



Compliance 101: Fiscal Responsiveness and Accountability

2024 National Ryan White Conference on HIV Care and Treatment

August 20, 2024

Vision: Healthy Communities, Healthy People



Presenters

- **CDR Makeva Rhoden**, MPH, PhD, Deputy Director, Office of Program Support (OPS), HAB, HRSA
- **Joseph Boyd**, Fiscal Consultant, Management Solutions Consultant Group (MSCG)



Agenda

- Overview of 101 and Learning Objectives
- HRSA Overview
- Presentation
- Q & A Session



Purpose of Compliance 101 Session

The 101 workshop will present on the legislative and Ryan White HIV/AIDS Program (RWHAP) fiscal responsiveness and accountability requirements. Presenters will highlight key source documents for compliance testing, including RWHAP legislation, 45 CFR 75, and Health Resources and Services Administration's (HRSA) HIV/AIDS Bureau (HAB) Policy Clarification Notices.



Learning Objectives

At the conclusion of this session, the participant will be able to:

1. Identify the authoritative source documents for the legislative and programmatic requirements governing RWHAP
2. Identify how the HRSA HAB policy clarification notices affect recipient and subrecipient programs.
3. Describe how to develop monitoring systems that test recipient or subrecipient compliance with RWHAP legislative and programmatic requirements.
4. Describe the importance of the approved project budget in relation to post-award monitoring.

Health Resources and Services Administration (HRSA)

Overview



Supports more than 90 programs that provide health care to people who are geographically isolated, economically or medically challenged



HRSA does this through grants and cooperative agreements to more than 3,000 awardees, including community and faith-based organizations, colleges and universities, hospitals, state, local, and tribal governments, and private entities



Every year, HRSA programs serve tens of millions of people, including people with HIV, pregnant people, mothers and their families, and those otherwise unable to access quality health care

HRSA's HIV/AIDS Bureau Vision and Mission

Vision

Optimal HIV care and treatment for all to end the HIV epidemic in the U.S.

Mission

Provide leadership and resources to advance HIV care and treatment to improve health outcomes and reduce health disparities for people with HIV and affected communities.



HRSA's Ryan White HIV/AIDS Program (RWHAP) Overview

- Provides a comprehensive system of HIV primary medical care, medications, and essential support services for low-income people with HIV.
- Funds grants to states, cities, counties, and local community-based organizations to improve health outcome and reduce HIV transmission.
 - Recipients determine service delivery and funding priorities based on local needs and planning process.
- Provided services to over 566,000 people in 2022—more than half of all people with diagnosed HIV in the United States.
- 89.6% of RWHAP clients receiving HIV medical care were virally suppressed in 2022, exceeding national average of 65.9%ⁱ. This means they cannot sexually transmit HIV to their partners and can live longer and healthier lives.



Fiscal Responsiveness and Accountability

Session 1

Compliance 101: Fiscal Accountability

Agenda

- **Compliance Definition**
- **Fiscal Requirements**
 - Cost Principles
 - Financial Management
 - Procurement
 - Imposition and Assessment of Client Charges
 - Monitoring
 - Income from Fees (Program Income)
 - Property Standards
 - Limitations
 - Unallowable Uses
 - Audit Standards
- **Source Document for Compliance Testing**



Compliance 101: Fiscal Accountability

Compliance Definition

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Compliance

- Conforming to legislation, policy, rules, standards and/or a specification
- Regulatory compliance
 - Ensures compliance with relevant laws, regulations, policies and procedures
 - Mitigates risk



Compliance 101: Fiscal Accountability

Fiscal Requirements: Cost Principles

- **Established principles for determining the allowable costs incurred by a non-Federal entity (NFE) or recipient under Federal awards**
 - NFE accounting practices must
 - Be consistent with cost principles,
 - Support accumulation of costs,
 - Support charged costs using adequate documentation
 - Payments made to subrecipients and/or contractors must be cost-based



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Fiscal Requirements: Cost Principles – Allocable, Allowable, Reasonable

■ Allocable

- A cost assigned to a specific activity on a reasonable basis and the assigned costs benefit the Federal award
 - Must be directly related to the work performed under the Federal award

■ Allowable

- A necessary and reasonable cost for the performance of the Federal award
 - Must be adequately documented and incurred during the approved budget period

■ Reasonable

- A cost that aligns with market value and reflects what a prudent person might pay



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Fiscal Requirements: Cost Principles – Allocation Methodology

What allocation methodology would assure expenses are given consistent treatment and are reasonable?

Type of Expense	Allocation Methodology
Administration	Direct or Total dollar amount
Communication	Program-based or Cost-based
Facility	Direct or based on square footage
Payroll	Direct or Time-and-effort
Occupancy	Direct, Cost-based, or Fee for service

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Fiscal Requirements: Financial Management

Thorough financial management ensures the operation of federal awards

- To strengthen financial management, NFEs should
 - Keep appropriate and separate records for each federal award
 - Track funds to ensure they are used according to federal regulations
 - Adequately and accurately record federally-funded activities
 - Note the source and application of the funds
- Internal controls are necessary to maintain recipient and subrecipient compliance with statutes, policies, regulations, as well as the terms and conditions of federal awards
 - Proper monitoring of subrecipients requires financial management at the subrecipient level of the award



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Fiscal Requirements: Financial Management - Compliance

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- **Proper financial management is an integral part of ensuring maintained compliance with a federal award**
- **Possible financial management findings include:**
 - Inadequate record retention/records keeping
 - Lack of written policies and procedures for documenting expenses and payment of obligations
 - Insufficient accounting systems for tracking awards and subawards
 - Lack of documentation tracking, monitoring, and reporting multiple sources of income



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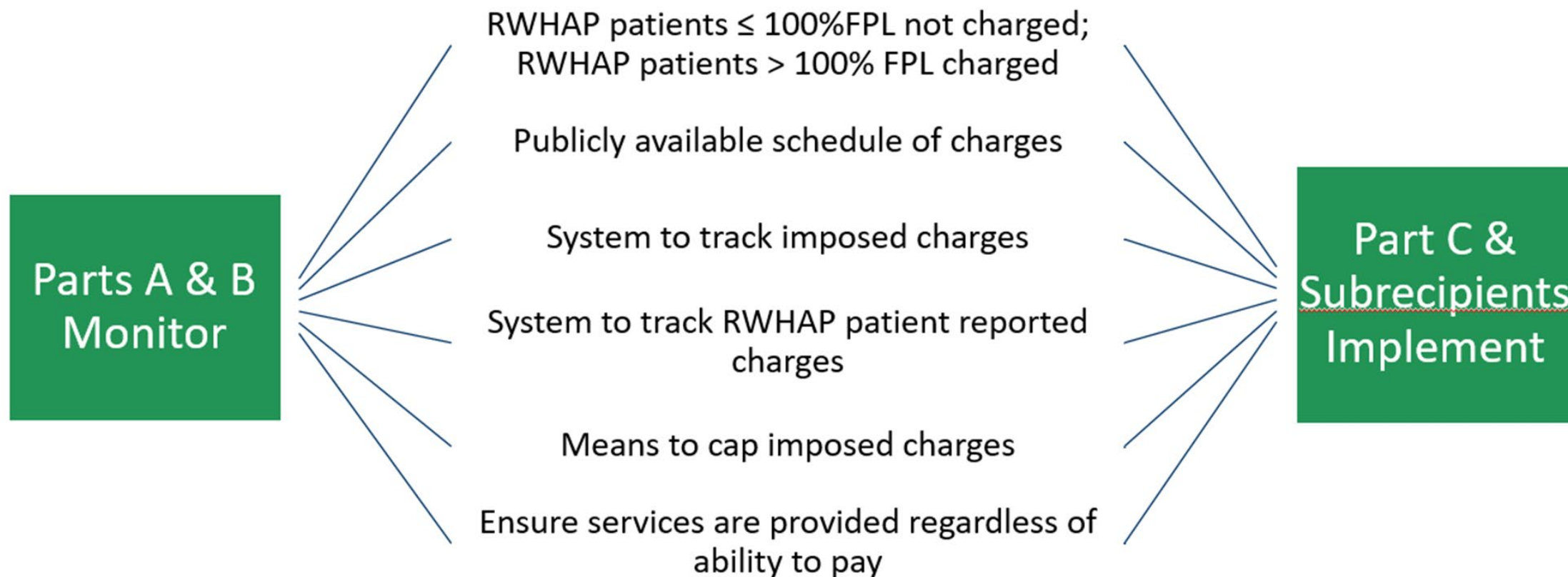
Fiscal Requirements: Procurement



- **Procurement process involves the acquisition of goods, property, and/or services required under a federal award or subaward**
 - **General procurement standards include:**
 - Providing fair and open competition for all procurement transactions
 - Avoid organizational conflicts of interest, unreasonable requirements, noncompetitive pricing
 - Having written policies and procedures for all procurement processes
 - Incorporate clear and accurate descriptions of requirements for materials, products, and/or services
 - Identify all requirements offers must fulfill and factors to be used for bid/proposal evaluations
 - Documenting the method of procurement followed
 - Note whether the procurement method is formal, informal, or noncompetitive*
- *Noncompetitive procurement requires award agency approval and should be rare

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Fiscal Requirements: Imposition and Assessment of Client Charges



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Fiscal Requirements: Limitations



- **Admin versus Indirect**
- **Direct Program Costs**
- **Costs must be tied to the delivery of services**
- **Hidden Administrative Costs – Rent, Etc.**
- **Limitation 10% Parts A, B, C, D, F - Dental**
- **Limit of 10% in the aggregate for RWHAP Parts A and B subrecipients**

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Fiscal Requirements: Limitations on Administrative Costs

Cost	Administration	Services
Grant Manager	X	
Grant Coordinator	X	
Lead Case Manager		X
Case Manager		X
Data Coordinator	X	
Eligibility Specialist	X	X
Pharmacy Technician		X
Rent/Utilities	X	
Telephone/Internet	X	
Indirect Costs	X	

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Fiscal Requirements: Monitoring



- **The non-Federal entity (NFE) or recipient is responsible for oversight of the operations of all activities supported by the federal award**
- **Proper monitoring covers each program, function, and activity by:**
 - Maintaining compliance with federal and program rules, regulations, policies and expectations
 - Code of Federal Regulations (CFR), RWHAP Legislation, Policy Clarification Notices (PCNs), Notice of Awards (NOAs)
 - Providing technical assistance throughout the award life cycle
 - Ensuring subrecipient compliance
 - Steadfastly meeting financial and programmatic reporting requirements
 - Identifying and correcting areas of noncompliance when necessary

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Fiscal Requirements: Monitoring - Subrecipients

- **NFE or recipient responsibilities to subrecipients include:**
 - Communicating award-fulfillment expectations
 - Developing processes and procedures for proper monitoring
 - Understanding, clarifying, and communicating program policies, procedures and requirements

Subrecipient	Contractor
An entity that receives a subaward from a pass-through entity to carry out part of a federal program (does not include an individual that is a beneficiary of the program)	An entity (individual or company) receiving a portion of award funds as an expert advisor.
A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient	A contract is for the purpose of obtaining goods and/or services for an awardee's own use and creates a procurement relationship with the contractor

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Fiscal Requirements: Income from Fees (Program Income)



- **Program Income is income earned that is directly generated by a supported activity of the federal award during the period of performance**
- **Program Income includes:**
 - Fees for service performed
 - Rental of real or personal property acquired under the federal award
 - Proceeds from the sale of commodities or items generated under the federal award
 - License fees, royalties on patents/copyrights, and principal and interest loans made with federally awarded funds
- **Program Income does not include:**
 - Interest earned on advances
 - Proceeds from the sale of real property, equipment, or supplies
 - Taxes, special assessments, levies, or fines
 - Unless specifically identified in the federal award or awarding agency regulations

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Fiscal Requirements: Property Standards



Equipment

- Individual item with a per-unit fair market value of \$5,000.00 or more
- Must be used by the NFE in the program/project it was acquired as long as needed, whether the project/program continues
 - When no longer in use, disposition of equipment requires awarding agency approval

Supplies

- Must be reported to awarding agency if there are unused supplies with an aggregate value of \$5,000.00 or more

Property

- Real: Buildings, Equipment, Machinery, Supplies, Vehicles
- Intangible: Copyrights, Patents and inventions, Published research, Research data
- Disposition of property is treated in the same format as equipment, requiring awarding agency approval

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Fiscal Requirements: Unallowable Uses

Unallowable Uses	
Cash payments to recipients of RWHAP services	Local or State personal property taxes (for residential property, private automobiles, or any other personal property)
Clothing	Off-premise social/recreational activities or payments for a client's gym membership
Developing materials designed to directly promote or encourage intravenous drug use or sexual activity	Pet foods or other non-essential products
Funding liability risk pools	Purchase of land, construction, or renovations
Funding programs and services that do not comply with state legislative uses	Purchase or improve land, or to purchase, construct, or permanently improve (other than minor remodeling) any building or other facility
Funeral, burial, cremation or related expenses	Purchase Vehicles without Prior Approval
Household appliances	International travel

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Fiscal Requirements: Audit Standards



- **NFEs expending \$750,000.00 or more in federal awards within a fiscal year are required to have a Single Audit for that year**
 - Federal awards expended as a recipient or a subrecipient are subject to audit
 - Single Audit reports must be completed and submitted to the Federal Audit Clearinghouse (FAC) within 9 months of the audit period
 - Delinquency can lead to drawdown restriction
- **NFEs expending less than \$750,000.00 in federal awards are exempt from the Single Audit**
 - However, NFEs are required to keep records for review by GAO or awarding agency

Compliance 101: Fiscal Accountability

Source Document for Compliance Testing

Law

- Title XXVI of the Public Health Service Act, 42 USC. Section 300ff-11s as amended by the Ryan White HIV/AIDS Treatment Extension Act of 2009 (P.L.111-87)

Policy

- The OMB Uniform Guidance 2 CFR 200/DHHS Title 45 Subtitle A, Subchapter A, Part 75
- Department of Health and Human Services (HHS) Grants Policy Statement

Specification

- HRSA HAB policy clarification notices, letters, and guidelines
- Manuals and Guidelines issued by HRSA/HAB including the National Monitoring Standards
- Office of Inspector General (OIG) reports and recommendations



Questions, Anyone?



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Contact Information

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Reminders

Please join us at the conference for the following sessions:

- Compliance 201: Fiscal Responsiveness and Accountability
 - Thursday, August 22 - 9:45 AM – 11:15 AM ET
- Compliance 301: Fiscal Responsiveness and Accountability
 - Thursday, August 22 - 2:45 PM – 4:15 PM ET



Connect with the Ryan White HIV/AIDS Program

Learn more about our program at our website:

ryanwhite.hrsa.gov



Sign up for the Ryan White HIV/AIDS Program Listserv:

<https://public.govdelivery.com/accounts/USHHS/HRSA/signup/29907>

Connect with HRSA

Learn more about our agency at:

www.HRSA.gov

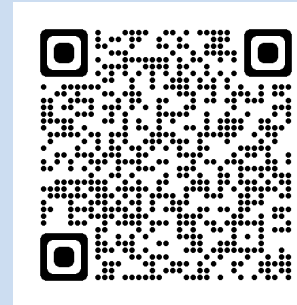


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