniform Grant Guidance and are not simply budgeted amounts.*

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

*Not tested.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The only expenditures other than salary and benefits tested was the indirect costs charged to the subawards. DCHD has an internally approved indirect cost rate of 10% of salary. That amount was included in the budgets for both the PHEP and the CRI subawards. DHHS did not provide specific approval of the indirect cost rate – rather, it approved the budget in total. The following are the annual indirect costs for each subaward:*

Subaward	Total Indirect Costs
PHEP	\$ 5,502.02
CRI	\$ 835.38

*2 CFR 200.331(a)(4) requires pass-through entities to ensure the subawards are clearly identified and contain the all required information. Part of the required information found in Section (a)(4) is an*

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*indirect cost rate that was negotiated between the pass-through entity and the subrecipient. Good internal controls requires explicit approval of the rate.*

*We recommend the DHHS implement procedures to ensure explicit approval of indirect costs rates is maintained.*

**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 be tested above.*

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

*No issues noted.*

**Determine whether program income 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.**

*No issues noted.*

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

*N/A – no subrecipients were noted.*

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<b>Complete Internal Control Questionnaire</b>						
<i>No exceptions noted.</i>						
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>						
<i>HPP was not tested as a major program.</i>						
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>						
<i>The University of Nebraska-Lincoln uses SAP.</i>						
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>						
<i>No issues noted.</i>						
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>						
<i>N/A</i>						
<b>Obtain a list of employees paid during the period tested</b>						
<i>No issues noted.</i>						
<b>Perform a detailed test of employee payroll</b>						
<i>The University of Nebraska at Lincoln (UNL) Public Policy Center (PPC) charged \$18,300.59 in personnel costs for seven individuals. The APA obtained support for all hours charged to the subaward.</i>						
<i>The UNL PPC charged a billable rate for each of the employees to the grant, as follows:</i>						
Title	Employees in position	Rate	Total Actual Hours	Total Cost		
<i>Senior Research Director</i>	1	\$122.96	24	\$2,951.04		
<i>Senior Research Manager</i>	1	\$88.74	27	\$2,395.98		
<i>Research Specialist II</i>	1	\$70.53	92	\$6,488.76		
<i>Administrative Support</i>	2	\$57.56	90	\$5,180.40		
<i>Research Assistant</i>	2	\$32.11	40	\$1,284.40		
<i>Note: In the budget justification, the hours and rates for the Senior Research Manager and the Research Specialist II were switched. The amount charged to the grant is not affected as the correct rate was applied to the correct hours.</i>						
<i>The APA selected a sample of four employees to compare their authorized pay rate to the billable rate charged to the subaward, as follows:</i>						
Title	Hours	Hourly Rate Per Paystub	Actual Wages	Rate Charged to HPP	Amount Charged to HPP	Difference
<i>Senior Research Director</i>	24	\$54.76	\$1,314.17	\$122.96	\$2,951.04	\$1,636.87
<i>Senior Research Manager</i>	27	\$35.07	\$946.94	\$88.74	\$2,395.98	\$1,449.04
<i>Research Specialist II</i>	92	\$27.96	\$2,572.23	\$70.53	\$6,488.76	\$3,916.53
<i>Research Assistant</i>	38.5	\$9.25	\$356.13	\$32.11	\$1,236.24	\$880.11
<b>Totals</b>	181.5		\$5,189.47		\$13,072.02	\$7,882.55
<i>According to UNL PPC, the billable rates charged to the subaward are calculated as a "breakeven rate." However, the UNL PPC lacked documentation to support the amounts included in the billable rate. The APA factored in benefit costs in the following table:</i>						

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Name	Actual Wages	Estimated Benefits	Actual Cost	Amount Charged to HPP	Difference
<i>Senior Research Director</i>	\$1,314.17	\$394.25	\$1,708.42	\$2,951.04	\$1,242.62
<i>Senior Research Manager</i>	\$946.94	\$284.08	\$1,231.03	\$2,395.98	\$1,164.95
<i>Research Specialist II</i>	\$2,572.23	\$1,028.89	\$3,601.12	\$6,488.76	\$2,887.64
<i>Research Assistant</i>	\$356.13	\$0	\$356.13	\$1,236.24	\$880.11
<b>Totals</b>	<b>\$5,189.47</b>	<b>\$1,707.22</b>	<b>\$6,896.69</b>	<b>\$13,072.02</b>	<b>\$6,175.33</b>

*Note: The APA used estimated benefit rates as a percent of salary for the benefit calculation. Rates were retrieved from the University of Nebraska-Lincoln's Sponsored Programs website.*

*The DHHS did not obtain documentation to support the rates when approving the budget. As a result, the DHHS could not verify whether the billable rates charged were a breakeven amount or whether the UNL PPC earned a profit. Profiting from Federal funds is prohibited in 45 CFR 75.216(b) which states,*

*“Prohibition against profit. Except for awards under the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs (15 U.S.C. 638), no HHS funds may be paid as profit to any recipient even if the recipient is a commercial organization. Profit is any amount in excess of allowable direct and indirect costs.”*

*We recommend that DHHS obtain support to verify that the rates requested do not allow the Public Policy Center to profit from Federal funds, and that the costs included in the rates are allowable per Uniform Grant Guidance.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The University of Nebraska Public Policy Center charged \$2,114.96 in non-personnel costs. The APA tested \$669.28 of non-personnel expenditures. No issues were noted.*

**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 be tested above.*

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

*No issues noted.*

**Determine whether program income 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.**

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**Attachment 17**

*The PPC receives interagency billing invoices for personnel services the month after the services were performed. The invoice for Quarter One only includes personnel costs for July and August as the September personnel costs have not been charged to the PPC yet. Quarter 4 would include personnel costs incurred in March through June as there is a longer period to close out the grant and ensure all costs incurred during the period of performance are reported.*

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

*N/A – no sub-awards were noted.*

Nebraska Regional Poison Center (NRPC)  
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<b>Complete Internal Control Questionnaire</b>
<i>No issues noted.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>The audit report for the fiscal year ended June 30, 2017 included a finding related to the HPP Ebola (CFDA 93.817) award that the auditors were unable to verify the annual progress report was reviewed by an individual other than the preparer prior to submission of the report.</i>
<i>No financial issues were noted in the prior audit report.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The NRPC uses Strata and a general ledger was obtained for all expenditures charged to the grant for quarter 1.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>No issues noted.</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>Payroll expenditures were only charged to the PHEP subaward (#38939). The Nebraska Regional Poison Center charged \$38,685 in salary and benefits to the grant for the period tested. The APA tested two employees for whom NRPC charged \$38,475 in salary and benefits to the subaward. Both of the employees were registered nurse specialists in poison information. The following was noted:</i>
<i>The NRPC employees complete W-4 elections electronically. The information provided by NRPC did not appear to be adequate as it was only a screen shot of the elections and did not appear to include “exactly the same information as the paper Form W-4”, as required by Federal regulations.</i>
<i>The amounts deducted from employee pay for health, dental, and vision insurance were documented on a NRPC generated spreadsheet. The APA did not receive adequate documentation to support the rates actually charged by the insurance provider.</i>
<i>The NRPC calculates employer retirement match based on the years of service for the employee. Adequate documentation was not provided to support the employees’ years of service. The APA was only provided with a report from the NRPC system showing an adjusted service date; however, adequate documentation was not provided to verify these dates were accurate.</i>
<i>We recommend the NRPC ensure there is adequate documentation on file to support all benefit deductions.</i>
<i>The NRPC reduced total salaries charged to the subaward from the \$37,892.94 actually worked to \$30,948 for the quarter tested due to budget constraints. The DHHS should be aware that the amounts worked exceed the amounts budgeted.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>

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*No issues noted.*

**Perform a detailed test of agency expenditures**

*The APA noted the following during the detailed test of expenditures:*

***Subaward 38939 (PHEP):***

*Only payroll expenditures were charged to this award for the period tested.*

***Subaward 38659 (OMMRS):***

*A total of \$27,015.73 in expenditures were charged to the award for the period tested. The APA tested expenditures totaling \$19,988.52 charged to the subaward. The APA noted the following related to the expenditures tested:*

*The APA tested two payments to ALR Systems & Software Inc., one for \$2,454.39 and a second for \$2,667.73. These payments were for an independent contractor to act as the OMMRS HPP/HCC Administrative Assistant for the period July 1, 2017 through June 30, 2018. The two payments included mileage reimbursements of \$38.79 and \$32.53.*

*The agreement between The Nebraska Medical Center and ALR included total compensation of \$57,596.00 and did not explicitly address travel expenses. The agreement also failed to establish an hourly rate or a monthly payment amount; however, a rate of \$27.45 was included in the approved budget.*

*We recommend The Nebraska Medical Center ensure contracts entered into accurately reflect amounts that may be reimbursed. We further recommend DHHS monitor payments to ALR to ensure the contract total is not exceeded.*

*Additionally, the NRPC's approved budget and invoices submitted to DHHS identify the payments to two different consultants for the OMMRS Administrative Assistant and the OMMRS Coordinator as "Salary". The budget notes that both of these are for independent contractors and the NRPC's general ledger codes these payments to Contractual Services. DHHS should be aware of the categorization for these contractors to ensure they are accurate for future subawards.*

*The APA also noted the NRPC had contracts with reoccurring monthly payments. The invoices for these contracts were sent the month following the performance of the work. Therefore, for the first quarter of this grant, there were only two monthly invoices paid. This was noted for the contracts with the OMMRS Coordinator, ALR, and Gratton Warehouse (for the storage of personal protective equipment). The NRPC paid \$11,000, \$5,122.12, and \$3,866.40, respectively, this quarter for those three contracts. The DHHS should be aware of how entities are charging contractual amounts to the grant to ensure only amounts incurred during the award period are charged and are not exceeded at the end of the award period.*

***Subaward 39657 (HPP Ebola):***

*The APA tested all three expenditures totaling \$8,275.30 charged to the subaward for the period tested. No issues were noted.*

**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 be tested above.*

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<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<p><i>During review of the quarterly reporting documentation, the APA noted the following issues related to indirect costs:</i></p> <p><b>Subaward 38939 (PHEP):</b>  <i>The APA noted budgeted indirect costs of \$17,100 were calculated using up to the additional \$25,000 of a subaward for the indirect cost calculation. The entity had elected to use the 10% de minimis rate, but was not granting a subaward. Therefore, indirect costs should have only been 10% of the Modified Total Direct Costs (MTDC) of \$162,510, or \$16,251. Budgeted indirect costs were overstated by \$849. We recommend DHHS and the Nebraska Regional Poison Center implement procedures to ensure indirect costs are appropriately budgeted an expended.</i></p> <p><b>Subaward 38659 (OMMRS):</b>  <i>Similar to the PHEP award above, the APA noted budgeted indirect costs of \$18,500 were calculated using up to the additional \$25,000 of a subaward for the indirect cost calculation. The entity had elected to use the 10% de minimis rate, but was not granting a subaward. Therefore, indirect costs should have only been 10% of the MTDC of \$166,500, or \$16,650. Budgeted indirect costs were overstated by \$1,850. We recommend DHHS and the Nebraska Regional Poison Center implement procedures to ensure indirect costs are appropriately budgeted and expended.</i></p> <p><i>The APA also determined that indirect costs were not charged to the award for the period tested. Per Nebraska Medicine, this was an error and would be recouped in future periods. No issues were noted with this process; however, the APA wanted to ensure DHHS was aware of these costs.</i></p> <p><b>Subaward 39657 (HPP Ebola):</b>  <i>Similar to the PHEP and OMMRS awards, the APA noted budgeted indirect costs of \$1,600 were calculated using up to the additional \$25,000 of a subaward for the indirect cost calculation. The entity had elected to use the 10% de minimis rate, but was not granting a subaward. Therefore, indirect costs should have only been 10% of the MTDC of \$14,400, or \$1,440. Budgeted indirect costs were overstated by \$160.00. We recommend DHHS and the Nebraska Regional Poison Center implement procedures to ensure indirect costs are appropriately budgeted and expended.</i></p>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subawards were noted.</i>

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<b>Complete Internal Control Questionnaire</b>						
<i>No issues noted.</i>						
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>						
<i>No issues noted.</i>						
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>						
<i>The NCDHD uses QuickBooks and a general ledger was obtained for all expenditures charged to the grant for quarter 1.</i>						
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>						
<i>No issues noted.</i>						
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>						
<i>N/A</i>						
<b>Obtain a list of employees paid during the period tested</b>						
<i>No issues noted.</i>						
<b>Perform a detailed test of employee payroll</b>						
<p><i>The NCDHD charged payroll expenditures only to its Public Health Emergency Preparedness (PHEP) subaward (number 39049). A total of \$14,371.88 in salary and benefits were charged to the subaward in quarter 1, which included two employees. The APA tested the two employees: the Emergency Response Coordinator (ERC) and the Surveillance Coordinator. The following was noted:</i></p> <p><i>For both employees tested, the NCDHD did not withhold Social Security and Medicare taxes for the employer contributions to the employees' 457(b) retirement accounts, in accordance with IRS regulations. Per discussion with the NCDHD, the former bookkeeper lacked an adequate understanding of the payroll processes and failed to properly account for the employer contributions to the 457(b) retirement accounts. The following tables illustrates the employer contributions to each employee for the quarter tested:</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Employee</th> <th style="text-align: center;">Quarterly 457b Employer Contributions</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">ERC</td> <td style="text-align: center;">\$1,700.04</td> </tr> <tr> <td style="text-align: center;">Surveillance Coordinator*</td> <td style="text-align: center;">\$1,144.49</td> </tr> </tbody> </table> <p><i>* Pay stub for one pay period in July was not provided by NCDHD</i></p> <p><i>Additionally, the NCDHD failed to provide a written policy documenting these 457(b) employer contributions.</i></p> <p><i>We recommend the NCDHD implement written policies covering the employer contributions to the 457(b) plans and implement procedures to ensure the proper taxes are withheld on those contributions. We also recommend the NCDHD work with its CPA to determine whether the employees' IRS Form W-2's should be amended.</i></p> <p><i>Surveillance Coordinator: The NCDHD charged this employee's time to the subaward based on the 15% budget instead of based on actual time worked. The subaward is consistently charged 15% of her salary, regardless of the number of hours recorded on the time keeping reports. The following table shows the percentage of time worked each pay period compared to the amount actually charged to the subaward:</i></p>	Employee	Quarterly 457b Employer Contributions	ERC	\$1,700.04	Surveillance Coordinator*	\$1,144.49
Employee	Quarterly 457b Employer Contributions					
ERC	\$1,700.04					
Surveillance Coordinator*	\$1,144.49					

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Pay Period	Total Direct Hours Recorded	Direct Hours Charged to Program	Percent of Direct Hours Charged to Program
7/3/2017 to 7/16/2017	62.75	8.00	12.75%
7/17/2017 to 7/30/2017	70.50	9.00	12.77%
7/31/2017 to 8/13/2017	64.50	15.00	23.26%
8/14/2017 to 8/27/2017	86.50	11.00	12.72%
8/28/2017 to 9/10/2017	78.50	9.50	12.10%
9/11/2017 to 9/24/2017	63.00	14.00	22.22%

Furthermore, the NCDHD failed to consistently charge holiday and paid time off (PTO) hours to the subaward. At times the holiday and leave hours were charged directly to a program; however, other times these hours are charged to programs based on budgeted FTE. It appears the leave allocation is manipulated to ensure that at the end of each month, the budgeted 15% is charged to the subaward. Below is an example of two paid holidays and two days using PTO during the quarter tested:

Date	Leave Type	Leave Hours	Method for Charging Leave
July 4, 2017	Holiday	8	Charged 8 hours directly to a program other than this subaward.
July 5, 2017	PTO	6	0.9 hours were allocated to this subaward based on the 15% time charged to the program.
July 10, 2017	PTO	6	Charged 6 hours directly to a program other than this subaward.
September 4, 2017	Holiday	8	Charged 2 hours (25%) directly to this subaward. Charged 6 hours (75%) directly to a program other than this subaward.

45 CFR 75.431 states:

*Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits are allowable if all of the following criteria are met: (1) They are provided under established written leave policies; (2) The costs are equitably allocated to all related activities, including Federal awards; and, (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

We recommend the NCDHD implement procedures to ensure the salary and benefits charged to its subawards are based on actual time worked, rather than on the budgeted FTE and to ensure leave hours are properly allocated to all activities, in accordance with the Federal regulations.

The APA's recalculation of net pay did not match the NCDHD net pay calculation for the pay period tested. The NCDHD could not explain the variances in the calculated tax amounts. According to the NCDHD, the former bookkeeper made adjustments to gross pay and other amounts, but they could not explain or account for those adjustments. Therefore, the APA could not verify that the following tax amounts withheld from pay from the September 12, 2017, pay period were accurate.

Tax	Dollar amount per pay stub
Federal Income Tax	\$204.00
Social Security	\$127.45
Medicare	\$29.81
State Income Tax	\$77.32

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*Additionally, the NCDHD failed to pay this employee's benefits in accordance with the amount approved by NCDHD management. The following table shows the approved benefit amounts compared with the actual benefit amounts paid per the employee pay stub.*

<b>Fringe Benefit</b>	<b>Approved Amount</b>	<b>Rate per Pay Stub</b>	<b>Variance</b>
Employer Contribution			
457(b) Retirement	\$264.29	\$244.18	\$20.11
After-Tax Aflac Insurance	\$33.12	\$35.88	(\$2.76)
Pre-Tax Aflac Insurance	\$23.22	\$40.56	(\$17.34)

*As previously noted, the NCDHD allocated this employee's salary based on a 15% effort. However, the Social Security and Medicare taxes were not allocated using the same 15% effort. The NCDHD could not explain how the Social Security and Medicare taxes were allocated. The following table shows the amounts charged to the grant and the calculated amounts based on the 15% effort:*

<b>Tax</b>	<b>Total per Pay Stub</b>	<b>Tax at 15% Effort</b>	<b>Tax Charged to Subaward</b>	<b>Variance</b>
Social Security	\$127.45	\$19.12	\$18.55	\$0.57
Medicare	\$29.81	\$4.47	\$4.34	\$0.13

*The Surveillance Coordinator was paid \$150 per month for a Health Insurance Reimbursement. The APA was not provided adequate supporting documentation to verify this amount was approved.*

*We recommend the NCDHD work with its CPA to ensure the taxable income and taxes withheld for 2017 were accurate for each of its employees. We also recommend the NCDHD determine whether the amounts paid including fringe benefits amounts were properly paid to its employees for 2017 in accordance with the approved amounts. Finally, we recommend the NCDHD implement procedures to ensure adequate documentation is maintained to support all deductions from the pay of its employees. We recommend the DHHS work with the NCDHD to determine whether any amounts need to be repaid to this subaward. Additionally, due to the number and significance of these findings, we recommend DHHS implement increased financial monitoring of the NCDHD to ensure these issues are promptly and properly resolved.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The APA noted the following during the detailed test of expenditures:*

**Subaward 38930 (HPP Ebola):**

*A total of \$3,916.57 in expenditures were charged to the award for the period tested. The APA tested expenditures totaling \$2,815.19 charged to the subaward. The following was noted:*

*The NCDHD reimbursed a hospital for meals for its employees during travel to the Hospital First Responder Training in Lincoln, Nebraska on July 25-27, 2017. Two of the meals reimbursed totaling \$16.24 were for breakfast purchased by the hospital employees, even though the hotel provided a breakfast. It does not appear reasonable to charge the grant for breakfast if the hotel, which is paid for*

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by the grant, provided a continental breakfast. We recommend the NCDHD work with DHHS to determine if these amounts need to be repaid or reduced from future reimbursements.

**Subaward 39049 (PHEP):**

A total of \$5,857.40 in expenditures were charged to the award for the period tested. The APA tested expenditures totaling \$2,980.65 charged to the subaward. The following was noted:

The NCDHD charged \$100 for phone expenses and \$100 for IT support to the grant each month. The NCDHD lacked adequate documentation to support the cost related to the phone expense, stating that the cost had been charged to the grant for several years and may need to be revisited. The NCDHD provided a contract with My Quality PC for the IT support, which stated the cost was not to exceed \$2,400.00 for the period July 1, 2017 through June 30, 2018. Therefore, the NCDHD charged 50% of this cost to the grant without documentation to support the percentage allocated.

Due to the lack of documentation, it was not clear whether the \$100 per month charges were direct or indirect costs. The NCDHD uses the de minimis rate for indirect costs, so if the expenses were not direct expenses of the program, they are likely not allowable as they would be covered by the de minimis indirect cost rate. We recommend the NCDHD and the DHHS work together to determine if these separate direct charges are allowable or whether they are part of the indirect costs charged to the subaward under the Uniform Grant Guidance.

The NCDHD also charged to the grant \$500 per month for the rental of two billboards and \$460 per quarter for billboard rotation. The approved budget included only the costs for one billboard for the year. Additionally, the documentation provided to support the expenses was inadequate. Seven different NCDHD invoices dated January 4, 2017, were provided that were payable to different individuals as documentation to support the \$500 per month expense. The seven invoices totaled \$2,550 for annual billboard rent and land leases, which is not enough to cover the \$500 per month charged. Additionally, the July 2017 invoice for billboard rotation totaled \$2,217, which also does not agree to the \$460 per quarter charged.

We recommend the NCDHD implement procedures to ensure only actual costs are charged to its subawards and that the costs are adequately documented. We further recommend the NCDHD work with DHHS to determine whether any amounts need to be repaid or reduced from future reimbursements.

The APA tested an expense totaling \$208.65 for the use of one of its agency-owned vehicles. The NCDHD charged the subaward \$0.535 per mile travelled in its agency-owned vehicles. However, since this is not an actual expense, it is not allowable. An actual expense of an agency-owned vehicle would be gasoline purchases, depreciation, and repairs.

Additionally, the NCDHD failed to provide documentation to support the purpose of an 86-mile trip in one of its vehicles. We recommend implement procedures to ensure only actual expenses are charged to the subawards and ensure documentation is on file to support the miles travelled in its vehicles. We further recommend the NCDHD work with the DHHS to determine whether any amounts need to be repaid or reduced from future reimbursements.

The NCDHD charged a \$212 lodging expense to the subaward from the Hilton Garden Inn for lodging and parking on September 22, 2017. According to the NCDHD, the expense was incurred by the ERC for two nights to attend the Public Health Association of Nebraska (PHAN) conference in Lincoln, Nebraska on September 21 and 22, 2017. A conference schedule and agenda were provided; however,

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*NCDHD failed to provide an invoice supporting the lodging expense. We recommend the NCDHD work with the DHHS to determine whether any reimbursement is necessary.*

*In addition to the items test above, the APA inquired about the NCDHD's method for charging \$440.63 per month for rent and \$88.13 per month for utilities to the subaward. Per the NCDHD, there is not a rental agreement as this is a building owned by the NCDHD. Rent is charged to the subaward based on the total budgeted Full Time Equivalent (FTE) employees multiplied by a budgeted rental rate multiplied by an average workspace. Utilities are also charged to the subaward based on a budgeted monthly rate multiplied by the budgeted FTE and average workspace. The NCDHD uses the de minimis rate for indirect costs. Since the rent charges are for a building owned by the NCDHD, they are likely not allowable as they are not supported by an actual expense made by the DCDHD. Furthermore, these types of expenses are likely covered by the de minimis indirect cost rate. We recommend the NCDHD and the DHHS work together to determine if these charges are allowable per Uniform Grant Guidance.*

**Subaward 38669 (RROMRS):**

*A total of \$17,426.75 in expenditures other than payroll were charged to the subaward. The APA tested expenditures totaling \$15,737.87 charged to the subaward for the period tested. The following was noted:*

*The HCC Coordinator has a contractual agreement with the NCDHD for \$61,574. Therefore, taxes and benefits are not paid by the NCDHD for the Coordinator. However, the NCDHD lists the Coordinator under the "Personnel" cost category of its budget. The APA recommends the NCDHD and the DHHS review the relationship between the NCDHD and the HCC Coordinator to ensure it is appropriately classified as either personnel costs or contractual services.*

*As noted in a previous grant, the NCDHD charged the grant \$100 per month for IT support. The NCDHD provided a contract with My Quality PC not to exceed \$2,400.00 for the period July 1, 2017 through June 30, 2018. Therefore, the NCDHD charged 50% of this cost to the grant without documentation to support the percentage allocated.*

*Due to the lack of documentation, it was not clear whether the \$100 per month charges were direct or indirect costs. The NCDHD uses the de minimis rate for indirect costs, so if the expenses were not direct expenses of the program, they are likely not allowable as they would be covered by the de minimis indirect cost rate. We recommend the NCDHD and the DHHS work together to determine if these separate direct charges are allowable or whether they are part of the indirect costs charged to the subaward under the Uniform Grant Guidance.*

*The APA tested \$709 charged to the grant for photocopy fees. The NCDHD charged 7,075 black and white copies at \$0.10 per copy and 3 color copies at \$0.50 per copy. However, the NCDHD's agreement with One Office Solutions included rates of \$0.008 per black and white copy and \$0.048 per color copy. The difference in the amount charged to the grant and the agreement resulted in the grant being overcharged by \$652.26. We recommend the NCDHD implement procedures to ensure photocopy fees are accurately charged to the grant. We further recommend the NCDHD work with the DHHS to determine whether the amounts should be repaid or reduced from future reimbursements.*

*The APA tested a \$519.49 mileage reimbursement to the HCC Coordinator. The NCDHD provided documentation that identified the locations travelled. The mileage reimbursement appeared reasonable based on these locations; however, the DCDHD lacked adequate documentation to verify the Coordinator's actual attendance at each of the events. The below table shows the dates and locations travelled:*

North Central District Health Department (NCDHD)  
 Summary of Results – Subrecipient Monitoring  
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<i>Date</i>	<i>Location</i>	<i>Purpose</i>	<i>Miles</i>	<i>Cost</i>
July 31, 2017	Creighton Fire	START Triage Class	62	\$33.17
August 2, 2017	NCDHD, Bassett, Stuart Fire Hall	START Triage and Office Visit	230	\$123.05
August 10, 2017	Norfolk, NCDHD, Bassett, Ainsworth Fire Department	START Triage and Office Visit	284	\$151.93
August 14, 2017	Columbus	Easter Conference Governance Meeting	131	\$70.09
August 15, 2017	O'Neill High School, Avera St. Anthony's Hospital	Full Scale Exercise	137	\$73.30
August 17, 2017	Wayne Fire Hall	Nebraska PET Meeting	61	\$32.64
August 22, 2017	Avera Creighton Hospital	Full Scale Example Planning Meeting	66	\$35.31
<b>Total</b>			<b>971</b>	<b>\$519.49</b>

*We recommend the NCDHD ensure adequate documentation is maintained to support the individual's actual attendance at each event for which reimbursement is claimed.*

**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 be tested above.*

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

*No issues noted.*

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

*No issued 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.**

*During review of the quarterly reporting documentation, the APA noted the following issues related to indirect costs:*

***Subaward 38930 (HPP Ebola):***

*The NCDHD calculated its indirect costs of \$797.92 using the additional \$25,000 related to providing subawards. The NCDHD elected to use the 10% de minimis rate but was not granting subawards to any subrecipients. Therefore, indirect costs should have only been 10% of the Modified Total Direct Costs (MTDC) of \$7,181.32, or \$718.13. Budgeted indirect costs were overstated by \$79.79. We recommend DHHS and the NCDHD implement procedures to ensure indirect costs are appropriately budgeted and expended.*

***Subaward 39049 (PHEP):***

*Similar to the HPP Ebola award above, the NCDHD calculated its indirect costs of \$9,782.21 using the additional \$25,000 related to providing subawards. The NCDHS elected to use the 10% de minimis rate but was not granting subawards to subrecipients. Therefore, indirect costs should have only been 10% of the MTDC of \$88,039.87, or \$8,803.99. Budgeted indirect costs were overstated by \$978.22. We recommend DHHS and the NCDHD implement procedures to ensure indirect costs are appropriately budgeted and expended.*

***Subaward 38669 (RROMRS):***

*Similar to two awards above, the NCDHD calculated its indirect costs of \$13,500 using the additional \$25,000.00 related to providing subawards. The NCDHD elected to use the 10% de minimis rate but*

North Central District Health Department (NCDHD)  
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*was not granting a subaward to any subrecipients. Therefore, indirect costs should have only been 10% of the MTDC of \$121,500, or \$12,150. Budgeted indirect costs were overstated by \$1,350. We recommend DHHS and the NCDHD implement procedures to ensure indirect costs are appropriately budgeted and expended.*

*Finally, the APA noted the NCDHD included an insignificant amount of phone expense with postage on the quarterly invoice. Per review of the approved budget for this subaward, there is only a category for postage expenses, and not one for phone. The APA noted other NCDHD subawards included a category for communication expenses which included both phone and postage. The DHHS should be aware of this categorization.*

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

*N/A – no sub-awards were noted.*

Northeast Nebraska Public Health Department  
 Summary of Results – Subrecipient Monitoring  
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<b>Complete Internal Control Questionnaire</b>																														
<i>No issues noted.</i>																														
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>																														
<i>N/A</i>																														
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>																														
<i>The Northeast Nebraska Public Health Department (NNPHD) uses QuickBooks. The APA obtained a general ledger detailing the transactions during the second quarter.</i>																														
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																														
<i>No issues noted.</i>																														
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<b>Obtain a list of employees paid during the period tested</b>																														
<i>No issues noted.</i>																														
<b>Perform a detailed test of employee payroll</b>																														
<i>The NNPHD charged the subaward \$21,557.36 for salaries and benefits for six employees for the quarter tested. The APA received timesheets and salary authorizations for all employees. The payroll and benefits for the Emergency Response Coordinator were tested in detail.</i>																														
<i>The NNPHD did not properly allocate leave equitably between programs. The ERC recorded 112 hours of leave, all of which was allocated directly to the PHEP program. However, the ERC did not work 100% on the PHEP program during the quarter tested. The following table shows the direct hours worked on PHEP and other programs.</i>																														
<table border="1" style="margin: auto; border-collapse: collapse;"> <thead> <tr style="background-color: #4f81bd; color: white;"> <th style="width: 30%;"></th> <th style="width: 35%;">Direct Hours Worked</th> <th style="width: 35%;">Percent of Total</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0e0e0;"><b>PHEP</b></td> <td style="text-align: center;">386.50</td> <td style="text-align: center;">94.73%</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Other Programs</b></td> <td style="text-align: center;">21.50</td> <td style="text-align: center;">5.27%</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>Total</b></td> <td style="text-align: center;">408</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>		Direct Hours Worked	Percent of Total	<b>PHEP</b>	386.50	94.73%	<b>Other Programs</b>	21.50	5.27%	<b>Total</b>	408	100%																		
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<i>In addition to charging leave hours used to the grant, the NNPHD also charged leave hours earned but not used to the subaward during the second quarter, as follows:</i>																														
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*This caused wages to be overstated by \$462.58, retirement to be overstated by \$31.22, and payroll taxes to be overstated by \$35.39. The total amount overstated was \$529.19.*

*Per 45 CFR 75.431(b):*

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

- (1) They are provided under established written leave policies;
- (2) The costs are equitably allocated to all related activities, including federal awards; and,
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.
  - (i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.
  - (ii) The accrual basis may be only used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.

*The NNPHD overcharged the PHEP award \$43.02 for health insurance for the second quarter because they charged the award more than the cost of the insurance to the employee. The Department charged \$910.40 for each month during the second quarter. The cost of the individual’s single-coverage insurance each month was \$896.06 per month.*

*According to the Health and Life Insurance section of the Employee Policy and Procedure Manual:*

The Northeast Nebraska Public Health Department will pay one hundred percent of the monthly insurance cost for single insurance when they become enrolled in the health insurance plan.

*Per 45 CFR 75.431(c):*

The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker’s compensation insurance (except as indicated in §75.447); pension plan costs (see paragraph (i) of this section); and other similar benefits are allowable, provided such benefits are granted under established written policies...

*We recommend the NNPHD implement procedures to ensure leave used is equitably allocated between all programs based on the direct hours worked. We also recommend that the NNPHD charge its Federal programs either when leave used or when it is earned, but not both, in accordance with the terms of the Uniform Grant Guidance. Finally, we recommend the NNPHD implement procedures to ensure amounts charged to the grant for the employer share of the health insurance costs is accurate and work with DHHS to reduce future payments by the unallowable amounts.*

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

*The NNPHD uses a modified cash basis of accounting through which liabilities are accrued for payroll. The journal entries to record the cost of leave that was earned during the period but not taken were not reasonable. See payroll section for more detail.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The NNPHD has non-personnel costs of \$898.08 and indirect costs of \$2,099.77.*

Northeast Nebraska Public Health Department  
 Summary of Results – Subrecipient Monitoring  
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*The NNPHD used the 10% de minimis indirect cost rate that is available to entities that have not had a previously approved indirect cost rate. However, included in the calculation of the Modified Total Direct Costs was the additional \$25,000 for subawards. This amount is only available if the organization issues subawards for its grant, which the NNPHD did not. This resulted in the total budgeted indirect costs being overstated by \$1,232.87.*

*We recommend that the NNPHD work with DHHS to reduce future claims by the overstated indirect costs and ensure the calculation is correct in future periods.*

**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 be tested above.*

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

*No issues noted.*

**Determine whether program income 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.**

*No issues were noted.*

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

*N/A – no sub-awards were noted.*

Two Rivers Public Health Department (TRPHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
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<b>Complete Internal Control Questionnaire</b>		
<i>The TRPHD lacks adequate segregation of duties over its accounting processes as four employees have access to perform all tasks within the accounting system. This finding was also noted in the TRPHD’s audit report for the fiscal year ended June 30, 2017. As noted in that audit report, we recommend the TRPHD continue to evaluate its internal controls with the use of limited personnel and ensure compensating controls, such as additional reviews and financial monitoring, are performed and documented.</i>		
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>		
<i>Per review of the fiscal year ended June 30, 2017, audit report, the only findings noted were for inadequate segregation of duties due to a small staff size, and for financial reporting processes due to the auditors preparing the financial statements and related disclosures.</i>		
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>		
<i>The TRPHD uses QuickBooks and a Profit and Loss Detail was obtained for the quarter tested.</i>		
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>		
<i>Issues related to segregation of duties were noted above.</i>		
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>		
<i>N/A</i>		
<b>Obtain a list of employees paid during the period tested</b>		
<i>No issues noted.</i>		
<b>Perform a detailed test of employee payroll</b>		
<i>A total of \$15,476.01 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the Emergency Response Coordinator (ERC), for whom the TRPHD charged \$8,767.64 in salary and benefits to the subaward for the quarter. The APA obtained pay stubs, IRS Form W-4, time records, etc. The following was noted:</i>		
<i>The TRPHD withheld federal income taxes for the ERC using three allowances and a single marital status. State income taxes were withheld using zero withholding allowances and a marital status of married. Per review of the ERC’s IRS Form W-4, three allowances and a marital status of married, but withhold at higher single rate were selected.</i>		
<i>The Nebraska Department of Revenue, Title 316 NAC 21-010 states:</i>		
<i>Except as provided in Reg-21.010.01B, when determining the proper amount of income tax to be deducted and withheld from an employee’s wages, the employer will allow the number of exemptions claimed by the employee on his or her Employee’s Withholding Allowance Certificate, Federal Form W-4, for federal income tax purposes.</i>		
<i>We recommend the TRPHD ensure the state income tax withholdings agree to the IRS Form W-4 on file.</i>		
<i>Additionally, TRPHD charged 100% of the overtime costs to the subaward for the November 30, 2017 pay date. However, the following table shows the employee only worked 63.53% of their time on this subaward:</i>		
<i>Hours Actually Worked on Award</i>	<i>Total Hours Actually Worked</i>	<i>Percent of Total Hours on Award</i>
43.93	69.15	63.53%
<i>*This table excludes holiday and PTO hours as those are not hours actually worked.</i>		
<i>This resulted in the subaward being overcharged by \$17.14. We recommend the TRPHD implement procedures to ensure overtime is being equitably allocated based on hours actually worked. We further</i>		

Two Rivers Public Health Department (TRPHD)  
 Summary of Results – Subrecipient Monitoring  
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*recommend the TRPHD work with DHHS to determine amounts that should be repaid or reduced from future reimbursements.*

*The TRPHD deducted the employee’s share of health, dental, and vision insurance twice per month; however, the benefit selections signed by the employee stated that the deductions will occur each pay period, which is biweekly. We recommend the TRPHD implement procedures to ensure benefit elections signed by employees accurately reflect the amounts that will be deducted from their pay.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The TRPHD charged \$4,566.48 in expenditures other than payroll to the subaward for the quarter tested. The APA tested expenditures totaling \$2,296.92 for equipment maintenance (\$1,180.88), information technology support (\$482.96), and rent (\$633.08). The TRPHD charges information technology support and rent to the subaward based on the percentage of actual hours worked. The APA obtained invoices, timesheets, etc. to support the charges. The following was noted:*

*The TRPHD’s rental agreement for the Kearney office notes that utility services paid for by the landlord will be billed to the tenant based on the tenant’s portion of such charges. The APA noted the TRPHD was being billed by the landlord for electric and water/sewer/trash utilities. However, the TRPHD was only receiving an invoice from the landlord showing the portion owed, but not a copy of the actual utility bills to verify the total charge was accurate. The following table notes the utility charges for the quarter tested:*

Utility	Invoice Date	Amount Charged
Electric	8/31/2017	\$8.11
Water/Sewer/Trash	8/31/2017	\$0.77
Electric	9/30/2017	\$8.40
Water/Sewer/Trash	9/30/2017	\$0.89
Electric	11/1/2017	\$8.09
Water/Sewer/Trash	11/1/2017	\$0.93
Electric	11/13/2017	\$5.45
Water/Sewer/Trash	11/13/2017	\$0.47
	<b>Total:</b>	<b>\$33.11</b>

*We recommend the TRPHD ensure they are receiving adequate documentation to verify the amounts being charged to the subaward 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.**

*Significant contracts would be tested above.*

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

*No issues noted.*

Two Rivers Public Health Department (TRPHD)  
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<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>No issued noted.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Three Rivers Public Health Department  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>																								
<i>No issues were noted.</i>																								
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>																								
<i>The audit report for fiscal year ended June 30, 2017 noted that there was a lack of segregation of duties as the Executive Director had access to functions of the accounting system. The APA feels that there are adequate compensating controls in place.</i>																								
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>																								
<i>The Three Rivers Public Health Department (TRPHD) uses QuickBooks. The TRPHD does not use separate time codes or ledgers to allocate costs to this specific program in its accounting system. The TRPHD relies on a manual calculation of the time and effort spent on programs to allocate salaries and benefits. The APA obtained a payroll summary report for payroll from October through December, 2017. The APA feels the DHHS should be aware of the method used to record expenses to the subaward.</i>																								
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																								
<i>No issues noted.</i>																								
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<i>No issues noted.</i>																								
<b>Perform a detailed test of employee payroll</b>																								
<p><b>CRI Subaward 39272-Y3:</b>  <i>The TRPHD charged \$7,772.01 for salaries and benefits of two employees. The APA reviewed timesheets and salary authorizations for both employees.</i></p> <p><b>PHEP Subaward 39280-Y3:</b>  <i>The TRPHD charged \$19,132.95 for salaries and benefits of four employees. The APA reviewed timesheets and salary authorizations for all employees charged to the PHEP grant.</i></p> <p><i>The APA performed a detailed test of payroll for one employee that worked on both programs. The TRPHD failed to provide records to support the amount of time worked on each program. It appears the costs were allocated to each program based on a budgeted FTE for each employee. The TRPHD also produced a time study covering the first week of each month. However, the time study percentages recorded to each program did not agree to the amount charged.</i></p> <p><i>For the employee tested, the total wages paid during the period was \$11,615.40. The following chart shows the difference in the wages charged to the programs based on budgeted FTE and the actual FTE using time study percentage for the second quarter:</i></p>																								
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<i>Based upon the above table, the programs are being significantly overcharged based on the actual hours worked.</i>																								

Three Rivers Public Health Department  
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45 CFR 75.430(i)(1) states the following:

*Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

\* \* \* \*

*(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.*

*(viii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:*

- (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;*
- (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and*
- (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.*

*The APA recommends the TRPHD implement procedures to ensure the salaries charged to the subawards are based on the actual time worked on each program, not the budgeted amount.*

*Additionally, the TRPHD charged a cell phone reimbursement to the subaward. The reimbursement was \$79.28 per month and was an additional amount included on the employee's paycheck. For quarter 2, TRPHD charged \$189.18 to the CRI grant but lacked documentation to support the expense, as well as the amount allocated to the grant.*

*The APA recommends that the TRPHD ensure there is adequate documentation on file to support all expenses charged to the grants.*

*Finally, the APA recommends that the TRPHD work with DHHS to determine the amounts that need to be reimbursed or reduced from future invoices.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

**CRI Subaward 39272-Y3:**

*The TRPHD budgeted \$33,111.36 in direct expenses and \$2,615.36 in indirect expenses.*

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<p><b>PHEP Subaward 39280-Y3:</b>  <i>The TRPHD budgeted \$89,664.81 in direct expenses and \$5,711.19 in indirect expenses.</i></p> <p><i>The TRPHD used the 10% de minimis indirect cost rate that is available to entities that have not had a previously approved indirect cost rate. However, included in the calculation of the Modified Total Direct Costs was the additional \$25,000 for subawards. This amount is only available if the organization issues subawards for its grant, which the TRPHD did not.</i></p> <p><i>Despite the aforementioned issue, the indirect costs were not overstated as the budgeted indirect costs are limited by the difference between direct costs and the subaward amount. The APA wanted to bring this to the attention of DHHS and TRPHD for future subawards.</i></p>
<p><b>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.</b></p>
<p><i>Significant contracts would be tested above.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issued noted.</i></p>
<p><b>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.</b></p>
<p><i>The report included the cell phone reimbursement noted above during payroll testing.</i></p>
<p><b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b></p>
<p><i>N/A – no sub-awards were noted.</i></p>

Bluestem (People's) Health Center (BHC)  
 Summary of Results – Subrecipient Monitoring  
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<b>Complete Internal Control Questionnaire</b>																																																						
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<p><i>The BHC uses Sage for their accounting and finance software, NextGen Healthcare for billing software, and Paycor for payroll processing.</i></p> <p><i>The detail originally provided for the quarter's expenditures was an internally generated Excel spreadsheet showing the costs charged to the subaward. Per discussion with the BHC, they do not have a code in their accounting system to charge costs directly to this subaward. The BHC did provide payroll journals to support the payroll amounts paid for the quarter, as well as a general ledger for all mileage, including mileage for other programs. We recommend the DHHS ensure they have a proper understanding of the subrecipient accounting processes.</i></p>																																																						
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																																																						
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<p><i>A total of \$8,958.72 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the Risk Analyst, for whom the BHC charged \$7,052.56 in salary and benefits to the subaward for the quarter. The following was noted:</i></p> <p><i>The BHC failed to properly allocate leave hours to the subaward. The BHC used the total hours, including leave hours, in its calculation of the percentage to charge to the subaward. The APA believes a more accurate calculation would be to exclude the leave hours in the calculation, which results in an allocation of the salary based on the actual hours worked. The following table shows the APA's recalculation of amounts charged to the subaward based on hours actually worked (not including PTO and holiday hours):</i></p>																																																						
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Bluestem (People's) Health Center (BHC)  
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The following table shows the amounts the BHC charged to the award based on total hours paid:

Pay Date	Hours Worked on Award	Total Hours Paid*	% of Total Hours	Salary Paid	Salary Allocated to Award
October 13, 2017	16	40		\$ 1,941.93	
October 27, 2017	22	80		\$ 1,941.93	
November 10, 2017	21	80		\$ 1,941.93	
November 24, 2017	60	80		\$ 1,941.93	
December 8, 2017	61	80		\$ 1,941.93	
December 22, 2017	20	80		\$ 1,941.93	
January 5, 2018	15	80		\$ 1,941.93	
<b>Totals</b>	<b>215</b>	<b>520</b>	<b>41.35%</b>	<b>\$ 13,593.51</b>	<b>\$ 5,620.92</b>

\* Includes leave hours

This resulted in the subaward being undercharged by \$802.01.

45 CFR 75.431(b) states:

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

- (1) They are provided under established written leave policies;
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.

We recommend the BHC work with the DHHS to ensure these costs are not being paid with other Federal monies. We further recommend the BHC implement procedures to ensure leave is allocated to programs in accordance with the Uniform Grant Guidance.

Additionally, the BHC paid bonuses to employees at the end of calendar year 2017. Per discussion with the BHC, and per review of November 27, 2017, Board Finance Committee Meeting Minutes, the year-end staff bonuses were due to the BHC being above their budgeted operating margin for the year. The BHC stated this was a one-time bonus and was not expected for future years. Additionally, the BHC stated there wasn't a policy covering bonuses paid to employees. The following table shows the bonuses paid to the employees charged to this subaward:

Employee	Bonus Paid to Employee	% Charged to Award	Bonus Charged to Award
Risk Analyst	\$240.00	0.00%	\$0.00
Team Leader	\$275.00	11.73%	\$32.26
CFO	\$1,000.00	2.00%	\$20.00
		<b>Total</b>	<b>\$52.26</b>

2 CFR 200.430 states in relevant part:

*(f) Incentive compensations. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is*

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*determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.*

*(g) Nonprofit organizations. For Compensation paid to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, determination must be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs. This may include director's and executive committee member's fees, incentive awards, allowances for off-site pay, incentive pay location allowances, hardship pay, and cost-of-living differentials.*

*We recommend the BHC work with DHHS to ensure all amounts charged to the subaward are in accordance with Uniform Grant Guidance. We further recommend the BHC work with DHHS to determine the amounts that need to be repaid or reduced from future reimbursements.*

*The subaward was overcharged \$100 for employer paid health insurance in December 2017. Per the BHC, this was due to full premium (including the employee's share of health insurance) being entered in error, rather than only entering the employer's share of the health insurance. However, the employee's share of health insurance would have already been charged to the subaward through their gross pay. We recommend the BHC work with the DHHS to determine amounts that need to be repaid or reduced from future reimbursements.*

*The BHC did not have adequate documentation on file to support the employer retirement contributions. The BHC charged a total of \$1,170.92 in employer retirement contributions to the subaward for the quarter tested. Per discussion with the BHC, the December 19, 2016, Board Meeting Minutes include the approval of the 2017 budget, which included employer contributions at 4%; however, the minutes do not explicitly identify the percentage of the employer contribution. We recommend the BHC implement procedures to ensure adequate documentation is on file for all fringe benefits.*

*The BHC uses Paycor to track total hours worked each pay period. Per discussion with the BHC, Paycor doesn't allow them to track time worked by program. Employees track their time worked on each program using an Excel spreadsheet. For the PHEP subaward, Team Leader provides their hours worked on the subaward to the Risk Analyst for review. The Risk Analyst will then send their own hours and the Team Leader's hours in an Excel spreadsheet to the CFO to review prior to submitting the quarterly report to the DHHS. The BHC does not have a documented review of this spreadsheet; therefore, the APA was unable to verify the hours charged to this subaward were approved by a supervisor. We recommend the BHC implement procedures to ensure there is adequate approval of hours charged to each program.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The only expenditure other than payroll was a \$97.69 mileage reimbursement. Therefore, the APA did not perform a detail test of agency expenditures.*

**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 be tested above.*

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<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>No issued noted.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subawards were noted.</i>

Midtown Health Center (MHC)  
 Summary of Results – Subrecipient Monitoring  
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<b>Complete Internal Control Questionnaire</b>							
<i>The MHC failed to provide a listing of MHC employees, the MHC's policy regarding the use of credit cards, and the MHC's policy for inventory/capital assets as requested by the APA. The MHC did not feel like these items were relevant to the information charged to the grant. For the quarter tested, only payroll was charged to the subaward.</i>							
<i>We recommend DHHS determine whether such items are relevant for purposes of subrecipient monitoring of the grant funds.</i>							
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>							
<i>The fiscal year ended September 30, 2017, audit report included a finding related to the job description for accounting personnel did not require personnel to have the knowledge and training to prepare financial statements, schedule of expenditures of federal awards, Data Collection Form and related note disclosures required by U.S. generally accepted accounting principles. Instead the MHC relies on the Board and the auditors. No findings specifically related to this subaward were noted.</i>							
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>							
<i>The MHC used QuickBooks for the period tested and general ledger detail was obtained. Beginning January 1, 2018, the MHC uses Sage as the accounting system for all items other than payroll. QuickBooks is still used for payroll processing.</i>							
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>							
<i>No issues noted.</i>							
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>							
<i>No issues noted.</i>							
<b>Obtain a list of employees paid during the period tested</b>							
<i>See note included above.</i>							
<b>Perform a detailed test of employee payroll</b>							
<i>A total of \$5,410.18 in salaries and benefits were charged to the subaward for the period tested. The APA tested the PHEP Specialist, for whom the MHC charged \$1,666.96 in salary and FICA taxes to the subaward for the quarter. The PHEP Specialist worked solely on the subaward, so 100% of her time was charged to the grant. The APA obtained time cards, pay stubs, and approved salary for the quarter tested. No issues were noted.</i>							
<i>The APA also reviewed the amounts charged to the subaward for the CEO and RN Specialist, for whom the MHC charged \$2,931.69 in salaries. The APA obtained time cards and approved salaries for the quarter tested. The following was noted:</i>							
<i>For the employees who did not work 100% on the subaward (the CEO and the RN Specialist), the MHC failed to allocate leave hours to the subaward. The following tables compare the APA's recalculation of salaries charged to the subaward with the amounts actually charged per the general ledger:</i>							
<b>CEO</b>							
<b>Check Date</b>	<b>Hours Worked on Award</b>	<b>Total Hours Worked</b>	<b>% of Hours on Subaward</b>	<b>Salary per Pay Period</b>	<b>Calculated Charge</b>	<b>Charge per GL</b>	<b>Variance</b>
10/5/2017	6.00	47.50	12.63%	\$4,151.79	\$524.37	\$311.38	\$(212.99)
10/19/2017	0.50	54.00	0.93%	\$4,151.79	\$38.61	\$25.95	\$(12.66)
11/2/2017	4.50	88.50	5.08%	\$4,151.79	\$210.91	\$230.66	\$19.75
11/16/2017	12.00	83.50	14.37%	\$4,151.79	\$596.61	\$622.76	\$26.15

Midtown Health Center (MHC)  
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11/30/2017	3.25	75.50	4.30%	\$4,151.79	\$178.53	\$168.67	\$(9.86)
12/14/2017	2.00	90.00	2.22%	\$4,151.79	\$92.17	\$103.79	\$11.62
12/28/2017	0.50	63.00	0.79%	\$4,151.79	\$32.80	\$25.95	\$(6.85)
				<b>Totals:</b>	<b>\$1,674.00</b>	<b>\$1,489.16</b>	<b>\$(184.84)</b>

<b>RN Specialist</b>							
<b>Check Date</b>	<b>Hours Worked on Award</b>	<b>Total Hours Worked</b>	<b>% of Hours on Subaward</b>	<b>Salary per Pay Period</b>	<b>Calculated Charge</b>	<b>Charge per GL</b>	<b>Variance</b>
10/5/2017	10.00	79.70	12.55%	\$2,142.38	\$268.87	\$262.06	\$(6.81)
10/19/2017	10.00	52.02	19.22%	\$2,142.38	\$411.77	\$264.44	\$(147.33)
11/2/2017	10.00	54.83	18.24%	\$2,142.38	\$390.77	\$267.80	\$(122.97)
11/16/2017	0.00	56.00	0.00%	\$2,142.38	\$0.00	\$0.00	\$0.00
11/30/2017	5.00	49.25	10.15%	\$2,142.38	\$217.45	\$133.90	\$(83.55)
12/14/2017	10.00	63.87	15.66%	\$2,142.38	\$335.50	\$257.76	\$(77.74)
12/28/2017	10.00	53.50	18.69%	\$2,142.38	\$400.41	\$256.57	\$(143.84)
				<b>Totals:</b>	<b>\$2,024.77</b>	<b>\$1,442.53</b>	<b>\$(582.24)</b>

*It should be noted that the APA also included hours charged to an “Unpaid” category in the time reporting system in our calculation of total hours worked. Per discussions with the MHC, these are administrative hours actually worked but unrelated to this subaward. The MHC did not consider these hours worked in its calculation of the amount of salary to charge to the subaward.*

*The APA calculated that the MHC undercharged the subaward by \$767.08.*

**45 CFR 75.431(b) states:**

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

- (1) They are provided under established written leave policies;*
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,*
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*
  - (i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.*
  - (ii) The accrual basis may only be used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.*

*We recommend the MHC implement procedures to ensure leave is equitably allocated and in accordance with Uniform Grant Guidance and the terms of the subaward. We further recommend the MHC work with the DHHS to ensure the costs associated with the understatement on this subaward is not being covered by other Federal programs.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The Midtown Health Center only charged salary and benefits to the subaward for the period tested.*

Midtown Health Center (MHC)  
Summary of Results – Subrecipient Monitoring  
2017-2018 Quarter 2 Reimbursement from DHHS  
FYE 6/30/2018

<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>No issues noted.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Central District Health Department  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>
<i>Central District Health Department lacked adequate segregation of duties over its financial processes. While two individuals are primarily responsible for entering new employees into the accounting system, entering changes in pay rates, preparing payroll, preparing vendor payments, and creating checks, there are several other employees who have full access to key financial functions in the accounting system. The Executive Director acts as the compensating control by reviewing and approving the financial activities, but this review may not be adequate to detect errors or irregularities.</i>
<i>Furthermore, the CDHD uses facsimile stamps to sign checks. The Executive Director and Board President are the authorized check signers; however, other CDHD staff used the stamps to sign the checks.</i>
<i>The APA recommends that the CDHD implement procedures to ensure a proper segregation of duties exists, including a review of the access employees have to the accounting system. Additionally, the APA recommends that checks are signed or stamped only by the authorized check signers.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>N/a</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The CDHD uses QuickBooks. The APA obtained backups of the expenses for the PHEP grant and the HPP grant.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>See internal control section above.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>For PHEP (38998): The CDHD reported \$17,665.91 in personnel costs during quarter 2. The APA reviewed paystubs, timesheets, and salary authorizations for the two employees charged to the grant. The APA performed additional detail testing for the Emergency Response Coordinator. There were no issues noted.</i>
<i>For HPP (38671): The CDHD reported \$1,137.14 in personnel costs during quarter 2. The APA obtained paystubs, timesheets, salary authorization for the employee charged to the grant. The APA performed additional detail testing for the Administrative Secretary. There were no issues noted.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>
<b>Perform a detailed test of agency expenditures</b>
<i>For PHEP (38998): The CDHD reported \$7,345.92 in non-personnel expenditures during quarter 2. No testing was considered necessary as the CDHD had an approved indirect cost rate and the indirect costs were \$6,889.71 of the non-personnel costs.</i>

Central District Health Department  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

**For HPP (38671):** The CDHD charged \$19,696.45 non-personnel expenditures during quarter 2. The APA tested \$3,881.61 in expenditures and noted the following:

The CDHD entered into two contracts during the period of performance of the subawards. The following tables shows the amounts reimbursed to DHHS for both contracts for the quarter tested:

Contractor	Services	Mileage	Total
Central Nebraska Medical Reserve	\$ 2,200.00	\$ 252.94	\$ 2,452.94
Three Rivers Public Health Department	\$ 14,535.31	\$ 1,327.87	\$ 15,863.18
<b>Totals</b>	<b>\$ 16,735.31</b>	<b>\$ 1,580.81</b>	<b>\$ 18,316.12</b>

CDHD lacked adequate documentation identifying the specific work performed under the contract by each contractor. The statement of work for both contracts referenced the work plan for the HPP subaward, but did not identify specific portions of the work plan that were to be completed by the each of the contracted entities. Therefore, it is unclear which portion of the work plan was to be performed by each contractor or whether services were duplicated.

The APA recommends that CDHD ensure that the contractual language and attachments specify what activities will be carried out by each respective contractive entity to ensure that the CDHD is charged only for services under the contract and that services and charges are not duplicative.

Additionally, the CDHD did not obtain adequate documentation to support the travel reimbursed for the two contracts tested as they lacked documentation to verify the purpose of the travel or that travel was approved by a second individual.

The APA recommends the CDHD ensure there is documentation to support that the purpose of the travel and that it actually occurred. This may consist of emails approving the travel, meeting minutes, or sign in sheets documenting those in attendance. Additionally, the APA recommends that the CDHD works with DHHS to determine if future invoices need to be reduced or amounts need to be reimbursed.

The APA tested a travel reimbursement to the TRIMRS executive for \$333.84. The CDHD lacked documentation, such as a contract or agreement, to support the reimbursement of this individual's travel expenses. Furthermore, the CDHD did not have adequate documentation to support four of six trips that were reimbursed, totaling \$160.50.

The APA recommends that the CDHD ensure there is appropriate documentation on file to support the travel and that there is support for the reimbursement of the TRIMRS Executive.

**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 be tested above.*

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

*No issues noted.*

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

*No issued noted.*

Central District Health Department  
Summary of Results – Subrecipient Monitoring  
2017-2018 Quarter 2 Reimbursement from DHHS  
FYE 6/30/2018

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

***For PHEP:***

*The line item for benefits included \$28.25 from the purchase of office supplies. The APA recommends that the CDHC review its procedures for accumulating and reporting costs charged to Federal awards*

***For HPP:***

*The report for the HPP subaward included activity from prior months, due to receiving invoices late. The costs are allowable as they were incurred during the period of performance of the subaward. The APA recommends that CDHD review its procedures to accumulate costs and ensure costs are being recorded in the applicable period. The APA also wanted to bring this to the attention of DHHS for future periods to ensure that charges from prior periods are only claimed once.*

*The CDHD reports a lessor amount for salaries and wages than what is actually worked on the program. The CDHD calculated the salaries based on the total hours worked times the budgeted hourly rate and not the actual rate of pay. As a result, the benefits and indirect costs are lower than actual. The APA wanted to bring this to the attention of DHHS so they are aware of the method used to report costs.*

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

*N/A – no sub-awards were noted.*

Good Neighbor Community Health Center (GNCHC)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>
<i>The GNCHC lacks adequate written procedures regarding the allocation of costs between its various programs. This would include procedures for the allocation of payroll costs to more than one program, as well as general operating costs that might provide benefits to more than one program. The GNCHC should implement written policies and procedures to ensure costs are allocated to its programs based on the relative benefits received.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>No issues noted.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The GNCHC uses MIPS and general ledger detail was obtained for the quarter tested.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<p><i>The APA tested the only employee charged to the subaward, the Infection and Disease Control Specialist, for whom the GNCHC charged \$7,515.30 in salary and benefits to the subaward for the quarter. The following was noted:</i></p> <p><i>Per discussions with the GNCHC, employees allocate their regular hours worked to programs based on the actual time worked. However, leave hours (holiday, sick, vacation, etc.) are charged to the subaward based on a budgeted estimate of the amount of time they anticipate working on each project, rather than based on actual hours worked during the pay period. For example, for December 2017, the Infection and Disease Control Specialist used a total of 35.75 leave hours and charged 17.75, or approximately 50%, of these hours to this subaward. The 50% is the budget estimate of the amount of time GNCHC anticipated would be worked on this subaward for that pay period. However, the employee actually charged 97 hours to the subaward, out of a total of 204.25 hours, excluding leave. The actual hours worked were 47.5% of the total hours. Therefore, the amount of leave charged to the subaward was overstated.</i></p> <p><i>45 CFR 75.431(b) states:</i></p> <p style="padding-left: 40px;"><i>Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:</i></p> <p style="padding-left: 80px;"> <i>(1) They are provided under established written leave policies;</i>  <i>(2) The costs are equitably allocated to all related activities, including Federal awards; and,</i>  <i>(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.</i> </p> <p><i>We recommend the GNCHC work with the DHHS to determine the amount of leave hours that should be repaid or reduced from future reimbursements and ensure the method of reporting leave hours is compliant with the Uniform Grant Guidance.</i></p> <p><i>The GNCHC provided a cell phone stipend of \$30 per month that was added to the employee's gross salary amount. The GNCHC failed to provide adequate documentation to support the approval of the</i></p>

Good Neighbor Community Health Center (GNCHC)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<p><i>stipend, indicating instead that the approval of the stipend had been verbal. This issue was also noted during the APA’s monitoring of the East Central District Health Department (which shares management with GNCHC). Subsequent to this issue being raised by the APA, the GNCHC and the East Central District Health Department created a policy regarding cell phone stipends. The policy was effective April 26, 2018. The total amount charged to the subaward for this stipend was \$90 for quarter tested. We recommend the GNCHC ensure all payments to employees are properly authorized in writing prior to the payments being made.</i></p>
<p><b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b></p>
<p><i>No significant journal entries.</i></p>
<p><b>Review negative expenditures to determine if transactions were reasonable and proper</b></p>
<p><i>No issues noted.</i></p>
<p><b>Perform a detailed test of agency expenditures</b></p>
<p><i>Total expenditures other than payroll charged to the subaward were \$702.46. The APA tested \$516.14 rent and utilities expense charged to the subaward for the quarter tested. The following was noted:</i></p> <p><i>The rent and utilities expense consisted of \$142.14 in utility costs that were allocated to the program and properly supported by invoices from various utility companies.</i></p> <p><i>The expense also consisted of \$374 for “rent”. The GNCHC charged each of its programs a fair market value cost per square foot to pay for such items as the mortgage on the building, building insurance, maintenance, upkeep, etc. The GNCHC accumulated these funds in their building fund and then made payments from the building fund for costs associated with the building, including its mortgage payment.</i></p> <p><i>Because the specific amount charged to this subaward was not an actual cost of the program, but rather used to accumulate funds in the building fund, the payment was not allowable under the terms of the subaward.</i></p> <p><i>2 CFR 200.439(b)(1) states:</i></p> <p style="padding-left: 40px;"><i>Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity.</i></p> <p><i>We recommend the GNCHC work with the DHHS to ensure the Federal funds are used in accordance with the subaward agreement and in accordance with the Uniform Grant Guidance.</i></p>
<p><b>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.</b></p>
<p><i>Significant contracts would be tested above.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issues noted.</i></p>
<p><b>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.</b></p>

Good Neighbor Community Health Center (GNCHC)  
Summary of Results – Subrecipient Monitoring  
2017-2018 Quarter 2 Reimbursement from DHHS  
FYE 6/30/2018

*The GNCHC charged \$1,534.06 in indirect costs to the subaward for the quarter tested. The indirect cost rate is applied on the actual salary and wages plus fringe benefit amounts. The rate was 20.66% as of July 1, 2017. The GNCHC provided a copy of an internally generated indirect cost rate agreement which was provided to DHHS as part of the budget process, but specific approval of the rate was not provided. We recommend the DHHS implement formal procedures for the review and approval of subrecipient indirect cost rate agreements and ensure that other costs being allocated directly to the grant, such as rent and utilities, are not also part of the indirect costs being claimed. We further recommend the DHHS provide explicit approval of such agreements.*

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

*N/A – no sub-awards were noted.*

Elkhorn Logan Valley Public Health Department (ELVPHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>
<i>No issues noted.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>No issues noted.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The ELVPHD uses QuickBooks and general ledger detail was obtained for the quarter tested.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<p><i>A total of \$17,779.83 in salaries and benefits were charged to the subaward for the period tested. The APA tested the Emergency Response Coordinator (ERC), for whom the ELVPHD charged \$10,376.40 in salary and benefits to the subaward for the quarter. The following was noted:</i></p> <p><i>The hourly rate paid to the ERC was \$0.01 higher than the approved hourly rate. Per discussion with the ELVPHD, their process for reviewing payroll processing failed to catch this error. We recommend the ELVPHD ensure its review processes are adequate to detect errors in pay or hours worked.</i></p> <p><i>The ELVPHD also charged \$1,142.93 to the subaward during the quarter for paid time off (PTO) that was earned and not paid to its employees. It also charged PTO when the employees used the leave – in essence double counting PTO hours.</i></p> <p><i>45 CFR 75.431(b) states:</i></p> <p><i>Leave. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:</i></p> <ul style="list-style-type: none"> <li><i>(1) They are provided under established written leave policies;</i></li> <li><i>(2) The costs are equitably allocated to all related activities, including Federal awards; and,</i></li> <li><i>(3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.</i> <ul style="list-style-type: none"> <li><i>(i) When a non-Federal entity uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment.</i></li> <li><i>(ii) The accrual basis may only be used for those types of leave for which a liability as defined by GAAP exists when the leave is earned. When a non-Federal entity uses the accrual basis of accounting, allowable leave costs are the lesser of the amount accrued or funded.</i></li> </ul> </li> </ul> <p><i>We recommend the ELVPHD work with DHHS to determine the amount of PTO hours that should be repaid or reduced from future reimbursements and ensure the method of reporting PTO hours is compliant with the Uniform Grant Guidance.</i></p>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>

Elkhorn Logan Valley Public Health Department (ELVPHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

**Perform a detailed test of agency expenditures**

*The ELVPHD charged \$3,990.21 in expenditures other than payroll to the subaward for the quarter tested. The APA tested two expenditures totaling \$2,344.18. The following was noted:*

*The ELVPHD allocated overhead and facility costs based on the number of hours worked on each program. In the quarter tested, \$2,164.47 was charged to the subaward for overhead and facility costs. The following table shows the amounts included in overhead and facility costs for the period:*

<i>Category Description</i>	<i>Amount</i>
<i>Rent</i>	<i>\$412.19</i>
<i>Admin Payroll</i>	<i>\$484.66</i>
<i>Telecommunications</i>	<i>\$321.39</i>
<i>Repairs/Services</i>	<i>\$28.22</i>
<i>Snow Removal/Lawn Mowing</i>	<i>\$22.90</i>
<i>Wisner City Bill</i>	<i>\$145.04</i>
<i>Insurance</i>	<i>\$270.82</i>
<i>Memberships/Dues &amp; Subscriptions</i>	<i>\$147.99</i>
<i>Legal</i>	<i>\$22.26</i>
<i>Consumable Supplies</i>	<i>\$21.29</i>
<i>Durable Supplies</i>	<i>\$259.81</i>
<i>Board Legal</i>	<i>\$10.52</i>
<i>Payroll Update, Checks, W-2, Bank Charges</i>	<i>\$17.38</i>
<b>Total</b>	<b>\$2,164.47</b>

*The allocation appears reasonable as the ELVPHD does not also charge indirect costs to the subaward. DHHS should be aware of this allocation to ensure future subawards do not charge both the overhead and facility costs and indirect costs.*

*Additionally, the overhead and facility costs include rental agreements for Norfolk (\$1,000 per month) and Tekamah (\$350 per month) offices. The documentation provided by the ELVPHD was for rental agreements that had already expired. Per discussion with the ELVPHD, the agreements were verbally extended. Sound accounting practices require adequate documentation to be on file. We recommend the ELVPHD ensure they are using written agreements for the extension of rental agreements.*

*The APA also tested \$179.71 for phone expenses. Charges to the subaward were for a 24/7 cell phone used for emergency response purposes. We obtained invoices to support these charges. We also obtained invoices to support the telecommunications amounts charged through overhead and facility costs. Amounts included in overhead and facility costs were not included in the cell phone bills. Charges do not appear to be duplicated. No issues noted.*

**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 be tested above.*

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

*No issues noted.*

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

*No issues noted.*

Elkhorn Logan Valley Public Health Department (ELVPHD)  
Summary of Results – Subrecipient Monitoring  
2017-2018 Quarter 2 Reimbursement from DHHS  
FYE 6/30/2018

**Attachment 27**

<b>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.</b>
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<i>No issued noted.</i>
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<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
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<i>N/A – no sub-awards were noted.</i>
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Ponca Tribe of Nebraska (PTN)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>																								
<i>It does not appear the PTN had a method to equitably allocated costs to its different programs. Most costs were allocated based on a budgeted percentage. The accounting system used by PTN during this quarter would not allow them to make adjustments to the allocations within the system. The PTN began using a new accounting system on April 1, 2018, which will allow them to allocate costs based on the actual time worked each period.</i>																								
<i>We recommend PTN ensure its personnel costs are allocated based on actual time worked.</i>																								
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>																								
<i>No issues noted.</i>																								
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>																								
<i>The PTN used Navision Navigator until March 31, 2018, and began using MIP on April 1, 2018. A general ledger detail was obtained for the quarter tested.</i>																								
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																								
<i>No issues noted.</i>																								
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>																								
<i>N/A</i>																								
<b>Obtain a list of employees paid during the period tested</b>																								
<i>No issues noted.</i>																								
<b>Perform a detailed test of employee payroll</b>																								
<i>A total of \$5,767.40 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the payroll expenses for the only employee charged to the subaward for the quarter: the PHEP Specialist. The APA obtained pay stubs, IRS Form W-4, time records, etc. The following was noted:</i>																								
<i>As noted above, the previous accounting system did not allow adjustments to the cost allocation percentages entered. The PTN would estimate the percentage of time the employee would spend on each program in order to allocate Life/Disability Insurance and Medical Insurance, both of which are employer-paid benefits. The PTN is in the process of implementing a new accounting system which will allow them to allocate these items based on the actual percentage of time worked on each program. The following table shows the amounts charged to this subaward for the quarter tested:</i>																								
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<i>We recommend the PTN implement procedures to ensure the new accounting system accurately allocates the payroll benefit costs based on the actual time worked on each program, rather than on budget estimates. We further recommend the PTN work with the DHHS to determine the amounts that should be repaid or reduced from future reimbursements.</i>																								
<i>The APA determined the state income tax withholdings were not accurate. Per the PTN, the state income tax withholdings were incorrectly withheld using the 2008 tax tables by a firm contracted to</i>																								

Ponca Tribe of Nebraska (PTN)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 2 Reimbursement from DHHS  
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<p><i>maintain the accounting system. For the pay period tested, October 27, 2017, check date, this resulted in state income taxes for the PHEP Specialist being overstated by \$6.81. The PTN's contract with the company ended March 31, 2018.</i></p> <p><i>We recommend the PTN implement procedures to ensure income taxes are accurately withheld. We further recommend the PTN review previously reported state withholdings to determine if corrective action is necessary.</i></p>
<p><b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b></p>
<p><i>No significant journal entries.</i></p>
<p><b>Review negative expenditures to determine if transactions were reasonable and proper</b></p>
<p><i>No issues noted.</i></p>
<p><b>Perform a detailed test of agency expenditures</b></p>
<p><i>The PTN charged a total of \$25.94 in expenditures other than payroll for the quarter tested. The APA did not perform a detailed test of expenditures other than payroll.</i></p>
<p><b>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.</b></p>
<p><i>None noted.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issued noted.</i></p>
<p><b>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.</b></p>
<p><i>During the accumulation of the information requested by the APA, the PTN determined that insurance premiums were charged to the subaward for two employees whose payroll costs were not charged to the subaward. These two employees were not included in the approved budget for this subaward. A total of \$633.45 in insurance premiums were charged to the subaward for these two employees.</i></p> <p><i>Additionally, \$185.16 in indirect costs associated with these insurance premiums that were charged to the subaward for the quarter tested.</i></p> <p><i>We recommend the PTN implement procedures to ensure only amounts associated with the subaward are charged. We further recommend the PTN work with the DHHS to determine amounts that should be repaid or reduced from future reimbursements.</i></p>
<p><b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b></p>
<p><i>N/A – no sub-awards were noted.</i></p>

Omaha Tribe of Nebraska (OTN)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 3 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>																																
<i>No issues noted.</i>																																
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>																																
<p><i>Per review of the fiscal year ended September 30, 2016 audit report, the following findings were noted:</i></p> <ul style="list-style-type: none"> <li>• <i>The OTN's accounting system had not been maintained to allow accurate and efficient account reconciliations, and routine monthly reconciliations weren't being performed.</i></li> <li>• <i>The OTN did not have an effective process to ensure a capital asset inventory was completed at least once every two years, and a capital asset policy did not formalize the roles and responsibilities for a physical inventory count.</i></li> <li>• <i>The OTN had not prepared or implemented policies and procedures to ensure adequate controls around information technology.</i></li> </ul> <p><i>No findings related directly to this subaward were noted.</i></p>																																
<b>Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2018 transactions</b>																																
<i>The OTN uses MIP and a backup of expenditures was obtained for the quarter tested.</i>																																
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>																																
<i>No issues noted.</i>																																
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>																																
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<i>No issues noted.</i>																																
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<p><i>A total of \$8,113.29 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the only employee charged to the subaward for the quarter, the PHEP Specialist. The following was noted:</i></p> <p><i>The OTN charged the subaward for only the hours budgeted each week. Time records were provided that showed, in most cases, the PHEP Specialist worked more than the budgeted hours for the award. The differences in the time worked and time charged to the subaward are shown in the table below:</i></p>																																
<table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Pay Date</th> <th style="width: 15%;">Actual Hours Worked</th> <th style="width: 15%;">Budgeted Hours</th> <th style="width: 15%;">Variance</th> </tr> </thead> <tbody> <tr> <td>January 10, 2018</td> <td style="text-align: center;">32.00</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">(3.00)</td> </tr> <tr> <td>January 24, 2018</td> <td style="text-align: center;">48.00</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">13.00</td> </tr> <tr> <td>February 8, 2018</td> <td style="text-align: center;">40.00</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">5.00</td> </tr> <tr> <td>February 21, 2018</td> <td style="text-align: center;">40.50</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">5.50</td> </tr> <tr> <td>March 8, 2018</td> <td style="text-align: center;">46.00</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">11.00</td> </tr> <tr> <td>March 22, 2018</td> <td style="text-align: center;">40.00</td> <td style="text-align: center;">35.00</td> <td style="text-align: center;">5.00</td> </tr> <tr> <td style="text-align: center;"><b>Totals:</b></td> <td style="text-align: center;"><b>246.50</b></td> <td style="text-align: center;"><b>210.00</b></td> <td style="text-align: center;"><b>36.50</b></td> </tr> </tbody> </table>	Pay Date	Actual Hours Worked	Budgeted Hours	Variance	January 10, 2018	32.00	35.00	(3.00)	January 24, 2018	48.00	35.00	13.00	February 8, 2018	40.00	35.00	5.00	February 21, 2018	40.50	35.00	5.50	March 8, 2018	46.00	35.00	11.00	March 22, 2018	40.00	35.00	5.00	<b>Totals:</b>	<b>246.50</b>	<b>210.00</b>	<b>36.50</b>
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<p><i>Additionally, the OTN charged the subaward only payroll taxes and not other fringe benefits, such as employer-paid benefits for basic life insurance, short-term disability, health insurance, etc. According to the OTN, those fringe benefits were not charged to this subaward because they were not approved in the budget.</i></p>																																

Omaha Tribe of Nebraska (OTN)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 3 Reimbursement from DHHS  
 FYE 6/30/2018

<i>We recommend DHHS obtain an understanding of the methods used by the OTN to charge costs to the subaward and ensure the additional costs are not funded with other Federal monies.</i>
<i>For the February 21, 2018 pay check, the Federal income taxes were withheld using the 2017 tax rates. Per review of IRS Notice 1036, employers were supposed to implement the 2018 withholding tables no later than February 15, 2018. Per discussion with the OTN, they were unaware they were using the 2017 rates until the APA brought it to their attention in June 2018. The total amount withheld for the pay period was \$403.27. The Federal withholdings using the 2018 rates would be \$331.03, or a variance of \$72.24. We recommend the OTN implement procedures to ensure income taxes are accurately withheld from employees' pay. We further recommend the OTN review previously reported Federal withholdings to determine if any corrective action is necessary.</i>
<i>The OTN did not provide adequate documentation to support the biweekly deductions of \$4.75 and \$20.80 for vision and dental insurance, respectively. Per discussion with the OTN, employees are not required to complete a benefit election form for vision insurance if they only want to receive employee-only coverage. Due to the lack of documentation, the APA was unable to determine if the employee actually elected employee-only coverage or additional coverage. Furthermore, the Payroll Deduction Form completed for the employee showed \$10.67 would be deducted for dental insurance; however, \$20.80 was actually deducted from the employee's pay each pay period. Per discussion with the OTN, employees are informed of rate changes, but are not required to fill out new forms. Documentation was not provided to support the new amounts being deducted. We recommend the OTN ensure adequate documentation is on file for to support the employees' elections for benefits, as well as the approved rates for each benefit.</i>
<b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b>
<i>No significant journal entries.</i>
<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>
<b>Perform a detailed test of agency expenditures</b>
<i>A total of \$456.34 in expenditures other than salaries and benefits were charged to the subaward for the quarter tested. The APA did not perform a detail test of expenditures other than payroll.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>No issued noted.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

Four Corners Health Department (FCHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 3 Reimbursement from DHHS  
 FYE 6/30/2018

<b>Complete Internal Control Questionnaire</b>
<i>The FCHD lacks formal, written policies and procedures covering its financial accounting processes. Per discussion with the FCHD, the following policies and procedures are in the process of being created: procedures regarding the descriptions and functions of financial and performance management; procedures for determining that costs are necessary and reasonable, allocable, and allowable in accordance with the Uniform Grant Guidance and the conditions of the subaward; credit card usage policies, and bid requirement policies.</i>
<i>Additionally, the APA determined the FCHD lacked adequate segregation of duties over its accounting processes, as one individual is able to perform all tasks within the accounting system. This was also a finding in the FCHD's audit report for the fiscal year ended December 31, 2016, due to a limited number of personnel. We recommend the FCHD evaluate its internal controls with the use of limited personnel and ensure compensating controls, such as additional reviews and financial monitoring, are performed and documented by individuals without access to the accounting system. .</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>Per review of the fiscal year ended December 31, 2016 audit report, the only finding was related to an inadequate segregation of duties due to a limited number of personnel.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>As of January 1, 2018, the FCHD uses QuickBooks to record its financial transactions. Prior to January 1, 2018, the FCHD used Sage software. A general ledger detail was obtained for the quarter tested. Upon review, the APA noted that FICA taxes, copies, postage, and mileage are not specifically recorded to the grant in the accounting system. FICA taxes reported to DHHS are calculated at 7.65% of salaries to charge to the subaward but are not specifically recorded to the grant in the accounting system. Employees keep track of expenses for copies, postage, and mileage that are charged to the program using excel spreadsheets, but these expenses are not specifically recorded to the grant in the accounting system.</i>
<i>The APA determined \$34.99 for a mileage reimbursement was not properly reported on the quarterly invoice in error. Additionally, the general ledger included \$847.56 for payroll expenses and \$36.53 for payroll tax expenses that were not requested for reimbursement. The FCHD stated these two payroll expenses were for payroll taxes and fringe benefits that were not in the approved budget.</i>
<i>We recommend the FCHD implement procedures to ensure all expenditures are properly recorded to the grant funds within the accounting system to provide an accurate accounting of the funds and to decrease the risk for errors when reporting the grant funds used. We also recommend the FCHD ensure all payroll tax and benefit expenses associated with program employees are appropriately budgeted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>Issues related to segregation of duties were noted above.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>A total of \$14,429.21 in salaries and benefits were charged to the subaward for the quarter tested. The APA tested the Emergency Response Coordinator, ERC, for whom the FCHD charged \$10,227.99 in salary and benefits to the subaward for the quarter. The APA obtained timesheets, pay stubs, approved salary rates, support for employee deductions, etc. for the quarter tested. The following was noted:</i>

Four Corners Health Department (FCHD)  
 Summary of Results – Subrecipient Monitoring  
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*The FCHD charged 100% of the leave hours (holiday and vacation leave) to this subaward for the quarter tested. However, the employee did not work 100% of their time on this subaward. The following table shows the percentage of actual hours worked on this subaward for the quarter tested:*

Pay Date	Hours Worked on Subaward	Hours Worked on Other Programs	Total Hours Worked	% of Hours on Subaward
January 10, 2018	34.50	15.00	49.50	69.70%
January 24, 2018	65.00	15.00	80.00	81.25%
February 7, 2018	64.25	15.00	79.25	81.07%
February 22, 2018	68.00	12.00	80.00	85.00%
March 7, 2018	62.75	9.25	72.00	87.15%
March 21, 2018	43.50	25.00	68.50	63.50%
<b>Total</b>	<b>338.00</b>	<b>91.25</b>	<b>429.25</b>	<b>78.74%</b>

*The following table compares the actual leave charged to the subaward with the calculated leave that should have been charged based on the above percentages:*

Pay Date	Total Leave Hours	Hourly Rate	Cost of Leave	% Of Hours on Subaward	Calculated Charge to Subaward	Actual Charge to Subaward
January 10, 2018	30.50	\$17.74	\$541.07	69.70%	\$377.13	\$541.07
January 24, 2018	0.00	\$18.27	\$0.00	81.25%	\$0.00	\$0.00
February 7, 2018	0.75	\$18.27	\$13.70	81.07%	\$11.11	\$13.70
February 22, 2018	0.00	\$18.27	\$0.00	85.00%	\$0.00	\$0.00
March 7, 2018	8.00	\$18.27	\$146.16	87.15%	\$127.38	\$146.16
March 21, 2018	11.50	\$18.27	\$210.11	63.50%	\$133.42	\$210.11
<b>Total</b>	<b>50.75</b>		<b>\$911.04</b>		<b>\$649.04</b>	<b>\$911.04</b>

*As a result, leave was overcharged to the subaward by \$262.00 for the quarter. Additionally, employer retirement contributions are calculated based on 6.75% of wages paid. Therefore, the \$262.00 overcharge also resulted in an additional overcharge of \$17.69 for retirement contributions.*

**45 CFR 75.431(b) states:**

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

- (1) They are provided under established written leave policies;*
- (2) The costs are equitably allocated to all related activities, including Federal awards; and,*
- (3) The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees.*

*Furthermore, because of the inaccurate allocation of leave, the employer paid health insurance amount was also inaccurately allocated. The following table shows the amounts that should have been charged to this award versus the amounts actually charged:*

Four Corners Health Department (FCHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 3 Reimbursement from DHHS  
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Month	Hours Worked on Subaward	Hours Worked on Other Programs	Total Hours Worked	% of Hours on Subaward	Monthly Premium	Calculated Charge to Subaward	Actual Charge to Subaward
Jan-18	99.50	30.00	129.50	76.83%	\$881.72	\$677.43	\$716.40
Feb-18	132.25	27.00	159.25	83.05%	\$881.72	\$732.27	\$732.93
Mar-18	106.25	34.25	140.50	75.62%	\$881.72	\$666.76	\$692.98
	<b>338.00</b>	<b>91.25</b>	<b>429.25</b>			<b>\$2,076.46</b>	<b>\$2,142.31</b>

*Therefore, health insurance was also overcharged to the subaward by \$65.85 for the quarter tested.*

*We recommend the FCHD implement procedures to ensure employer-paid benefits and leave are equitably allocated and in accordance with the Uniform Grant Guidance. We further recommend the FCHD work with DHHS to determine amounts that need to be repaid or reduced from future reimbursements.*

*The APA also noted the February 7, 2018, pay stub did not include any hours for vacation leave. However, the timesheet for this period included 0.75 hours of vacation for the period. The 0.75 vacation hours were still charged 100% to this subaward and were included in the above tables. We recommend the FCHD implement procedures to ensure that employees' leave hours are accurately tracked within the accounting system and accurately reflected on the pay stub.*

*The FCHD lacked adequate documentation to support the hourly rate or salary paid to its employees. Per discussion with the FCHD, the rates were verbally approved and entered into the accounting system; however, there were not signed documents to verify the approved rate of pay. We recommend the FCHD implement procedures to ensure adequate documentation is on file to support all amounts paid to employees.*

*Finally, the FCHD lacked adequate documentation to support the tax treatment of dental insurance. The FCHD deducted \$9.89 from the ERC's pay each pay period for dental insurance as an after tax deduction. We recommend the FCHD ensure adequate documentation is on file to support whether payroll deductions are pre-tax or after tax.*

*The APA also obtained timesheets and pay stubs for the other four employees that were charged to the subaward for the quarter tested: the Executive Director, Administrative Assistant, Surveillance Coordinator, and Office Manager. The following was noted:*

*As noted above, the FCHD lacked adequate documentation to support the hourly rate or salary amount of each employee. Furthermore, none of the employees' leave was allocated to this subaward. Finally, the FCHD failed to provide separate approval of the Executive Director's timesheet.*

*We recommend the FCHD implement procedures to ensure adequate documentation is on file for employees' pay rates, to ensure leave is equitably allocated to each program in accordance with the Uniform Grant Guidance, and to provide for an independent review of the Executive Director's timesheet.*

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

*No significant journal entries.*

Four Corners Health Department (FCHD)  
 Summary of Results – Subrecipient Monitoring  
 2017-2018 Quarter 3 Reimbursement from DHHS  
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<b>Review negative expenditures to determine if transactions were reasonable and proper</b>
<i>No issues noted.</i>
<b>Perform a detailed test of agency expenditures</b>
<i>A total of \$1,800.75 in expenditures other than salary and benefits were charged to the subaward for the quarter tested. The APA tested one expenditure totaling \$464.89 for in-state travel. The following was noted:</i>
<i>The expenditure tested was a mileage expense for the use of an agency-owned vehicle. The FCHD charged the subaward \$0.545 per mile travelled in its agency-owned vehicles. However, since this is not an actual expense, it is not allowable. An actual expense of an agency-owned vehicle would be gasoline purchases, depreciation, repairs, etc. We recommend the FCHD implement procedures to ensure only actual expenses are charged to the subaward, in accordance with the subaward agreement. We further recommend the FCHD work with the DHHS to determine amounts that need to be repaid or reduced from future reimbursements.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issued noted.</i>
<b>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.</b>
<i>The FCHD elected to use the 10% de minimis indirect cost rate and calculated its budgeted indirect costs of \$9,560.67 using the additional \$25,000 related to providing subawards. However, the FCHD did not grant subawards to any subrecipients. Therefore, indirect costs should have only been 10% of the Modified Total Direct Costs (MTDC) of \$74,430.33, or \$7,443.03. Budgeted indirect costs were overstated by \$2,117.64. We recommend the DHHS and the FCHD implement procedures to ensure indirect costs are appropriately calculated and determine the amount that should be repaid or recovered as a result of the inaccurate calculation.</i>
<i>Per review of the quarterly report, the APA noted the ERC's and the Executive Director's cell phone costs were charged to this subaward. The FCHD charged 75% of the ERC's phone bill and 15% of the Executive Director's phone bill to the subaward. Per discussion with the FCHD, the allocation is based on the amount of time the employees were budgeted to work on the program. The FCHD does not review the costs based on the actual amount of time worked on the program. We recommend the FCHD implement procedures to ensure costs are equitably allocated to each program based on actual time worked. We further recommend the FCHD work with the DHHS to determine amounts that may need to be repaid or reduced from future reimbursements.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

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<b>Complete Internal Control Questionnaire</b>
<i>Loup Basin Public Health Department (LBPHD) lacked adequate segregation of duties as one individual was responsible for processing payroll and vendor payments. Although a review is performed, it is not clear whether that review is detailed enough to detect errors or irregularities in payroll transactions or vendor payments.</i>
<i>We recommend LBPHD implement procedures to ensure adequate controls are in place to compensate for the lack of segregation of duties over payroll. These reviews should include procedures to ensure pay rates and time worked is entered correctly and to ensure vendor payments are supported by adequate documentation. Bank statements and detailed transaction reports from the accounting system should be reviewed and signed by someone who is not authorized to process transactions in the system.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>The audit report for year ended June 30, 2017 noted there were not adequate segregation of duties to ensure internal control over cash receipts, disbursements, and recording of transactions.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>No issues noted.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The LBPHD recorded \$16,935.95 in salaries and benefits to the PHEP subaward for four employees during the quarter tested. The APA obtained salary authorizations and paystubs for all employees charged to the award, and tested the payroll of one individual in detail.</i>
<i>The LBPHD charged 90% of the personnel costs for the employee tested, which is an estimated or budgeted amount of time the employee worked on the program. The LBPHD lacked adequate documentation to support the budgeted percentage and did not compare it to the actual amount of time worked on the subaward. The LBPHD used this budget estimate to charge all four employees' payroll to this subaward.</i>
<i>Per 45 CFR §75.430(i)(1):</i>
<i>“Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:</i>
<i>* * * *</i>
<i>(vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.</i>
<i>(viii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:</i>
<i>(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;</i>

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<p>(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and</p> <p>(C) The non-Federal entity’s system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</p>
<p><i>The APA recommends the LBPHD ensure that there is documentation to support the amounts charged to each Federal program based on the actual time worked on each program.</i></p>
<p><b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b></p>
<p><i>No significant journal entries.</i></p>
<p><b>Review negative expenditures to determine if transactions were reasonable and proper</b></p>
<p><i>No issues noted.</i></p>
<p><b>Perform a detailed test of agency expenditures</b></p>
<p><i>The LBPHD charged \$5,388.32 in non-personnel costs to the PHEP subaward. The APA tested \$2,439.69 in expenditures for emergency equipment and supplies and in-state travel.</i></p> <p><i>The APA tested the reported travel of \$474.71. The LBPHD did not have adequate supporting documentation to support the mileage. The documentation provided did not list specific beginning and ending locations for travel. The APA recommends the LBPHD ensure that there is adequate documentation that shows the specific beginning and ending locations to ensure the amount claimed is reasonable.</i></p> <p><i>The LBPHD charged \$0.545 per mile for each mile driven in the entity vehicle. The reimbursement for miles using the entity vehicle was \$198.93. This is not an actual cost in accordance with the terms of the subaward. Only actual costs, such as gas expense, lease payments, or depreciation, can be charged to the grant. See 45 CFR 75.436 for depreciation rules. The cost of the leased vehicle itself and direct expenses associated with its use would be allowable. The LPBHD should work with DHHS to determine the amount required to be reimbursed.</i></p> <p><i>The LBPHD charged \$400 per month for facilities and overhead costs. The LBPHD allocated facilities and overhead costs based on the budgeted FTE for the program, as described above in the payroll section. Since the allocation is based on an estimated FTE for each month and is not compared to actual time worked, the method to allocate the costs is not reasonable. The APA recommends the LBPHD ensure the costs charged to federal awards are based on actual time worked and not estimates.</i></p>
<p><b>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.</b></p>
<p><i>Significant contracts would be tested above.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issued noted.</i></p>
<p><b>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.</b></p>

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*The budget justification and certain amounts requested for reimbursement on the quarterly report provided to DHHS do not agree to the amounts listed on the financial information provided by the LBPHD. The LBPHD provided a profit and loss detail, which included \$35.86 for fuel and \$91.01 for a portion of a vehicle lease attributable to the Emergency Preparedness program. Those amounts, along with \$79.57 for travel, were not included in the invoice for payment.*

*Additionally, the quarter 3 invoice contained transactions that were not included on the financial data from the LBPHD, including \$280.68 in travel expenditures. One expenditure for \$81.75 was listed as “Regional ERC Meeting”, which was actually for travel to a TRIMRS meeting. Two trips using the LBPHD vehicle were included in the quarter 3 invoice, totaling \$198.93. The cost of these trips in the leased LBPHD vehicle were calculated using the Federal GSA personal vehicle mileage rate. Since this is not an actual cost to the program, it is unallowable.*

*We recommend the LBPHD implement procedures to ensure amounts reported to DHHS are properly recorded in the LBPHD’s accounting system and are attributed to the Emergency Preparedness program. We also recommend all expense reported represent actual expenses of the LBPHD.*

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

*N/A – no sub-awards were noted.*

OneWorld Community Health Centers  
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<b>Complete Internal Control Questionnaire</b>									
<i>OneWorld lacked formal, written policies and procedures for allocating costs that benefit multiple programs. The APA recommends that OneWorld ensure there are documented policies for allocating costs that benefit multiple programs.</i>									
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>									
<i>N/a</i>									
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>									
<i>No issues noted. OneWorld does not separately track the expenses for this subaward in its accounting system. Therefore, most of the expenses are allocated to the subaward based on an allocation of total expenses.</i>									
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>									
<i>No issues noted.</i>									
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>									
<i>OneWorld is an active nonprofit in the State of Nebraska.</i>									
<b>Obtain a list of employees paid during the period tested</b>									
<i>No issues noted.</i>									
<b>Perform a detailed test of employee payroll</b>									
<p><i>OneWorld reported \$8,715 in personnel costs to the PHEP grant. The APA reviewed time records and salary authorizations for both employees and performed additional detail testing for the Infection Control Assistant.</i></p> <p><i>OneWorld reports the budgeted amount for the Infection Control Assistant, rather than the actual amount of wages. The time records show the Assistant worked 100% of her time on the subaward for Quarter 3. The table below shows a comparison of the Assistant’s actual wages and the budgeted amount charged to the subaward.</i></p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Budget (Charged to Subaward)</th> <th style="width: 35%; text-align: center;">Actual</th> </tr> </thead> <tbody> <tr> <td>Hours</td> <td style="text-align: center;">375.00</td> <td style="text-align: center;">539.53</td> </tr> <tr> <td>Wages</td> <td style="text-align: center;">\$ 5,062.50</td> <td style="text-align: center;">\$ 8,789.61</td> </tr> </tbody> </table> <p style="text-align: center; font-size: small;"><i>Note: Actual amounts are from pay checks dated 1/17/2018-4/11/2018</i></p>		Budget (Charged to Subaward)	Actual	Hours	375.00	539.53	Wages	\$ 5,062.50	\$ 8,789.61
	Budget (Charged to Subaward)	Actual							
Hours	375.00	539.53							
Wages	\$ 5,062.50	\$ 8,789.61							
<i>Per 45 CFR §75.430(i)(1):</i>									
<i>Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:</i>									
<i>* * * *</i>									
<i>(viii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:</i>									
<i>(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;</i>									
<i>(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity’s written policies) are identified and entered into the records in a timely manner.</i>									
<i>Short term (such as one or two months) fluctuation between workload categories need</i>									

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<p><i>not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and</i></p> <p><i>(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated."</i></p>
<p><i>The time records of OneWorld support more hours worked than being charged to the subaward. The APA wanted to bring the differences between the actual hours worked and the amount budgeted to the attention of DHHS.</i></p>
<p><b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b></p>
<p><i>No significant journal entries.</i></p>
<p><b>Review negative expenditures to determine if transactions were reasonable and proper</b></p>
<p><i>No issues noted.</i></p>
<p><b>Perform a detailed test of agency expenditures</b></p>
<p><i>OneWorld only charged personnel costs to the PHEP award.</i></p>
<p><b>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.</b></p>
<p><i>Significant contracts would be tested above.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issued noted.</i></p>
<p><b>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.</b></p>
<p><i>See payroll section above.</i></p>
<p><b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b></p>
<p><i>N/A – no sub-awards were noted.</i></p>

**Complete Internal Control Questionnaire**

*The APA has listed numerous employees by title throughout this document. The titles used are those in effect for the quarter tested, covering the period January 2018 through March 2018. Subsequent to quarter three, the Director's employment with the SEDHD ended and the Emergency Response Coordinator (ERC) became the interim and then permanent Director.*

*Additionally, the APA has used the following acronyms related to the SEDHD's various subawards:*

*SENHCC: Southeast Nebraska Healthcare Coalition*

*PHEP: Public Health Emergency Preparedness Program (called Bioterrorism by SEDHD)*

*NPHCC: Nebraska Plains Healthcare Coalition*

*NPHCC Ebola: Nebraska Plains Healthcare Coalition – Ebola subaward*

*SENHCC Ebola: Southeast Nebraska Healthcare Coalition – Ebola subaward*

*The APA documented the internal controls related to the SEDHD's financial processes and noted the following concerns:*

- *The SEDHD lacked an adequate segregation of duties over its financial processes. Three individuals had access to the QuickBooks software used to record financial transactions. However, the transactions were primarily recorded by the Administrative Assistant. The SEDHD lacked appropriate financial monitoring or reviews to ensure the transactions processed were accurate. For example, there was not an independent comparison of the payroll reports to the approved rates of pay and timesheets to ensure employees were accurately paid. Furthermore, there was not an independent review of the financial transactions to ensure all payments made were authorized and accurate.*
- *The Administrative Assistant, who is primarily responsible for entering financial information into the accounting software, did not have knowledge as to whether a copy of the Uniform Grant Guidance was available in the office. She also did not know whether anyone in the office had knowledge of the Uniform Grant Guidance.*
- *The SEDHD's cost allocation policy is not complete and does not include all allocation methods used. The policy provided discusses only keeping track of mileage expenses and hours worked for the various grants. However, the SEDHD also allocated costs using a percentage of each estimated grant award compared to the total grants received. This methodology is neither documented, nor does it comply with the Uniform Grant Guidance. Under the Uniform Grant Guidance, the costs must be assignable to a Federal award in accordance with the relative benefits received.*
- *The SEDHD did not adequately document pay rates for its employees in July 2017.*
- *The SEDHD did not require its employees to sign their timesheets.*
- *The SEDHD lacked an approved capital asset policy and also lacked procedures to ensure any capital purchases were appropriately added to the asset listings.*
- *The ERC compiled the financial information included in the report submitted to DHHS. The Administrative Assistant, who was responsible for the majority of the basic accounting entries, lacked an understanding of the method used by the ERC to compile the information for the report. She did not believe he used any type of general ledger or report from the accounting system to accumulate the report information. In the summary below, the APA determined that the report submitted by SEDHD for quarter 3 of the 2017-2018 grant year was not adequately supported by information provided from the accounting software.*

*We recommend the SEDHD implement procedures to strengthen its internal control processes. Although an adequate segregation of duties is likely not possible due to limited staff, The SEDHD and*

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*its Board could implement additional financial monitoring and review processes to compensate for the lack of segregation of duties. For example, the Director and a designated Board member should review payroll summary reports to ensure salary rates and hours worked paid to employees were accurate. Additionally, the Director and a designated Board member should review a detailed list of all payments processed to ensure all payments were authorized and accurate. Finally, a review of the bank statements would identify whether any unauthorized transactions were processed.*

*We also recommend the SEDHD take the following corrective actions:*

- *Ensure a copy of the Uniform Grant Guidance is available in the office and that staff are appropriately trained on its use.*
- *Revise its cost allocation policy to ensure all methods used to allocate costs are included and that the methods to allocate costs are based upon the relative benefits received by each program.*
- *Document pay increases and pay rates of all employees in their personnel files.*
- *Require employees to sign their timesheets recording the hours worked on each program.*
- *Develop a capital asset policy and procedures to ensure all applicable purchases are properly added to the asset listings.*
- *Ensure the financial information submitted to DHHS on a quarterly basis is supported by the information included in its accounting software.*

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

*The audit report for the fiscal year ended June 30, 2017 included one finding due to the SEDHD exceeded the special revenue fund expenditures budget by \$39,122 without amending the budget. No findings related specifically to this program were noted.*

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

*See reporting section below for issues between the reported amounts and the general ledgers for quarter 3.*

**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**

*N/A*

**Obtain a list of employees paid during the period tested**

*No issues noted.*

**Perform a detailed test of employee payroll**

*The following amounts were charged as personnel costs to each of the subawards for quarter 3:*

<b>Position</b>	<b>38658 SENHCC</b>	<b>39258 PHEP</b>	<b>40292 NPHCC</b>	<b>40617 NPHCC Ebola</b>	<b>38932 SENHCC Ebola</b>	<b>Totals</b>
HCC Coordinator	\$6,726.93				\$43.26	\$6,770.19
ERC	\$3,252.88	\$7,486.08				\$10,738.96
Director	\$606.24		\$341.01			\$947.25
Admin Asst	\$317.92	\$119.22	\$178.83	\$119.22	\$39.74	\$774.93
Asst Epidemiologist		\$2,562.24				\$2,562.24
<b>Totals</b>	<b>\$10,903.97</b>	<b>\$10,167.54</b>	<b>\$519.84</b>	<b>\$119.22</b>	<b>\$83.00</b>	<b>\$21,793.57</b>

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*The APA performed detailed testing for two of the five employees and also traced the pay rates to authorization and reviewed the timesheets for all other employees charged to the subawards. The APA identified the following issues related to this testing:*

*The SEDHD lacked adequate documentation to support the authorized salary rates of some of its employees. In August 2017, the Board authorized a 2% increase for all employees, with the exception of the ERC noted above, who received a 3% increase. The APA requested documentation to support the prior salary rates of the employees and found that the employees did not otherwise receive written documentation of their actual pay rates. Instead, the SEDHD used a spreadsheet to document the salaries of each of its employees. The calculations included on the spreadsheet did not exactly agree to the actual amounts paid, as follows:*

Position	Prior Salary	Increase	New Salary	Calculated Salary per Pay Period	Amount Paid	Difference
Director	\$77,521.20	2%	\$78,796.22	\$3,283.18	\$3,283.80	(\$0.62)
Asst Epidemiologist	\$54,440.26	2%	\$55,529.07	\$2,313.71	\$2,313.13	\$0.58
Admin Asst	\$40,522.56	2%	\$41,333.01	\$1,722.21	\$1,722.07	\$0.14

*Although these differences are small for one pay period, the cumulative affect every year increases.*

*Additionally, the SEDHD failed to provide documentation to support the salary amount of the HCC Coordinator but stated that her salary is documented in the work plan, which would not be adequate.*

*The APA also identified two employees from above who had unauthorized increases in their pay without adequate documentation to support the increase in pay or to show that the amounts were recovered. The following table shows the semi-monthly pay rates for the two employees:*

Position	Pay check Date					
	1/10/2018	1/22/2018	2/10/2018	2/25/2018	3/10/2018	3/25/2018
Admin Asst	\$1,722.07	\$1,722.07	\$1,825.39	\$1,756.51	\$1,756.51	\$1,756.51
Director	\$3,283.80	\$3,283.80	\$3,480.34	\$3,349.48	\$3,349.48	\$3,349.48

*As noted previously the authorized salary for the Administrative Assistant was \$1,722.21 and \$3,283.18 for the Director.*

*The SEDHD failed to properly allocate its personnel costs to the various programs and grants. The following table shows the percentage of net pay allocated to each program for the Administrative Assistant. The actual amount is the amount charged in the general ledger. The timesheet amount is the amount from the timesheet for hours worked only – not including leave hours.*

Grant	Allocation Method	Pay Check Dates				
		1/22/2018	2/10/2018	2/25/2018	3/10/2018	3/25/2018
SENHCC	Actual	5.0%	4.2%	4.0%	5.0%	0.0%
SENHCC	Timesheet	8.3%	4.9%	5.1%	7.6%	5.0%
PHEP	Actual	1.0%	1.0%	1.0%	1.0%	1.0%
PHEP	Timesheet	2.1%	1.2%	2.6%	1.9%	2.5%
NPHCC	Actual	0.0%	0.0%	0.0%	2.0%	2.0%
NPHCC	Timesheet	0.0%	0.0%	0.0%	3.8%	2.5%

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NPHCC Ebola	Actual	0.0%	0.0%	0.0%	0.0%	0.0%
NPHCC Ebola	Timesheet	0.0%	0.0%	3.8%	5.7%	0.0%
SENHCC Ebola	Actual	0.0%	0.0%	0.0%	0.0%	1.0%
SENHCC Ebola	Timesheet	0.0%	0.0%	0.0%	0.0%	1.2%

*For most pay periods, the actual amount of time the APA calculated as worked on each grant did not agree to the actual amount recorded in the general ledger for each grant for the Administrative Assistant.*

*The following table shows the percentage of net pay allocated to each program for the individual who formerly held the title as the ERC:*

Grant	Allocation Method	Pay Check Dates				
		1/22/2018	2/10/2018	2/25/2018	3/10/2018	3/25/2018
SENHCC	Actual	25.0%	31.0%	28.0%	29.0%	25.0%
SENHCC	Timesheet	31.0%	31.0%	30.0%	33.0%	28.0%
PHEP	Actual	75.0%	69.0%	72.0%	71.0%	75.0%
PHEP	Timesheet	69.0%	69.0%	70.0%	67.0%	72.0%

*In most cases the differences were a result of the SEDHD allocating the leave hours completely to the PHEP grant. The APA's percentage calculation from the timesheets uses only the total hours worked.*

*The following table shows the percentage of net pay allocated to each program for the individual who formerly held the title as the Director:*

Grant	Allocation Method	Pay Check Dates				
		1/22/2018	2/10/2018	2/25/2018	3/10/2018	3/25/2018
SENHCC	Actual	4.0%	4.0%	4.0%	4.0%	2.0%
SENHCC	Timesheet	6.3%	4.5%	4.5%	6.5%	2.7%
NPHCC	Actual	0.0%	0.0%	0.0%	2.0%	2.0%
NPHCC	Timesheet	3.1%	3.4%	1.1%	3.2%	2.7%
NPHCC Ebola	Actual	0.0%	0.0%	2.0%	2.0%	2.0%
NPHCC Ebola	Timesheet	3.1%	3.4%	1.1%	3.2%	2.7%

*The following table shows the percentage of net pay allocated to each program for the Assistant Epidemiologist:*

Grant	Allocation Method	Pay Check Dates				
		1/22/2018	2/10/2018	2/25/2018	3/10/2018	3/25/2018
PHEP	Actual	39.0%	16.0%	33.0%	27.0%	17.0%
PHEP	Timesheet	35.3%	18.9%	34.4%	35.0%	24.6%

*In most cases it appears the variances are related to the SEDHD allocating the hours work on total hours paid versus only the hours worked. The APA's calculation from the timesheets excludes the leave hours and uses only the hours worked.*

*Finally, the HCC Coordinator charged 100% of her time to HCC activities on her timesheets. The SEDHD reported a portion of her pay to the SENHCC Ebola grant. No amounts were recorded to this*

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*grant for the employee in the general ledger and the SEDHD failed to provide documentation to support the amount charged to the SENHCC Ebola grant.*

*The APA also noted the Director’s timesheet is not approved by a Board member and the Assistant Epidemiologist did not sign her timesheets.*

*The SEDHD provided its overtime policy. The APA questions whether the policy is compliant with the Fair Labor Standards Act, as the rate paid for extra hours worked is stated to be the regular rate. The number of hours worked to qualify for overtime is not included, and the time period of the work week for overtime is not addressed.*

*We recommend the SEDHD implement the following measures as a result of the issues identified above:*

- *Maintain adequate documentation to support all salary and pay rates of its employees*
- *Provide and independent review of the salary adjustments to ensure their accuracy*
- *Implement procedures to ensure the allocation of personnel costs are based on the actual time worked for each program and that the leave used is also allocated using the same methodology*
- *Ensure all employees sign their timesheets*
- *Provide for an independent review of the Director’s time sheet by a board member*
- *Review its overtime policies to ensure they comply with the Fair Labor Standards Act*

*We also recommend the SEDHD work with DHHS to determine whether any amounts should be reimbursed or reduced from future payments.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The APA tested other operating expenses as follows:*

**Subaward 40292 (NPHCC):** *The agency reported \$9,758.87 in non-personnel expenditures. The APA tested \$8,604.88 of the reported expenditures and noted the following:*

*The SEDHD paid \$6,500.01 to contract with a Coordinator for the NPHCC. Part of the contract with the Coordinator included carrying out the provisions of the NPHCC Ebola subaward. Therefore, the Coordinator recorded time worked on the Ebola subaward activities in addition to the NPHCC activities. The following table shows the time worked on the two activities:*

<b>GL Payment Date</b>	<b>HCC Hours</b>	<b>Ebola Hours</b>	<b>Total Hours</b>	<b>HCC %</b>	<b>HCC Ebola %</b>
<b>2/23/2018</b>	74.5	0	74.5	100%	0%
<b>3/9/2018</b>	39.5	5.75	45.25	87%	13%
<b>3/23/2018</b>	67.25	9	76.25	88%	12%

*However, the SEDHD only charged the contract payments to the NPHCC subaward and not to the NPHCC Ebola subaward, which is not in compliance with the Uniform Grant Guidance.*

*We recommend the SEDHD implement procedures to ensure costs are distributed in accordance with the relative benefits received for each program. If the SEDHD failed to properly budget for the costs, it*

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*should consider amending its budgets with DHHS. We also recommend SEDHD and DHHS work together to reclassify and report costs under the correct subawards.*

*The SEDHD reimbursed the NPHCC Coordinator \$614.76 for travel from the NPHCC subaward. One of the trips, for \$56.68, was for Ebola –related activities and was not properly charged to the Ebola subaward. Furthermore, the SEDHD failed to obtain adequate documentation to support the purpose of the trips and to verify the travel occurred for four of six trips. The SEDHD indicated they did not require the Coordinator to provide the documentation to them.*

*As part of its compliance with the Uniform Grant Guidance and a proper system of internal controls, the SEDHD should implement procedures to ensure there is adequate documentation to support the purpose of each trip and that miles and other expenses claimed are reasonable based on the stated locations travelled. This may necessarily include obtaining and reviewing meeting minutes or sign-in sheets for meeting and conferences attended or obtaining other documentation, such as email correspondence to verify the Coordinator’s travel.*

*In addition, the SEDHD also paid for office space (\$380) and telecommunication services (\$588) for the NPHCC Coordinator during quarter 3. All of the costs were charged solely to the NPHCC subaward and were not allocated to the NPHCC Ebola subaward. Again, the SEDHD should ensure these expenses are properly allocated to each subaward based on the amount of time worked on each activity. The APA recommends the SEDHD work with DHHS to determine if amounts need to be reimbursed or reduced from future payments.*

*The APA noted the SEDHD recorded certain fringe benefit and other office expenses to the NPHCC and NPHCC Ebola general ledger accounts. Although these amounts were not reported to DHHS, the SEDHD should implement procedures to ensure the expenses are properly recorded.*

*Finally, the SEDHD paid \$522.11 for three Nebraska Plains Steering Committee members to attend the Annual Preparedness Symposium on April 12, 2018 in Gering, Nebraska. The SEDHD provided documentation to verify only one of the three individual’s attendance at the symposium. However, this individual was not included on the list of committee members provided to the APA, so the APA could not determine whether the expense was allowable. Additionally, there was no support to verify attendance at the symposium for the other two individuals, who were reimbursed a total of \$340.08. One of the two reimbursements failed to include the name of the individual who attended the symposium, as payment was made to the employer. Therefore, the APA was unable to determine whether that individual was a member of the committee. The APA recommends the SEDHD ensure adequate documentation is on file to support the purposes of the travel and that the travel actually occurred.*

*The APA recommends the SEDHD work with DHHS to determine if amounts need to be reimbursed or reduced from future payments.*

**Subaward 38658 (SENHCC):** *The SEDHD reported \$5,106.92 in non-personnel expenditures. The APA tested \$2,335 of the reported expenditures and noted the following:*

*The SEDHD charged \$605 for the Emergency Response Coordinator’s registration to the Annual Preparedness Summit to the PHEP or Bioterrorism program in the general ledger. However, the amount was improperly reported to DHHS as an SENHCC expense. The APA recommends the SEDHD ensure that costs are properly recorded the accounting system to ensure that quarterly reports are accurate. We also recommend SEDHD work with DHHS to properly adjust for the incorrect reporting on the final quarterly report.*

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*The APA also noted that the SEDHD’s method to allocate its overhead and shared costs may not comply with provisions of the Uniform Grant Guidance, which requires costs to be allocated according to the relative benefits received. The SEDHD allocates its overhead costs based on an estimated ratio of each grant award over the total grant awards. Because the grants awards are not known at the time of the budget, the SEDHD estimates the grant award amounts.*

*We recommend the SEDHD implement procedures to ensure overhead costs more accurately reflect the cost attributed between each subawards and its other activities.*

**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 be tested above.*

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

*No issues noted.*

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

*No issued 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 SEDHD failed to provide adequate documentation from its accounting software to support the amounts reported on the 3<sup>rd</sup> quarter reports submitted to DHHS for the five subawards. The SEDHD miscoded certain items in the accounting software, while other transactions were reported in either the 2<sup>nd</sup> quarter or 4<sup>th</sup> quarter without adequate documentation. The following tables provide a comparison of the amounts reported for reimbursement with the amounts contained within the general ledger for the five subawards:*

***Subaward 39258 (PHEP):***

<b>Cost Category</b>	<b>Q3 Report</b>	<b>GL</b>	<b>Difference</b>
Personnel	\$10,167.54	\$8,952.40	\$1,215.14
Taxes and Benefits	\$3,050.26	\$6,434.23	\$(3,383.97)
Office Supplies	\$35.19	\$35.19	\$0.00
Conf Registration Fees	\$100.00	\$100.00	\$0.00
In State Travel	\$151.02	\$68.17	\$82.85
Out of State Travel	\$0.00	\$605.00	\$(605.00)
Communications	\$374.69	\$330.98	\$43.71
Shared Office Costs	\$391.82	\$391.82	\$0.00
Contracts	\$237.28	\$237.28	\$0.00
Software/Hardware Expense	\$0.00	\$1,334.53	\$(1,334.53)
<b>Total</b>	<b>\$14,507.80</b>	<b>\$18,489.60</b>	<b>\$(3,981.80)</b>

*The taxes and benefits variance exists because the SEDHD reports only 30% of the salary cost as taxes and benefits, even though larger amounts are reported in the general ledger. The \$605 variance was a miscoded transaction, and the \$1,334.53 was reported in quarter 2 according to the Director.*

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*Therefore, the largest remaining variance is related to the personnel costs, which were not explained by the SEDHD.*

**Subaward 38658 (SENHCC):**

<b>Cost Category</b>	<b>Q3 Report</b>	<b>GL</b>	<b>Difference</b>
Personnel	\$10,903.97	\$11,826.00	\$(922.03)
Taxes and Benefits	\$3,271.19	\$8,758.57	\$(5,487.38)
Payroll Processing Fee	\$0.00	\$106.70	\$(106.70)
Photocopying/Printed Materials/Office Supplies	\$31.92	\$31.92	\$0.00
Meeting, Training, Exercise Costs	\$1,125.00	\$0.00	\$1,125.00
In State Travel	\$340.12	\$327.53	\$12.59
Out of State Travel	\$1,210.00	\$605.00	\$605.00
Overhead and Facilities	\$2,399.88	\$2,399.88	\$0.00
Software/Hardware Expense	\$0.00	\$4,003.57	\$(4,003.57)
<b>Total</b>	<b>\$19,282.08</b>	<b>\$28,059.17</b>	<b>\$(8,777.09)</b>

*The taxes and benefits variance exists because the SEDHD reports only 30% of the salary cost as taxes and benefits, even though larger amounts are reported in the general ledger. The \$605 variance was a miscoded transaction, the \$1,125 meeting, training, and exercise costs will be reported in quarter 4, and the \$4,003.57 in software/hardware expenses were reported in quarter 2 according to the Director. Again, the largest remaining variance is related to personnel costs, which were not explained by the SEDHD.*

**Subaward 38932 (SENHCC Ebola):**

<b>Cost Category</b>	<b>Q3 Report</b>	<b>GL</b>	<b>Difference</b>
Personnel	\$83.00	\$12.44	\$70.56
Taxes and Benefits	\$24.90	\$9.27	\$15.63
Overhead and Facilities	\$91.54	\$91.54	\$0.00
Exercise and Training	\$0.85	\$0.85	\$0.00
<b>Total</b>	<b>\$200.29</b>	<b>\$114.10</b>	<b>\$86.19</b>

*The taxes and benefits variance exists because the SEDHD reports only 30% of the salary cost as taxes and benefits, even though larger amounts are reported in the general ledger. The largest remaining variance is related to personnel costs, which were not explained by the SEDHD.*

**Subaward 40292 (NPHCC):**

<b>Cost Category</b>	<b>Q3 Report</b>	<b>GL</b>	<b>Difference</b>
Personnel	\$519.84	\$145.69	\$374.15
Taxes and Benefits	\$155.95	\$3,929.03	\$(3,773.08)
Contracted Services	\$6,500.01	\$6,500.01	\$0.00
In-State Travel	\$832.57	\$400.57	\$432.00
Conference/Training Costs	\$657.11	\$0.00	\$657.11
Communication	\$644.82	\$0.00	\$644.82
NPHCC Office Costs	\$380.00	\$380.00	\$0.00

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Office Supplies	\$261.96	\$69.42	\$192.54
Overhead and Facilities	\$302.40	\$96.61	\$205.79
Utilities	\$0.00	\$79.21	\$(79.21)
<b>Total</b>	<b>\$10,254.66</b>	<b>\$11,600.54</b>	<b>\$(1,345.88)</b>

*The taxes and benefits variance exists because the SEDHD reports only 30% of the salary cost as taxes and benefits, even though larger amounts are reported in the general ledger. Most of the other variances were either miscoded transactions, transactions that were reported, but not included in the general ledger until quarter 4, or transactions that were not requested for reimbursement. Again, the largest remaining variance is related to personnel costs, which were not explained by the SEDHD.*

**Subaward 40617 (NPHCC Ebola):**

Cost Category	Q3 Report	GL	Difference
Personnel	\$119.22	\$143.90	\$(24.68)
Taxes and Benefits	\$35.77	\$103.31	\$(67.54)
Overhead and Facilities	\$53.00	\$82.09	\$(29.09)
Photocopying/Printed Materials/Office Supplies	\$0.00	\$0.85	\$(0.85)
In State Travel	\$0.00	\$56.68	\$(56.68)
Utilities	\$0.00	\$5.65	\$(5.65)
<b>Total</b>	<b>\$207.99</b>	<b>\$392.48</b>	<b>\$(184.49)</b>

*The taxes and benefits variance exists because the SEDHD reports only 30% of the salary cost as taxes and benefits, even though larger amounts are reported in the general ledger. Most of the variances were transactions that were miscoded in the general ledger. The remaining variance is related to personnel costs, which were not explained by the SEDHD.*

*As noted previously, the SEDHD failed to adequately explain the method used to accumulate and report personnel costs.*

*Additionally, although the SEDHD could verbally explain some of the variances by indicating the expense was previously claimed or would be claimed in the 4<sup>th</sup> quarter, the SEDHD lacked a documented methodology for the accumulation of the financial data used in the quarterly reports to ensure the actual amounts used by each program were accurately reported.*

*We recommend the SEDHD implement procedures to ensure that adequate documentation exists to support the amounts reported to DHHS. We also recommend the DHHS implement stricter monitoring of the SEDHD financial reporting until such time as the DHHS is comfortable that the amounts reported are adequately supported. Finally, we recommend DHHS determine whether any amounts should be reimbursed or reduced from future payments as a result of the inadequate documentation provided.*

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

*N/A – no sub-awards were noted.*

Winnebago Tribe of Nebraska (WTN)  
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<b>Complete Internal Control Questionnaire</b>
<i>No issues were noted.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>No issues were noted.</i>
<b>Document the accounting software used by the entity and obtain a backup or general ledger of the FY 2018 transactions</b>
<i>The WTN uses Sage. The APA obtained a backup of the Bioterrorism subledger for the third quarter.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>No issues noted.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>N/A</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<p><i>The WTN charged \$6,085 in personnel costs during the third quarter. The APA obtained timesheets, salary rate authorizations, and performed additional detail testing for the Public Health Emergency Preparedness Specialist.</i></p> <p><i>The WTN failed to provide the APA with support for amounts deducted from the employee's pay, including \$984.87 in deductions and \$56.25 for the WTN's retirement contributions. The APA recommends that the WTN ensure it maintains adequate documentation to support all amounts deducted from employees' pay as well as the employees' authorizations for those deductions.</i></p> <p><i>Furthermore, the WTN charged the subawards based on a budgeted FTEs. Timesheets provided showed that 100% of the Specialist's time was worked on Environmental Health. However, only a portion of the costs were allocated to the Bioterrorism subledger based on the budgeted FTE for the employee - PHEP (34%) and HPP (6%).</i></p> <p><i>Per 45 CFR §75.430(i)(1):</i></p> <p><i>Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:</i></p> <p style="text-align: center;"><i>* * * *</i></p> <p><i>(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.</i></p> <p><i>(viii) Budget estimates (i.e. estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:</i></p> <p style="margin-left: 40px;"><i>(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;</i></p> <p style="margin-left: 40px;"><i>(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner.</i></p> <p style="margin-left: 40px;"><i>Short term (such as one or two months) fluctuation between workload categories need</i></p>

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<p><i>not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and</i></p> <p><i>(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.</i></p>
<p><i>The APA recommends the WTN implement procedures to ensure amounts charged to Federal awards are based on actual time worked in accordance with the Uniform Grant Guidance.</i></p>
<p><b>Review journal entries to determine the entry and classification of transactions are reasonable and proper</b></p>
<p><i>Nothing significant noted.</i></p>
<p><b>Review negative expenditures to determine if transactions were reasonable and proper</b></p>
<p><i>No issues noted.</i></p>
<p><b>Perform a detailed test of agency expenditures</b></p>
<p><i>The Tribe charged \$956.56 for indirect costs, with \$813.08 allocated to the PHEP subaward and \$143.48 allocated to the HPP subaward. The WTN calculated indirect costs at 15.72% of salaries and benefits. The indirect cost rate was granted by the U.S. Department of Interior, but expired September 30, 2017.</i></p> <p><i>The APA recommends that WTN ensure a current indirect cost rate is used, or charge indirect costs using the de minimis rate for subawards. Additionally, the APA recommends the WTN work with DHHS to determine if amounts need to be reimbursed or reduced from future invoices.</i></p>
<p><b>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.</b></p>
<p><i>Significant contracts would be tested above.</i></p>
<p><b>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)</b></p>
<p><i>No issues noted.</i></p>
<p><b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b></p>
<p><i>No issued noted.</i></p>
<p><b>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.</b></p>
<p><i>The report submitted to DHHS does not include salaries for the pay period ended 3/30/2018. This appears to be due to timing.</i></p>
<p><b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b></p>
<p><i>N/A – no sub-awards were noted.</i></p>

West Central District Health Department (WCDHD)  
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<b>Complete Internal Control Questionnaire</b>
<i>The WCDHD lacked an adequate segregation of duties over its financial accounting processes as one employee had the ability to perform all tasks within the accounting system. We recommend the WCDHD continue to evaluate its internal controls with the use of limited personnel and ensure compensating controls, such as additional financial monitoring and review of bank statements by a separate employee, are performed and documented.</i>
<i>The WCDHD lacked written credit card and capital asset/inventory policies. We recommend the WCDHD ensure written policies and procedures covering all aspects of financial accounting are created and maintained.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
<i>The audit report for the fiscal year ended June 30, 2017 included one finding due to management requesting the auditors prepare the financial statements and related disclosures. No issues related directly to this program were noted.</i>
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
<i>The WCDHD uses QuickBooks and a general ledger was obtained for the quarter tested.</i>
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
<i>Issues related segregation of duties noted above.</i>
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
<i>No issues noted.</i>
<b>Obtain a list of employees paid during the period tested</b>
<i>No issues noted.</i>
<b>Perform a detailed test of employee payroll</b>
<i>The WCDHD charged \$15,755.35 in salaries and benefits to the subaward for the quarter tested. The APA tested the Emergency Response Coordinator (ERC) and the Assistant ERC, for whom the WCDHD charged a total of \$13,728.61 for the quarter tested. The following was noted:</i>
<i>The WCDHD lacked adequate documentation to support the approved pay rates or salary of its employees. Per discussion with the WCDHD, employees and their supervisor each complete a review of the employee, which is then provided to Human Resources. The supervisor verbally advises HR of the new rate of pay, and HR enters the rate into the accounting system. Therefore, the approval of the new rate of pay is not documented. We recommend the WCDHD implement procedures to ensure the approval of pay rates is adequately documented and maintained.</i>
<i>The WCDHD charged the subaward for employer-paid health and dental insurance based on the estimated percent of time worked, rather than by the percentage of time actually worked on the subaward activities. The WCDHD charged \$1,814.06 and \$12.88 for the employer-share of health and dental insurance, respectively, to the grant for the quarter tested. We recommend the WCDHD implement procedures to ensure employer-paid benefits are charged to the grant based on the percentage of actual time worked. We further recommend the WCDHD work with DHHS to determine whether there are amounts that need to be repaid or reduced from future reimbursements.</i>
<i>The WCDHD charged the subaward 54% of the ERC's wages, employer-paid retirement, Social Security, and Medicare for the March 9, 2018 check date. However, the employee actually worked 45% of their time on the grant for that period, according to the time records. The WCDHD was unable to explain the variance in the percentage of time charged to the grant. The following table shows the</i>

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*differences in the dollar amounts paid based upon the actual hours worked and 54% that was charged to the subaward:*

<b>Payroll Cost</b>	<b>54% Charged to Subaward</b>	<b>45% Based Actual Hours Worked</b>	<b>Difference</b>
Wages	\$990.06	\$821.88	\$168.18
Retirement	\$66.82	\$55.48	\$11.34
Social Security	\$59.71	\$49.56	\$10.15
Medicare	\$13.97	\$11.59	\$2.38
<b>Totals</b>	<b>\$1,130.56</b>	<b>\$938.51</b>	<b>\$192.05</b>

*As a result, the WCDHD overcharged the grant \$192.05 for this one pay period. There were five other pay periods included in the quarter tested.*

*We recommend the WCDHD implement procedures to ensure wages and benefits are charged to the Federal programs based on the documented hours worked. We further recommend the WCDHD work with the DHHS to determine the actual amounts to be repaid or reduced from future reimbursement as a result of this error.*

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

*No significant journal entries.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The WCDHD charged \$2,068.92 in expenditures other than payroll and indirect costs to the subaward for the quarter tested. The APA inquired about the \$1,345.93 in Office Operation Expenses and the \$1,778.05 in indirect costs charged to the subaward to determine if costs are being consistently charged. The following was noted:*

*The WCDHD provided a copy of its Cost Policy Statement. The statement states that certain categories of costs, including rent and communications, could be charged as direct and indirect costs. Per review of the quarterly report submitted for the quarter, it appears the Office Operation Expenses category includes payments for rent, storage, utilities, communications, etc. Additionally, the WCDHD has elected to use the 10% de minimis rate for indirect costs. It appears similar costs are being charged as both direct and indirect costs.*

*2 CFR 200.412 states in part:*

*[I]t 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.*

*2 CFR 200.414(f) states in part:*

*[A]ny non-Federal entity that has never received a negotiated indirect cost rate...may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in §200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both.*

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<i>We recommend the WCDHD work with the DHHS to ensure costs are being consistently charged and to ensure the policies and procedures in place are in accordance with the Uniform Grant Guidance.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>The WCDHD overstated Modified Total Direct Costs (MTDC) by \$684 in the calculation for budgeted indirect costs. There was no effect on the budgeted indirect costs as the amount had been reduced so as not to exceed the total subaward amount. We recommend the DHHS and the WCDHD implement procedures to review indirect costs are accurately calculated.</i>
<b>Document the Agency's procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no sub-awards were noted.</i>

East Central District Health Department (ECDHD)  
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<b>Complete Internal Control Questionnaire</b>
<i>The ECDHD lacks adequate, written procedures regarding the allocation of costs between its various programs. This would include procedures for the allocation of payroll costs to more than one program, as well as general operating costs that might provide benefits to more than one program. The ECDHD should implement written policies and procedures to ensure costs are allocated to its programs based on the relative benefits received.</i>
<i>The DHHS notified the ECDHD on August 24, 2017, that the remaining 2016-2017 Q4 invoice payment of \$18,454.93 had been approved for payment. During the subrecipient monitoring procedures, the APA reviewed the State’s accounting system and did not find the payment. On January 26, 2018, the APA inquired with DHHS about the payment, since it did not appear to have been made at that point. The payment was not processed in the accounting system until February 20, 2018, almost six months from the time it was prepared and approved for processing. Both the ECDHD and the DHHS should implement procedures to ensure payments are made timely in accordance with the terms of the subaward.</i>
<b>Obtain prior audit or monitoring findings and determine if weaknesses have been corrected.</b>
N/A
<b>Document the accounting software used by the entity and obtain a back up or general ledger of the FY 2018 transactions</b>
No issues noted.
<b>Review list of individuals authorized to process expenditure transactions in accounting system.</b>
No issues noted.
<b>If applicable, determine the subrecipient is a non-profit organization in the State of Nebraska</b>
N/A
<b>Obtain a list of employees paid during the period tested</b>
No issues noted.
<b>Perform a detailed test of employee payroll</b>
<i>For the PHEP subaward, the ECDHD paid 100% of one employee’s salary and a portion of another person’s salary. During the 4<sup>th</sup> quarter of the 2016-2017 grant period, the ECDHD utilized a time reporting system that did not allow the ECDHD to track time spent on more than one program in a day. Therefore, the employees maintained their own time records to support the amount charged to each program. The documentation was in the form of a spreadsheet and was not signed or approved. In most cases the spreadsheet agreed to the amount charged to the subaward. However, when the employee who had a portion of time charged to the program was on an extended leave, the method to allocate leave time was not consistent. For example, for one pay period 4 hours of leave were charged to the subaward, but on another time period no hours were charged to the subaward. For quarter 4 of the 2016-2017 grant, the ECDHD charged \$564.72 for salaries and wages and \$76.96 in benefits for this employee. We recommend the ECDHD implement procedures to ensure leave amounts are consistently reported and in accordance with the written allocation method.</i>
<i>The ECDHD provided a cell phone stipend of \$54.50 to employees that was added to their gross salary amount. The ECDHD failed to provide adequate documentation to support the approval of the stipend, indicating instead that the approval of the stipend had been verbal. The total amount charged to the grant for this stipend was \$381.50 for quarter 4 of 2016-2017. The ECDHD should ensure all payments to employees are properly authorized in writing.</i>

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*For one employee tested, the State and Federal income tax withholdings were not the same. The IRS Form W-4 signed by the employee included a single filing status and 2 withholding allowances. This was the amount used to compute the Federal income taxes withheld, but not the State income taxes. The ECDHD used 1 withholding allowance for the State income taxes. The Nebraska Department of Revenue Rules and Regulation Title 316 NAC 21-010 requires the employer to allow the number of exemptions claimed by the employee on the Federal Form W-4, in most circumstances, when calculating the State income taxes to be deducted. For the pay period tested, the ECDHD withheld \$47.59 for state income taxes. The correct amount, using the 2 allowances noted on the W-4 would have been \$42.92. The ECDHD should implement procedures to ensure Federal and State income tax amounts agree in accordance with the Nebraska Department of Revenue.*

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

*The only significant journal entries were for the indirect costs allocation which was testing below.*

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

*No issues noted.*

**Perform a detailed test of agency expenditures**

*The APA tested \$684.39 rent expense charged to the PHEP subaward. The expense consisted of \$253.89 in utility charges that were allocated to the program and properly supported by invoices from various utility companies. The ECDHD also included \$430.50 for “rent” as follows: \$612 for building rent, \$121 for storage costs, and a \$302.50 credit related to the storage costs.*

*The ECDHD charged each of its programs a fair market value cost per square foot to pay for such items as the mortgage on the building, building insurance, maintenance, upkeep, etc. For the PHEP program the amount charged for “rent” was \$204 per month or \$612 for the quarter. The ECDHD accumulated these funds into their building fund and then made payments from the building fund for costs associated with the building, including its mortgage payment.*

*Because the specific amount charged to the PHEP program was not an actual cost of the program, but rather used to accumulate funds in the building fund, the payment was not allowable under the terms of the subaward. Furthermore, the UGG, at 2 CFR 200.439, states that capital expenditures for buildings and land are unallowable as direct charges, unless prior written approval of the pass through entity has been obtained.*

*The ECDHD should work with the DHHS to ensure the Federal funds are used in accordance with the subaward and in accordance with the UGG and determine whether any amounts need to be reimbursed for the unallowable expense.*

*The APA tested the \$3,122.94 indirect costs charged to the subaward. The indirect cost rate is applied on the actual salary and wages plus fringe benefit amounts. The rate was 21.93% as of July 1, 2016. The APA determined there was not explicit approval from the DHHS for the ECDHD’s indirect cost rate. When asked for DHHS’ approval, the ECDHD provided an email in which the indirect cost rate agreement was provided to the DHHS as part of the budget process. The DHHS should implement formal procedures for the review and approval of subrecipient indirect cost rate agreements and should provide explicit approval of such agreements.*

*The total salaries and wages for the quarter 4 report were \$14,186.03. The calculated indirect cost rate is \$3111. The ECDHD reported \$3,122.94, or \$11.94 more than the calculated amount because they failed to adjust the April 2017 payroll amounts to remove the cellphone stipend from the calculation.*

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<i>The cell phone stipend was \$54.50 – using the 21.93% indirect cost rate the amount of indirect costs related to the stipend amount is \$11.95. The ECDHD should implement procedures to ensure the amounts recorded as indirect costs are accurate.</i>
<b>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.</b>
<i>Significant contracts would be tested above.</i>
<b>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)</b>
<i>No issues noted.</i>
<b>Determine whether program income and matching is correctly determined, recorded and used in accordance with applicable requirements.</b>
<i>No issues noted.</i>
<b>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.</b>
<i>As noted previously, the ECDHD reduced its April 2017 salary amount by \$54.50. The indirect cost rate charged for April 2017 was not adjusted as a result of the salary adjustment. The indirect cost rate is a percentage of the total salaries and benefits. The ECDHD overclaimed \$11.95 in indirect costs.</i>
<b>Document the Agency’s procedures to monitor its subrecipients, if applicable.</b>
<i>N/A – no subrecipients were noted.</i>