

HOME VISITING FISCAL REVIEW

Fiscal Review Purpose

Goals/Objectives

- Identify and reduce potential financial risks for the Department in order to protect public funds and the citizens being served
- Validate whether contractors are exercising stewardship over funds in accordance with:
 - Rules/regulations
 - Guidelines of the funding source
 - Contract budget
 - Objectives
 - Performance targets

Fiscal Review Scheduling

Work Plan*

- Fiscal reviews will occur on a regular basis
 - With an on-site fiscal review at least once every four years
- Reviews will cover the most recently completed state fiscal year (July 1, 20XX - June 30, 20XX)

** Note: work plan is subject to change based on varying factors, to include, but not limited to: program's discretion, health risks, governing guidance, and etc.*

Fiscal Review Timeline

Step 1 - 60 days prior to start of review

- Initial contact with contractor to request initial documentation

Step 2 - 30 days prior to start of review

- Review initial documentation and select transactions based on review

Step 3 - 30 days prior to start of review

- Contact contractor with selected transactions to supply supporting documentation and any follow-up questions

Step 4 - day of review

- Notify contractor of preliminary results, provide 10 business day follow-up period, begin drafting closing letter

Step 5 - 10 business days after review

- Review any follow-up documentation, complete and send out closing letter

Policies & Procedures Monitoring

*Per contract/regulation, must maintain a written financial management system w/ strong internal controls

Budget

- Operating budget
- Process to compare budget to actual expenditures

Audit

- Is a single audit required? If so, was it completed? Were there issues?

Indirect / Cost Allocation

- Is a written plan/agreement on file?
- Are indirect costs at or below the federally negotiated rate or 10%?
 - Per HVSA Contracts: “Contractor may claim the indirect rate based on one of three options: the rate negotiated with its cognizant federal agency, also known as the federally approved cost allocation plan; the rate negotiated with DCYF, not to exceed the federally approved cost allocation plan; or the rate calculated at 10% of modified total direct costs.”

Policies & Procedures Monitoring

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Procurement

- Policies/procedures related to procurements, including thresholds
- Process to ensure vendors are not suspended or debarred from doing business with the government

Accounts Payable

- Process/policies to ensure program expenditures align with the purpose of the grant and (pre)approval processes are in place to mitigate the risk of misusing grant funding

Payroll

- Process/policies to ensure payroll expenditures are allowable, reasonable, and allocable

Policies & Procedures Monitoring

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Subcontractors

- List of subcontractors who provide Home Visiting services
- Process/policies to ensure expenditures by subcontractors are allowable, reasonable, and allocable

Equipment

- Policies and procedures
- Has a physical inventory been conducted within the last two years?
- If so, were any items found missing?

Travel

- Policies/procedures to ensure travel expenditures/reimbursements do not exceed the allotted OFM/GSA per diem rates; this includes:
 - Hotel
 - Meal
 - Transportation

Payroll Testing

Purpose

- Verify number of hours worked x pay rate = expenditure amount under review
- Verify timesheets are submitted & approved after completion of all hours worked
- Verify that hours are a reflection of actual time worked on the grant and not budgeted between funding sources (i.e. proper allocation)

Typical Items Reviewed During Testing

- Timesheets
- Paystubs
- Time and effort attestations
- Employee schedules, work logs, or calendars

**Note: This is not an all-inclusive list; there may be additional items requested*

Accounts Payable Testing

Purpose

- Verify expenditure is for a legitimate business purpose that is reasonable, allowable, and properly allocated to the grant
- Verify expenditure followed entity policies and procedures as well as application federal/state regulations
- Verify expenditure is supported by adequate documentation, to include proper authorization (i.e. appropriately signed and dated)

Typical Items Reviewed During Testing

- Pre-approvals
- Purchase orders
- Invoices
- Receipts
- Travel authorizations
- Mileage logs
- Event registrations
- Event agendas
- Event sign-in sheets
- Bid documentation
- Journal vouchers
- Authorizations for exceptions to per diems

Note: This is **not an all-inclusive list; there may be additional items requested*

Remember: Goal is to follow transaction from beginning to end – **all** supporting documentation must show that the entire expense is for a **legitimate business purpose**

Best Practices

When in Doubt, Document

- Documentation is key because it provides written justification/proof of actions taken
- The likelihood of a policy violation/review exception decreases when the time has been taken to develop a strong, specific policy and when all employees are trained on that policy
- With most everything virtual, the paper trail may become virtual as well, but soft or hard copy will always win over no copy

Reimbursement Is Based on Actual Time, Not Budget

- For payroll, this means that even if a person's time is split 50% to MIECHV and 50% to TANF, their timesheet should not be budgeted to 20 hours/funding source each week; it should be based on actual time spent on each funding source

Best Practices

Know Where to Find Per Diem Rates

- Our contracts state that we can only reimburse at the OFM/GSA rates; contractors should know where to find these rates in order to reduce the risk of exceeding them
- For in-state travel: <https://ofm.wa.gov/accounting/administrative-accounting-resources/travel#map>
- For out-of-state travel: <https://www.gsa.gov/travel-resources>
- For all travel-related questions: <https://ofm.wa.gov/sites/default/files/public/legacy/policy/10.htm>
- To exceed a hotel rate, written preapproval must be obtained prior to booking

Build Strong Policies and Ensure Staff are Aware

- As previously mentioned, thorough policies that are implemented and disseminated to staff will help reduce the number of questions/concerns from grantors

Resources

Regulations:

- 45 CFR 75
- RCW 39.26 & 43.216.130
- HHS Grants Policy Statement
- DCYF Contract, Budget & Financial Section & Exhibit D
- SAAM Chapter 10

Samples and Templates:

- The fiscal review team maintains a library of updated samples and templates to share with contractors as needed/requested
- Topics include:
 - Gift Cards
 - Procurement
 - Purchases
 - Timesheets
 - Travel

Me!

- I'm always available to answer questions/provide guidance
- If I don't know, I'll do the research and get back to you

Fiscal Review Team Contacts

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