

INTRODUCTION TO FINANCIAL MONITORING



Michigan Department of
Health & Human Services

MEET THE BCAEO FINANCIAL TEAM

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Janis Tipton



Janis has been with the State of Michigan since November 2014 where she started as a Financial Analyst for the Office of Contracts and Purchasing before coming to BCAEO in January 2016. Prior to the State of Michigan, she worked in the Treasurer's Office for the City of St. Johns for 8 years.

SUBRECIPIENT MONITORING AND MANAGEMENT

WHY ARE WE REQUIRED TO MONITOR?

PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

§200.331 Requirements for pass-through entities.

All pass-through entities must:

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

U.S. CODE: TITLE 42 - THE PUBLIC HEALTH & WELFARE

CHAPTER 106 - CSBG - MONITORING OF ELIGIBLE ENTITIES

(a) **In general** - In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of a State, the State shall conduct the following reviews of eligible entities:

(1) A full onsite review of each such entity at least once during each 3-year period.

(2) An onsite review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the community services block grant program.

(3) Follow up reviews including prompt return visits to eligible entities, and their programs, that fail to meet the goals, standards, and requirements established by the State.

(4) Other reviews as appropriate, including reviews of entities with programs that have had other Federal, State, or local grants (other than assistance provided under this chapter) terminated for cause.

WHAT PRINCIPLES & REGULATIONS ARE THE REVIEWS BASED AROUND?

- 2 CFR Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
 - Went into effect December 26, 2014
- Community Services Policy Manual (CSPM)
 - Effective dates vary based on contract on series and when they renew
 - When a change might be needed and/or come into effect
- Department of Technology, Management & Budget Schedule of Travel Rates
 - Effective January 1, 2017
- Agency internal policies and procedures
 - Is the Agency following their own policies?

**DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET,
VEHICLE AND TRAVEL SERVICES (VTS)
SCHEDULE OF TRAVEL RATES FOR CLASSIFIED AND UNCLASSIFIED EMPLOYEES
Effective January 1, 2017**

MICHIGAN SELECT CITIES *

	Individual	Group Meeting pre-arranged and approved
Lodging**	\$75.00	\$75.00
Breakfast	\$10.25	\$13.25
Lunch	\$10.25	\$13.25
Dinner	\$24.25	\$27.25

MICHIGAN IN-STATE ALL OTHER

	Individual	Group Meeting pre-arranged and approved
Lodging**	\$75.00	\$75.00
Breakfast	\$ 8.50	\$11.50
Lunch	\$ 8.50	\$11.50
Dinner	\$19.00	\$22.00
Per Diem	\$81.50	
Lodging	\$45.50	
Breakfast	\$ 8.50	
Lunch	\$ 8.50	
Dinner	\$19.00	

OUT-OF-STATE SELECT CITIES *

	Individual	Group Meeting pre-arranged and approved
Lodging**	Contact Conlin Travel	Contact Conlin Travel
Breakfast	\$13.00	\$16.00
Lunch	\$13.00	\$16.00
Dinner	\$25.25	\$28.25

OUT-OF-STATE ALL OTHER

	Individual	Group Meeting pre-arranged and approved
Lodging**	Contact Conlin Travel	Contact Conlin Travel
Breakfast	\$10.25	\$13.25
Lunch	\$10.25	\$13.25
Dinner	\$23.50	\$26.50
Per Diem	\$89.50	
Lodging	\$45.50	
Breakfast	\$10.25	
Lunch	\$10.25	
Dinner	\$23.50	

Incidental Costs (per overnight stay) \$5.00

Mileage Rates

Premium Rate	\$0.535 per mile
Standard Rate	\$0.360 per mile

*See Select High Cost City Listing

- **Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

§200.100 Purpose.

(a)(1) This part establishes uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities, as described in §200.101 Applicability. Federal awarding agencies must not impose additional or inconsistent requirements, except as provided in §200.102 Exceptions and 200.210 Information contained in a Federal award, or unless specifically required by Federal statute, regulation, or Executive Order.

(b) Administrative requirements. Subparts B through D of this part set forth the uniform administrative requirements for grant and cooperative agreements, including the requirements for Federal awarding agency management of Federal grant programs before the Federal award has been made, and the requirements Federal awarding agencies may impose on non-Federal entities in the Federal award.

- **Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

(c) *Cost Principles*. Subpart E—Cost Principles of this part establishes principles for determining the allowable costs incurred by non-Federal entities under Federal awards. The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal Government participation in the financing of a particular program or project. The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by statute.

(d) *Single Audit Requirements and Audit Follow-up*. Subpart F—Audit Requirements of this part is issued pursuant to the Single Audit Act Amendments of 1996, (31 U.S.C. 7501-7507). It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards. These provisions also provide the policies and procedures for Federal awarding agencies and pass-through entities when using the results of these audits.

WHAT CRITERIA DO WE MONITOR?

STATEMENT OF EXPENDITURES (SOEs)

Review begins with the review of the SOEs.

Do they reconcile with the GL? If not, why?

Identify items to be reviewed.

- Usually consists of various cost allocations, salaries, travel, contractor payments, etc.

Once expenditures are selected, a document is sent to the agency with the list of detailed expenditures to be pulled and reviewed.

Examples:

Salaries: Chris Addison - \$2,500 - pay date 4/15/2016

- Please provide time sheet/activity report
- Chris' hourly rate along with position title

Occupancy: Rent allocation - \$2,000

- Please provide copy of lease contract
- Please provide breakdown of allocation method

ORGANIZATIONAL POLICIES

What do we review when we are onsite?

- Cost Allocation Plans
 - Is the organization following their established cost allocation method?
- Financial & Procurement Manuals
 - Is the organization following their established financial and procurement methods?
- Single Audit Review
 - Were there any findings? If so, how is the organization correcting these findings?
 - What is the financial health of the organization?
- Fixed Asset Inventory List
 - Does the organization have all the required information included in the fixed asset list?
- Travel logs/documentation
 - Is the organization following the established state travel rates?

COMMON FINDINGS AND RECOMMENDATIONS

Criminal Background Check

As a condition of this Agreement, the Grantee certifies that the Grantee shall, prior to any individual performing work under this Agreement, conduct or cause to be conducted for each new employee, employee, subcontractor, subcontractor employee, or volunteer who works directly with clients under this agreement, OR has access to client information. Central Register check applies when any of the above work directly with children.

Action Items Required:

1. **Internet Criminal History Access Tool (ICHAT).** Information about ICHAT can be found at <http://apps.michigan.gov/ichat>.
2. **National and State Sex Offender Registry check.** The Michigan Public Sex Offender Registry website address is <http://www.mipsor.state.mi.us>. The National Sex Offender Public website address is <http://www.nsopw.gov>.
3. **Central Registry (CR) check.** Information about CR can be found at http://www.mi.gov/dhs/0,1607,7-124-5452_7119_48330-180331--,00.html.

4. All new employees, subcontractors, **subcontractor employees**, or volunteers who work directly with clients, children or who has access to client information under this agreement are required to notify the Agency in writing of criminal convictions (felony or misdemeanor), and/or pending felony charges, or placement on the Central Registry as a perpetrator, at hire or **within 10 days of the event after hiring**.
5. Additionally, the Agency shall require each new employee, subcontractor, subcontractor employee or volunteer who works directly with clients under this Agreement or who has access to client information and who has not resided or lived in Michigan for each of the previous 10 years to sign an affidavit attesting to the fact that they have never been convicted of a felony or identified as a perpetrator, or if they have, the nature and recency of the felony.

Criminal Background Policies

What are the Agencies required to have in policy?

1. Must have a written policy describing the criteria on which its determinations shall be made and must document the basis for each determination.
 - a) May consider the recency and type of crime when making determination.
2. Must have a written policy regarding acceptable screening practices of new staff members and volunteers who have direct access to clients and/or client's private information.
3. Must affirm that Agency subcontractors also have these written policies.

FIXED ASSET/INVENTORY LIST

200.313 Equipment & CSPM 404 Property & Inventory Requirements

What *is* Equipment according to Uncle Sam?

§200.33 Equipment.

- Tangible personal property
- Useful life of more than one year
- Per-unit acquisition cost which equals or exceeds \$5,000.



(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, **until disposition takes place** will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include:

- description of the property
- a serial number or other identification number
- the source of funding for the property (including the FAIN)
- who holds title
- the acquisition date
- cost of the property
- percentage of Federal participation in the project costs for the Federal award under which the property was acquired
- the location
- use and condition of the property
- any ultimate disposition data including the date of disposal and sale price of the property

(2) A physical inventory of the property must be taken, the results reconciled with the property records, and signed off on at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Also, per CSPM 404, the inventory must be signed by the person conducting the inventory.

SUSPENSION & DEBARMENT

200.213 Suspension & debarment

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

Visit [SAM.GOV](https://sam.gov) to verify suspension and debarment.

CREATE USER ACCOUNT

Your CCR username will not work in SAM. You will need a new SAM User Account to register or update your entity records. You will also need to create a SAM User Account if you are a government official and need to create Exclusions or search for FOUO information.

[Create User Account](#)

REGISTER/UPDATE ENTITY

You can register your Entity (business, individual, or government agency) to do business with the Federal Government. If you are interested in registering or updating your Entity, you must first create a user account.

[Register/Update Entity](#)**New!**

Use the SAM Status Tracker to:

[Check Status](#)

SEARCH RECORDS

All entity records from CCR/FedReg and ORCA and exclusion records from EPLS, active or expired, were moved to SAM. You can search these records and new ones created in SAM. If you are a government user logged in with your SAM user account, you will automatically have access to FOUO information.

[Search Records](#)

WHAT IS SAM?

[Need Help?](#)

The **System for Award Management (SAM)** is the Official U.S. Government system that consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. There is NO fee to register for this site. Entities may register at no cost directly from this page. User guides and webinars are available under the Help tab.

Search Records

Search Tips to Get Started:

- Looking for entity registration records or entity exclusion records in SAM? Use **Quick Search** if you know an entity's Business Name, DUNS Number or CAGE Code. Use **Advanced Search** to structure your search using multiple categories and criteria.
- Are you a Federal government employee? Create a SAM user account with your government e-mail address and log into SAM before searching to see FOUO information and registrants who chose to opt out of the public search.
- Conducting small business-focused research? In addition to what is contained in SAM, small businesses can provide the Small Business Administration (SBA) supplemental information about themselves. Use the [SBA's Dynamic Small Business Search](#) to conduct further market research.
- Trying to find a contractor participating in the Disaster Response Registry? Use the **Disaster Response Registry Search** to locate contractors willing to provide debris removal, distribution of supplies, reconstruction, and other disaster or emergency relief services in the event of a national disaster.

QUICK SEARCH:

(Example of search term includes the entity's name, etc.)

DUNS Number Search:

CAGE Code Search:

ADVANCED SEARCH:

Use specific criteria in multiple categories to structure your search.

Search Results

- Your search results represent the broadest set of records that match your search criteria. You may get entity registration records that are still in progress or have been submitted, but not yet activated. Check the status of each record.
- Of note, some entities choose to opt out of public display. Even if they are registered in SAM, you will not see their entity registration records in a public search. You can only see them if you log in as Federal Government user.
- You can refine your search results. If you used the Quick Search, select the search filters on this page. If you used one of the Advanced Search options, select the Edit Search button.
- If you want to perform a new search, use the Clear button to remove your current search results. If you are logged in with your SAM User Account, you can save your search criteria to run again later using the Save Search button.
- [NOTE: Please read this important message when searching for exclusion records.](#)

Current Search Terms: James* mueller* enterprises*

Clear Search

TOTAL RECORDS: 0

Result page 0 of 0

Save PDF

Export Results

Print

Sort by Modified Date

Order by Descending

FILTER RESULTS

No records found for current search.

By Record Status

Active

Inactive

By Functional Area

Entity Management

Performance Information

Apply Filters

Note: Filters are case sensitive

Glossary

[Search Results](#)

Entity

Exclusion

[Search Filters](#)

By Record Status

By Functional Area - Entity Management

By Functional Area - Performance Information

TOPICS OF INTEREST

\$200.430 Compensation—personal services.

(a) Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

1. Is reasonable for the services rendered and conforms with the organizations written policies
2. Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable.
3. Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

What does section (i) say???

- (i) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
 - (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
 - (v) Comply with the established accounting policies and practices of the non-Federal entity

(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.



Procurement Standards
200.317 - 200.326

- (a) The non-Federal entity must use its own documented procurement procedures which reflect applicable laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.
- (b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- (c) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

Such a conflict of interest would arise when the employee, officer or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

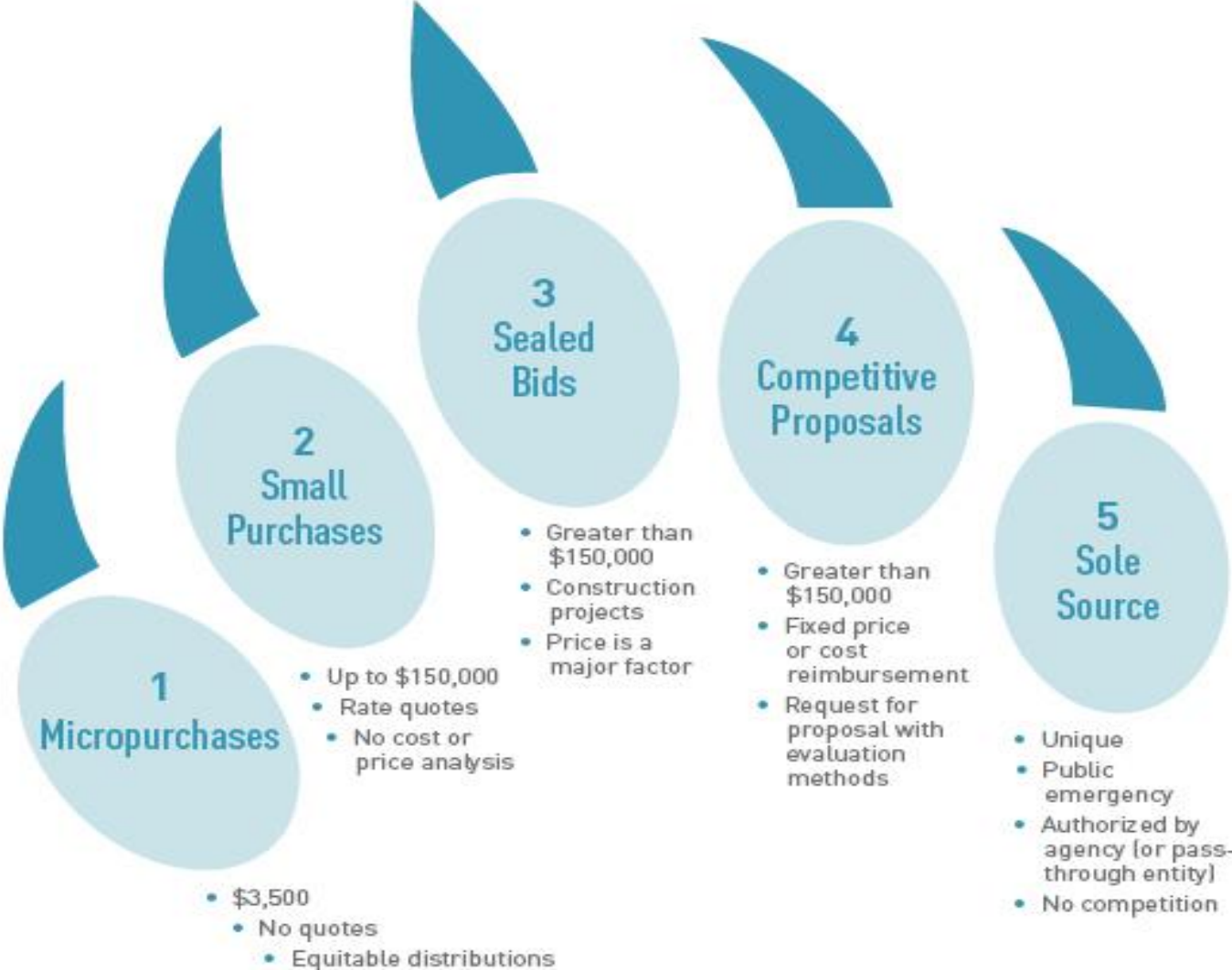
(c) (2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement.


These records will include:

- rationale for the method of procurement
- selection of contract type
- contractor selection or rejection
- and the basis for the contract price.

Procurement “Claw” (Section 200.320)



Source: "Frequently Asked Questions for the Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200," published by the Council on Financial Assistance Reform (COFAR).



Program Income & Applicable Credits
200.307 & 200.406

What is considered program income???

200.80 states that Program income means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in §200.307 paragraph (f)

Program income includes but is not limited to:

- income from fees for services performed;
- the use or rental of real or personal property acquired under Federal awards;
- the sale of commodities or items fabricated under a Federal award;
- license fees and royalties on patents and copyrights and;
- principal and interest on loans made with Federal award funds

What is considered an applicable credit???

200.406 states that applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect (F&A) costs.

Examples include:

- purchase discounts
- rebates or allowances
- recoveries or indemnities on losses
- insurance refunds or rebates
- adjustments of overpayments or erroneous charges.

What do we do with the program income and applicable credits???

Program income: 200.307 (e)

If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply.

(e)(1)
Deduction. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

§200.406 Applicable credits.

(a) To the extent that such credits accruing to or received by the non-Federal entity relate to allowable costs, they must be credited to the Federal award either as a cost reduction or cash refund, as appropriate.

Other Important Information!

200.305 Payment states that:

(5) To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

QUESTIONS & COMMENTS

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