

# Fiscal Responsiveness and Accountability in a Time of Change

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# Disclosures

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**Presenters have no financial interest to disclose.**

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# Learning Objectives

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

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



# HIV/AIDS Bureau Vision and Mission

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## Vision

**Optimal HIV/AIDS care and treatment for all**

## Mission

**Provide leadership and resources to assure access to and retention in high quality, integrated care, and treatment services for vulnerable people living with HIV/AIDS and their families**



# HIV/AIDS Bureau Priorities

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- **NHAS 2020/PEPFAR 3.0** - Maximize HRSA HAB expertise and resources to operationalize NHAS 2020 and PEPFAR 3.0
- **Leadership** - Enhance and lead national and international HIV care and treatment through evidence-informed innovations, policy development, health workforce development, and program implementation
- **Partnerships** - Enhance and develop strategic domestic and international partnerships internally and externally
- **Integration** - Integrate HIV prevention, care, and treatment in an evolving healthcare environment
- **Data Utilization** - Use data from program reporting systems, surveillance, modeling, and other programs, as well as results from evaluation and special projects efforts to target, prioritize, and improve policies, programs, and service delivery
- **Operations** - Strengthen HAB administrative and programmatic processes through Bureau-wide knowledge management, innovation, and collaboration



# Source Documents for Compliance Testing





# Source Documents for Compliance Testing

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- Title XXVI of the Public Health Service Act, 42 U.S.C. § 300ff-11 et seq, as amended by the Ryan White HIV/AIDS Treatment Extension Act of 2009 (Public Law 111-87)
- Consolidated Appropriations Act, 2016 (P.L. 114-113)
- 45 CFR Part 75 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards
- NHAS 2020 (Also see <https://www.aids.gov/federal-resources/national-hiv-aids-strategy/overview/> for related information.)
  - [Executive Order 13703](#) Implementing NHAS 2020
  - [Community Action Plan Framework](#), a tool to help recipients and other stakeholders in developing their own plans to implement NHAS 2020
- HRSA/HAB policy clarification notices, letters, and guidelines
- HHS Grants Policy Statement
- HRSA/HAB Manuals and guidelines including the National Monitoring Standards



# Ryan White HIV/AIDS Treatment Extension Act of 2009

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- Amounts provided will be expended on core medical services, support services, and administrative and clinical quality management
- Not less than 75 % of funds remaining after reserving funds for administration and clinical quality management (CQM) must be used to provide core medical services. Remaining funds may be used for support services (see PCN 16-02)
- Medicaid status of providers, unless waived
- Women, Children, Infants, Youth
- Unallowable costs:
  - Purchase of land, construction, or renovations
  - Cash payments to intended recipients of RWHAP services
  - Funding liability risk pools
  - Developing materials that may be perceived to promote or encourage injection drug use
- Services are provided regardless of the client's ability to pay or current or past health condition





# Uniform Guidance

## 45 CFR 75

### Subrecipient vs Contractor/Vendor

- **Subrecipient** *carries out programmatic activities to meet the goals and objectives of the funded project*
- **Contractor** *provides goods and services within normal business operations for the benefit of the recipient (ancillary to the operation of the recipient)*



# Single Audit Changes

## 45 CFR 75 Subpart F



- **Threshold raised to \$750,000**
- **Threshold for questioned costs raised to \$25,000**
- **Changes to the Compliance Guidance issued by the US Comptroller General require that the audit test:**
  - ✓ Effectiveness and efficiency of operation
  - ✓ Compliance with federal laws and requirements (time and effort reporting)
  - ✓ Reliability of reporting for internal/external use



# Procurement

## 45 CFR 75.326 – 75.335



### General Standards

- Documented policies required
- Documentation of fair & open competition
- Strict avoidance of conflicts of interest
- Documentation of cost and price analyses and vendor selection





# Indirect Cost

## 45 CFR § 75.414

Governmental departments or agency units receiving more than \$35M in federal funds **MUST** have a federally negotiated indirect cost rate agreement (NICRA)



Recipients may negotiate a rate with the Federal government; subrecipients may negotiate a rate with the recipient consistent with the requirements outlined in 45 CFR part 75



Any non-Federal entity that has never received a Federal negotiated indirect cost rate may charge a de Minimis rate of 10% of modified total direct costs (MTDC) (See 45 CFR §75.414(f)).



# Property Standards

## 45 CFR 75 – Subpart D - Post Award

- 
- Equipment and supplies thresholds \$5,000

- Useful life

- Identify federal funding on property records by using the Federal award identification number

- Vested interest





# Effort Reporting/Compensation

## 45 CFR § 75.430 (i)

### Personnel expenses documentation must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated
- Be incorporated into the recipient's/subrecipient's official records
- Reflect the total activity for which the employee is compensated by the recipient or subrecipient, not exceeding 100% of compensated activities
- Encompass both federally assisted and all other compensated activities, but may include the use of subsidiary records as defined in written policy;
- Comply with the established accounting policies and practices



# Compensation Allocation

## Written policy that provides an after-the-fact process that:

- Documents the allocation of salaries and wages to a federal program
- Defines significant changes in the corresponding work activity
- Contains allocations that are reasonable over the long term
- Makes timely and necessary adjustments to the budget and payroll allocations to assure the amount charged to the federal award is accurate, allowable and properly allocated



# Salary Rate Limitation

- Individual's full salary: \$255,000

50% of time will be devoted to project	
Direct salary:	\$127,500
Fringe (25% of salary):	\$31,875
Total:	\$159,375

- Amount that may be charged to the Federal award due to the legislative salary rate limitation:

- Individual's base full time salary *adjusted* to Executive Level II: \$185,100

50% of time will be devoted to project	
Direct salary:	\$92,550
Fringe (25% of salary):	\$23,137.50
Total:	\$115,687.50



# Cost Principles

## 45 CFR 75 Subpart E

### Cost Principles

- Allowability
- Allocability
- Reasonableness
- Direct and indirect costs



# HAB Policy Clarification Notices





# Policy Clarification Notices

## Certification of Client Eligibility

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- **Defined in RWHAP Legislation**
  - Living with HIV
  - Low income individual as defined by the Ryan White HIV/AIDS Program (RWHAP) recipient
- **National Monitoring Standards (RWHAP Part A and B)**
  - Eligibility determination
  - Recertification every six months
  - Documentation
  - Insurance verification
  - Proof of Residency



# Policy Clarification Notices

## Eligibility (continued)

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- **HAB Policy Notice 13-02- Clarifications on Ryan White Program Client Eligibility Determinations and Recertifications Requirements**
  - Documentation HIV status at initial visit
  - CD4/viral load at the discretion of recipient
  - P.O. boxes acceptable
  - Once a year a “Client Self-Attestation” may be used if there have been no changes in eligibility determinants
- **HAB Policy Notice 13-03 - Ryan White HIV/AIDS Program Client Eligibility Determinations: Considerations Post-Implementation of the Affordable Care Act**
  - Determine financial eligibility using Modified Adjusted Gross Income (MAGI)
  - Align client recertification with Marketplace eligibility
  - Recipient may require clients to provide documentation of Medicaid or Marketplace eligibility
  - Exemptions may be made for elderly, disabled, SSI, and medically needy





# Policy Clarification Notices

## RWHAP and Health Care Coverage

### Defined in Ryan White Legislation

- “for any item or service to the extent that payment has been made, or can reasonably be expected to be made...” by another payment source

### HAB Program Letters

- Ryan White pays for items or services not covered or partially covered by other health care coverage sources

### Policy Notice 13-04 - Clarifications Regarding Clients Eligible for Private Health Insurance and Coverage of Services by Ryan White HIV/AIDS Program

- Recipients must make every effort to ensure that eligible uninsured clients expeditiously enroll in non-Ryan White health care coverage such as expanded Medicaid or private health coverage
- Recipients need to inform clients of the penalty for not enrolling
- Clients who receive a certificate of exemption from the Internal Revenue Service (IRS) may continue to receive RWHAP services



# Policy Clarification Notices

## RWHAP and Health Care Coverage (continued)

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- **Policy Notice 13-04 (continued)**

- Recipients must have policies and subrecipients must have documentation regarding enrollment in Health Insurance Marketplace options, including making sure clients are insured during Open Enrollment periods
- Recipients must monitor subrecipients for compliance
- RWHAP may continue to cover services during the enrollment period
- RWHAP may continue to cover services for uninsured or underinsured clients outside the insurance network
- Recipients should consider PLWH's ability to pay for higher co-pays and deductibles in tiered networks





# Policy Clarification Notices

## RWHAP and Health Care Coverage (continued)

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- **Policy Notice 13-06 - Clarifications Regarding Use of Ryan White HIV/AIDS Program Funds for Premium and Cost-Sharing Assistance for Medicaid**
  - Recipients in states with Medicaid expansion may enroll new and Pre-Existing Condition clients in Medicaid. (Does not apply to North Carolina)
  - Ryan White may pay for services for uninsured or underinsured under the plan
  - Payment of Medicaid cost-sharing or premiums is allowed
  - Shared responsibility payments are unallowable



# Policy Clarification Notices

## Program Income



- **Defined in Uniformed Guidance – 45 CFR 75**
  - §75.2 *Program income* means gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance
  - §75.307 Recipients and subrecipients are required to maximize program income in order to increase the impact of RWHAP grant dollars by expanding access to health care for low-income individuals living with HIV in the target area



# Policy Clarification Notices

## Program Income (continued)



- **Notice of Award**
  - Four possible alternatives of program income:
    - Additive, Deductive, Cost Sharing or Matching
  - The alternative for all Ryan White awards is additive
- **National Monitoring Standards (RWHAP Part A and Part B)**
  - Use of Part A and other funding sources to maximize program income from third party sources and ensure that Ryan White is the payer of last resort. Third party funding sources include: Medicaid, Children's Health Insurance Programs (CHIP), Medicare (including the Part D prescription drug benefit) Market Place and Private Insurance



# Policy Clarification Notices

## Program Income (continued)



- **HAB Policy 15-03 - Clarifications Regarding the Ryan White HIV/AIDS Program and Program Income**
  - Recipients track program income earned and spent
  - Recipients use program income for the purposes for which the award was made (used for otherwise allowable costs under the award)
  - Recipients report program income earned at the recipient level on their Federal Financial Report (FFR)
  - Recipients monitor and track program income earned and spent by subrecipients
  - To the extent available, recipients and subrecipients must disburse program income prior to requesting RWHAP grant funds



# Policy Clarification Notices

## Program Income (continued)



- **HAB Policy 15-03 - Clarifications Regarding the Ryan White HIV/AIDS Program and Program Income (continued)**
  - Recipients appropriately estimate the extent to which program income will be earned and effectively plan and budget for the allocation and utilization of program income and RWHAP funds during the period of performance
  - Program income is NOT subject to statutory distribution requirements or caps (i.e., 10% admin; CQM)
  - Can be spent on otherwise allowable activities and services that are not within the approved budget and scope of work (PCN 16-02)



# Policy Clarification Notices

## Health Insurance

- **Legislation--SEC. 2615. [300ff–25] Continuum of Health Insurance Coverage**
  - Allows HIV infected to maintain insurance and receive medical benefits
  - Sets limitations
- **Policy Notice 13-05 - Clarifications Regarding Use of Ryan White HIV/AIDS Program Funds for Premium and Cost-Sharing Assistance for Private Health Insurance**
  - RWHAP Part funds, including ADAP, may be used to assist an eligible client with premiums, co-pays, and deductibles.
  - Evaluate cost effectiveness
    - ✓ Plan must include pharmaceutical benefits equivalent to ADAP formulary
    - ✓ Cost of paying for premiums, co pays, and deductibles cannot be higher than directly paying for the medications and medical care—not cheapest plan
    - ✓ Payment of premiums after tax credits
    - ✓ Documented methodology to prove cost effectiveness
    - ✓ Inform clients of rules



# Monitoring Systems





# Monitoring

## 45 CFR §75.342



### Monitoring and reporting program performance –

*The recipient is responsible for oversight of the operations of the Federal award supported activities. The recipient entity must monitor activities under Federal awards to **assure compliance** with applicable Federal requirements and performance expectations are being achieved. Monitoring by the recipient must cover each program, function or activity.*



***A grant recipient's failure to monitor their subrecipients is the #2 Single Audit finding***



# Subrecipient Monitoring

## 45 CFR §75.351 - .353



### Recipient responsibilities to subrecipients include:

- Communicate expectations
- Develop process, procedures, and systems for programmatic monitoring
- Understand, clarify, and communicate programmatic and administrative requirements, policies and procedures, and allowable services and eligibility requirements



# Subrecipient Monitoring

## 45 CFR §75.351 - .353



- **Written documentation pertaining to subrecipient performance maintained and available for review at any time:**
  - Progress reports
  - Site visit reports
  - Corrective action plans
  - Payment and expenditure data
  - Memos/written notes of verbal discussions
  - Written correspondence
  - Audits
  - Subaward agreements



# Monitoring System

## 45 CFR 75 §75.342 and § .351 - .353



### Recipient's Monitoring System should include:

- Desk audit of invoices
- Request for single audits and subsequent review by staff
- Open formal communication on a periodic basis
- Site visit process that identifies:
  - *Tools and documents to be use*
  - *Standardizes the monitoring activities of the program*
  - *Persons to be interviewed*
  - *Methods used to review requirements and outcome expectations*
  - *Reporting non-compliance and recommending changes*
  - *Use of action plans and follow up to monitor compliance to recommendation for improvement*



# Approved Budget and Post-Award Monitoring





# Budget and Budget Narratives



- **Standard Form 424-A – Non- Construction Programs**
- **Recipient Administration, Planning/Evaluation, Direct Services, Clinical Quality Management**
- **Answer the question of how Ryan White program funds will be used to support the administration and implementation of program goals**
- **Award funds may not be used to pay the salary of an individual at a rate in excess of Executive Level II or \$185,100 (FY16)**



# Budgets and Budget Narratives



## Standard Form 424-A – Non- Construction Programs

- Identifies award amounts in the appropriate budget class categories for the current FY year.
  - **Budget Categories** – Differ by RWHAP Part
    - ✓ Administration, Clinical Quality Management, HIV Services, MAI
  - **Object Class Categories** –
    - ✓ Personnel, Fringe Benefits, Travel, Equipment, Supplies, Contracts, Other, Indirect Costs, and Program income.

Note

***Answers the question of how Ryan White HIV/AIDS program funds will be used to support the administration and implementation of program goals***

- To access the SF-424A form, use the form found on grants.gov  
<http://www.grants.gov/web/grants/forms/sf-424-family.html#sortby=1>



# SF - 424A

## BUDGET INFORMATION - Non-Construction Programs

OMB Number: 4040-0006  
Expiration Date: 01/31/2019

### SECTION A - BUDGET SUMMARY

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. <div></div>	<div></div>	\$ <div></div>	\$ <div></div>	\$ <div></div>	\$ <div></div>	\$ <div></div>
2. <div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
3. <div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
4. <div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
5. Totals		\$ <div></div>	\$ <div></div>	\$ <div></div>	\$ <div></div>	\$ <div></div>

Standard Form 424A (Rev. 7- 97)  
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# SF - 424A

## SECTION B - BUDGET CATEGORIES

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	Budget Categories				
	Administration	CQM	HIV Services	MAI	
a. Personnel	\$	\$	\$	\$	\$
b. Fringe Benefits					
c. Travel					
d. Equipment					
e. Supplies					
f. Contractual					
g. Construction					
h. Other					
i. Total Direct Charges (sum of 6a-6h)					\$
j. Indirect Charges					\$
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$	\$
7. Program Income	\$	\$	\$	\$	\$

Object Class -  
Explain costs  
within the  
budget  
narrative

Budget Categories

Contractual total = CRC amounts  
for Part A and Part B

Admin Amt = total listed on allocations  
table  
Is not greater than 10% of the award  
amount

SF 424A total = Total  
award amount on NoA

CQM Amt = total listed on allocations  
table  
is ≤ 5% or \$3 million, whichever is less

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# Budget Narrative



## A. Personnel

- **For each requested position, provide the following information:**
  - *name of staff member occupying the position, if available*
  - *annual salary*
  - *percentage of time budgeted for this program*
  - *total months of salary budgeted*
  - *total salary (adjusted to federal salary limitation) requested*
- **Provide a justification and describe the scope of responsibility for each position, relating it to the accomplishment of program objectives.**



# Budget Narrative



## **Job Description: Project Coordinator – Jane Smith**

This position directs the overall operation of the project; responsible for overseeing the implementation of project activities, coordination with other agencies, development of materials, provisions of in service and training, conducting meetings; designs and directs the gathering, tabulating and interpreting of required data, responsible for overall program evaluation and for staff performance evaluation; and is the responsible authority for ensuring necessary reports/documentation are submitted to HRSA. This position relates to all program objectives.



# Budget and Budget Narrative



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**Sample administrative budget provided at end of the presentation**

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**Budgets and budget narratives should provide complete picture on use of funds for specific activities**

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**Budgets are subject to Cost Principles (unless statute prohibits an otherwise allowable cost)**

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# Allowed Administrative Costs



- Recipient may use up to 10% of funding for administration.
- Administrative costs for RWHAP Part A and Part B subrecipients is limited to an aggregate of 10%
- RWHAP Part B also allows Planning and Evaluation costs, but Planning and Evaluation plus Administrative Costs cannot exceed 15% in the aggregate



# Administrative Costs



**Costs subject to the 10% administrative cap include:**

- Routine grant administration and monitoring activities
- Development and establishment of reimbursement and accounting systems
- Preparation of routine programmatic and financial reports
- Compliance with terms and conditions and audit requirements
- Recipient's subaward procedures
- Subrecipient monitoring
- Reporting on subawards and funding reallocation activities
- Related payroll, audit and general legal services.





# Unit cost

## \$21.00 per 15 min intervals \$ 84 hour

Cost Category	FTE %	Total Cost	Notes
Client Services Supervisor	0.70	\$ 39,690	Direct to service 70% time clients directly or indirectly
Case managers	9.0	\$ 435,154	Direct to service
Data specialist	0.50	\$ 9,262	Enters data in CAREWare for Part C Reimbursement
Admin support	0.50	\$ 12,064	Does triage – direct for service
Fringes		\$ 131,733	
Travel		\$ 423	Direct to service
Supplies		\$ 2,000	Direct to service
Administration		\$ 70,000	Choice of looking at the facility in this 10% of total and allocated directly to service using sq ft or % of FTE
TOTAL		\$ 700,326	



# Unit Cost

Category	Total	% allocation	Physician	N P	R N
SALARIES	\$ 322,050	21%-31%-48%	\$ 67,630	99,836	154,584
employee benefits	\$ 54,038	21%-31%-48%	\$ 11,348	16,752	25,938
Payroll taxes	\$ 25,777	21%-31%-48%	\$ 5,413	7,991	12,373
Contract/Consultant					
Physician on site	\$ 49,350	24%-28%-48%	\$ 11,844	13,818	23,688
Nutrition	\$ 4,400	24%-28%-48%	\$ 1,056	1,232	2,112
Contracted Fee	\$ 10,045	24%-28%-48%	\$ 2,411	2,813	4,822
Supplies					
Equipment expensed	\$ 11,487	24%-28%-48%	\$ 2,757	3,216	5,514
Program Supplies	\$ 14,002	24%-28%-48%	\$ 3,360	3,921	6,721
Travel	\$ 3,252	24%-28%-48%	\$ 780	911	1,561
Conference Meetings	\$ 4,793	24%-28%-48%	\$ 1,150	1,342	2,301
Insurance	\$ 2,065	24%-28%-48%	\$ 496	578	991
Other expense	\$ 1,278	24%-28%-48%	\$ 307	358	613
	\$ 502,537		\$ 108,552	152,768	241,218
Billable RWHAP/MAI			0.26	0.29	0.28
			\$ 28,224	44,303	67,541
Visit/units			149	164	251
cost per unit			\$ 189.42	270.14	269.08



# Unit Costs Questions



*What are the potential issues that arise when a recipient reimburses for case management using a fixed rate for a unit cost that is applied to all subrecipients?*



*Recipients may contract using Medicaid Rate of \$60 per hour for case management reimbursement. Sounds reasonable and necessary way to base costs and not have any issues correct?*







# Obtaining CME/CE Credit

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If you would like to receive continuing education credit for this activity, please visit:

<http://ryanwhite.cds.pesgce.com>