

**Health Resources and Services
Administration's HIV/AIDS Bureau (HRSA HAB)
Division of State HIV/AIDS Programs (DSHAP)**

**Pacific Islands Jurisdiction
Subrecipient Fiscal Monitoring
Visits**

PRESENTER:

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Presenter's Credentials

- 30-plus years of Administrative and Fiscal Experience in Community Health Centers and HIV Treatment Settings
- Reimbursement systems development experience in HIV Fee For Service (FFS) and Capitated Systems
- Ryan White Technical Assistance consultant since 1994: Part B Fiscal Consultant for 10 years

Subrecipient Fiscal Monitoring Training Session Format

- Expect this session to last about 80 minutes
- Approximately 60 minutes for presentation
- Q&A will be accommodated at the conclusion of the presentation

Subrecipient Fiscal Monitoring Training Session Objectives (1)

- Allow participants to recognize the information, documentation and scenarios that meet compliance with Part B program fiscal requirements
- Assist participants in building the skills to synthesize the fiscal information reviewed during the monitoring visit into a report and present it in a succinct manner that will lead to useful corrective action plans

Subrecipient Fiscal Monitoring Training Session Objectives (2)

- Train participants to efficiently plan and execute a subrecipient monitoring visit
- Provide participants with the knowledge to interpret the documentation and discussions shared during a fiscal monitoring visit to assess compliance and best practices

Subrecipient Fiscal Monitoring Training Session

Why are we conducting this session?

One of the Most Frequent Findings in RWHAP Comprehensive Site Visits

Finding (Programmatic): Monitoring and Oversight of Subrecipients. 45CFR74.51 and 45CFR92.40, Ryan White HIV/AIDS Program National Monitoring Standards, Universal and Program.

The recipient is not performing a full compliance assessment of the necessary elements for the fiscal aspects of the program as required in the Ryan White HIV/AIDS Program enabling legislation when it conducts the annual reviews of subrecipients. Programmatic and clinical aspects are assessed, but it does not cover all program expectations for the fiscal management of the subrecipients' awards. Basic federal grants management areas are assessed for potential risks but no Ryan White Part B specific fiscal issues are assessed.

Subrecipient Fiscal Monitoring Overview

- Subrecipient Monitoring Visit (SMV) to occur annually per the stipulations of OMB Uniform Guidance 2 CFR 200/HHS Title 45 Subtitle A, Sub-chapter A unless a waiver is granted by DSHAP
- The SMV allows the recipient to assess the subrecipient's compliance with legislative, regulatory, and policy requirements in two areas:
 - Administrative/Programmatic
 - Fiscal

Subrecipient v. Contractor ?

- A subrecipient is an entity that receives federal funds to carry out part of the Federal program and compliance with federal and programmatic requirements pass through to them (e.g. ASO)
- A contractor/vendor provides goods and services to many different purchasers, operates in a competitive environment and compliance requirements do not apply to them (e.g. laboratory or medical transport vendor)
- In making the determination of whether a subrecipient or /contractor/vendor relationship exists, the substance of the relationship is more important than the form of the agreement

Source Documents for Compliance Testing

- 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);
- The OMB Uniform Guidance 2 CFR 200/HHS Title 45 Subtitle A ,Subchapter A, Part 75;
- Department of Health and Human Services (HHS) Grants Policy Statement;
- HRSA/HAB policy clarification notices, letters, and guidelines;
- Office of Inspector General (OIG) reports and recommendations;
- Manuals and Guidance issued by HRSA/HAB including the National Monitoring Standards;
- National priority (for example the National HIV/AIDS Strategy).

Subrecipient Fiscal Monitoring – the Review Team

- Ideally the Recipient representative conducting the fiscal portion of the SMV has some competencies in fiscal/financial management and analysis
- The fiscal portion of the visit can occur in conjunction with the other portions of the SMV requirements or be done separately
- Can be accompanied by a member of the jurisdiction's Audit/Contracts Management division to provide additional fiscal expertise, but the Ryan White Part B guidance must be a significant focus of the review not just the Uniform Guidance for Federal grants

Subrecipient Fiscal Monitoring - Visit Planning

- Share an agenda with the subrecipient for the SMV at least four weeks prior to the SMV. Recommend scheduling a call/video conference at that point to allow for questions and clarification prior to documents being submitted.
- SMV agendas should include time to review documents, ask appropriate clarifying questions, verify compliance, accommodate subrecipient questions and offer program improvement suggestions when appropriate
- Provide subrecipient with a document list with documents to be provided prior to and during the visit to avoid incomplete review of necessary compliance items

Common Issues Found in Monitoring RWHAP Part B Subrecipients

- Assessment of client charges (sliding fee discount) and the annual cap on charges is not in place
- Failure to reverse previously expensed costs to the Part B grant when a client receives Medicaid coverage – retroactive eligibility issue
- Expenses do not meet the cost-based or cost-related basis of determining the reasonableness of expenses charged to the Part B award
- Failure to report program income
- Budgeting threshold for various categories of allowed uses of Part B funding is not adhered to
- Time and effort attestation not completed by the funded staff member

Fiscal Monitoring Tool

Eleven Review Areas

1. Limitations on Uses of Part B Funding
2. Non-allowable costs
3. Income from Fees for Services performed
4. Imposition and Assessment of Client charges
5. Financial management
6. Property standards
7. Cost principles
8. Auditing requirements
9. Matching or Cost-Sharing Funds
10. Fiscal management procedures
11. Unobligated balances

Fiscal Monitoring Review (1)

- The fiscal review is designed to assess the recipient's structure and processes that allow it to meet the RWHAP Part B requirements as well as the 45 CFR 75 requirements for all federal grants
- The review includes an assessment of the subrecipient's purchasing, budgeting, accounting, reporting and auditing practices and procedures

Fiscal Monitoring Review (2)

- **Limitation on Uses of Part B Funding**— Adherence to a 10 percent cap in the aggregate for administration cost for sub-recipients (2617 b (3) (B)); 45CFR75.302, 352, 361, and Subpart E; HAB Policy Notice 15-01 and FAQ.
- **Use of Grant funds**— Must be used only for the purposes of the grant (core, support administration) 2612 (a-c); Policy Clarification Notice (PCN) 16-02.
- **Unallowable costs**— There is no inclusion of any unallowable costs under Ryan White HIV/AIDS Program (RWHAP) Part B 2612 (f); 2612 (f)); 2615 (b); 2684, *DHHS Grants Policy Manual, The Part B Manual in sub-recipient budgets or expenditures.*

Fiscal Monitoring Review (3)

- **Incomes from fees for services performed**—The provider/subrecipient track and report funds collected from Part B billable services as program income and use it for core, support and administrative services (10% limitation does not apply). RW Part B 2617 (b) (C) (iii)); PCN 15-03; HHS Grants Policy Statement; 45 CFR 75.307. There is no program income if recipients pay sub-recipients on a unit cost basis.

Fiscal Monitoring Review (4)

- **Imposition and Assessment of Client Charges**—The subrecipient has implemented a policy for discounting charges (sliding fee scale) or applying a nominal fee on the uninsured based upon the Federal Poverty Level (FPL). There will be no charges or nominal fee for individuals with an income less than or equal to 100 percent of the official poverty line, (RW Part B 2617 (c) (1) (A)). For individuals with an income greater than 100 percent of the official poverty line, the provider will impose a charge or nominal fee on each such individual for the provision of such services under RW Part B 2617 (c)(3) and will impose the charge according to a schedule of charges that is made available to the public (RW Part B 2617 (c)(1)(B); 2617 c (2)(A). In addition, a policy must be implemented that limits the charges that can be imposed on a client in a given year for Ryan White services based on the client's income level in relation to the Federal Poverty Level (income less than or equal to 100% FPL, no charge, 101-200% FPL, 5%; 201-300% FPL, 7%; and above 300% of FPL, 10%) (RW Part B 2617 (c)(1)(C-E)).

Fiscal Monitoring Review (5)

- **Financial Management**—The subrecipient Financial Management System is compliant with all regulations set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR 75). Requirements include: standards for Financial and Program Management; including standards for financial (grants) management systems; payment; program income; revision of budget and program plans; and property standards, including insurance coverage; equipment, supplies, and other expendable property. HAB PCN 15-03 -HHS Grants Policy Statement 45 CFR 75.307.
- **Property Standards**—Tangible nonexpendable personal property with a useful life of more than 1 year and acquisition cost of \$5,000 or more per unit purchased directly with Ryan White HIV/AIDS Program (RWHAP) Part B funds follows the Federal property standards. (DHHS Grants Policy Manual). Equipment acquired with RWHAP Part B funds must be held in trust by recipient and subrecipients (reversionary interest), used for authorized purposes only, and disposed only after HRSA approval. (45 CFR 75.319).

Fiscal Monitoring Review (6)

- **Cost Principles**—Subrecipient budgets and expenditures reports to determine whether the use of funds is consistent with Code of Federal Regulations (45 CFR 75, Sub Part E). If the recipient pays for services by unit, verify that the payment meets cost principles.
- **Auditing Requirements**—Subrecipient's Single Audit (previously known as an A-133 audit) required of sub-recipients receiving more than \$750,000 per year in Federal funds. (45 CFR 75, Sub Part F).
- **Fiscal Procedures**—Subrecipient has fiscal policies, procedures, and systems to handle revenue and expenses according to Federal regulations as stated in Code of Federal Regulations, Ryan White HIV/AIDS Program (RWHAP) legislation, HRSA/HAB policies notices, letters, guidance and manuals. **Salary Limitation**—Verify that the salary charged to a federal grant does not exceed Executive Level II. This limitation is the result of the 2014 Appropriations Act and applies to recipients as well as sub-recipients. The amount reflects an individual's base salary, exclusive of fringe benefits and income earned outside the applicant organization.

Fiscal Monitoring Review Additional Opportunities

- This exercise is also a good opportunity to assess the fiscal health of the subrecipient organization through review of its financial statements gathered in the visit
- Opportunity to provide clarification to the subrecipient staff on Ryan White Part B specific guidance

Assessing Subrecipient Fiscal Health (1)

- There is a reason the enabling Ryan White legislation includes a provision where Part B Recipients must offer subrecipients 30-day payment advances.....
- In asking for a current fiscal year-to-date financial statement and a copy of the most recent independent audit for the organization you are afforded the opportunity to assess the current fiscal health of the subrecipient
- Using common simple financial ratios you can quickly determine whether the organization has sufficient resources to meet its obligations.

Assessing Subrecipient Fiscal Health (2)

- A **Current or a Quick Ratio** shows the ratio of the entity's ability to meet its fiscal obligations.
- $\text{Current assets} / \text{current liabilities}$ gives us this number. We want that ratio to be greater than 1
- **Days cash on hand** is another key indicator of financial health that also comes from the Statement of Financial Position and the Statement of Activities (P&L for us ol' timers)
- Annual operating expense, minus depreciation and amortization is the annual cash operating expense. Divide this by 365 days in the year or the number of business days if the entity doesn't operate 24/7.

Navigating the Fiscal Tool (1)

- As mentioned previously, the tool contains 11 sections that are reviewed and evaluated for compliance
- Each section has the specific requirements for that area of focus listed in the first column
- Using the stated requirements in that section, the reviewer is charged with identifying the collection of requirements that determine the subrecipient's compliance with that section and the standards within it

Navigating the Fiscal Tool (2)

Standard	Area of Review: Limitation of Uses of Part B Funding	Sufficient (Y/N or NA)
Section A.4.	1. Prepare project budget and track expenses with sufficient detail to allow identification of administrative expenses	
Section A.5.	1. Prepare project budget that meets administrative cost guidelines. Provide expenses reports that track administrative expenses with sufficient detail to permit review of administrative cost elements.	
Section A.6.	1. If using indirect cost as part of its 10% administration costs, obtain and keep on file an HHS-negotiated, federally approved Certificate of Cost Allocation Plan or Certificate of Indirect Costs; Submit a current copy of the Certificate to the Recipient	
Section A.8.	1. Report to the grantee expenses by service category	
Section A.9.	1. Report to the grantee expenses by service category. Document that support service funds are contributing to positive medical outcomes for clients.	
Notes		

Navigating the Fiscal Tool (3)

- Proceed through the next 10 sections indicating whether the individual items have met compliance expectations and use the notes section to highlight specific documents that provide evidence of compliance
- Use the time with the subrecipient staff to reinforce what provides evidence compliance and what they may consider putting in place if they are not compliant.
- A sample fiscal tool will be shared with session participants

A Deeper Look-Finding the Findings

Fiscal Monitoring of Subrecipients

- You are conducting the Fiscal portion of the Subrecipient Monitoring Visit.
- You are the Fiscal Coordinator for the State of Hope's Part B program and the program has 8 sub-recipients contracted to provide services across its largely rural geography. Of those subrecipients 4 are ASOs providing direct services for non-Medical Case Management and several support services. The remaining 4 subrecipients are providers of clinical services that fall within the Part B covered service categories. Two offer dental care

A Deeper Look- Reasonableness of Costs Fiscal Monitoring of Subrecipients

- Based on the background information you have been presented with, what is your next step?
- The administrative/programmatic reviewer on the visit informs you that one of the clinical subrecipients uses a network of dental providers in the region on an as needed basis and arranges for payment to the provider upon receipt of a claim/invoice for the service provided to the HIV client
- Does this pose any need for further clarification/discovery by you as the fiscal reviewer?

Program Income Permitted Uses

- Program income earned from 340B net income should be applied to Part B program services
- Can only be used for Part B statutorily allowed purposes (core medical, support services, CQM, administration)
- The services funded with 340B income are not subject to the ceilings imposed on various purposes(core med-75%/10% admin/etc.)
- Can be used to meet the Maintenance of Effort requirement

Common Issues Found In Monitoring RWHAP Part B Subrecipients (1)

- Assessment of client charges (sliding fee discount) and the annual cap on charges is not in place
- Failure to reverse previously expensed costs to the Part B grant when a client receives Medicaid coverage – retroactive eligibility issue
- Expenses do not meet the cost-based or cost-related basis of determining the reasonableness of expenses charged to the Part B award

Common Issues Found in Monitoring RWHAP Part B Subrecipients (2)

- Failure to report program income generated by Part B services
- Budgeting threshold for various categories of allowed uses of Part B funding is not adhered to
- Time and effort attestation is not completed by a Part B funded staff member

Example of Common Fiscal Findings

A. Finding (Legislative): Cost Principles (2 CFR 230, 45 CFR 75 Subpart E)

The recipient is presently not conducting a test of reasonableness to determine that rates paid to its subrecipients/contractors on a fee-for-service basis are either cost based or cost related. The rates paid for various clinical services for the same clinical service have a great deal of variability and do not pass a test of reasonableness when considering the cost of the clinical professionals providing the services.

Summarizing the Monitoring Visit Findings

- Any areas of non-compliance are described and listed in a summary report that is provided to the subrecipient ideally two to four weeks after the visit.
- The subrecipient is instructed to return a corrective action plan in the subsequent 30 days to address areas of non-compliance cited and its planned interventions/activities to remedy the non-compliance.
- Subrecipients should be encouraged to request technical assistance (TA) if it appears they do not have the competencies in their organization to successfully make the improvements needed. The Recipient's project officer at HRSA DSHAP should be able to assist in identifying the TA resources

Questions,
Anyone?

Presenter's Contact Information

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