

Early Steps Contract Issues

OMB Circular and State Rule Compliance
Accountability
Revenue and Expenditure Reporting

Vendor vs. Subrecipient Determinations

Requirement for Making Determinations

- Federal and State laws require making vendor vs. subrecipient determinations whenever state or federal funding is awarded to other service providers.
- These laws require formal notification of status of determination if a provider is classified as a recipient/subrecipient.
- These laws also require that specific information be provided to the recipient/subrecipient pertaining to the award, e.g., CSFA and CFDA number and amount of funding.

Vendor vs. Subrecipient Determinations

Requirement for Making Determinations

- Both the State and Federal checklist must be completed for each provider paid with funds from CMS Early Steps contracts.
- The determination only has to be made once for existing providers and for every new provider with whom an LES enters in to an agreement.
- Maintain documentation in LES files of the determination for each provider for audit purposes.

Vendor vs. Subrecipient Determinations

Requirement for Making Determinations

- **Criteria for Determinations:** Federal and State laws and rules that list distinctive characteristic of a Vendor vs. a Recipient/Subrecipient.
- **Federal:** OMB A-133, Subpart B, Section 210
- **State:** Included in the Rules of the Department of Financial Services, Chapter 691-5.006, which specifies the use of the Checklist for Non-State Organizations – Recipient/Subrecipient vs. Vendor Determination.

Vendor vs. Subrecipient Determinations

Definitions

"Vendor" means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a state or federal project or program. These goods or services may be for an organization's own use or for the use of beneficiaries of the state or federal project or program."

Ref. 215.97 F.S., and OMB A-133

Vendor vs. Subrecipient Determinations

Definitions

- **"State financial assistance"** means state resources, not including federal financial assistance and state matching on federal programs, provided to a nonstate entity to carry out a state project. "State financial assistance" includes the types of state resources stated in the rules of the Department of Financial Services established in consultation with all state awarding agencies. State financial assistance may be provided directly by state awarding agencies or indirectly by nonstate entities. **"State financial assistance" does not include procurement contracts used to buy goods or services from vendors and contracts to operate state-owned and contractor-operated facilities.**

Vendor vs. Subrecipient Determinations

Definitions

- **Federal financial assistance** means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as described in **§.205(h)** and **§.205(i)**.

Vendor vs. Subrecipient Determinations

Definitions

- "Recipient" means a nonstate/non-Federal entity that receives/expends state financial assistance/federal awards received directly from a state/federal awarding agency to carry out a state project/federal program.
- State: Subrecipient" means a nonstate entity that receives state financial assistance through another nonstate entity.
- Federal: Subrecipient means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Vendor vs. Subrecipient Determinations

Forms

- Federal: *DOH Federal Subrecipient and Vendor Determination Checklist*
- State: *State of Florida, Florida Single Audit Act, Checklist for Non-State Organizations Recipient/Subrecipient vs. Vendor Determinations*
- Copies of these forms were emailed prior to the June Early Steps conference call. If you don't have them contact the DOH Contract Manager for copies.

Vendor vs. Subrecipient Determinations

Forms

Federal: *DOH Federal Subrecipient and Vendor Determination Checklist*, based on the criteria established in OMB A-133, Subpart B, Section 210 developed by the DOH for awards of federal funding classified as Federal Financial Assistance.

Contact the DOH Contract Manager for a copy.

State: *State of Florida, Florida Single Audit Act, Checklist for Non State Organizations Recipient/Subrecipient vs. Vendor Determinations.*

Developed by the state of Florida Department of Financial Services for awards of state funding classified as State Financial Assistance.

<https://apps.fldfs.com/fsaa/links.aspx>

Vendor vs. Subrecipient Determinations

Process

- Review the criteria as listed on the form and evaluate whether the criteria applies to your agreement and relationship with your provider or not.
- Example: (3) Does the Non-Federal entity have responsibility for programmatic decision making (e.g., determine eligibility, case management, etc.)? (Similar Question 4 on state checklist B)
- Based on how you marked the criteria make your determination regarding your provider's classification as either a Subrecipient or a Vendor.

Vendor vs. Subrecipient Determinations

Process

- If you believe that any of your providers are recipients /subrecipients notify the DOH Contract Manager and, if this is confirmed, you will need do the following:
 - Notify the provider of your determination.
 - Provide them with the information specified in the OMB A-133 for Federal funding & Chapter 215.97 of the Florida Statutes and Chapter 691.5 Rules of the Department of Financial Services for State Funding. (The Contract Manager can assist you in determining what to send.)

Vendor vs. Subrecipient Determinations

Links

- **Federal: OMB A-133**
<http://www.whitehouse.gov/omb/circulars/a133/a133.html>
- **State: Learn about the Florida Single Audit Act.**
<https://apps.fldfs.com/fsaa/singleauditact.aspx>
- **The Catalog of State Financial Assistance:** is a statewide compendium of state projects that provide financial assistance to nonstate entities.
<https://apps.fldfs.com/fsaa/catalog.aspx>

Vendor vs. Subrecipient Determinations

Links

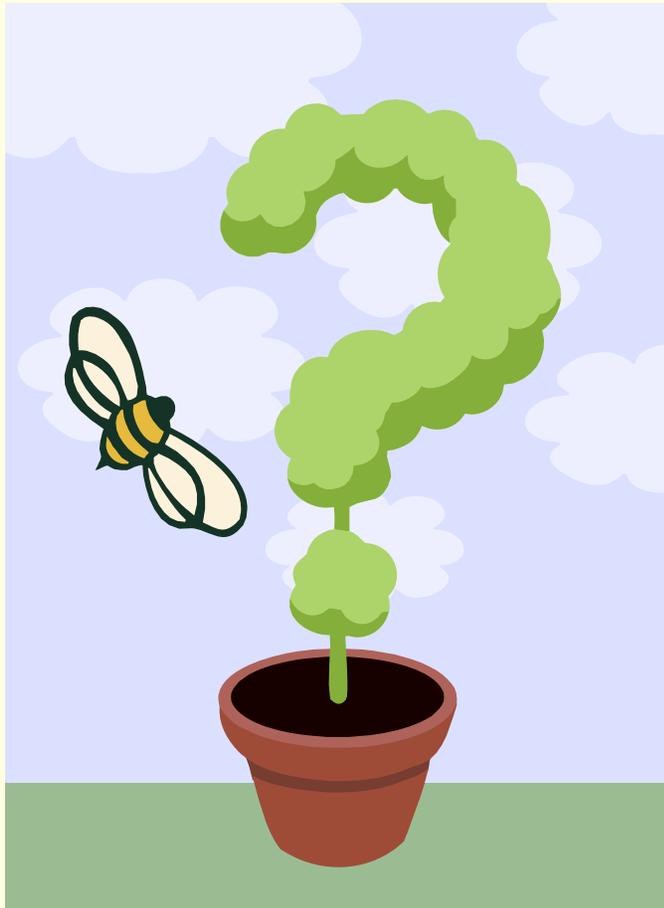
- **State: State Projects Compliance Supplement table of contents.**

<https://apps.fldfs.com/fsaa/compliance.aspx>

- **Rules of the Department of Financial Services :**
Detailed listing of rules about the Florida Single Audit Act.

<https://apps.fldfs.com/fsaa/rules.aspx>

Vendor vs. Subrecipient Determinations



QUESTIONS?

Department of Health

Contract Administrative Monitoring

- The Contract Administrative Monitoring Unit was created to strengthen and increase the Department of Health's fiscal monitoring efforts related to its contractual service providers.

Contract Administrative Monitoring Unit

Functions and Responsibilities

- Conduct fiscal monitoring reviews of contractual service providers.
- Issue reports on fiscal monitoring reviews and develop plans for corrective action and track corrective action to resolution.
- Review audit report packages submitted by contractual service providers and issue reports to CMS Contract Managers on findings and letters to providers seeking corrective action.

Contract Administrative Monitoring

Common Review Findings

- Maintenance of a separate accounting of funds under the contract and for each CSFA or CFDA number identified on Exhibit 1 to the contract.
 - Expenditures
 - Revenue

- Maintaining Internal Controls over Administrative Processes
 - Copies of timesheets maintained and signed and dated by employees and supervisors.

Contract Administrative Monitoring

Common Review Findings

- Inventory of property purchased with State and Federal Awards
 - Physical inventory performed
 - Property records must include a description of the property; a serial number or other identification number; the source of the property; who holds title; the acquisition date; the cost of the property; etc. in accordance with OMB A-102 or OMB A-110
- List of property submitted to the CMS Contract Manager annually.

Contract Administrative Monitoring

Common Review Findings

- Unallowable purchases – items prohibited to be purchased with state and federal funds.
 - Refreshments, Bottled water, Flowers
 - Refer to OMB A-87, A-21 and A122 for Federal funds
 - Refer to Department of Financial Services Reference Guide for State Expenditures or DOH Contract Manager for questions related to State Funds.

Contract Administrative Monitoring

Common Review Findings

- Public Record Policy and Record Retention
 - Making records available as specified by the contract and state and federal laws.
 - Retaining records for the timeframes specified in the contract and state and federal laws.

- Vendor vs. Subrecipient determinations
 - No evidence of Vendor vs. Subrecipient determinations for subcontractors and service providers paid with contract funding.
 - No documentation of this information on file.

Contract Administrative Monitoring

Common Review Findings

- Travel payments to employees not in accordance with Section 112.061(7)(d)(3), Fla. Stat., and Rule 69I-42.003, Fla. Admin. Code.

- Actual expenditure amount not being charged on billings to CMS or included on Expenditure reports submitted.
 - Salaries, fringe benefits and other costs such as leases, rental fees etc. should reflect actual expenditures.

Contract Administrative Monitoring

Common Review Findings

- Documentation and Policy on Cost Allocation Methodology.
 - Describes the method and rational for splitting costs such as rent, IT resources, maintenance and other operational costs between the various funding sources available.
 - Adherence to and proper application of Cost Allocation Methodology

Contract Administrative Monitoring

Resources

- Allowable Costs and Cost Principles
(By Organization Type)
 - Federal: OMB A-87, A-21, A-122
 - State: Reference Guide for State Expenditures – other fiscal requirements as set forth in program laws rules and regulations

- Administrative Requirements
(By Organization Type)
 - Federal OMB A-102, A-110
 - State: Reference Guide for State Expenditures – other fiscal requirements as set forth in program laws rules and regulations

Contract Administrative Monitoring Resources

- Audit Requirements
(By Organization Type)
 - Federal: OMB A-133
 - State: Section 215.97, F.S., Ch. 691-5 F.A.C.,
State Project Compliance Supplement.

- Website:
<http://www.doh.state.fl.us/Admin/Finance/CAM/AG.htm>

Contract Administrative Monitoring

Resources

- To speak to an analyst for questions regarding the audit or accountability requirements, or to request technical assistance:

Contract Administrative Monitoring Unit

Florida Department of Health

4052 Bald Cypress Road, BIN B01

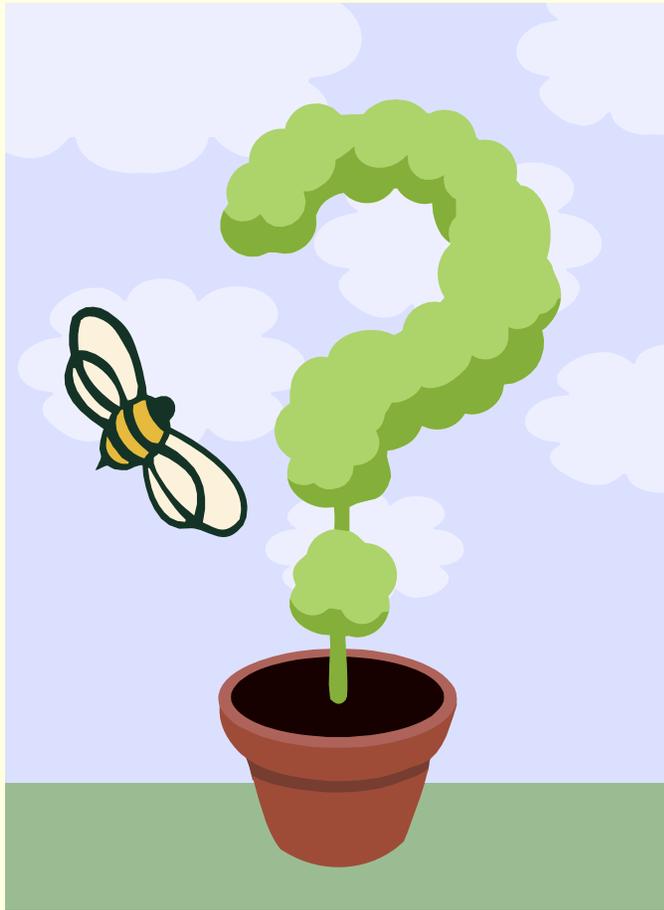
Tallahassee, Florida 32399-1701

(850) 245-4494

(850) 245-6092 facsimile

Email: auditguidance@doh.state.fl.us

Contract Administrative Monitoring



QUESTIONS?

LES Agreements and Sub-Contracts

- We have collected copies of templates from all LES.
- Review is underway to ensure they meet compliance requirements related to requirements included in the contract – and issues pertaining to Vendor vs. Subrecipient determinations.
- The DOH Contract Manager will work with each provider on recommended enhancements.
- Anticipated completion of reviews September 30, 2008.

The Age of Accountability

- In Florida government this is the dawning of the Age of Accountability.
- The tighter the resources get the more accountable we have to be.

Contract Expenditures

Accountability Pointers

- Ensure all expenditures are accurately recorded in your line item budget and match any other “expenditure” information you record, i.e. Family Involvement Fund Expenditures should be recorded in the Family Involvement line item for quarterly expenditure reporting and match your report of Family Involvement Expenditures.
- All reported expenditures must be **ACTUAL** expenditures not estimates or prorated annual budgets.

Contract Expenditures

Accountability Pointers

- To ensure you get appropriate credit for the costs of implementing Early Steps remember to record ALL expenditures for administering the program, not just those that were paid for with contract funds.
- Accurately report your third party earning. CMS/ESSO will be developing a better reporting mechanism for this in the near future. Stay tuned.

Contract Expenditures

Accountability Pointers

- Each quarter enter the actual amounts paid by Other Cost Accumulator (OCA) that the Contract Manager sends in the lower portion of your Line Item Budget/Expenditure report to distribute your expenditures by the actual funding you receive.

This will satisfy the requirement to allocate your expenditures by fund.

Contract Expenditures

Accountability Pointers

CFDA/CFSA	EO	OCA	Quarter 1 Payments	Quarter 2 Payments	Quarter 3 Payments	Quarter 4 Payments	% of Total	Total Paid
CSFA 64.016	FF	SF016	\$153,150.00	\$250,000.00	\$79,846.00		30.2%	\$482,996.00
CSFA 64.016	FE	SF016		\$16,792.00	\$187,998.00		12.8%	\$204,790.00
CFDA 84.181	ER	EN009				\$879,379.00	54.9%	\$879,379.00
CFDA 93.558	DE	DEITN			\$7,613.00	\$26,351.00	2.1%	\$33,964.00
			\$153,150.00	\$266,792.00	\$275,457.00	\$905,730.00	100.0%	\$1,601,129.00

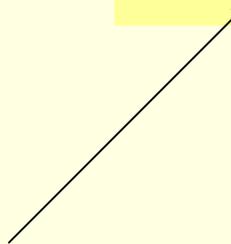
Contract Expenditures

Accountability Pointers

DISTRIBUTION OF EXPENDITURES TO DATE TO PAYMENTS TO DATE BY CFDA/CSFA

Actual Expenditures to Date	\$1,698,762.00
Percentage of Contract Budget to Annual Budget	87.98%
Allocation of Contract Expenditures	\$1,494,588.37
Allocation by CFDA/CSFA	
CSFA 64.016	\$642,020.07
CFDA 93.558	\$31,704.00
CFDA 84.181	\$820,864.29

This is your total expenditures to date from your quarterly expenditure report.



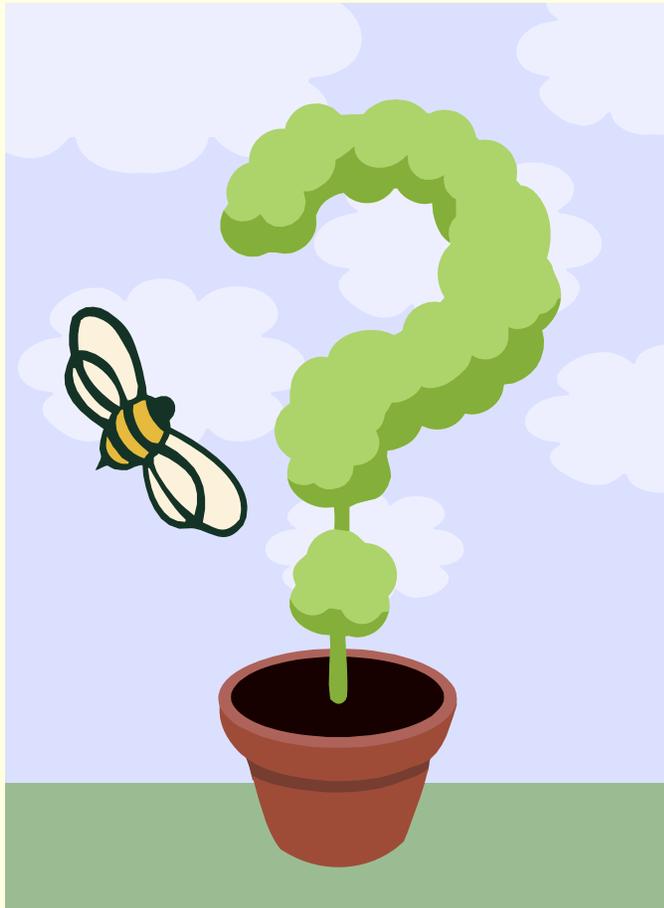
Contract Expenditures

Accountability Pointers

- To ensure that at the end of the year there are no “unearned funds”, every month look at your total expenditures compared with your total contract revenues plus 50% of your third party earning and make sure you are not earning more than you spend.
- Make adjustments on monthly invoices if unearned funds are accumulating.
- Follow the **NON-EXPENDABLE PROPERTY CONTRACT PROCEDURES** distributed to LES in late 2006.

Contract Expenditures

Accountability Pointers



QUESTIONS?

THANK YOU FOR YOUR ATTENTION TODAY!

The CMS Contract Unit and the Early Steps State Office are committed to helping Local Early Steps succeed! We hope this information has been helpful.