

BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, CALIFORNIA

Adopted this Order on July 13, 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

RESOLUTION NO. 2023/499

RESOLUTION OF THE BOARD OF SUPERVISORS ESTABLISHING THE INTERNAL CONTROLS THAT APPLY TO CONTRA COSTA COUNTY HEAD START PROGRAM FUNDS, ASSETS, AND EQUIPMENT

The Contra Costa County Board of Supervisors resolves as follows:

I. GENERAL

This policy of the Board of Supervisors establishes and describes the internal controls that apply to Contra Costa County Head Start program funds, assets, and equipment. These internal controls conform to the internal control guidelines applicable to local agencies as established by the Controller of the State of California in accordance with California Government Code section 12422.5, and are in compliance with the Head Start Act's Post Federal Award Requirements regarding internal controls, as set forth in 45 Code of Federal Regulations (CFR) section 75.303 (Internal Controls). These policies and procedures also document how Contra Costa County complies with the Committee on Sponsoring Organizations (COSO) framework.

II. INTERNAL CONTROLS THAT APPLY TO CONTRA COSTA COUNTY HEAD START PROGRAM FUNDS, ASSETS, AND EQUIPMENT

A. The Contra Costa County Head Start program (Program) will maintain fiscal integrity through implementation of internal controls. This involves a financial system that ensures budget management, maintains control over current operations, and provides a complete and accurate record of fiscal management. The Program is governed by the Contra Costa County Board of Supervisors and operates within the financial information system of the County of Contra Costa. The Program operates under the County of Contra Costa's fiscal accountability rules, policies, and procedures, including the following:

1. Contra Costa County Administrative Bulletin 200.8 – Capital Asset Accounting and Budgeting Policy (Attachment A).

2. Contra Costa County Administrative Bulletin 205.1 – Cash-Receiving, Safeguarding and Depositing (Attachment B).
3. Contra Costa County Administrative Bulletin 212.1 – Internal Audit of County Departments and Offices (Attachment C).
4. Contra Costa County Administrative Bulletin 215.1 – Petty Cash Funds (Attachment D).
5. Contra Costa County Administrative Bulletin 600.3 – Purchasing Policies and Procedures (Attachment E). In accordance with 45 CFR 75.327, these procurement procedures reflect applicable State and local laws and regulations, conform to applicable Federal law and the standards identified in 45 CFR Part 75, require the County to maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders, and include written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. Specifically, ethical standards mandated for County procurement activities include the following:
 - Avoiding activities which would compromise or give the perception of compromising the best interests of the County;
 - Actively promoting the concept of competition through bid solicitation consistent with this policy; and
 - Refraining from engagement in any procurement activity in which an employee may have a personal or indirect financial interest in accordance with Government Code sections 87100 and 81703.

In addition, the following procurement standards apply to the Program pursuant to 45 CFR 75.327:

- a) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. 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 officers, employees, and agents of the County may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Appropriate disciplinary actions will be applied for violations of such standards by officers, employees, or agents of the County.

- b) The County will avoid acquisition of unnecessary or duplicative items. Consideration will be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- c) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the County is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
- d) The County is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- e) The County is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- f) The County will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also 45 CFR 75.213.
- g) The County will maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- h) The following provision will be included in all contracts entered into by the County on behalf of the Program: “Contractor shall establish safeguards to prohibit employees or officers from using their positions for a purpose which could result in private gain, or gives the appearance of being motivated for private gain for themselves or others, particularly those with whom they have family, business or other ties. Contractor shall maintain a code or standard of conduct that governs the performance of its officers,

employees or agents in the award and administration of contracts, and provides for appropriate disciplinary actions for noncompliance. The standards shall include, but not be limited to, prohibition against soliciting or accepting gratuities, favors or anything of monetary value from subcontractors or potential subcontractors. Per 45 CFR 75.113, Contractor shall disclose, in a timely manner, in writing to County all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Contract. Contractor may be required to report certain civil, criminal, or administrative proceedings to the System for Award Management SAM. Failure to make required disclosures can result in any of the remedies described in 45 CFR 75.371, including suspension or debarment.”

6. [California State Controller’s Office 2023 Edition – Accounting Standards and Procedures for Counties.](#)
7. [California State Controller’s Office - 2015 Internal Control Guidelines for California Local Agencies.](#)

B. The Program also operates under the following policies:

1. Contra Costa County, EHSD, Community Services Bureau – Fixed Assets, Information Technology, Low-Value Inventory and Clouds Data System Policies and Procedures (Attachment F), and the Equipment Inventory form attached thereto (see [45 CFR section 75.320\(d\)\(1\)](#)).
2. Contra Costa County, EHSD, Departmental Fiscal Policy – Fiscal Monitoring of Subrecipient (Attachment G) (see [45 CFR 75.303\(c\)](#)).
3. Contra Costa County, EHSD, Community Services Bureau – Cost Allocation Plan (Attachment H).

C. Monitoring. In addition to the monitoring provisions contained in the above policies, the Program will be monitored as follows:

1. Monthly Reports to Governing Board. The Head Start Executive Director and the Head Start Director will present a fiscal report to the Board as part of the monthly report required by Section III.A.2 of the Contra Costa County Head Start Program Formal Governance Policy adopted by the Board of Supervisors. At a minimum, the fiscal report will contain the following:
 - Summaries of Program financial statements, including total expenditures and revenue received to date;
 - Results of Sub-Recipient monitoring activities, including information related corrective actions plans entered into with delegate agencies, if any; and

- Results of self-monitoring activities, including information related to corrective action plans implemented within the County’s Head Start program, if any.
2. Bi-Monthly Reports to the Head Start Oversight Committee. The Head Start Executive Director and the Head Start Director will present a fiscal report to the Head Start Oversight Committee on a bi-monthly (every other month) basis. At a minimum, the fiscal report will contain the following:
- Detailed Program financial statements, including expenditure information by recipient and sub-recipient at the object level (i.e., Salaries & Benefits, Services and Supplies, Other Charges, Fixed Assets, and Expenditure Transfers) and revenue by major federal and state grant type;
 - Details about Sub-Recipient monitoring activities, including schedules for planned monitoring activities, updates of ongoing monitoring activities, final results of monitoring activities and status of monitoring of corrective action plans entered into with sub-recipients; and
 - Details about self-monitoring activities, including schedules for planned monitoring activities, updates of ongoing monitoring activities, final results of monitoring activities and status of internal monitoring of corrective action plans.
3. Self-monitoring. The self-monitoring required by 45 CFR 75.303(c) is set forth in Appendix 15 of Contra Costa County, EHSD, Departmental Fiscal Policy – Fiscal Monitoring of Subrecipient. Initial self-monitoring (in 2023) will take place quarterly, and will take place semi-annually thereafter. Compliance assessments will be conducted to ensure:
- Compliance with statutory requirements.
 - Review of internal checks/controls.
 - Review of financial documents.
 - Review of business practices, processes and policies.
- D. Training. In addition to the training provisions contained in the above policies, the Head Start Executive Director and the Head Start Director will cause to be provided fiscal training on a regular basis to employees on the above policies and ensure the following:
1. Agendas. Training agendas will explicitly identify each of the fiscal policies applicable to the County Head Start Program.

2. Materials. Copies of the policies and internal procedures to ensure compliance with the policies will be distributed in the training materials.
3. Attendance. Employee training attendance records will be maintained in a dedicated training file.
4. Head Start Committee Oversight. At the next regular meeting of the Head Start Standing Committee following a training event, the Head Start Executive Director and the Head Start Director will provide an update on training to the Committee, including:
 - All of the materials in Section II(D)(1-2) above will be included as attachments to the staff report; and
 - A listing of how many employees have not yet received training with a plan for when those employees are to receive training.
5. Governing Board Oversight. In the next regular, monthly Head Start Program report to the Board of Supervisors following a training event, the Head Start Executive Director and the Head Start Director will provide an update on training to the Board, including:
 - Date of the most recent fiscal training provided;
 - Summary of the fiscal training agenda;
 - Number of employees receiving fiscal training
 - Number of employees who still need fiscal training; and
 - Date of next fiscal training event.

ATTACHMENTS

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 200.8

Date: 5-27-10

Section: Budget & Fiscal

SUBJECT: Capital Asset Accounting and Budgeting Policy

The County policy for capital asset accounting and budgeting must conform to State definitions and regulations as set forth in the manual of Accounting Procedures for Counties and reflect current values. This policy establishes the basis for financial classification and does not affect the program of physical inventory control and accountability.

Capital assets are assets of significant value having a utility that extends beyond the current year. An improvement is a replacement of a component part of a capital asset by an improved or superior part, an addition of new parts, or an alteration or a structural change to a capital asset that results in a functional improvement over its original state that materially adds to the value of the asset or appreciably extends its life.

Land improvements enhance the value of the land itself (such as grading, filling, and sloping or ditching for drainage) and are charged to the land account. Ground improvements add other items to the basic land and are charged to the Buildings and Improvements fixed asset category. Examples of grounds improvements are lawns, trees and shrubs, sprinkler systems, fences and walls, and paving.

The following capital assets are to be capitalized and individually budgeted and controlled:

- I Land. All land acquisitions and land improvements, without regard to cost.
- II Structures and Improvements.
 - a Permanent structures costing \$100,000 or more.
 - b Additions, structural betterments and ground improvements that cost \$100,000 or more.
- III Equipment.
 - a Equipment includes movable personal property with a unit cost of \$5,000 or more, including sales tax, and delivery and installation charges.
 - b Additions to capitalized equipment costing \$5,000 or more per item.

IV Infrastructure.

- a Infrastructure assets are long-lived assets that normally are stationary in nature and can be preserved for a significantly greater number of years than other capital assets.
- b Infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

V Intangibles.

- a Intangible assets lack physical substance, have a non-financial nature, and have a useful life that extends beyond a single reporting period.
- b Examples of intangible assets include: easements, water rights, timber rights, patents, trademarks, computer software, including internally generated software.
- c Capitalization thresholds for intangible assets are as follows:
 - \$100,000 for all intangibles assets acquired after June 30, 2009 - excluding internally developed or modified software and other internally developed intangibles.
 - \$1,000,000 for all internally developed intangible assets acquired after June 30, 2009.
 - \$1,000,000 for retroactive reported intangible assets.

Orig. Dept.: County Administrator, Auditor-Controller
Reference: Resolution No. 84/620



David J. Twa
County Administrator

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 205.1
Date: February 20, 2008
Section: Budget & Fiscal

SUBJECT: CASH – RECEIVING, SAFEGUARDING AND DEPOSITING

This bulletin establishes uniform procedures and standards for receiving, safeguarding and depositing cash.

- I. **APPLICABILITY.** This bulletin applies to all employees (including contractors, temporary, agents or others) receiving or processing cash; their supervisors and their managers.
- II. **DELEGATION OF AUTHORITY.** All department heads, including elected officials, are responsible for implementation of this bulletin. Any deviation requires prior approval, in writing, from the County Auditor-Controller.
- III. **DEFINITION – CASH.** Cash includes coins, currency, checks, postal and express cash orders, traveler checks, bankers drafts, wire transfers, debit and credit cards and any other payment device.
- IV. **GENERAL REQUIREMENTS.** Every employee receiving cash is accountable for all cash that he or she receives and such cash must be kept intact, secure, and separate from other cash in the office. Receipts shall be prepared for all accepted cash using one of the receipt forms approved by the County Auditor-Controller. All customers must receive a receipt for their payment unless the payment is received by mail and a receipt was not requested.

All cash received shall be delivered in a timely manner to the County Treasurer or deposited to a bank account maintained by the County Treasurer with a corresponding County deposit permit to the Treasury.

No County cash is to be maintained in an account in any financial institution, bank, credit union or other depository without the knowledge and written permission of the Auditor-Controller.

[Internal Control Checklist for Cash](#) details best practices on receiving, safeguarding and depositing cash. Employees should periodically compare their own practices to those detailed in the Checklist. Management must also complete and submit the Checklist to the Auditor-Controller no later than June 1st of every year.

V. RECEIVING CASH. Cash may be received over the counter in the office or through the mail.

A. Over the Counter Payments

1. Approved receipts must be issued for all payments.
2. Restrictive Endorsement – All negotiable instruments (non-cash form of payment such as checks) must be restrictively endorsed immediately upon acceptance using a stamp, which restricts payment for deposit only to the County Treasury.
3. Payments must be deposited intact. Customers' checks should be written for the correct amount (no "cash back"). Employees may not cash personal checks or exchange personal funds from the cash drawer.
4. Second party checks are not to be accepted.
5. No post-dated checks are to be accepted without a supervisor's approval.

B. Through the Mail Payments

1. Restrictive Endorsement – All negotiable instruments (non-cash form of payment such as checks) must be restrictively endorsed immediately upon receipt using a stamp, which restricts payment for deposit only to the County Treasury.
2. Second party checks are not to be accepted.
3. All checks received through the mail shall be recorded by the Mail Clerks (team of two Clerks recommended) on a [Mail List/Transfer Record](#) showing all relevant information, including the date, name of payer, amount, client account to be credited, and the general ledger account to be credited (if known). Photocopies of the checks received through the mail may be made in place of separately listing each check. Mail Clerks must retain a copy of the Mail List, including check photocopies, if the original is transferred to another person for preparation of receipts.
4. Issuing Receipts - The person preparing receipts shall mail the original receipt to the payer, if a receipt has been requested. The receipt number(s), receipt date(s) and Deposit Permit (DP) number(s) shall be recorded on the *original* Mail List. A copy of the completed Mail List shall be kept on file.
5. Transfer Record – If the Mail Clerk does not prepare receipts, each person handling cash must sign the *original* of the [Mail List/Transfer Record](#) until it reaches the person designated to issue receipts. After issuing receipts, that person shall make a copy to file and return the original Mail List to the Mail Clerk. Note that *each time* the original Mail List changes hands, the Transfer Record must be signed.
6. The mail clerk will retain the original Mail List at the work location until the next Internal Audit Division audit.

7. A department may establish an alternate procedure for cash received by mail if approved in writing by the Auditor-Controller.

C. Recordkeeping.

1. One copy of the receipt shall be retained in the receipt book. Any receipts not used (original or accounting copy) also shall be retained in the receipt book.
2. Daily, every cashier shall count cash collected and document the reconciliation of the count to the receipt records to identify any overage or shortage. An employee not performing the receipting function shall review reconciliations.
3. Cash collections shall be summarized daily on a cash receipt journal showing receipt numbers issued, date receipted, amount receipted, and revenue or other accounts to be credited. When the receipts are deposited, the cash receipt journal shall show the deposit date and Deposit Permit number.
4. Records Retention – Records substantiating cash receipts must be retained at least until audited by the Internal Audit Division of the Office of the Auditor-Controller.

Dependent upon the underlying type of transaction for the cash receipt, there may be additional retention requirements.

D. Receipt Forms. Generally, receipts are issued on the County's General Receipts "F" (Form D-58) or "G" (Form D-57). However, cash register receipts, computer-generated receipts, or other receipts may be used if pre-approved in writing by the Auditor-Controller (stationary store receipts are not authorized). Alternate forms will be considered for approval only if they meet the following criteria:

1. Receipts are sequentially press or machine numbered.
2. Each receipt copy contains at least the following information:
 - a) Date of receipt.
 - b) Name of the person or institution from which the cash was received, a reference to the specific county case, and account to which the payment is applied. If no specific reference is applicable, then a reference to a class of payment type is permissible (e.g. sale of forms, copy charges, etc.).
 - c) Amount of payment.
 - d) Form of payment (cash, check, cash order, credit card, wire transfer, etc.).
 - e) Name or identification code of the person receiving the cash.

3. The issuing department must retain at least one duplicate copy of each receipt. In lieu of a receipt, a report may be retained that is (or can be) generated by the approved cash register or computer system that lists all the above information.
4. Any voids must be authorized by a second person (preferably a manager).

E. Voided Receipts

1. The following information shall be recorded either in a voided receipt register or on the voided receipt:
 - i. Reason for the void
 - ii. Replacement receipt number (if applicable)
 - iii. Supervisor's signature
2. All copies of voided receipts shall be marked "voided" and retained in or with the book and accounting copies. If the receipt is voided after the payee has left with the original receipt, the original replacement receipt shall be retained in or with the book and accounting copies of the voided receipt.
3. Accountability must be established for all used and unused receipts.

VI. SAFEGUARDING CASH. All departments are responsible for providing sufficient safeguards to prevent the loss of cash collected by the department as well as customers' financial information.

- A. Each department is responsible for safeguarding sensitive information, such as checking account numbers that may provide access to a customer's financial assets. Any officer or employee, who in the course of his or her employment of duties has or has had access to credit card or payment device information, shall not use, disclose or make known, in any manner, information provided by customers for any unauthorized purpose.
- B. Cash maintained at department offices must be kept in a locked and secure location with access limited to authorized personnel only. If there is more than one fund, the funds shall be secured in separate bags or lock-boxes. Cash funds shall never be combined and monies from one fund shall not be loaned to or used by another fund.
- C. Management shall periodically conduct unannounced cash counts of revolving funds (petty cash fund, change fund, cash difference fund) to verify the amount of cash on hand and to ensure that the funds are being used for authorized purposes. Also, management shall periodically verify the validated Deposit Permit or bank deposit slip to the day's receipts.
- D. For proper separation of duties, the person having physical custody and control of the cash shall not be authorized to approve expenditures.
- E. [Transfer of Accountability Record](#) – When *any* cash is transferred from one custodian to another custodian prior to deposit of the cash, the Transfer of Accountability Record must be completed.

VII. DEPOSITING CASH. Departments receiving cash shall deposit it in the County Treasury in the manner described below, unless the department has made a special arrangement with the County Treasurer for depositing the cash in a bank account of the County Treasurer.

- A. Deposit Requirements - If practical, daily depositing is preferred. If deposits are not made daily, they shall be made when coin and currency exceed \$250 or the total collections exceed \$500. Deposits shall be made at least once a month. All payments received shall be deposited in their entirety. Partial deposits shall not be made. Any deviation from this practice must be approved by the Auditor-Controller in writing.
- B. Deposit Procedures -
1. Prepare a Deposit Permit Form D-34
 2. Present the Deposit Permit to the counter clerk in the General Accounting Division of the Auditor-Controller who will assign a deposit permit number. The Deposit Permit, together with authenticated bank deposit slips, may be mailed. Do not send cash through the mail. Employees may not trade personal checks for cash. The General Accounting Division of the Auditor-Controller will retain a copy of the Deposit Permit.
 3. Take the copies of the Deposit Permit and the collections to the Office of the County Treasurer for deposit.
 4. The department keeps a copy of the Deposit Permit after endorsement by the Auditor-Controller and the Treasurer. The copy is to be retained in the department files. The Treasurer retains the original and a copy of the Deposit Permit. After processing, the original is filed with the Auditor-Controller.
- C. For departments with County Treasurer-approved deposit arrangements.
1. Deposits made to a bank account of the County Treasurer shall be prepared with a triplicate bank deposit ticket.
 2. Copies of the bank-validated deposit ticket shall be distributed as follows:
 - original to bank
 - duplicate or second copy retained in office's files
 - triplicate copy attached to Deposit Permit which is sent to the Office of the County Auditor-Controller.Note: Deposit Permit numbers are available from the General Accounting Division of the Auditor-Controller Office.
 3. The Treasurer will notify the department of any returned checks. It is the responsibility of the department to follow-up and collect on returned bank checks.

VIII. CREDIT CARD PAYMENTS. Accepting payments by credit card increases the number of payment options and gives the customer greater flexibility. However, the Department incurs additional expenses with credit card collections. Departments accepting credit card payment must also conform to the Payment Card Industry (PCI) Data Security standards for merchants.

- A. Deposit Permits must be submitted to the Treasury for all credit card deposits.
 - 1. A "Host Totals" tape should be submitted to the Treasury with the Deposit Permit. The detail for individual transactions should be kept within the department to resolve any problems that may occur with individual transactions.
 - 2. Credit card fees cannot be netted against the revenue.
- B. The full cost of the credit card program is the responsibility of the accepting department. The costs include:
 - 1. Start-up costs, including equipment, paper, and telephone lines.
 - 2. Monthly fees.
 - 3. Charges for invalid credit card transactions. This includes the principal credit card amount charged as well as any fees and penalties charged by the bank.
- C. Payments for credit card program costs must be sent to the Treasury monthly in a warrant or journal. Program costs should not exceed the value of credit card payment deposits.

IX WIRE TRANSFERS. All wire transfers of funds into County bank accounts should have a corresponding Deposit Permit submitted to the Treasury within 24 hours.

X. MANAGEMENT ACCOUNTABILITY. [The Internal Control Checklist](#) is an internal control review to ensure accountability for cash in County departments. County employees with oversight responsibility for cash in a department shall complete the checklists no later than June 1st of every year. A current copy must be maintained on file by the Department until the next audit. When completed a copy shall be sent to the Chief Auditor, Internal Audit Division, Auditor-Controller's Office.

XI. REFERENCES

Payment Card Industry (PCI) Data Security Standards
County e-Commerce Requirements

Originating Department: Office of the Auditor-Controller

Contact: Chief Auditor 925-646-2233

/s/ _____
JOHN CULLEN,
County Administrator

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 212.1
Date: 10-24-75
Section: Budget & Fiscal

SUBJECT: Internal Audit of County Departments and Offices

Various California state codes require or authorize the County Auditor-Controller to perform audits of the accounts and records of specific County departments, offices and operations. In addition, under the provisions of Section 26883 of the Government Code, the County Auditor-Controller is an agent of the Board of Supervisors in fulfilling its statutory responsibilities for audits of County operations. The internal auditing function is performed by a staff of professional auditors employed in the Internal Auditing Division of the Office of the County Auditor-Controller.

PURPOSE

The objective of the County internal auditing function is to assist County management in the proper and effective discharge of its responsibilities by reviewing and evaluating financial records and procedures and by providing reports to management containing objective analyses, appraisals, comments and recommendations concerning the activities reviewed.

The Internal Auditing Division has authority to review and appraise such policies, plans, procedures and records as are necessary to carry out its objective. This authority gives the Internal Auditor full access to all pertinent County records, property, and personnel except as limited by policy of the Board of Supervisors and statutory requirements. As a staff function Internal Auditors have no direct supervisory authority over those persons whose work they review, nor does their review in any way relieve those persons of the responsibilities assigned to them.

SCOPE

All County operations and activities are subject to internal audit unless specifically exempted by statute or County policy. Examinations are primarily financial in nature; however, the Internal Auditor is concerned with all phases of County operations wherein he can be of service to County management. Among the activities of the Internal Auditing Division are the following:

1. Reviewing and appraising the soundness, adequacy and application of accounting, financial and operating controls.

2. Examining accounting and related records maintained to account for County revenues, expenditures, assets and liabilities, and evaluating the reliability and adequacy of those records.
3. Determining the extent of compliance with statutory requirements and with established policies and procedures (particularly those relating to financial matters).
4. Ascertaining the extent to which County assets are accounted for and the extent to which they are protected from losses of all kinds.
5. Appraising the effectiveness of accounting and related procedures and making recommendations for improvements.
6. Preparing audited financial statements for special County operations. Special studies and financial analyses are also performed from time to time.

PROCEDURES

Audits of most County departments are made on an annual basis at about the same time each year. In certain circumstances, however, audits may be performed more or less frequently than once a year. Department officials are normally contacted by the Internal Auditing Division in advance of the commencement of the audit to arrange a mutually convenient time schedule and to discuss problem areas and changes in department operations. In special circumstances audits are sometimes made without advance notice. Requests from departments for special reviews and analyses are scheduled according to the urgency of their nature and the availability of staff.

Upon completion of the audit a discussion draft of the report is reviewed with the department. This is to assure agreement on factual matters and give the department an opportunity for early corrective action when required. The final written report is directed to the responsible official with information copies to others who are affected.

It is the responsibility of the official to whom the report is directed to send a written reply to the County Auditor-Controller within 30 days of the receipt of the report. When audit comments or recommendations indicate that some specific action should be taken, the reply must state what action has been or will be taken, or the reason such action should not be taken.

Upon receipt of the reply, the County Auditor-Controller will transmit an information copy of both the report and the reply to the County Administrator for his review and desired action.

If no response is received within the 30-day time limit, the information copy of the report alone will be sent to the County Administrator with the notation that there has been no reply from the responsible official. Subsequent replies will be sent to the

County Administrator separately, upon receipt.

CONCLUSION

Internal auditing is essential for proper management and control purposes. All personnel should assist when contacted by the internal audit staff in the performance of their studies and analyses.

Orig. Dept.: County Auditor-Controller

Reference: California Government Code Section 26883

/s/ Arthur G. Will

County Administrator

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 215.1
Date: March 24, 2008
Section: Budget & Fiscal

SUBJECT: PETTY CASH FUNDS

This bulletin establishes uniform procedures and standards for establishment, making expenditures, replenishment and safeguarding of petty cash funds.

- I. **APPLICABILITY.** This bulletin applies to all employees (including contractors, temporary, agents or others) who are petty cash custodians and their supervisor.
 - II. **DELEGATION OF AUTHORITY.** All department heads, including elected officials, are responsible for implementation of this bulletin. Any deviation requires prior approval, in writing, from the County Auditor-Controller.
 - III. **DEFINITION – PETTY CASH FUND.** A small pool of coins and currency used to make payment for small expenditures that cannot be made cost effectively through other means. The petty cash fund may be a separate fund or a sub-fund within a larger revolving fund (which may have multiple petty cash funds).
 - IV. **GENERAL REQUIREMENTS.**

All requests for new Petty cash funds or for increasing, reducing or abolishing existing Petty cash funds must be directed to the Auditor-Controller in writing by the department head or authorized representative requesting the change.

Requests for new Petty cash funds should describe the purpose(s) for which the fund is needed, state the estimated size of fund required for such purpose(s), and specify the means that will be used to protect the fund against loss or misuse.

Requests for changes in existing Petty cash funds should explain the need for the change and contain documentation supporting the requested amount of the change.
 - V. **ACCOUNTABILITY.** A custodian shall be appointed for each Petty cash fund that is responsible for the operation of the Petty cash fund. Alternate custodians may be appointed, but the number should be limited. Operational and security considerations should be evaluated when determining the number of alternate custodians.
- Management shall periodically conduct unannounced cash counts of Petty cash fund to verify the amount of cash on hand and to ensure that the funds are being used for authorized purposes.

[Appendix A – Internal Control Checklist](#) (Petty cash) details best practices on receiving, safeguarding and depositing Petty cash. Custodians should periodically compare their own practices to those detailed in the Checklist. The Custodian's supervisor must also complete and submit the Checklist to the Auditor-Controller annually by June 1.

VI. ESTABLISHMENT OF THE PETTY CASH FUND.

Upon approval of a petty cash fund, a warrant will be issued to the petty cash custodian for the approved dollar amount. Petty cash funds are assigned a Vendor number and name in the Accounts Payable section of the Office of the Auditor-Controller. The initial check is issued under the vendor name (e.g. Rev Fnd – Dept X) and not the name of the custodian. The custodian will need to take the warrant to the bank or Treasurer and cash it. The custodian is the one responsible for safeguarding the cash.

VII. EXPENDITURE PROCESS

Petty cash disbursements should be used for small incidental expenditures where it would not be practical to make the disbursement by warrant. Each petty cash transaction must be supported by an original voucher, receipt or invoice and signed for by the recipient. If the original receipt is not available a memo explaining why it is not available is required.

At all times the vouchers, receipts, and invoices plus the cash on hand should equal the total amount of the Petty cash fund.

[Appendix B – Petty Cash Log Form](#). All disbursements need to be logged on the combination Demand and Cash Disbursement Voucher, form D15.11 or an alternate form approved in advance by the Auditor-Controller. If there are not sufficient lines on the D-15 form for the accounting information for all the transactions, record all the accounting information on a separate TC 52 form and attach it to the D-15.

Petty cash may not be used for the following:

- a) Cashing of personal or other checks
- b) Personal loans or salary advances
- c) Professional services
- d) Employee meals
- e) Gifts or gift cards
- f) Alcohol

There may be operational considerations that require special handling of petty cash expenditures. These must be approved in advance by the Auditor-Controller.

VII. REPLENISHMENT

The Petty cash fund should be replenished as needed, usually monthly but at least annually (before close of the County's books on June 30). All replenishment requests, form D15.11 must be accompanied by the original vouchers, receipts and/or invoices. Receipts must be taped to an 8 ½ x 11 sheet of blank paper when submitted. The D15.11 form and the related documentation is to be submitted to the Accounts Payable unit of the Auditor-Controller for replenishment. The Accounts Payable unit will then issue a warrant for the replenishment. Replenishment checks are issued under the vendor name (e.g. Rev Fnd – Dept X) and not the name of the custodian.

IX. SHORTAGES/OVERAGES

Shortages must be reported when discovered in accordance with the procedures in Administrative Bulletin 207.7.

Overages must be reported when discovered. The overage is deposited to Fund 8109 for disposition.

Originating Department: Office of the Auditor-Controller

Contact: Chief Auditor 925-646-2233

/s/ _____
JOHN CULLEN,
County Administrator

CONTRA COSTA COUNTY
Office of the County Administrator

ADMINISTRATIVE BULLETIN

Number: 600.3
Date: 6/27/23
Section: Purchasing

SUBJECT: Purchasing Policy and Procedures

Contents:

- I. DEFINITIONS
- II. PURCHASE OF MATERIALS AND SUPPLIES
- III. PURCHASE OF SERVICES CONTRACTS
- IV. DIGITAL SIGNATURES
- V. OTHER PROCUREMENT POLICIES
- VI. OTHER ADMINISTRATIVE BULLETINS

The purpose of this bulletin is to set forth purchasing policies and requirements to achieve minimum standards for the purchase of services, materials, supplies, equipment, furnishings, and other personal property of any kind and nature for the benefit of County departments. More information about compliance with this policy, including process, procedures and forms can be found in the resources included in the “References” section at the conclusion of this policy.

I. DEFINITIONS

- A. “Blanket Purchase Order”** is an authorization to purchase developed by the Purchasing Agent and issued on an annual or multi-year basis, that permits the procurement of materials, supplies, equipment, furnishings, and other personal property of any kind and nature on an as-needed basis with a stipulated maximum amount for a fixed period of time and is used when there will be on-going activity with a vendor. A blanket purchase order allows departments to order a variety of goods from a single source as needed.
- B. “Capital Outlay Item”** is a piece of equipment including moveable personal property with a unit cost of \$5,000 or more, including sales tax, and delivery and installation charges. It also includes additions to capitalized equipment costing \$5,000 or more per item¹.
- C. “Cooperative Purchasing Contract”** is a contract for goods or services between a vendor and another public agency, awarded following a competitive solicitation, and made available to other public agencies. Examples of agencies that administer such Cooperative Purchasing Contracts include the National Intergovernmental Purchasing Alliance (National IPA), the State of California, Department of General Services, the U.S. General Services Administration, U.S. Communities Government Purchasing Alliance sponsored by the National Association of Counties, or similar entity. The County may participate in a Cooperative Purchasing Contract by entering into a Participating Agreement with the vendor

¹ [See Administrative Bulletin No. 200, “Capital Asset Accounting and Budgeting Policy”](#)

that is party to the Cooperative Purchasing Contract.

- D. **“Equipment Capital Asset Code”** is an expenditure account within the chart of accounts reserved for purchase of certain Capital Outlay Items equal to or above \$5,000.
- E. **“Informal Bid”** is a written or oral quotation obtained from an approved vendor but not required to be opened publicly at a specified day, place and time.
- F. **“Invitation for Bid”** (IFB) is a solicitation method by which awards are made to the lowest bid. The winning bid must be responsive (conforms to bid requirements) and responsible (competent and qualified to perform under the contract).
- G. **“Lease Purchase Agreement”** is an agreement to rent equipment or property for a period of time with the promise or option to acquire title at the end of the lease term.
- H. **“Participating Agreement”** means an agreement between the County and a vendor that incorporates by reference, with or without modifications, the terms of a Cooperative Purchasing Contract that the vendor has entered into with another public agency.
- I. **“Procurement Card”** is form of credit card issued in an individual employee’s name for use in making eligible purchases authorized by the Board of Supervisors by Resolution on behalf of the County in compliance with [County Ordinance Code section 1108-2.224](#) and pursuant to regulations established in the Procurement Card Manual authorized in Section II(B)(3)(b) of this policy.
- J. **“Purchasing Agent”** is the office established pursuant to [Article 1108-2.202 of the County Ordinance Code](#).
- K. **“Purchasing Services”** is the [Purchasing Services division](#) of the Public Works department.
- L. **“Request for Information”** (RFI) is a process to separate those vendors who intend to participate in an upcoming solicitation from those who have no interest in participating. An RFI is typically used when there is an excessively large pool of interested vendors and to identify qualified suppliers capable of providing a certain product or service. If an RFI is issued for an upcoming solicitation and a single, qualified vendor responds to the RFI, then it is not necessary to conduct any further Solicitation.
- M. **“Request for Proposal”** (RFP) is a formal competitive procurement process and is the most flexible method for obtaining contracted services and certain types of goods. Responders to an RFP submit proposals detailing their technical and business experience, capabilities, and specific approach to achieve the requirements for the services or goods requested. An RFP includes evaluation factors and criteria, and their relative importance for award selection. An RFP may establish minimum or pre-qualification requirements to be eligible for consideration.
- N. **“Request for Qualifications/Quote”** (RFQ) is a process to establish a pre-qualified list of potential vendors by allowing interested parties to demonstrate compliance with minimum qualifications or requirements to provide a material,

product, or service. An RFQ may be used to initiate a formal procurement process or to establish a pool of qualified vendors and may be released for a specific amount of time or on a continuous basis to maintain a current qualified list of vendors at all times.

- O. **“Requisition”** is a request made by a County department head or designee to the Purchasing Agent to order equipment and supplies.
- P. **“Single Source”** is a procurement decision whereby purchases are directed to one vendor because of standardization, warranty, or other factors, even though other competitive sources may be available.
- Q. **“Special Services,”** as defined in Government Code section [31000](#), are “services, advice, education or training” in the following areas: “financial, economic, accounting, engineering, legal, medical, therapeutic, administrative, architectural, airport or building security matters, laundry services or linen services.” Special services may include maintenance or custodial matters under certain circumstances. For purposes of this bulletin, whether services contracted for are “special services” requires consideration of factors such as the nature of the services, qualifications of the person furnishing them, and their availability from public sources. For example, services may be special because of the outstanding skill or expertise of the person furnishing them.
- R. **“Sole Source”** is a procurement decision created due to the inability to obtain competition due to one vendor or supplier possessing the unique ability to meet the particular requirements of the solicitation.
- S. **“Solicitation”** is a purchasing entity’s request for offers to provide goods or services, including an Informal Bid request for price quotations, an Invitation for Bids (IFB), Request for Qualifications/Quote (RFQ), Request for Information (RFI) or a Request for Proposals (RFP).
- T. **“Standard Purchase Order”** is a document issued by the Purchasing Agent that uses information from the Requisition to procure equipment and supplies at terms and conditions most advantageous to the County.

II. PURCHASE OF MATERIALS AND SUPPLIES

A. Applicability.

This section establishes procedures for the Purchasing Agent to purchase materials, supplies, equipment, furnishings, and other personal property of any kind and nature and execute lease-purchase agreements on behalf of the County.

B. Procedures.

1. Purchase Orders.

- a. Purpose. A Standard Purchase Order, Blanket Purchase Order, or Participating Agreement may be used to purchase materials, supplies, equipment, furnishings, and other personal property of any kind and

nature.

- b. General Terms and Conditions. All Standard Purchase Orders and Blanket Purchase Orders (collectively “Purchase Orders”) shall include the County’s [“Purchase Order General Terms and Conditions,”](#) which are promulgated and updated from time to time by the Purchasing Agent in consultation with County Counsel. By executing a Standard Purchase Order or Blanket Purchase Order, a vendor agrees to abide by those terms and conditions unless both the Purchasing Agent and vendor agree in writing to amend any of those terms and conditions on behalf of the County.

2. Requisitions.

- a. Purpose: A Requisition is filed with the Purchasing Agent to order materials, supplies, equipment, furnishings, and other personal property of any kind and nature.
- b. Submission. A Requisition must be submitted to the Purchasing Agent to request the issuance of a Standard Purchase Order, Blanket Purchase Order or Lease-Purchase Agreement.
- c. Electronic Procurement System. The Purchasing Services division of the Public Works department (“Purchasing Services”) shall provide an electronic system to track the submission and processing of Requisitions by departments and other purchasing logistics to comply with any federal, state and local procurement requirements, including this policy²
- d. Department Submission Authority. Department Heads are authorized to prepare Requisitions on behalf of their respective departments and may authorize designees to prepare Requisitions by submitting a written authorization to the Purchasing Agent.
- e. Fixed Asset Purchases. The appropriate Equipment Capital Asset Code from the Chart of Accounts maintained and updated from time-to-time by the Auditor-Controller must be applied to a Requisition for the purchase of a Capital Outlay Item equal to or above \$5,000.

When an Equipment Capital Asset Code is applied for a Capital Outlay Item acquisition, the Requisition shall automatically route to the Auditor-Controller to ensure that the requesting department has adequate expenditure appropriations for the purchase. The Purchasing Agent shall not proceed with the procurement of a Capital Outlay Item until the availability of expenditure appropriations has been verified by the Auditor- Controller. If expenditure appropriations are not available, the Requisition will be returned to the requesting department. Capital Outlay Item purchases shall be in compliance with [Administrative Bulletin No. 200, “Fixed Asset Accounting and Budgeting Policy”](#).

² The current electronic procurement system is the “Purchasing Portal”, which is accessible at the following link: <https://purchasing.cccounty.us/bsa/view/login/login.xhtml>

f. Emergency Purchase Orders. If a department needs to make an emergency purchase pursuant to [County Ordinance Code section 1108-2.220](#), the “[Emergency Purchase Form](#)” must be signed by the department head, or designee, and submitted to Purchasing Services electronically with the invoice attached to initiate a purchase order to pay the invoice.

3. Procurement Cards.

a. Purpose. [County Ordinance Code section 1108-2.224](#) authorizes the Board of Supervisors, by resolution, to authorize county departments to purchase supplies, equipment, materials, goods and other personal property without using the Purchasing Agent if a Procurement Card authorized by the county Public Works department is used.

b. Manual. Resolution No. 2023/259 requires the Purchasing Agent to establish a [Procurement Card Manual](#) outlining requirements for use of procurement cards and identifying eligible purchases.

4. Warrant Requests.

a. Purpose. [County Ordinance Code section 1108-2.222](#) authorizes the Board of Supervisors, by resolution, to authorize county departments to purchase services, supplies, equipment, materials, goods and other personal property, regardless of cost, without using the Purchasing Agent. Resolution No. 2023/260 outlines the process for making such purchases and states that this Administrative Bulletin No. 600 establishes the list of eligible purchases.

b. Eligible Purchases. The following purchases may be made without utilizing the Purchasing Agent regardless of dollar amount, unless otherwise noted:

- association dues and membership fees;
- postage, including Federal Express (FedEx) and UPS;
- lodging;
- registration, including fees for conference booths;
- facility rental and food (subject to [Administrative Bulletin No. 614, “Food and Beverage Policy”](#))
- advertising;
- legal process service fees;
- public transportation fares and bridge tolls for employees;
- permits, fees, and licenses paid to governmental agencies;
- utility installation fees (Public Works department only);
- books, subscriptions and publications;
- legal notices;
- professional medical services payable by the Health Services department based upon a specified fee schedule;
- expenditures mandated by the Court for the benefit of Wards of the Court;

- Other items below \$5,000³, including:
 - Computer hardware and software;
 - commodities; and
 - one-time services that are not covered under a service contract and are authorized by the Purchasing Agent.
5. Receipt of Shipments. Departments are responsible for receiving shipments of materials, supplies, equipment, furnishings, and other personal property. To ensure that receipt of items is validated appropriately, each department shall ensure the following:
- a. Preparing for Receipt. Each department shall have a physical location and identify specific staff members responsible for receiving and inspecting shipments and establish procedures for receiving shipments and verifying shipment contents.
 - b. Physical Inspection. Shipments should be physically inspected by department staff upon arrival to ensure the contents match the original order specifications. Contents should be inspected for damage and completeness with any issues documented.
 - c. Documentation. Records of essential information related to receipt of shipments should be maintained such as date and time of inspection, shipment details, including the supplier's name, Purchase Order number, accompanying documentation such as packing slip or invoice and whether any items were damaged, not received or failed a quality control test. In addition, any communication with the supplier related to incomplete or damaged items should be maintained.
6. Solicitations Required. The following solicitations are required for purchases of materials, supplies, equipment, furnishings, and other personal property of any kind and nature in the following amounts.
- a. Purchases Equal to or Below \$25,000.
 1. A department may request a Purchase Order for a purchase equal to or below \$25,000 without providing evidence of solicitation. Departments are encouraged to purchase from local businesses, small businesses, women-owned businesses, disabled-owned businesses, veteran-owned businesses, and other disadvantaged business enterprises for a purchase equal to or below \$25,000.
 - b. Purchases Above \$25,000 and Equal to or Below \$100,000.
 1. A department shall request a Purchase Order for a purchase above \$25,000 and equal to or below \$100,000 after securing a minimum of three (3) price quotes, with at least one (1) price quote from a [Small Business Enterprise \(SBE\)](#) provider, through an Informal Bid.

³ Items costing \$5,000 or above are not eligible to be processed on a Warrant Request.

2. If three (3) price quotes cannot be secured, or an SBE provider cannot be identified, the Purchasing Agent shall determine whether to proceed with the purchase by taking into consideration the vendor that provides the best value to the County.

c. Purchases Above \$100,000.

1. A department shall conduct an open and competitive solicitation for a purchase above \$100,000. The form of solicitation may be an Invitation for Bid (IFB), a Request for Qualifications/Quote (RFQ), Request for Information (RFI) or a Request for Proposals (RFP).
2. A department shall submit a Requisition that includes detailed specifications of the materials or supplies being requested.
3. Purchasing Services shall work with the requesting department to secure a minimum of three (3) solicitation responses in writing before selecting a vendor. Purchasing Services shall post the solicitation online to comply with the fair and open competition requirements of this policy for a minimum of fourteen (14) calendar days.

d. Exemption from Solicitation Requirements.

1. Sole/Single Source Justification. A department may submit a Requisition with a completed [Sole Source Justification Form](#) for consideration by the Purchasing Agent to seek exemption from solicitation requirements in the following specific cases:

- A. *Sole Source.* One vendor or supplier possessing the unique ability to meet the particular requirements; or
- B. *Single Source.* One vendor because of standardization, warranty, or other factors, even though other competitive sources may be available.

The Purchasing Agent has the sole discretion to approve or reject single/sole source exemption requests.

2. Cooperative Purchasing Contracts. In lieu of a bid solicitation process, a department may request that Purchasing Services initiate a Cooperative Purchasing Contract for goods that the County requires and that the County may procure under a Participating Agreement. Purchasing Services will initiate County Counsel review of Cooperative Purchasing Contracts, with the exception of those related to the Health Services Department, which initiates County Counsel review directly.

7. Approvals. The following approvals are required for each purchase category below.

- a. Purchases Equal to or Below \$200,000. The department requesting a purchase equal to or below \$200,000 shall file a Requisition that

complies with this policy for review and approval by the Purchasing Agent.

- b. Purchases Above \$200,000. A purchase above \$200,000 complying with this policy requires approval by the Board of Supervisors. The requesting department shall draft a Board Order seeking approval of the purchase above \$200,000 and submit to the County Administrator's Office via the Board of Supervisors' electronic agenda management system for placement on the Board of Supervisors' agenda for review and final approval.
 8. Participating Agreements. A Participating Agreement must be approved by the Board of Supervisors, subject to review by County Counsel, if the payment limit exceeds \$200,000, or if the Participating Agreement and/or underlying contract includes any term requiring the County to indemnify the vendor, or any term that limits the vendor's liability.
 9. Documentation. All solicitation and approval documents required by this policy must be submitted electronically to Purchasing Services with the Requisition for purchase.
- C. Services Included Under a Purchase Order**. In certain circumstances, the Purchasing Agent may determine that services provided by a vendor in conjunction with the purchase or lease of materials, supplies, equipment, furnishings, and other personal property of any kind and nature from the same vendor is appropriate. The Purchasing Agent is authorized to execute a Purchase Order that authorizes the vendor to provide services if:
1. The Purchase Order includes all contract development and monitoring procedures specified in Section III(B)(7) of this policy;
 2. The department requesting the Purchase Order complies with all contract development procedures specified in Section III(B)(7) of this policy; and
 3. Service agreements submitted on a vendor standard form must be reviewed by County Counsel.
- D. Ethical Standards**. It is the obligation and the responsibility of every County employee to represent the County in a professional and ethical manner. Any procurement related matter shall be handled in a professional manner with the interest of the County taking precedent, including, but not limited to:
1. Avoiding activities which would compromise or give the perception of compromising the best interests of the County;
 2. Actively promoting the concept of competition through bid solicitation consistent with this policy; and
 3. Refraining from engagement in any procurement activity in which an employee may have a personal or indirect financial interest in accordance with Government Code sections [87100](#) and [81703](#).

- E. Legal Authority.** The legal authority for the Purchasing Agent to purchase materials, supplies, equipment, furnishings, and other personal property of any kind and nature on behalf of the County is set forth in the following statutes and County codes: Government Code sections [25500- 25509](#), [31000](#); Public Contract Code sections [22002\(d\)](#) and [22032](#); and County Ordinance Code chapter [1108-2](#).

III. PURCHASE OF SERVICES CONTRACTS

A. Applicability.

This section establishes procedures for the purchase of services required by the County. State law provides that the Board of Supervisors may contract for services on behalf of the County or any County officer or department under certain circumstances. The Board of Supervisors has authorized the Purchasing Agent to enter into service contracts costing not more than \$200,000. Service contracts exceeding \$200,000 require approval by the Board of Supervisors, following review by the Office of County Counsel and the County Administrator.

B. Procedures for Service Contracts.

1. Mandated Findings. Before a contractor for services is engaged, all of the following findings must be made and documented by the department.
 - a. A statute authorizes the contract for the desired services. For example, Government Code section [31000](#) authorizes the Board of Supervisors to enter into a service contract for Special Services;
 - b. County staff is not available or qualified to perform the services; and
 - c. In the case of facilities maintenance or custodial matters, the site is remote from available County employee resources and the County's economic interests are served by contracting for such services rather than by paying additional travel and subsistence expenses to existing County employees.
2. Solicitations Required. The following solicitations are required for purchase of services in the following amounts.
 - a. Service Contracts Equal to or Below \$25,000.
 1. A department may enter into service contracts equal to or below \$25,000 without providing evidence of solicitation.
 2. Departments are strongly encouraged to purchase from local businesses, small businesses, women-owned businesses, disabled-owned businesses, veteran-owned businesses, and other disadvantaged business enterprises consistent with the [County's Outreach and SBE program](#) goals so they may achieve the County's objective of awarding 50% of total eligible dollar base amounts to SBEs.

b. Service Contracts Above \$25,000 and Equal to or Below \$100,000.

1. A department may enter into a service contract above \$25,000 and equal to or below \$100,000 after securing a minimum of three (3) proposals through an Informal Bid.
2. If three (3) proposals cannot be secured, the Purchasing Agent, or designee, shall determine whether to proceed with the service contract taking into consideration the vendor that provides the best value to the County.
3. Departments are strongly encouraged to purchase from local businesses, small businesses, women-owned businesses, disabled-owned businesses, veteran-owned businesses, and other disadvantaged business enterprises consistent with the [County's Outreach and SBE program](#) goals so they may achieve the County's objective of awarding 50% of total eligible dollar base amounts to SBEs.

c. Service Contracts Above \$100,000.

1. A department may enter into a service contract above \$100,000 after providing for open and competitive solicitation.
2. The form of solicitation may be an Invitation for Bid (IFB), Request for Qualifications/Quote (RFQ) or a Request for Proposals (RFP); however, a department should consider initially issuing a Request for Information (RFI) to generate a list of potential vendors to provide the services required. If a department receives a single response to the RFI from a qualified bidder, then no further solicitation is required.
3. Departments are strongly encouraged to purchase from local businesses, small businesses, women-owned businesses, disabled-owned businesses, veteran-owned businesses, and other disadvantaged business enterprises consistent with the [County's Outreach and SBE program](#) goals so they may achieve the County's objective of awarding 50% of total eligible dollar base amounts to SBEs.

3. Solicitation Compliance Procedure.

- a. The department shall draft and Purchasing Services may provide counsel on an IFB, RFQ, RFI or RFP seeking qualified vendors to provide the desired services.
- b. Purchasing Services shall post the solicitation online to comply with the fair and open competition requirement of this policy for a minimum of fourteen (14) calendar days.
- c. Purchasing Services shall work with the requesting department to secure

a minimum of three (3) solicitation responses in writing before selecting a vendor.

- d. Purchasing Services shall retain solicitation records for the duration of each contract term.

4. Exemption from Solicitation Requirements.

- a. Service Types. The following are service contract types that are exempt from bid solicitation requirements:

- utility services;
- educational services;
- intergovernmental agreements;
- newspaper and publication services;
- law firms, subject to approval by the County Counsel's Office;
- print legal briefs or legal notices;
- reporters services or transcripts;
- expert witnesses, consultants, and investigators hired through the County Counsel's Office to assist in legal matters;
- election supplies;
- expert services to be rendered to the offices of the District Attorney or Sheriff-Coroner;
- physician services at the Contra Costa Regional Medical Center (CCRMC) or the Contra Costa Health Plan (CCHP);
- appraiser services;
- consultants and other experts employed directly by the Board of Supervisors; and
- other services that, by law, some other officer or body is specifically charged with obtaining.

- b. Cooperative Purchasing Contracts. A department may submit a Requisition identifying a Cooperative Purchasing Contract for services that County requires and that the County may procure under a Participating Agreement.

5. Ethical Standards. It is the obligation and the responsibility of every County employee to represent the County in a professional and ethical manner. Any procurement related matter shall be handled in a professional manner with the interest of the County taking precedent, including, but not limited to:

- a. Avoiding activities which would compromise or give the perception of compromising the best interests of the County;
- b. Actively promoting the concept of competition through bid solicitation consistent with this policy; and
- c. Refraining from engagement in any procurement activity in which an employee may have a personal or indirect financial interest in accordance with Government Code sections [87100](#) and [81703](#).

6. Outreach and SBE Program Compliance. Additional thresholds and goals under the [County Outreach and SBE \(Small Business Enterprise\) programs](#) apply to and are required for service contract solicitations. These thresholds and goals may be updated from time to time and departments must ensure compliance with the latest Outreach and SBE Program construct.
7. Contract Development and Monitoring. Department Heads are responsible for the development and monitoring of service contracts entered into on behalf of each County department, including negotiation of service plans and/or scopes of work.
 - a. Performance Metrics Required. Departments are responsible for negotiating service contracts that identify specific performance outputs and/or outcomes to be achieved during the contract term. These performance outputs and/or outcomes include contract deliverables (e.g., produce a final written report by a date specified) and/or service tasks (e.g., conduct three one-hour training sessions within a specified date range). Contracting departments shall review contracts at least once per year to ensure compliance with output/outcome requirements. The review should identify reason(s) for any noncompliance, including whether or not the outputs/outcomes will be achievable during the remainder of the contract term.
 - b. Payment Provisions. Vendor payment terms shall correlate with the performance outputs/outcomes negotiated as part of a service plan or scope of work for each service contract. Types of payment terms include fixed price (where deliverables are produced by the contractor and payment is due upon completion of each deliverable) and rate (where services are provided by the contractor and the contractor is reimbursed at an hourly or other periodic rate). Departments shall avoid contract payment terms that are not typical of the service type being procured. For example, legal service providers may require payment of an advance, or “retainer”, upon execution of a service contract, which is typical of that industry. However, a financial consultant requesting a monthly, fixed payment as a “retainer,” whether or not the County uses the contracted services, is not a typical financial industry practice and must be avoided. Other negative payment terms, such as late payment penalties, should not be entertained as part of the negotiation of payment terms.
 - c. Vendor Noncompliance. Failure of a vendor to achieve contracted performance output and/or outcome requirements may be grounds for contract termination.
 - d. Corrective Action Plan. For contracts determined to be out of compliance with performance outputs and/or outcomes during an annual review process, and for which a department does not recommend terminating the contract, the department shall work with the vendor on a corrective action plan to ensure contracted services are delivered during the term of the contract.
 - e. Documentation. Departments shall immediately notify a vendor if a

determination of non-compliance is reached. Including whether or not the contract will be recommended for termination, with a copy to Purchasing Services. In cases where a Corrective Action Plan is entered into with the vendor, a copy of the plan shall be forwarded to Purchasing Services and retained by the department for the term of the contract.

- f. Renewals. Departments shall keep track of contract expiration dates in order to renew contracts prior to expiration, or issue solicitations for new contracts to be in place prior to expiration of the existing contract.
8. Effective Date. Service contract documents must be executed before the service contract effective date. Contract payments cannot be made until the service contract is executed by all parties.
9. Indemnification. Any contract that requires the County to indemnify the contractor, or includes a limitation of liability, must be approved by the Board of Supervisors regardless of the contract amount.

C. Procedures for Services Contracts Equal to or Below \$200,000.

1. Approval. The Purchasing Agent is authorized to execute contracts for services costing equal to or below \$200,000.
2. County Counsel Review. A service contract that is either more than \$50,000 or not on a County standard form (i.e., on a vendor's form) must be reviewed and approved as to legal form by the County Counsel's Office before the Purchasing Agent executes the contract. If a service contract is \$50,000 or less and is on the County's standard form, the Purchasing Agent may sign the contract without County Counsel review.

D. Procedures for Service Contracts Above \$200,000.

1. Approval. The Board of Supervisors must approve all service contracts above \$200,000. The requesting department shall draft a Board Order seeking approval of the contract over \$200,000 and submit to the County Administrator's Office via the Board of Supervisors' electronic agenda management system for placement on the Board of Supervisors' agenda for review and final approval.
2. County Counsel Review. All service contracts that are over \$200,000 must be reviewed and approved as to legal form by the County Counsel's Office.

E. Legal Authority. The legal authority for the purchase of certain services required by the County is set forth in the following statutes and County codes: Government Code section [31000](#), Government Code section [25502.5](#), Ordinance Code section [1108-2.215](#) and Public Contract Code section [22032\(a\)](#).

IV. DIGITAL SIGNATURES. All purchasing and contract related documents specified in this bulletin may be executed either with original signatures or electronic signatures through a

digital signature platform authorized by the Chief Information Officer.

- V. OTHER PROCUREMENT POLICIES.** The Board of Supervisors, in its discretion, may adopt additional policies impacting procurement of materials, supplies, equipment, furnishings, and other personal property of any kind and nature or services from time to time. This policy establishes the minimum standards for conducting procurement activities; however, compliance with additional policies adopted by the Board of Supervisors or those required to satisfy federal or state grant requirements may supersede this policy.
- VI. OTHER ADMINISTRATIVE BULLETINS.** Additional Administrative Bulletins governing specific purchases have been promulgated to provide guidance on those unique transaction types and should be reviewed in conjunction with this policy as the requirements in those policies may supersede the requirements in this policy, including:
- a. [Administrative Bulletin No. 508, “County Vehicle and Equipment Acquisition and Replacement Policy, and Zero-Emission Vehicle Policy and Goals”.](#)
 - b. [Administrative Bulletin No. 614, “Food and Beverage Policy”.](#)
 - c. [Administrative Bulletin No. 615, “Incentives for County Programs and Services”](#)
 - d. [Administrative Bulletin No. 616, “Acquisition of Computer Hardware, Software and Computer-Related Services”.](#)

References:

- [Emergency Purchase Form](#)
- [Procurement Card Manual](#)
- [Purchasing User Setup/Change Form](#)
- [Sole Source Purchase Form](#)
- [Purchase Order General Terms and Conditions](#)
- [Small Business Enterprise \(SBE\) Program Requirements](#)

/s/

Monica Nino,
County Administrator

BOS Approved: June 27, 2023, Agenda Item C.107

Community Services Bureau**FIXED ASSETS, INFORMATION TECHNOLOGY, LOW-VALUE INVENTORY AND
CLOUDS DATA SYSTEM POLICIES AND PROCEDURES****BACKGROUND**

The following Agency Fixed Assets, Information Technology, Low-value Inventory and CLOUDS Data System Policy was approved by Community Services Bureau ("CSB"). This policy applies to all programs funded by CSB.

DEFINITIONS

General Fixed Assets: All equipment (non-expendable personal property) with an acquisition cost of \$5,000.00 or more per unit and a useful life of more than one year that is purchased with funds distributed by CSB.

Information Technology Equipment (purchased with CSB Program funds): The purchase, rent, licensing, maintenance fee, or subscription of information-technology applications/software/services with a per-unit single or cumulative cost totaling \$5,000 or more within a twelve-month period with CSB Program funds.

Low-value Inventory (Equipment): All computer hardware and expendable property of a sensitive nature (subject to loss or theft due to its size), meeting the state and federal definition of equipment, such as photocopiers, printers, tablets, laptops, and video cameras with an estimated useful life of more than one year, and value is less than \$5,000.00. All Low-value Inventory shall be considered to have a useful life of up to five years for purposes of this policy.

Covered Equipment: Any and all General Fixed Assets, Information Technology and/or Low-value Inventory. The cost of Covered Equipment includes: the purchase price less discounts plus freight charges; sales, use and transportation taxes; and installation charges.

CLOUDS Data Management System (Software): all programs operated and funded by CSB, including sub-recipient/delegate/partner, will utilize the CLOUDS data management system for recording daily attendance, reports, asset management and conduct program monitoring. County shall provide training and technical support on CLOUDS and all related hardware and software applications used at sub-recipient/delegate/partner centers, on an as-needed basis.

PRIOR APPROVAL OF FIXED ASSETS AND INFORMATION TECHNOLOGY

Expenditures for fixed assets and information technology (CSB Program funds) shall be approved by CSB and/or grantor prior to the purchase of such fixed assets by subrecipient/delegate agency. Sub-recipient/delegate/partner agency shall obtain written approval of CSB and/or grantor prior to purchasing the fixed assets and information

technology. For fixed assets purchase using Head Start funds, if fixed assets are approved in the annual budget, no further approvals are required.

INVENTORY OF FIXED ASSETS AND LOW-VALUE INVENTORY

All Covered Equipment will be inventoried by Sub-recipient/Delegate/Partners and entered into CLOUDS Asset Management System, which will be monitored by CSB. A physical property inventory monitoring will be conducted and reconciled with the property records at least once every two years. Replacement, transfer, tagging and disposal of any Covered Equipment shall be consistent with the following procedures.

REPLACEMENT OF COVERED EQUIPMENT

When the status of Covered Equipment is reported after the annual physical inventory, the sub-recipient/delegate/partner agency that cannot locate items of Covered Equipment assigned to it shall provide to CSB (from non-CSB sources) funds equal to the replacement Value of the Covered Equipment not located.

TRANSFER OF COVERED EQUIPMENT

The sub-recipient/delegate/partner agency that receives Covered Equipment from CSB will be solely responsible for the pickup and return of such equipment to CSB. In addition, all Covered Equipment must be returned when the program operator is no longer funded by CSB.

TAGGING OF COVERED EQUIPMENT

Every purchase made with CSB funds will be approved by CSB's Fiscal Unit. Each sub-recipient/delegate/partner must be aware that in some instances, prior federal and/or state approval is necessary, and program must secure the appropriate approval prior to acquisition. For tagging and record keeping, the sub-recipient/delegate/partner must provide a report containing an itemized listing of Covered Equipment purchases with a copy of the invoice for each item. The listing should provide the date of acquisition, individual cost, serial number, and location of the Covered Equipment. CSB will then arrange for tagging the Covered Equipment.

DISPOSITION OF COVERED EQUIPMENT

Disposition of Covered Equipment will be made in accordance with OMB Uniform Guidance (2 CFR Part 200) and applicable implementing regulations by federal funding source. Sub-recipient/delegate/partner agency shall also take reasonable measures to safeguard and protect personally identifiable information from the Covered Equipment in accordance with OMB Uniform Guidance (2 CFR Part 200.82 and 200.203(e)). Covered Equipment determined to be non-usable by CSB may be sent to the County General Services for disposition. Proceeds received from disposition will be retained by CSB for future program services, as applicable to each funding source.

If it is determined that the cost of moving the non-usable Covered Equipment will exceed the potential sale proceeds from disposition, CSB may perform disposition procedure on site. In addition, any Low-value Inventory that has exceeded its useful life may be disposed of on site. If any Covered Equipment is disposed of on site, the Program Operator shall continue to use such equipment in its CSB-funded program or, if such equipment is disposed of for value, the proceeds shall be considered Program Income and shall be accounted for as provided in the sub-grant or delegate agreement.

CLOUDS DATA MANAGEMENT SYSTEMS

Sub-recipient/Delegate/Partner shall use CLOUDS data management system, including specific software applications and hardware, for all enrollments using CSB's state or federal funding for the following:

- 1) Electronic Attendance/e-Signature/Touchless QR Code sign-in/out system
- 2) Communication with Families (SMS, Email & CSBConnect.org)
- 3) DROP App data recording
- 4) Program Information Report (PIR)
- 5) Monitoring
- 6) Purchase Request Approval Process (CLOUDS & CSBConnect.org)
- 7) Electronic Communications via SMS, Email & CSBConnect.org
- 8) Asset Management Module (Federal & State Funding)

REPORTS AND SUBMITTALS

Recipient and sub-recipient/Delegate, shall conduct a physical inventory of the property and results reconciled with the property records in CLOUDS asset Management at least once every two years and complete the approved Equipment Inventory Form/Template provided (see Exhibit 1, attached).

- 1) County shall provide CLOUDS specific hardware and software applications for electronic attendance requirements.
- 2) Hardware is the property of the County, and the below procedures must be followed:
 - a) Missing or Stolen County hardware must be reported to CSB and include a copy of police report.
 - b) Non-operational or damaged hardware must be returned to CSB as soon as possible and a replacement will be provided
 - c) All County hardware must be returned upon termination of contract agreement.

Equipment Inventory

| Contractor Legal Name: | | | | | Funding Source (e.g. ACF) | | | | | |
|--|---------------------------------|---------------|------------------|--------------------------------|---------------------------|-------------------------|---------------------------|-----|-----------|---|
| Item Description* | Serial or Identification Number | Original Cost | Acquisition Date | Source of Funding (incl. FAIN) | Who Holds Title | % of Federal Interest** | Location | Use | Condition | Disposition Date (incl. date of disposal and sale price)*** |
| <i>Example: King-Wade desktop computer</i> | 12345678-9011 | \$1,500 | 7/12/2004 | B.L. Warren Preschool | ACF | 50 | | | | |
| <i>Example: Metover refrigerator</i> | 23434234-90 | \$1,200 | 2/13/1995 | | | | | | | Transfer to U.L. Max C.D.C. |
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| I certify the information contained in this Equipment Inventory form represents a complete and accurate disclosure of items purchased with Head Start funds. | | | | Signature | | | Inventory Completion Date | | | |
| * List each piece of equipment, purchased in whole or part, with funds provided by ACF. **Enter percentage of Federal participation in the project costs for the Federal award under which the property was acquired | | | | | | | | | | |
| ***Enter date the item was removed from service and its disposition. | | | | | | | | | | |

References: Head Start Act's Post Federal Award Requirements regarding Equipment (see 45 Code of Federal Regulations section 75.320(d)(1)(Equipment)).

Note: A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

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I. GENERAL:

This document establishes the Employment and Human Services Department (EHSD) fiscal monitoring policy on the oversight responsibilities relating to federal subawards made to subrecipients.

II. REFERENCES:

Title 2 - Code of Federal Regulations, Part 200, *Grants and Agreements*;

Title 45 - Code of Federal Regulations, *Public Welfare*;

Title 29 - Code of Federal Regulations, *Labor*;

Federal Acquisition Regulations (FAR) Part 31, *Cost Principles and Procedures for Commercial Entities*;

Federal Acquisition Regulations (FAR) Part 48, *Cost Accounting Standards for Commercial Entities*; and

Other applicable Title(s) as indicated in grant agreement(s).

III. PURPOSE:

As a pass-through entity of federal funds, it is EHSD's policy to monitor its subrecipients consistent with the requirements outlined in this document.

Federal rules, unless otherwise stated in applicable CFRs, require pass-through entities to evaluate each subrecipient's risk of noncompliance to determine the appropriate fiscal monitoring level, monitor the fiscal activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal statutes and regulations and terms of the subaward, and verify that subrecipients are audited as required by Subpart F of 2 CFR 200 and 45 CFR Part 75.

Failure to adequately monitor the fiscal compliance of subrecipients could result in audit findings in EHSD's single audit report or fiscal monitoring report conducted by Federal and State monitors. EHSD, as a pass-through entity, serves as a steward that exercises the appropriate oversight to provide reasonable assurance that Federal awards are expended

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in accordance with programmatic intent and are not misapplied, or misdirected whereby financial harm may be suffered by EHSD, Contra Costa County, and/or its constituency.

The standards in this policy apply to all subrecipients of federal awards, unless otherwise stated in applicable CFRs.

IV. **DEFINITIONS:**

Subrecipient – Title 2 CFR section 200.93 and 45 CFR 75.2

Subrecipient means a non-Federal entity that receives a **subaward** from a **pass-through entity** to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Contractor – Title 2 CFR section 200.23 and 45 CFR 75.2

Contractor means an entity that receives a contract as defined in §200.22 **contract**.

Subaward – Title 2 CFR section 200.92 and 45 CFR 75.2

Subaward means an award provided by a **pass-through entity** to a **subrecipient** for the **subrecipient** to carry out part of a Federal award received by the pass-through entity. It does not include payments to a **contractor** or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the **pass-through entity** considers a **contract**.

Contract – Title 2 CFR section 200.22 and 45 CFR 75.2

Contract means a legal instrument by which a non-Federal entity purchases goods or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or **subaward** (see §200.92 **Subaward**).

Pass-through Entity – Title 2 CFR section 200.74 and 45 CFR 75.2

Pass-through entity means a non-Federal entity that provides a **subaward** to a **subrecipient** to carry out part of a Federal program. *This will generally refer to EHSD.*

Non-federal Entity – Title 2 CFR section 200.69 and 45 CFR 75.2

Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or **subrecipient**.

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Cognizant Agency for Indirect Cost – Title 2 CFR section 200.19 and 45 CFR Part 75.2
Cognizant agency for indirect costs means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies.

V. **WHO MUST COMPLY:**

EHSD as a pass-through entity providing subawards to subrecipients to carry out part of a federal program(s) must comply with this policy.

Fiscal staff will be implementing the standards in this policy. Program analysts and their designees will work in collaboration with fiscal to assist with the coordination of fiscal monitoring activities and be involved in the resolution of fiscal monitoring findings.

VI. **POLICY STANDARDS FOR FISCAL MONITORING:**

Title 2 CFR section 200.331 defines the requirement for pass-through entities awarding a federal subaward to a subrecipient.

In order to comply with the requirements, EHSD must adhere to the following 20 standards and adequately document all actions taken to comply with the requirements.

EHSD may be required to comply with additional fiscal monitoring requirements above the 20 standards as required by specific Federal agencies and other pass-through entities.

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Pre-award Stage

| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|--|---|---------------------------------------|--|
| Standard 1 Make a case-by-case determination on whether the contracting agreement resulting from the RFP or RFI for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient. | Complete checklist <u>before issuance</u> of RFP, RFI or sole source. | <u>Section A</u> | <u>Appendix 1</u> <i>Subrecipient/ Contractor Determination Checklist</i> |
| Standard 2 Review the fiscal section of the RFP or RFI to ensure required budget information and appropriate subrecipient language is included in the document. | Review fiscal section <u>before issuance</u> of RFP or RFI. | <u>Section A,</u> <u>Section C</u> | None |
| Standard 3 Evaluate the risks posed by subrecipient applicants that are responding to RFP or RFI. | Upon receipt of proposals, complete risk scoring sheet during RFI/RFP evaluation period as requested by Contract Administrator. | <u>Section B</u> | Scoring Spreadsheet |

Post-award Stage

| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|--|--|------------------|--|
| Standard 4 Make a case-by-case determination on whether the contracting agreement for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient. | Complete checklist annually <u>before</u> execution of agreement. | <u>Section A</u> | <u>Appendix 1</u> <i>Subrecipient/ Contractor Determination Checklist</i> |
| Standard 5 Review subrecipient contract budget for reasonableness, allocability and allowability. | Complete checklist annually <u>before</u> execution of agreement and when the subaward is amended. | <u>Section C</u> | <u>Appendix 2</u> <i>Contract Budget Review Checklist</i> |
| Standard 6 Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the required information at the time of the subaward and if any of these data elements | Include required information for each subrecipient <u>before</u> execution of agreement. | <u>Section D</u> | <u>Appendix 3</u> <i>Special Conditions Template</i> |

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| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|---|---|------------------|--|
| change, include the changes in subsequent subaward modification. | | | |
| <p>Standard 7</p> <p>Gain an understanding of the subrecipient organization, history of Federal awards, previous audit results, and fiscal practices.</p> | Send Subrecipient Questionnaire by July 15 th of each year. Review subrecipient response by August 30 th of each year in preparation for the completion of the risk assessment. | <u>Section E</u> | <u>Appendix 4</u> <i>Subrecipient Questionnaire</i> |
| <p>Standard 8</p> <p>Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.</p> <p>Classify subrecipient's risk level as (1) Low; (2) Moderate; (3) High</p> | Complete risk assessment for each subrecipient by September 30 th of each year. | <u>Section E</u> | <u>Appendix 5</u> <i>Risk Assessment Matrix</i> |
| <p>Standard 9</p> <p>Establish fiscal monitoring schedule and monitoring activities in accordance with subrecipient's risk level.</p> <p>Determine if additional monitoring activities are warranted depending upon EHSD's assessment of risk posed by the subrecipient.</p> | By September 30 th of each year. | <u>Section F</u> | <u>Appendix 6</u> <i>Subrecipient Monitoring Plan</i> |
| <p>Standard 10</p> <p>Monitor the fiscal 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.</p> | On-going; on-site monitoring and desk review to begin no later than 60 days after FYE June 30 th . | <u>Section F</u> | <u>Appendix 7</u> <i>Monthly Demand Review Guide</i> <u>Appendix 8</u> <i>Desk Review Guide</i> <u>Appendix 9</u> <i>On-site Monitoring Guide</i> |

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| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|---|--|----------------------------------|--|
| <p>Standard 11</p> <p>Determine by AL number cumulative Federal subaward payments for the fiscal year and communicate the amounts to subrecipient.</p> | <p>Within 30 days of final settlement, but no later than September 15th.</p> | <p>Section G</p> | <p>Appendix 10 <i>Federal Subaward Payment Template</i></p> |
| <p>Standard 12</p> <p>Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.</p> | <p>Send prior year single audit certification survey by November 30th of each year; Evaluate subrecipient response by February 15th.</p> | <p>Section H</p> | <p>Appendix 11 <i>Single audit certification form</i></p> |
| <p>Standard 13</p> <p>Review subrecipient's single audit to ensure federal program(s) funded by EHSD are on the SEFA and identify on schedules of findings whether there are findings present for Federal programs.</p> | <p>Complete single audit review checklist within 60 days of due date of single audit to Federal Audit Clearinghouse (FAC).</p> | <p>Section I</p> | <p>Appendix 12 <i>Single audit review checklist</i></p> |
| <p>Standard 14</p> <p>Prepare and issue management decision for single audit findings pertaining to the EHSD's Federal award provided to the subrecipient.</p> | <p>Prepare and issue management decision letter within 180 days of acceptance of single audit by Federal Audit Clearinghouse (FAC).</p> | <p>Section J</p> | <p>Appendix 13 <i>Management Decision Template</i></p> |
| <p>Standard 15</p> <p>If subrecipient has not completed corrective action(s), provide a timetable and ensure that subrecipient proceeds with corrective action(s).</p> | <p>Must be initiated as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.</p> | <p>Section J</p> | <p>Appendix 14 <i>Corrective Action(s) Letter Template</i></p> |
| <p>Standard 16</p> <p>Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.</p> | <p>On a case-by-case basis if conditions in section K are met.</p> | <p>Section K</p> | <p>None</p> |
| <p>Standard 17</p> | <p>On a case-by-case basis if specific subaward conditions are not adhered to.</p> | <p>Section L</p> | <p>None</p> |

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| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|---|---|---------------------------|-------|
| Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for non-compliance of this part and in program regulations. | | | |
| Standard 18 Assess training needs and prepare an annual schedule to provide technical assistance for program analysts and subrecipients. Update training materials as needed. | 1 st Quarter of each Fiscal Year | Section M | None |
| Standard 19 Maintain electronic documentation of completed checklists, reports and communication with subrecipient. | On-going | Section M | None |
| Standard 20 Maintain monitoring activities in electronic database. | On-going | Section M | None |

Foster Family Agency (FFA) and Group Home Monitoring and Oversight

| Fiscal Monitoring Activities Conducted by Fiscal Staff | Action/Timeline | References | Tools |
|--|--|---------------------------|--|
| Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements. | Send prior year single audit certification survey by November 30 th of each year; Evaluate subrecipient response by February 15 th . | Section N | Appendix 11 <i>Single audit certification form</i> |
| Review subrecipient's single audit to ensure federal program(s) funded by EHSD are on the SEFA and identify on schedules of findings whether there are findings present for Federal programs. | Complete single audit review checklist within 60 days of due date of single audit to Federal Audit Clearinghouse (FAC). | Section N | Appendix 12 <i>Single audit review checklist</i> |
| Verify that corrective action(s) have been implemented and/or ensure that subrecipient proceeds with corrective action(s) | Must be initiated as rapidly as possible and corrective action should begin no later than upon receipt of the audit report. | Section N | Appendix 14 <i>Corrective Action(s) Letter Template</i> |

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VII. POLICY GUIDANCE AND REFERENCES:

A. Subrecipient/Contractor Determination

EHSD will use the subrecipient/contractor determination checklist to determine if the contracting relationship with the third-party is of a subrecipient or vendor.

RFP/RFI Issued before July 1, 2016

For contracts for which the Request for Proposal (RFP) or Request for Interest (RFI) was issued prior to July 1, 2016, EHSD will complete the subrecipient/contractor determination checklist annually before contract execution to ensure the status remains unchanged from the RFP/RFI subrecipient determination.

RFP/RFI Issued on or after July 1, 2016

For contracts for which the Request for Proposal (RFP) or Request for Interest (RFI) on July 1, 2016, or thereafter, the determination on whether the contracting agreement for the disbursement of federal program funds casts the party receiving the funds in the role of a subrecipient should be made **before the issuance** of the RFP or RFI.

Effective July 1, 2016, the RFP or RFI must identify whether the contracting relationship will be in the form of a subrecipient or contractor (vendor).

EHSD will review the subrecipient/contractor determination annually to ensure the initial determination status remains unchanged.

Sole Source Contracts

Effective July 1, 2016, for sole source contracts, the subrecipient/contractor determination will be made annually before contract execution.

The following characteristics are guidelines from 2 CFR 200.331 to assist EHSD in making the determination of whether a contracting relationship is of subrecipient or Contractor (vendor).

Subrecipients: A **subaward** is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the **subrecipient**. Characteristics which support the classification of the non-Federal entity as a **subrecipient** include when the non-Federal entity:

Determines who is eligible to receive what Federal assistance;

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Has its performance measured in relation to whether objectives of a Federal program were met;

Has responsibility for programmatic decision making;

Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
and

In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Contractors (vendor): A **contract** is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor (vendor). Characteristics indicative of a procurement relationship between EHSD and a contractor are when the contractor:

Provides the goods and services within normal business operations;

Provides similar goods or services to many different purchasers;

Normally operates in a competitive environment;

Provides goods or services that are ancillary to the operation of the Federal program; and

Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Use of judgment in making determination: In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a **subrecipient** or a **contractor**, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a **subaward** or a procurement **contract**.

B. Risk-based Approach to Evaluating Risks Posed by Subrecipient Applicant

EHSD is required to evaluate the risks posed by subrecipient applicants that are responding to RFP or RFI. In evaluating risks posed by subrecipient applicants, EHSD may use a risk-based approach and may consider information such as the following:

Financial stability;

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Quality of management systems and ability to meet the management standards prescribed in this part;

History of performance. The applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;

Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and

The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

When a single audit report or any other available audit reports were not performed on the subrecipient entity, EHSD will request additional information from the subrecipient entity and apply the above principles to evaluate the risks posed by the subrecipient applicant.

In addition to this review, EHSD must comply with the guidelines on government-wide suspension and debarment in 2 CFR part 180, and must require non-Federal entities to comply with these provisions. These provisions restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities.

EHSD is also required to use a risk-based approach for a subrecipient that has not been competitively procured (sole source).

C. Incorporation of Subrecipient Language and Evaluation of Subrecipient Reasonableness, Allocability and Allowability Budget for

Effective July 1, 2016, the subrecipient determination is required to be made before the RFP or RFI publication. When entity is classified as a subrecipient, the RFP or RFI should be reviewed for inclusion of appropriate subrecipient language subject to federal CFRs and Single audit requirements.

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The subrecipient entity receiving Federal funds is required to provide detailed budget information to assist EHSD with evaluating the reasonableness, allocability and allowability of the proposed costs to operate the program.

The budget evaluation is one of many aspects of the fiscal subrecipient monitoring program. The fundamental guiding principles for an effective budget evaluation of a subrecipient that is required to comply with Federal cost principles described in 2 CFR 200 Subpart D (for HHS subawards, 45 CFR 75 Subpart E) are as follows:

The subrecipient is responsible for the efficient and effective administration of the Federal award through the application of sound management practices.

The subrecipient assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

The subrecipient, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the Federal award.

The application of these cost principles should require no significant changes in the internal accounting policies and practices of the subrecipient. However, the accounting practices of the subrecipient must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.

In reviewing, negotiating and approving cost allocation plans or indirect cost proposals, the cognizant agency for indirect costs should generally assure that the subrecipient is applying these cost accounting principles on a consistent basis during their review and negotiation of indirect cost proposals. Where wide variations exist in the treatment of a given cost item by the subrecipient, the reasonableness and equity of such treatments should be fully considered.

The subrecipient may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award. Commercial organizations subject to FAR may earn a profit if not prohibited by the applicable CFR or terms and conditions of the Federal award. **Note:**

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Prohibition on profit earning by commercial entity determined to be a subrecipient is present in 45 CFR 75.216.

Cost reasonableness principles: A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the subrecipient or the proper and efficient performance of the Federal award.

The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, and other laws and regulations; and terms and conditions of the Federal award.

Market prices for comparable goods or services for the geographic area.

Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the subrecipient, its employees, the public at large, and the Federal Government.

Whether the subrecipient significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Factors impacting the allowability of costs: Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

Be **necessary and reasonable** for the performance of the Federal award and be **allocable** thereto under these principles.

Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the subrecipient.

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Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

Be determined in accordance with generally accepted accounting principles (GAAP).

Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

Be adequately documented.

The above principles must be used in determining the reasonableness, allowability and allocability of costs for work performed by the subrecipient under Federal awards. For specific rules, review 2 CFR 200 Subpart D (for HHS subawards, 45 CFR 75 Subpart E).

These principles also must be used by the EHSD as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price (sole source vendor when a competitive market for the procured service/good does not exist). The principles do not apply to fixed amounts based on such items as education allowance or published tuition rates and fees.

D. Required Information in Subaward

When the contracting relationship is determined to be of a subrecipient, the legal instrument is referred to as a subaward in 2 CFR 200.92. EHSD is to include the following required information in each subaward (2 CFR 200.331 and for HHS subaward 45 CFR 75.352), unless otherwise authorized in applicable CFR:

1. Federal Award Identification
 - a. Subrecipient name (which must match the name associated with its unique entity identifier);
 - b. Subrecipient's unique entity identifier¹;

¹ SAM.gov, an official website of the U.S. government announced on their website the unique entity identifier used in SAM.gov has changed effective April 4, 2022.

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- c. Federal Award Identification Number (FAIN), if applicable;
- d. Federal Award Date, if applicable;
- e. Subaward Period of Performance Start and End Date;
- f. Amount of Federal Funds Obligated by this action;
- g. Total amount of Federal Funds Obligated to the subrecipient in the Federal subaward;
- h. Name of pass-through entity,
- i. AL Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the AL number at time of disbursement; and
- j. Subrecipient's federally approved indirect cost rate agreement.

When some of above information is not available, **EHSD must provide the best information available to describe the Federal award and subaward.**

- 2. All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.
- 3. Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
- 4. A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
- 5. Appropriate terms and conditions concerning closeout of the subaward.
- 6. Effective April 4, 2022, the unique entity identifier used across the federal government changed from the DUNS Number to the Unique Entity ID (UEI) generated by SAM.gov.

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Existing registered entities (subrecipients/subcontractors) can find their UEI as follows:

- a. Log in to SAM.gov.
- b. Select “Search” from the header menu.
- c. Expand “Select Domain,” then select “Entity Information,” then “Entities.”
- d. You can then use keywords and filters to search for the entity you are trying to locate. The UEI is displayed in the search results for each entity.

New entities (subrecipients/subcontractors) can get their UEI at SAM.gov and, if required, complete an entity registration.

Effective fiscal year FY 2022-2023, all EHSD’s subcontractors/subrecipients receiving federal funds, will be sent a letter informing them of this change including the steps described above to obtain the new UEI. The contractor will have 10 business days to provide their UEI to EHSD Contracts and Grants Division.

All new subcontractors/subrecipients will be required to get their UEI at SAM.gov and provide EHSD with the number before the subaward is awarded to the subrecipient in response to a RFP or RFI.

If the contractor does not comply, the EHSD Contracts and Grants Division will follow-up with the contractor.

E. Evaluation Factors to Assess Subrecipient’s Risk of Noncompliance

EHSD Contract Unit will verify and track all contractors UEI at the early stage of the contract development and prior to awarding a contract.

- Upon receipt of the UEI number, the Contract Analyst will log into SAM.gov website.

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- Contract Analyst will conduct a clearance and check the Excluded Parties List System (EPLS) to verify the contractor account is active and in good standing.
- If contractor's account is not in good standing, the Department will add such contractor in the Excluded Parties List System (EPLS) and will not be able to execute a contract.
- A print-out of the clearance will be saved electronically.

EHSD will require each of its subrecipients to complete the Subrecipient Questionnaire annually to gain an understanding of the subrecipient organization, history of Federal awards, previous audit results, and fiscal practices.

EHSD must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The evaluation may include consideration of such factors as those listed below:

1. The subrecipient's prior experience with the same or similar subawards;
2. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
3. Whether the subrecipient has new personnel or new or substantially changed systems; and
4. The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

EHSD will use the information from the responses to the Annual Subrecipient Questionnaire and other pertinent information to determine the subrecipient's level of risk by completing the risk assessment matrix. Each subrecipient will be attributed a level of risk (Low, Moderate and High) based on a multiplicity of factors outlined in the risk assessment matrix.

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F. Monitoring of Subrecipient Fiscal Activities

EHSD will monitor the fiscal 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. The monitoring activities must include at least:

1. Reviewing financial reports required by EHSD.
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 EHSD 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 EHSD as required by §200.521 Management decision.
4. Depending upon EHSD's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for EHSD to ensure proper accountability of the Federal award:
5. Providing subrecipients with training and technical assistance on fiscal-related matters;
6. Performing on-site reviews or desk review of the subrecipient's fiscal operations;
7. Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services. EHSD may charge Federal awards for the cost of agreed-upon-procedures engagements to monitor a subrecipient that are exempted from the requirements of the Single Audit Act and Subpart F—Audit Requirements of this part. This cost is allowable only if the agreed-upon-procedures engagements are meeting the requirements in §200.425 (c)(1), (c)(2) and (c)(3).

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| Risk(s) Level | Monitoring Activities | Who | Frequency |
|------------------------------|---|---|---|
| Low, Moderate and High | Send prior year single audit certification survey to each subrecipient | Fiscal Analyst | Annually |
| Low, Moderate and High | Review single audit for findings and accuracy of SEFA | Fiscal Analyst | Annually if subrecipient is subject to single audit |
| Low, Moderate and High | Review audited financial statements to assess financial stability. Review auditor's opinion and internal control report | Fiscal Analyst | Annually if subrecipient is subject to single audit or if financial statements audit available only |
| Low, Moderate and High | Review responses to Subrecipient Questionnaire | Fiscal Analyst | Annually |
| Low, Moderate and High | Review monthly financial reports (demands) for each subrecipient | Program Analyst Account Clerk Fiscal Analyst, if issue is unresolved or open findings | Monthly |
| Low | Conduct desk review if subrecipient is not subject to Single Audit requirement and risk level is assessed at Low | Fiscal Analyst | Annually if subrecipient is not subject to single audit |
| Moderate and High | Conduct on-site monitoring if subrecipient is not subject to Single Audit requirement and risk level is assessed at Moderate or High. | Fiscal Analyst | Annually if subrecipient is not subject to single audit |
| Moderate | Conduct desk review if subrecipient is subject to Single Audit and | Fiscal Analyst | Annually |

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| Risk(s) Level | Monitoring Activities | Who | Frequency |
|------------------|--|----------------|-----------|
| | no prior findings from Single Au- dit or EHSD’s monitoring, | | |
| High | Conduct on-site monitoring visit | Fiscal Analyst | Annually |

G. Report on Cumulative Federal Subaward Payments to Subrecipient

EHSD is required to report to its subrecipients their cumulative Federal subaward payments by AL number within 30 days of the final settlement, but no later than September 15th of each year.

H. Subrecipient Subject to Single Audit Requirements

EHSD will verify that every subrecipient is audited as required by Subpart F— Audit Requirements of 2 CFR 200 when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equals or exceeds the threshold set forth in §200.501 Audit requirements.

EHSD will send a single audit certification survey to its subrecipients by November 30th of each year and require a response within 30 days of the date of the letter. A review of the survey responses will be performed to determine which subrecipients are subject to the single audit requirement and when the single audit is expected to be filed with FAC.

Responses to the single audit survey will be logged in a database for ease of tracking. EHSD will follow up on subrecipients that have not responded to the single audit survey or have not sent their single audit report by the FAC filing date. In addition to those subrecipients undergoing periodic monitoring will be those chosen for special monitoring. Special monitoring will focus on subrecipients EHSD has reason to believe that federal funds are not being expended appropriately or that the subrecipient is concerned about its compliance status and requests a monitoring visit.

Sub-recipients and programs can be selected for special monitoring at the discretion of the EHSD Chief Financial Officer or the EHSD Director.

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I. Review of Subrecipient Single Audit

Upon determining that a subrecipient is subject to the single audit requirements, EHSD will track whether the single audit reports are received by the FAC filing date.

EHSD will review the subrecipient single audit to ensure that federal program(s) funded by EHSD are on the SEFA and identify on schedules of findings whether there are findings present for EHSD's federal programs. The results of the review will be logged in the database and, if necessary, EHSD will issue a management decision and/or require the subrecipient to issue a corrective action plan as described in section J below.

J. Issuance of Management Decision and Subrecipient Corrective Actions

If audit findings are present, EHSD must issue a management decision that clearly states whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action.

EHSD will also provide a timetable to the subrecipient if the entity has not completed its corrective action plan.

Prior to issuing the management decision, EHSD may request additional information or documentation from the auditee, including a request for auditor assurances related to the documentation, as a way of mitigating disallowed costs.

The management decision should describe the, if any, appeal process available to the subrecipient.

EHSD must issue a management decision within six months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC). The subrecipient (auditee) must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

While not required by §200.521, EHSD may also issue a management decision on findings relating to the financial statements.

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K. Additional Specific Award Conditions upon a Subrecipient as Appropriate

EHSD may impose additional specific award conditions as needed under the following circumstances:

Based on the criteria set forth in EHSD's review of risk posed by **applicants**;

When an **applicant** or **subrecipient** has a history of failure to comply with the general or specific terms and conditions of a Federal award;

When an **applicant** or **subrecipient** fails to meet expected performance goals as described in §200.210 Information contained in a Federal award; or

When an **applicant** or **subrecipient** is not otherwise responsible.

Additional federal award conditions may include items such as the following:

Requiring payments as reimbursements rather than advance payments;

Withholding authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;

Requiring additional, more detailed financial reports;

Requiring additional project monitoring;

Requiring the non-Federal entity to obtain technical or management assistance; or

Establishing additional prior approvals.

EHSD must notify the **applicant** or **subrecipient** regarding:

The nature of the additional requirements;

The reason why the additional requirements are being imposed;

The nature of the action needed to remove the additional requirement, if applicable;

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The time allowed for completing the actions if applicable, and

The method for requesting reconsideration of the additional requirements imposed.

EHSD must **promptly remove any specific conditions** once the conditions that prompted them have been corrected.

L. Remedies for Noncompliance of 2 CFR 200 and in Program Regulations

EHSD may take one or more of the following actions, as appropriate to the circumstances, if it is determined that the subrecipient noncompliance cannot be remedied by imposing additional conditions:

Temporarily withhold cash payments pending correction of the deficiency by the subrecipient or more severe enforcement action EHSD.

Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.

Wholly or partly suspend or terminate the subaward.

Recommend to the Federal awarding agency the initiation of suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal awarding agency regulations.

Withhold further Federal awards for the project or program.

Take other remedies that may be legally available.

M. Subrecipient Monitoring Standards and Tracking Subrecipient Monitoring Activities

Section VI. Policy and Standards for Fiscal Monitoring of this document establishes the monitoring standards, frequencies of activities, reference materials, and tools that the Fiscal staff are responsible for implementing annually under the direction of the Fiscal Officer.

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N. Foster Family Agency (FFA) and Group Home Monitoring and Oversight

Pursuant to guidance received in 2001 from the federal Administration for Children and Families (ACF), Foster Care providers who operate group homes and/or FFA programs that receive an Aid to Families with Dependent Children-Foster Care program rate are considered subrecipients and are subject to the same audit requirements and require the same degree of oversight as other subrecipients.

Although EHSD can reasonably rely on the findings of Single audits required by California Department of Social Services (CDSS) and management letters issued accordingly, EHSD will review those audits and their findings and follow up to ensure compliance and monitoring and oversight required by federal and state laws and regulations. (County Fiscal Letter No. 15/16-62)

O. Fiscal Monitoring in the Aging and Adult Bureau

The designated fiscal staff will follow policy standards with the exception to Standard 9. Regardless of the risk level, Monitoring Plan #3 must be followed at minimum every other year.

P. Fiscal Monitoring in the Workforce Development Board Bureau

The designated fiscal staff will follow policy standards with the exception to Standard 9. Regardless of the risk level, Monitoring Plan #3 must be followed every year.

Q. Fiscal Monitoring and Head Start/Early Head Start Regulations on the Allowability of Costs and Inventory Requirements in the Community Service Bureau

The designated fiscal staff will follow policy standards with the exception to Standard 9. Regardless of the risk level, Delegate Monitoring Plan #4 must be followed. For all other subrecipients, Monitoring Plan #3 will be followed.

Self-Monitoring – Appendix 15

As a recipient of federal and state awards, EHSD is responsible for establishing a self-monitoring policy per 45 CFR Part 75.303(c). Initial monitoring will take place quarterly and semi-annually thereafter. Compliance assessments will be conducted to ensure:

- Compliance with statutory requirements

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- Review of internal checks/controls
- Review of financial documents
- Review of business practices, processes and policies

Internal Controls – 45 CFR Part 75.303

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and **monitor** the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the HHS awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

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Pursuant to Head Start Performance Standard – 1302.102(b) Achieving program goals:

Monitoring program performance. (1) Ongoing compliance oversight and correction. In order to ensure effective ongoing oversight and correction, a program must establish and implement a system of ongoing oversight that ensures effective implementation of the program performance standards, including ensuring child safety, and other applicable federal regulations as described in this part, and must:

- (i) Collect and use data to inform this process;
- (ii) Correct quality and compliance issues immediately, or as quickly as possible;
- (iii) Work with the governing body and the policy council to address issues during the ongoing oversight and correction process and during federal oversight; and,
- (iv) Implement procedures that prevent recurrence of previous quality and compliance issues, including previously identified deficiencies, safety incidents, and audit findings.

CSB Fiscal Process – Head Start and Early Head Start

Employment and Human Services Department (EHSD) charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards. (See Appendix 16)

Delegate Onsite Monitoring Tool – Appendix 17

VIII. ROLES, RESPONSIBILITIES AND DATA MANAGEMENT

Under the direction of the Fiscal Officer, the Social Services Compliance Accountant (SSCA) is responsible for establishing EHSD’s fiscal monitoring framework and implementing systems that track the actual monitoring activities against the established monitoring standards, frequencies of activities, reference materials, and tools. The SSCA will also oversee the updates to the fiscal monitoring policy, reference materials and tools.

The SSCA is responsible for creating and maintaining technical assistance materials to assist the Fiscal staff with educating subrecipients and program analysts on the monitoring standards, frequencies of activities, reference materials, and tools. The SSCA will

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also prepare an annual schedule of technical assistance sessions for the Fiscal staff, Program Analysts and Subrecipient, and ensure that technical assistance sessions are conducted annually according to schedule.

During the peak monitoring periods, the Fiscal Officer will direct accounting and administrative support whenever possible to assist the Fiscal staff and SSCA with implementing the monitoring standards established in this policy document.

The next section describes the tracking of data and forms related to monitoring activities.

Pre-award Stage:

The SSCA will obtain RFP or RFI schedule from the Contract administrator and coordinate the pre-award activities with the designated Fiscal staff.

The SSCA will maintain an electronic data table containing basic information on RFP or RFI as follows:

Table 1: Pre-award Subrecipient Tracking

| |
|----------------------------------|
| Fiscal Analyst Name |
| Bureau |
| RFP or RFI Number |
| RFP or RFI PDF |
| Start RFP or RFI Date |
| End RFP or RFI Date |
| Federal funds (Y/N) |
| Subrecipient Checklist due |
| Subrecipient Determination (Y/N) |
| # of Proposals Received |

The designated Fiscal staff will identify whether the contracted services will be funded with Federal funds and complete the subrecipient determination checklist as appropriate. The checklist will be stored electronically and the information provided to SSCA.

For each RFP or RFI contracting instrument identified as subaward, the SSCA will maintain an electronic data table containing information on RFP or RFI respondents as follows:

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Table 2: Pre-award Fiscal Scores

| |
|-------------------|
| RFP or RFI Number |
| Proposal #? |
| Legal Entity Name |
| Score |
| Total Score |

The designated Fiscal staff will evaluate the risk posed by subrecipient applicants who are responding to the RFP or RFI. The checklist will be stored electronically and the score information provided to SSCA and the designated staff in the contracts unit.

Post-award Stage

The SSCA will maintain an electronic data table containing basic information on each subrecipient and contractor (vendor) as follows:

Table 3: Post-award Basic Contract Data

| |
|-------------------------------|
| Contract Number |
| Contract PDF |
| Start Contract Date |
| End Contract Date |
| Federal funds (Y/N) |
| Subrecipient Checklist Due |
| Subrecipient (Y/N) |
| Special Conditions (Y/N) |
| Legal Entity Name |
| Legal Entity Type |
| Mailing address |
| Mailing City |
| Mailing State |
| Fiscal Contact Last Name |
| Fiscal Contact First Name |
| Fiscal Contact Title |
| Fiscal Contact Position |
| Telephone number |

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| |
|---------------------|
| Email |
| Fiscal Analyst Name |
| Bureau |

The designated Fiscal staff will maintain in a centralized location electronic copies of the contract and completed subrecipient determination checklist.

The SSCA will maintain an annual electronic data table containing basic information on each subrecipient identified in Table 3 as follows:

Table 4: Post-award Subrecipient Monitoring Activities

| |
|--|
| Vendor Number |
| AL |
| Federal funds Expended at year-end for each AL # (\$) |
| Letter with Federal funds expended by AL # mailed (Y/N) |
| Awarding Agency |
| Program Name |
| Legal Entity Type |
| Budget Review Completed (Y/N) |
| Subrecipient Contract language (Y/N) |
| Subrecipient Questionnaire Sent (Y/N) |
| Subrecipient Questionnaire Received (MM/DD/YY) |
| Risk Assessment Matrix (Y/N) |
| Risk Level (L/M/H) |
| Review Invoices Required (Y/N) |
| Desk Review Required (Y/N) |
| On-site Visit Required (Y/N) |
| Monitoring Date Scheduled on (MM/DD/YY) |
| Desk or On-site Monitoring Completed (NA/Y/N) |
| Monitoring Report Issued (Y/N) |
| Finding(s) Y/N |
| Observation(s) Y/N |
| Contractor Response Required (Y/N) |
| Response Received (NA/Y/N) |
| Response Adequate (Y/N) |

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The designated Fiscal staff will provide the information identified in Table 4 for each subrecipient to the SSCA. Federal funds expended by AL number will be provided to the SSCA within 30 days of final settlement, but no later than September 15th. The SSCA will consolidate the monitoring activities into the EHSD annual monitoring plan by October 15th of each year.

The designated Fiscal staff will store the following electronic documents for each subrecipient in a centralized location:

Review of subrecipient budget for reasonableness, allowability and allocability

Subrecipient's responses to Subrecipient Questionnaire

Risk Assessment matrix

Subrecipient monitoring plan

Desk review or on-site visit monitoring tool

Monitoring report

Response from subrecipient and corrective action plan, if applicable

Letter with Federal funds expended mailed to subrecipient

The SSCA will maintain an annual electronic data table containing basic information on each subrecipient identified in Table 3 as follows:

Table 5: Post-award Subrecipient Single Audit Review

| |
|---|
| Vendor Number |
| Sent Request for Single Audit Certification (Y/N) |
| Method Certification Requested (Mail/Email) |
| Due Date for Certification (MM/DD/YY) |
| Received Certification (Y/N) |
| If Certification Not Received, Follow-up Action (Y/N) |

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| |
|--|
| Over \$750,000 (Y/N) |
| Estimated date for Single Audit (MM/DD/YY) |
| If Single Audit Not Received, Follow-up Action (Y/N) |
| Date Single Audit Reviewed by Analyst (MM/DD/YY) |
| Unmodified Opinion on Audited Financial Statements (Y/N) |
| Unmodified Opinion on Compliance of Major Federal Programs (Y/N) |
| Auditee Identified as High Risk (Y/N) |
| Finding(s) Reported in Single Audit: (Y/N) |
| If Finding(s) Reported, Management Letter Due Date (MM/DD/YY) |
| If Finding(s) Reported, Letter to Subrecipient Regarding Corrective Action (Y/N) |
| If Finding(s) Reported, Letter to Subrecipient Regarding Questioned Cost (Y/N) |
| Subrecipient Response Received (MM/DD/YY) |
| Subrecipient Exercising Appeal Rights (Y/N) |

The designated Fiscal staff will provide the information in Table 5 for each subrecipient to the SSCA.

The designated Fiscal staff will maintain in a centralized location electronic copies of the following documents for each subrecipient:

- Single audit survey completed by subrecipient
- Subrecipient single audit
- Subrecipient checklist
- Management letter to subrecipient, if applicable
- Subrecipient response to management letter
- Subrecipient request to appeal questioned cost in management letter

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APPENDIX 1: SUBRECIPIENT/CONTRACTOR DETERMINATION CHECKLIST

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Legal Entity Name: _____
AL Number: _____

Contract Number: _____
Program Name: _____

For FY 20

Subrecipient/Contractor Determination Checklist

(Only use this checklist if legal instrument is funded with Federal dollars)

INSTRUCTIONS:

Begin by evaluating whether one or more characteristics listed under Section 1 – Subrecipient apply to the scope of work included in the legal instrument under review. If none of the Section 1 – Subrecipient characteristic applies, confirm that the relationship between EHSD and the 3rd party is of a contractor (vendor) by evaluating whether one or more characteristics listed under Section 2 – Contractor (vendor) apply.

When the subrecipient or contractor relationship is unclear, the Analyst will use his/her best judgment in making the subrecipient or contractor determination. Due diligence in making the determination may include past experience with similar legal instruments, reviewing prior EHSD or other Counties subrecipient determination findings, consulting with other Fiscal Analysts, and requesting technical assistance from the funding entity. The comment section should be used to provide justification when subrecipient or contractor relationship requires further clarifications.

In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, **the substance of the relationship is more important than** the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

SECTION 1 – SUBRECIPIENT

Description: A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- 1. Determines who is eligible to receive what Federal assistance;
- 2. Has its performance measured in relation to whether objectives of a Federal program were met;
- 3. Has responsibility for programmatic decision making;
- 4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award;
- 5. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

SECTION 2 – CONTRACTOR (vendor)

Description: A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- 1. Provides the goods and services within normal business operations;
- 2. Provides similar goods or services to many different purchasers;
- 3. Normally operates in a competitive environment;
- 4. Provides goods or services that are ancillary to the operation of the Federal program.
- 5. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

Comment

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Contra Costa County
Employment and Human Services

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DETERMINATION:

SUBRECIPIENT

CONTRACTOR

Analyst Name: _____

Date: _____

DEFINITIONS FROM Uniform Guidance (2 CFR, Part 200)

Subrecipient (§200.93)

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Contractor (§200.23)

Contractor means an entity that receives a contract as defined in §200.22 Contract. §200.22 Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.

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APPENDIX 2: CONTRACT BUDGET REVIEW CHECKLIST

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Checklist to Review Budgeted Costs for Allowability, Allocability and Reasonableness

This Checklist is intended to assist Fiscal Analysts with reviewing the subrecipient budget submitted to EHSD, and making a determination on whether budgeted costs are allowable, allocable and reasonable to operate the program.

| | |
|--------------------|-------|
| Contract Number: | |
| Subrecipient Name: | |
| Prepared by: | Date: |

References:

- Title 2 - Code of Federal Regulations, Part 200, *Grants and Agreements*;
- Title 45 - Code of Federal Regulations, *Public Welfare*;
- Title 29 - Code of Federal Regulations, *Labor*;
- Federal Acquisition Regulations (FAR) Part 31, *Cost Principles and Procedures for Commercial Entities*;
- Federal Acquisition Regulations (FAR) Part 48, *Cost Accounting Standards for Commercial Entities*; and
- Other applicable Title(s) as indicated in grant agreement(s).

We strongly encourage the reader to review the applicability and exceptions sections found in 2 CFR 200.101 and 2 CFR 200.102 when making a determination on the applicability of the various CFR rules.

| Determination Factors | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
|---|------------------------------|-----------------------------|
| 1. Are the budgeted costs necessary and reasonable? | | |
| 2. Are the budgeted costs allocable to the Federal subaward? | | |
| 3. Are the budgeted costs allowable to the Federal subaward? | | |
| 4. Was there a cost allocation plan or description of the cost allocation methodology submitted if common costs such as rent are allocated to the Federal? | | |
| 5. If a cost allocation plan or description of the cost allocation methodology was submitted, is the methodology to distribute common cost reasonable? | | |
| 6. If there is a budgeted indirect cost rate: <ul style="list-style-type: none"> a. Was a Federally approved indirect rate submitted? b. Did the entity include an indirect cost using the de minimis rate? | | |
| 7. Was sufficient information provided to determine whether costs are correctly allocated to each budget category (for example: Personnel cost vs Participant cost)? | | |
| 8. Do line items add up correctly? | | |
| 9. Were budget calculations verified for accuracy? | | |

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| | | |
|---|--|--|
| 10. Is there a budget narrative included? | | |
|---|--|--|

Comment:

Consider increasing the level of risk for the subrecipient **as necessary** based on your assessment of the cost reasonableness, allocability and allowability.

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APPENDIX 3: SPECIAL CONDITIONS TEMPLATE

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Contra Costa County
Special Conditions Form

SPECIAL CONDITIONS
Federal Subaward Conditions

Number xx-xxx-x

- I. The contract meets the conditions of a Federal subaward and the Contractor is subject to the Subrecipient provisions in 2 CFR or 45 CFR Part 75.
- II. Definitions:
 - A. CFR means Code of Federal Regulations
 - B. Assistance Listings (AL) (formerly Catalog of Federal Domestic Assistance (CFDA))
 - C. Subrecipient – – Title 2 CFR section 200.93 or 45 CFR Part 75.2
Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
 - D. Subaward – – Title 2 CFR section 200.92 or 45 CFR Part 75.2
Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.
 - E. Pass-through Entity – – Title 2 CFR section 200.74 or 45 CFR Part 75.352
Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.
- III. The pass-through entity is the County of Contra Costa.
- IV. The Subrecipient is Fill in contractor name.
- V. The Subrecipient's unique identification number is Fill In.
- VI. If applicable, the Federal Award Date is Fill in or not applicable.
- VII. If applicable, the Federal Award Identification Number (FAIN) is Fill in or not applicable.
- VIII. The Subaward Period of Performance is from Fill in Start Date to Fill in End Date.

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- IX. The total amount of Federal Funds Obligated to the subrecipient in this Federal subaward award is: Fill In.
- X. The AL Number is Fill In.
- XI. The Federal Program Title is Fill In.
- XII. The Subrecipient's federally approved indirect cost rate agreement is incorporated by reference if the Subrecipient's budget submitted includes a federally approved indirect cost.
- XIII. The Subrecipient shall use the Federal award in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

Revised 2016

Initials: _____
Contractor County Dept.

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APPENDIX 4: SUBRECIPIENT QUESTIONNAIRE

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Subrecipient Questionnaire

Please complete the following questionnaire and fax to (925) _____ or email to: _____@ehsd.cccounty.us by _____. Feel free to add pages with explanations. You may provide copies of your policies and procedures.

| | |
|---|--|
| Legal Name: Fictitious Business Name: Type of Legal Ownership : Address: City: | Agency Fiscal Contact: Telephone Number: Fax Number: Email Address: Website Address: |
| Executive Director's Name: | Fiscal Year: |

1. How long has your organization been in business?

2. Please provide your organization's chart, if available. Has your organization recently experienced changes in senior management?
 Yes No

 If yes, please provide a brief description of the change(s).

3. Please provide your organization's fiscal org chart, if available with a brief description of your organization's fiscal org structure and the average number of years your key fiscal staff have worked for your organization.

4. Is your organization currently in a litigation(s) that could adversely impact on your organization's ability to perform on the EHSD contract(s) or place your organization out of compliance with Federal, State or Local laws?
 Yes No

 If yes, please describe.

5. Have you previously entered into one or more agreements funded with Federal award(s) to perform the same or similar work as the scope of work included in the current EHSD agreement?
 Yes No

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If yes, please list current year agreements and those received in the past three years and indicate whether your organization received each Federal award directly from **the US Federal Government** or a **pass-through entity**.

For each of the agreements you received, indicate whether there were one or more findings in your organization's single audit or monitoring report issued by the funding entity.

Awarding Agency:
Award Period:
Type of work performed
Audit/Monitoring Finding (s):

Awarding Agency:
Award Period:
Type of work performed
Audit/Monitoring Finding (s):

Awarding Agency:
Award Period:
Type of work performed
Audit/Monitoring Finding (s):

6. In the previous three years and during current year have you entered into one or more agreements funded with Federal award(s) to perform work unrelated to the scope of work included in the current EHSD agreement?

Yes No

If yes, please provide a brief description of the work performed under the agreement(s) and the funding agency name. Please provide a list of Audit/Monitoring findings, if any.

7. Is your organization subject to the Single Audit requirements as described in 2 CFR 200 Subpart F and 45 CFR 75.501?

Yes No

Date of Last Single Audit:
Fiscal Period Audited:
Audit Firm:

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Auditor's Opinion on Financial Statements Unqualified: Yes No
If not, State Reason:

Auditor's Opinion on Compliance for Major Program(s) Unqualified: Yes No
If not, State Reason:

Auditor's Determination on Auditee's Risk Level: (Circle) **High Risk** **Low Risk**

Does your organization's Single Audit disclose findings? Yes No

If yes, are the findings resolved (closed)? Yes No

If the findings are not closed, what is the status of you corrective action plan?

Enclosed is a copy of the audit report and management letter package (pdf copy preferred.)

8. If your organization is not subject to the Single Audit requirements, do you have annual financial statements that have been compiled, reviewed or audited by an independent audit firm?

Yes No

If yes:

Date of Last Financial Statement Audit:

Fiscal Period Audited:

Audit Firm:

Auditor's Opinion on Financial Statements Unqualified: Yes No

If not, State Reason:

Enclosed is a copy of the audit report package (pdf copy preferred.)

9. Which method of accounting do you use?

Accrual
 Modified Accrual
 Cash

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10. Electronic modules and journals used in Accounting System:

- General ledger
- Cash receipt journal
- Cash disbursement journal
- Payroll register
- Timesheet
- A/R ledger
- A/P ledger
- Cost Allocation
- Fixed Assets
- Human Resources

11. Name of accounting system(software) used:

12. Does your financial management system provide records that can identify the source and application of funds for award supported activities, and track expenditures by project number (Federal award) and against budgeted line items?

- Yes No

If no, please explain.

13. List the names of the employees performing the following functions:

| Activity | Employee (First and Last Name) |
|--------------------------------|--------------------------------|
| Cashier (receiving payments) | |
| Opening Mail | |
| Restrictively endorsing checks | |
| Preparing deposits | |
| Verifying daily receipts | |

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| | |
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| Entering daily receipts | |
| Reconciling bank accounts | |
| Payroll | |

14. Does the Board of Directors receive regular updates on financial status of the organization and specific Federal awards? Yes No

If no, explain:

15. Are the Board minutes available upon request? Yes No

16. Are there written procedures for:

If **yes**, provide a copy of

| | | |
|---|------------------------------|-----------------------------|
| Inventory Controls - 45 CFR Part 75.320 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Accounting Policies - 45 CFR 75.403.400 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Purchasing guidelines - 45 CFR Part 75.327h, 45 CFR Part 75.328 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

17. Provide a copy of the personnel policy manual. Do you have a formal, written personnel policy that addresses:

| | | |
|--|------------------------------|-----------------------------|
| Pay Rates and Benefits - 45 CFR Part 75.430,75.431 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Time and Attendance | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Leave | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Conflict of Interest - 45 CFR Part 75.327(c) (1) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

18. With respect to the conflict of interest provision of the contract, are there any situations which have not previously been disclosed? Yes No

If yes, please explain:

19. Was the organization a party to a business transaction with a family member of a current or former officer, director, trustee, or key employee? Yes No

20. Is there a separate bank account for payroll? Yes No

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21. Do you outsource your payroll? Yes No

Explain your payroll process:

22. Are the payroll checks signed by someone independent of the payroll clerk?

Yes No

Who?

If not, why?

23. Provide a narrative description of your cost allocation plan.

a) How do you track and control time spent on different activities to ensure that time and efforts are billable to the funding source receiving the benefit(s)?

Describe:

b) How do you allocate labor/non-labor cost not directly associated to a program?

Describe:

c) How do you allocate your facilities costs?

Describe:

d) How do you allocate your general office expenses?

Describe:

24. Do you have a negotiated federally approved indirect cost rate?

Yes No

If yes, please provide the following information:

- Name of the cognizant agency:
- Provisional rate:
- Definition of the base:

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Provide a copy of your federally approved provisional indirect cost rate agreement.

25. What is the reconciliation process for the bank accounts?

Describe:

26. What is the process for handling money/donations on-site?

Describe:

27. Who signs the checks and is there a double endorsement?

Describe:

28. Please describe the method used to support labor and benefit charges.

Describe:

29. Do you receive other sources of income to operate your program? Yes No

If yes, please list:

30. How is your financial audit funded (if required) pursuant to contract obligations?

Describe:

31. In your single audit, are Federal award funds paid to your agency by EHSD listed in the Schedule of Federal Awards by contract number and Assistance Listing number?

Yes No Not applicable

If no, please explain:

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32. Do you Cash Match/In-Kind Match for the funding? Yes No
If so, what is the source of the match? (Example: volunteer hours calculated by market value)

Describe:

33. Do you use any other Federal funding source as match for this subaward? Yes No

Describe:

34. Do you use Contra Costa subaward funds as match for any other contract? Yes No

If yes, please explain:

35. Explain your asset control model. How do you track inventory purchased by the subaward funds?

Describe:

36. Describe your purchasing policy and practice. (How is a vendor selected? Bidding, small business enterprise, etc.)

Describe:

37. Explain your travel policy as related to Federal award funds.

Describe:

38. At any time, has there been a security breach including wrongful access, inspection, use or disclosure of confidential information at your agency? Yes No

If yes, please explain the nature of the breach and your process to mitigate:

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39. Do you subcontract any of the EHSD awarded funds? Yes No

If yes, what type of monitoring procedure do you conduct?

FFATA Reporting

As required by the Federal Accountability and Transparency Act of 2006 (FFATA), Federal agencies, and non-federal agencies receiving federal funds, are required to report to the federal government specific information associated with subrecipients of subawards (i.e., grants) over \$30,000, as well as executive compensation amounts for the five most highly compensated executives of your organization should you meet certain threshold reporting requirements as listed below.

| Executive Compensation Questions (see definitions on next page) | Place an X under Yes or No | |
|--|----------------------------|--------------------------|
| | Yes | No |
| Our organization received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the <i>Transparency Act</i> , as defined at 2 CFR 170.320 (and subawards). | <input type="checkbox"/> | <input type="checkbox"/> |
| Your organization received \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and Federal financial assistance subject to the <i>Transparency Act</i> (and subawards). | <input type="checkbox"/> | <input type="checkbox"/> |
| The public does NOT have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm). | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered yes to ALL three executive compensation questions above, complete the table below:

| Names of 5 Mostly Highly Compensated Executives | Compensation for Preceding Completed Fiscal Year |
|---|--|
| 1) | |

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| Names of 5 Mostly Highly Compensated Executives | Compensation for Preceding Completed Fiscal Year |
|---|--|
| 2) | |
| 3) | |
| 4) | |
| 5) | |

Please write legibly, number attachments, and answer all questions on this form (soft copy is available). Please email or fax requested single audit and financial statements, and other documents provided for our review. We will contact you with any additional questions.

I certify that the above information accurately represents the organization of which I am a representative.

Name of Person Completing Questionnaire

Date: _____

Title of Person Completing Questionnaire

Phone number and **email** address of Person Completing Questionnaire

I attached the following documents for your review:

- 1.
- 2.
- 3.
- 4.
- 5.

Please email to: _____@ehsd.cccounty.us

Fax number:

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Contra Costa County
Employment and Human Services

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APPENDIX 5: RISK ASSESSMENT MATRIX

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Risk Assessment Matrix - Contract Number(s): _____ **Subrecipient Name:** _____

How to use: The Risk Assessment Matrix is used by fiscal analysts in conjunction with the Subrecipient Questionnaire to assess the level of risk posed by the subrecipient. After assessing the risk level in each of the categories, the fiscal analyst should determine the aggregate level of risk for the subrecipient using his/her best judgment. The fiscal analyst should consider increasing the level of risk when the information is unknown in multiple categories.

Based on my assessment, the Subrecipient's risk is assessed at (circle): **Low** **Moderate** **High**

Completed by: _____ (Print name and date)

| Category | Low Risk | Moderate Risk | High Risk | Un-known (explain) |
|---|--|---|---|--------------------|
| Maturity of organization | Mature (e.g. more than 10 years) | Mature, but new to government contracts | Start-up, first year in business | |
| Staffing and management | Experienced staff and management; low turnover | Medium turnover | High turnover, new management team | |
| Aware of existing or pending litigation | No legal action against organization | Possible legal action against organization | In litigation | |
| Organization type | Non-profit, subject to Single Audit requirements | Non-profit – external audit | For-profit, unaudited financial statements | |
| Subrecipient's prior experience with the same or similar subawards | Over three years | Two to three years | One year or less | |
| Complexity of subaward | Provides single service to specific population | Provides multiple services to diverse populations | Makes eligibility determinations; performance impacts objectives of the federal program; recruits participants | |
| Approximate amount of total Federal awards funded by EHSD | Less than \$100,000 | \$100,001-\$684,999 | Over \$685,000 | |
| Federal awards from agencies other than EHSD | Yes | Yes, but very few | None | |
| Large share of revenues from non-federal awards | Organization has multiple sources of revenue | Organization has two sources of revenue | Organization is dependent on a single source of revenue | |
| Audit report | Has annual audit as required by Uniform Guidance Subpart F with no open or close finding in current and prior years | Has annual third-party financial audit only or finding(s) were identified single audit, but have been corrected | Has not had annual or financial audit or finding(s) are present in current or prior year single audit | |
| Subrecipient identified as high Risk in Single Audit report | No | Yes, in prior year single audit only | Yes, in prior and current year single audit | |
| Prior Management Decision Letters | No response required | Items of concern | Corrective action required | |
| Accounting/Procurement Systems from Response to Subrecipient Questionnaire and Recent Audit | No internal control deficiency identified in recent audit(s) and/or Response to Subrecipient Questionnaire Entity is mature and has a history of receiving federal awards with no evidence of recent findings | No internal control deficiency identified in recent audit(s) and/or Response to Subrecipient Questionnaire Little information is available on entity's history with Federal awards | Internal control deficiency identified in recent audit(s) and/or Response to Subrecipient Questionnaire or entity has never been audited (review or compilation only) Other indicators that no systems are in place or systems are new | |

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| Financial management system | Allows tracking award supported activities against budgeted line items | Manual tracking of award supported activities against budgeted line items | Does not allow tracking expenditures against line items | |
| Internal control from Response to Subrecipient Questionnaire and Recent Audit | Strong; proper separation of duties; low chance for undetected fraud | Controls vary from weak to strong depending upon function | Weak; small organization where one employee performs many duties; high chance for employee fraud | |
| Records security Subrecipient Questionnaire and Recent Audit | Confidential records secured and property disposed; no reported security violations | Confidential records secured; violation reported in prior years | Security breach within a year | |
| Funds claiming compliance | Billing frequency as agreed in the contract | Delays in billing | No billing until the end of the project. History of late billing | |

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APPENDIX 6: SUBRECIPIENT MONITORING PLAN

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Subrecipient Monitoring Plan

The Subrecipient Monitoring Plan should follow the completion of the Risk Assessment Matrix and review of the Subrecipient Questionnaire. The Fiscal Analyst should select the Subrecipient Monitoring Plan according to the assessed level of risk and prior findings evidenced in prior year single audit(s) or monitoring results.

For All Subrecipients:

Analyst Name and Bureau:

Contract Number and Contractor Name:

AL and Program Name:

Subrecipient Determination Form Completed on:

Risk Assessment Completed on:

Level of Risk (Circle):

Low

Moderate

High

| Low Risk Subrecipient – Monitoring Plan #1 | Frequency | Tool | √ |
|--|--|-----------------------------------|--------------------------|
| 1. Send prior year single audit certification survey to each subrecipient to determine whether subrecipient is subject to Single Audit requirements. | Annually | Single Audit Certification Survey | <input type="checkbox"/> |
| 2. Review Single Audit for findings and accuracy of SEFA. | Annually if subject to single audit | Single Audit Checklist | <input type="checkbox"/> |
| 3. Review audited financial statements to assess financial stability. Review auditor’s opinion and internal control report. | Annually if subject to single audit or audited F/S | F/S Checklist | <input type="checkbox"/> |
| 4. Review responses to Subrecipient Questionnaire to detect potential issues. | Annually | Subrecipient Questionnaire | <input type="checkbox"/> |
| 5. Review monthly financial reports (demands) for each subrecipient. | Monthly | Demands Review Guide | <input type="checkbox"/> |
| If not subject to Single Audit or if relevant findings are detected in subrecipient’s prior year Single Audit/monitoring: | | | |
| 6. Conduct desk review. | Annually | Desk Review Checklist | <input type="checkbox"/> |

| Moderate Risk Subrecipient – Monitoring Plan #2 | Frequency | Tool | √ |
|--|--|-----------------------------------|--------------------------|
| 1. Send prior year single audit certification survey to each subrecipient to determine whether subrecipient is subject to Single Audit requirements. | Annually | Single Audit Certification Survey | <input type="checkbox"/> |
| 2. Review Single Audit for findings and accuracy of SEFA. | Annually if subject to single audit | Single Audit Checklist | <input type="checkbox"/> |
| 3. Review audited financial statements to assess financial stability. Review auditor’s opinion and internal control report. | Annually if subject to single audit or audited F/S | F/S Checklist | <input type="checkbox"/> |
| 4. Review responses to Subrecipient Questionnaire to detect potential issues. | Annually | Subrecipient Questionnaire | <input type="checkbox"/> |
| 5. Review monthly financial reports (demands) for each subrecipient. | Monthly | Demands Review Guide | <input type="checkbox"/> |
| 6. Conduct desk review. | Annually | Desk Review Checklist | <input type="checkbox"/> |
| If not subject to Single Audit or if relevant findings are detected in subrecipient’s prior year Single Audit/monitoring: | | | |
| 7. Conduct monitoring on-site. | Annually | On-site Checklist | <input type="checkbox"/> |

| High Risk Subrecipient – Monitoring Plan #3 | Frequency | Tool | √ |
|--|------------------|-----------------------------------|--------------------------|
| 1. Send prior year single audit certification survey to each subrecipient to determine whether subrecipient is subject to Single Audit requirements. | Annually | Single Audit Certification Survey | <input type="checkbox"/> |

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| High Risk Subrecipient – Monitoring Plan #3 | Frequency | Tool | √ |
|---|--|----------------------------|--------------------------|
| 2. Review Single Audit for findings and accuracy of SEFA. | Annually if subject to single audit | Single Audit Checklist | <input type="checkbox"/> |
| 3. Review audited financial statements to assess financial stability. Review auditor’s opinion and internal control report. | Annually if subject to single audit or audited F/S | F/S Checklist | <input type="checkbox"/> |
| 4. Review responses to Subrecipient Questionnaire to detect potential issues. | Annually | Subrecipient Questionnaire | <input type="checkbox"/> |
| 5. Review monthly financial reports (demands) for each subrecipient. | Monthly | Demands Review Guide | <input type="checkbox"/> |
| 6. Conduct monitoring on-site. | Annually | On-site Checklist | <input type="checkbox"/> |

| CSB Delegate Subrecipient – Monitoring Plan #4 | Frequency | Tool | √ |
|--|--|-----------------------------------|--------------------------|
| 1. Send prior year single audit certification survey to each subrecipient to determine whether subrecipient is subject to Single Audit requirements. | Annually | Single Audit Certification Survey | <input type="checkbox"/> |
| 2. Review Single Audit for findings and accuracy of SEFA. | Annually if subject to single audit | Single Audit Checklist | <input type="checkbox"/> |
| 3. Review audited financial statements to assess financial stability. Review auditor’s opinion and internal control report. | Annually if subject to single audit or audited F/S | F/S Checklist | <input type="checkbox"/> |
| 4. Review responses to Subrecipient Questionnaire to detect potential issues. | Quarterly | Subrecipient Questionnaire | <input type="checkbox"/> |
| 5. Review monthly financial reports (demands) for each subrecipient. | Monthly | Demands Review Guide | <input type="checkbox"/> |
| 6. Conduct monitoring on-site. | Quarterly | On-site Checklist | <input type="checkbox"/> |

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APPENDIX 7: GUIDELINES TO REVIEW MONTHLY DEMANDS

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Guidelines to Review Subrecipient Monthly Financial Reports (demands)

This document is intended to assist *Program Analysts* and *Account Clerks* with reviewing and processing monthly financial reports (demands). The purpose of the review is to ensure that financial reports (demands) include proper documentation, support, and approvals. Requests for reimbursement should be submitted timely (monthly, quarterly) as stated in the contract.

In cases where unresolved non-compliance issues by subrecipients are detected during the fiscal monitoring or other means, the designated Fiscal staff will review the monthly demands as needed until the non-compliance issues are resolved by subrecipient.

Program Analyst – Bureau – Demand Review

1. Date stamps the demand when received.
2. Verifies that a valid contract is on file.
3. Review the budget for allowability, allocability and reasonableness before a contract is executed and when the budget is subsequently amended.
4. Invoice should provide additional understanding of a project's financial performance in relation to task/milestones/deliverable status
5. Invoices should go hand-in-hand with progress toward the milestones/tasks in the project SOPO.
6. Reject invoices missing or have incorrect required documentation including invoice attestation form.
7. Reject invoices with no supporting documentation
8. Checks the demand *Form D15* for completeness.
9. Do not alter/change any amount on the D15 or invoice submitted by the subrecipient/contractor. Request a corrected D15 as well as invoice from subrecipient/contractor.
10. Verifies that the work billed for was performed, and that proper documentation is attached.
11. Verifies that each cost item on the demand corresponds to the line item in the current budget².
12. Verifies that each line item on the demand does not exceed the amount listed in the budget.
13. Verifies that each cost, when rounding, does not exceed the budgeted amount.
14. Signs and retains a copy of Form D15 with back up, prior to sending it to Fiscal Unit.

Account Clerk – Fiscal Unit

1. Date stamps the demand when received and log.
2. Reviews the demand for completeness.
 - a. Vendor information, completed name, address and signature
 - b. Authorizing signature (program analyst or higher)
 - i. If no authorizing signature:
 1. Returns original demand back to program analyst for needed information

² The budget is reviewed for allowability, allocability and reasonableness before the contract is executed and when the budget is subsequently amended.

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2. When the demand is received (with necessary information), another date stamp is required.
3. Verifies billing information on the demand to confirm:
 - a. Billed month falls within contract period
 - i. If not, checks to see if fiscal has received a contract amendment or renewal
 - ii. If no amendment or renewal, Account Clerk sends an email to Account Clerk Supervisor who sends an email to the Contract Unit's Clerk requesting the status on the contract renewal
 - b. Insurance covers FULL billing period (i.e. If demand is for the month of January, the Insurance Clearance must expire on or after January 31st.)
 - i. Account Clerk sends an email to the Account Clerk Supervisor, if *Insurance Clearance* does not cover the full period. Account Clerk Supervisor sends an email to Contract Unit's Clerk requesting an updated *Insurance Clearance* prints a copy of email and attaches it to the demand, as the demand cannot be processed. Places demand in *Demand Issues Folder*, waiting for insurance, etc.
4. Enters **current** month's billing information onto the Excel Spreadsheet.
 - a. For each line item in the budget verifies that expenses:
 - i. DO NOT exceed the total contract limit.
 - ii. If total exceeds contract limit, the Account Clerk (AC) will notify the Account Clerk Supervisor (ACS), because the AC or ACS cannot reduce or alter a submitted demand/invoice amount. The demand/invoice is returned to the Program/Fiscal Analyst who contacts the vendor.
 - iii. Line items are not over limit by more than 10%, if applicable, per language in the contract. If line item is over by more than 10%, a line item adjustment is required. Sends an email to the program/fiscal analyst requesting a line item adjustment.
 - iv. If a line item adjustment is needed, demands are held pending receipt/confirmation of the adjustment.
7. Encodes information onto demand:
 - a. Enters Vendor# in Vendor # box on the mid left side of the demand and top box.
 - b. Dates the demand using demand or invoice date
 - c. Writes description in the following format: mm/yy, contractor
 - i. Invoice#, if applicable, if not, data of services, mm/yy – invoices go last so A/P has it in uniform order
 - ii. Contractor's name of abbreviation
 - iii. Date services mm/yy, only of there is an invoice#
 - d. Includes Org# and Option codes from spreadsheet
 - i. If multiple Org#s and option codes, list each org on a different line. If more than three (3) lines, use TC52 Form.,
 - e. Records account number as 2310
 - f. P/C (only used if contract is encumbered). P = Partial Payment against the contract, C=Close Encumbrance (last payment only, contract is complete) – ONLY CSB

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- g. Writes payment amount.
8. Date stamp the demand when it's going to A/P and when processed, stamps "contract", records the date the demand was processed on the bottom of the demand and when it's going to A/P.
9. Scan demands with backup and save to subrecipient folder, spreadsheet is also saved to the subrecipient folder.
10. Redacts confidential information from the original demand.
11. Signs the demand.
12. Sends original demand to Account Payable-Contracts at the Auditor-Controller's office.
 13. Checks Auditor-Controller's Intranet for last payment information (<http://auditor.co.contra-costa.ca.us/>)
 - a. Select Accounts Payable
 - b. Select Vendor History
 - c. Enter P.O.# (Encumbrance # from demand)
 - d. Click box next to "include 'F' pays"
 - e. Click search
 14. Records prior month's payment information onto the EXCEL Spreadsheet maintained at \\fshare3\fiscal\Payment\Contracts\Excel\Spreadsheets
 - a. Warrant Number
 - b. Issuance Date
 - c. If new vendor, Fiscal Clerk updates vendor number on the spreadsheet and on the Contract List.

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APPENDIX 8: DESK REVIEW GUIDE

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Desk Review Guide

This desk review tool can be adapted as needed by the user. Please line out the steps rather than deleting them if they are not needed for the review you are conducting and provide a justification in the comment section. Add steps as needed based on your preliminary review prior to your desk review.

Please complete the following section:

| | |
|--|--|
| <i>Subrecipient Name:</i> | |
| <i>Subaward Number:</i> | |
| <i>Subaward Amount:</i> | |
| <i>Funding Sources and AL:</i> | |
| <i>Analyst conducting the re- view:</i> | |
| <i>Subrecipient's Fiscal Of- ficer:</i> | |

Before using this desk review tool, answer the following questions:

| Pre-Desk Review Activities Questions: | YES / NO |
|--|--|
| 1. Was the Annual Subrecipient/Contractor Determination checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Was the determination made that the entity is a subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Was the Single Audit Certification sent to the Subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Did the subrecipient indicate on Single Audit Certification form that the subrecipient entity is subject to 2 CFR 200 Part F - Single Audit Requirements? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. If the answer is yes to 5, did EHSD receive the latest subrecipient single audit and was the Single Audit Review checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. Was the Annual Subrecipient Questionnaire sent to the subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| | |
|---|--|
| 7. Were the subrecipient’s responses to the Annual Subrecipient Questionnaire and Single Audit Review Checklist used to complete the Risk Analysis Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 8. Was the subrecipient risk level assessed HIGH upon reviewing the risk categories listed in the Risk Assessment Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 9. If the answer to 8 is no, was the subrecipient risk level assessed MODERATE and did the subrecipient had finding(s) in the previous EHSD monitoring report or finding(s) in the prior year Single Audit? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 10. If the answers to 8 and 9 are no, STOP here and GO back to the subrecipient monitoring plan to verify if the subrecipient is subject to a desk review. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Desk Review Planning Phase

| A | Steps | Completed (√). Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|---|
| 1. | Contact program analyst before notifying subrecipient about the desk review and obtain the following information: <ul style="list-style-type: none"> Date of last program review or site visit Copy of report if subrecipient had program findings or service concerns Copy of subrecipient corrective action plan and timeline | |
| 2. | Gain an understanding of the rules and regulations applicable to the subrecipient Federal subawards: <ul style="list-style-type: none"> Obtain AL number and program name Review fiscal section of grant agreement, if applicable Review contract special conditions Review Federal Cost Principles section in 2 CFR 200, 45 CFR 75 or other applicable CFRs Review applicable State guidance on fiscal compliance | |
| 3. | Gain an understanding of the subrecipient fiscal conditions by reviewing the following documents: | |

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| A | Steps | Completed (√). Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|---|
| | <ul style="list-style-type: none"> • Latest subrecipient Single Audit and completed Single Audit Review checklist • Subrecipient's responses to Annual Subrecipient Questionnaire • Completed Risk Assessment Matrix • Annual contract budget • Monthly Financial Reports (demands) • Contract Budget v. Actual by line item Report • Obtain and review payment history from the Auditor-Controller's Intranet site | |
| 4. | <p>Review subrecipient submitted year-to-date expenditures and determine type of costs to be reviewed during the desk review. Consider prior EHSD monitoring results, single audit findings and areas of risk identified during preliminary review in determining the selection of cost items.</p> <p>Sample at least one monthly demand based on following considerations:</p> <ul style="list-style-type: none"> • Dollar amount of demand relative to total contract (subaward) • Determine the major cost elements by calculating the percentage to total by cost element in the subrecipient's annual contract budget • Major cost elements as measured by percentage to total annual contract budget (i.e. salaries, facilities and supportive services) represented on sampled demand • If prior monitoring or audit findings, attempt to select a demand that will allow the monitor to assess whether the corrective action plan was adequately implemented | |
| 5. | <p>Inform subrecipient of desk review and request list of items.</p> <ul style="list-style-type: none"> • Prepare and mail notification letter to subrecipient with a copy to program analyst • Inform the subrecipient that the fiscal monitor | |

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| A | Steps | Completed (√). Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|---|
| | <p>will review the responses/ statements to the Annual Subrecipient Questionnaire sent earlier during the fiscal year. Cost items claimed on the sampled monthly demand will be verified during the desk review</p> <ul style="list-style-type: none"> • Attach to notification a request for items to be reviewed during desk review. <p><u>General Items</u></p> <ul style="list-style-type: none"> ○ Cost Allocation Plan ○ Indirect Cost Agreement, if applicable ○ Chart of Accounts ○ Accounting Policies/Procedures ○ If responses to Annual Subrecipient Questionnaire were incomplete (i.e. org chart not provided) or unclear, request that the information be provided prior to conducting desk review <p><u>For Monthly Sample Demand</u></p> <ul style="list-style-type: none"> ○ Detailed Expenditures and Revenue Transaction Ledger ○ Check Registers ○ Payroll Registers ○ Time Studies/Time Sheets ○ Invoices and purchase orders/contract ○ Cancelled Checks or detailed bank statement showing check numbers ○ Travel Vouchers ○ Property Inventory Control Listing, if applicable <p>Above listed items must be submitted electronically to fiscal analyst who is conducting the desk review prior to the desk review date.</p> | |
| 6. | Review and evaluate documents received from subrecipient in response to the request. Make a list of missing documents. | |

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| A | Steps | Completed (√). Add Comment(s) if Noncompliance is Detected or Im- provements are Needed |
|----|--|---|
| 7. | Tailor the desk review steps to the areas of risk identified during the review of responses to Subrecipient Questionnaire and submitted documents. | |
| | Other Steps as Needed | |
| | | |

During Desk Review

| B | General Steps | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Review written accounting procedures and pertinent policies (travel, purchasing) for the items selected under review. | |
| | Other Steps as Needed | |
| | | |

| C | Selected Cost Item - Personnel cost | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | Select one or two employees listed on invoice and compare to org chart to ensure they are working on the programs funded by the contract being monitored. | |
| 2. | Obtain timesheet for each employee and trace cost center code to chart of accounts. If hours worked by the selected employee are pooled, compare the cost pool allocation methodology from the subrecipient's cost allocation to how the hours were allocated to the benefiting programs. Verify that the base of allocation is reasonable and adequately supported by actual numbers. | |
| 3. | Obtain payroll register and compare employee total salary to documented salary in the document authorizing that amount. | |
| 4. | Compare check number on payroll register to bank statement to verify that the check cleared. If the subrecipient uses EFT, verify that the check number is on the positive pay file submitted to the bank. Then verify that the total | |

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| C | Selected Cost Item - Personnel cost | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| | amount from the positive pay file cleared the bank per the bank statement. | |
| 5. | Trace cost from payroll register to general ledger. Use time-sheet to calculate cost center hours to-total hours ratio. Apply ratio to employee salary from payroll register and compare calculated amount to amount in the general ledger for the cost center code designated for this contract. <i>This step may need to be modified depending on the Subrecipient's payroll process in place.</i> The calculated amount should match the general ledger and sampled monthly invoice. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| D | Selected Cost Item - Non-personnel cost (space) | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvement are Needed |
|----|---|---|
| 1. | Obtain total cost and square footage from lease agreement and calculate monthly rent. | |
| 2. | Request detailed ledger disclosing rent transaction and associated documentation supporting rent cost billed on sampled monthly invoice. | |
| 3. | Review a/p supporting documentation and verify that the correct amount of payment was made to landlord listed on lease agreement. Compare check number to bank statement to verify that the check cleared. | |
| 4. | Determine space allocation methodology from the subrecipient's cost allocation plan. | |
| 5. | Verify that the share of rent billed to the contract for the sampled monthly invoice was appropriately allocated in accordance with the cost allocation plan. If cost allocation plan is not provided (may result in an administrative finding), verify that the share of rent cost billed to the contract is reasonable based on a sound methodology. If methodology is not sound or adequately supported by accounting records/lease, this may result in a cost disallowance. | |
| | Other Steps as Needed per Risk Level | |
| | | |

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| E | Selected Cost Item - Non-personnel cost (vendor/sub-recipient) | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvement are Needed |
|----|--|---|
| 1. | Request detailed ledger disclosing transaction and associated documentation supporting cost (i.e. office supplies, contracted services) billed on sampled monthly invoice. Documentation should include the following: <ul style="list-style-type: none"> • Authorization to purchase (requisition, PO, etc.) with appropriate signature in accordance with organization’s signature authority. • For contracted services, obtain a copy of the contract to verify payment conditions. • Price reasonableness. • Indicator showing that the goods/services were received and vendor invoice. | |
| 2. | Verify that the goods/services purchased benefitted program funded by contract being monitored and that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| F | Selected Cost Item - Non-personnel cost (travel) | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Request detailed ledger disclosing transaction and associated documentation supporting travel cost billed on sampled monthly invoice. Documentation should include the following: <ul style="list-style-type: none"> • Authorization to travel and travel reimbursement form with appropriate signature in accordance with organization’s signature authority. • Travel receipts for hotel, airfare and other travel cost. If organization uses per diem, verify that the per diem does not exceed the federal per diem | |

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| F | Selected Cost Item - Non-personnel cost (travel) | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| | schedule. If per diem is higher, an additional step may be necessary to determine reasonableness of the per diem (not supported by receipt). | |
| 2. | Verify that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

Post Activities after Desk Review

| G | Summarize Desk Review | Completed (√) Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Make copies of evidence supporting findings, if any. During the review, cross reference contract and CFR/OMB references supporting findings, if any. | |
| 2. | Write draft monitoring report. | |
| 3. | Provide copy of draft desk review report to Fiscal Officer or his/her designee for review. | |
| 4. | Finalize desk review report and mail to subrecipient. | |
| 5. | If findings are in desk review report, request corrective action plan with timetable. | |
| 6. | Follow up with subrecipient on corrective action plan per timetable and verify during the next annual monitoring that is implemented. | |
| 7. | File electronically desk review documents and inform Compliance Accountant of desk review outcomes. | |
| | Other Steps as Needed per Risk Level | |
| | | |

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APPENDIX 9: ONSITE MONITORING GUIDE

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On-site Fiscal Monitoring Tool

This monitoring tool can be adapted as needed by the user. Please line out the steps rather than deleting them if they are not needed for the review you are conducting and provide a justification in the comment section. Add steps as needed based on your preliminary review prior to your monitoring visit.

Please complete the following section:

| | |
|--|--|
| <i>Subrecipient Name:</i> | |
| <i>Subaward Number:</i> | |
| <i>Subaward Amount:</i> | |
| <i>Funding Sources and AL:</i> | |
| <i>Analyst conducting the re- view:</i> | |
| <i>Subrecipient's Fiscal Of- ficer:</i> | |

Before using this onsite monitoring tool, answer the following questions:

| Pre-Onsite Monitoring Activities Questions: | YES / NO |
|--|--|
| 1. Was the Annual Subrecipient/Contractor Determination checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Was the determination made that the entity is a subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Was the Single Audit Certification sent to the Subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Did the subrecipient indicate on Single Audit Certification form that the subrecipient entity is subject to 2 CFR 200 Part F - Single Audit Requirements? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. If the answer is yes to 4, did EHSD receive the latest subrecipient single audit and was the Single Audit Review checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. Was the Annual Subrecipient Questionnaire sent to the subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| | |
|---|--|
| 7. Were the subrecipient's responses to the Annual Subrecipient Questionnaire and Single Audit Review Checklist used to complete the Risk Analysis Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 8. Was the subrecipient risk level assessed HIGH upon reviewing the risk categories listed in the Risk Assessment Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 9. If the answer to 8 is no, was the subrecipient risk level assessed MODERATE and did the subrecipient had finding(s) in the previous EHSD monitoring report or finding(s) in the prior year Single Audit? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 10. If the answers to 8 and 9 are no, STOP here and GO back to the subrecipient monitoring plan to verify if the subrecipient is subject to a desk review. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

Onsite Monitoring Planning Phase

| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | <p>Contact program analyst before notifying subrecipient about the onsite monitoring review and obtain the following information:</p> <ul style="list-style-type: none"> • Date of last program review or site visit • Copy of report if subrecipient had program findings or service concerns • Copy of subrecipient corrective action plan and timeline | |
| 2. | <p>Gain an understanding of the rules and regulations applicable to the subrecipient Federal subawards:</p> <ul style="list-style-type: none"> • Obtain AL number and program name • Review fiscal section of grant agreement, if applicable • Review contract special conditions • Review Federal Cost Principles section in 2 CFR 200, 45 CFR 75 or other applicable CFRs • Review applicable State guidance on fiscal compliance | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 3. | <p>Gain an understanding of the subrecipient fiscal conditions by reviewing the following documents:</p> <ul style="list-style-type: none"> • Latest subrecipient Single Audit and completed Single Audit Review checklist • Subrecipient’s responses to Annual Subrecipient Questionnaire • Completed Risk Assessment Matrix • Annual contract budget • Monthly Financial Reports (demands) • Contract Budget v. Actual by line item Report • Obtain and review payment history from the Auditor-Controller’s Intranet site | |
| 4. | <p>Review subrecipient submitted year-to-date expenditures and determine type of costs to be reviewed during on-site visit. Consider prior EHSD monitoring results, single audit findings and areas of risk identified during preliminary review in determining the selection of cost items.</p> <p>Sample at least one monthly demand based on following considerations:</p> <ul style="list-style-type: none"> • Dollar amount of demand relative to total contract (subaward) • Determine the major cost elements by calculating the percentage to total by cost element in the subrecipient’s annual contract budget • Major cost elements as measured by percentage to total annual contract budget (i.e. salaries, facilities and supportive services) represented on sampled demand • If prior monitoring or audit findings, attempt to select a demand that will allow the monitor to assess whether the corrective action plan was adequately implemented | |
| 5. | <p>Inform subrecipient of onsite monitoring visit and request list of items.</p> | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|---|--|--|
| | <ul style="list-style-type: none"> • Prepare and mail notification letter to subrecipient with a copy to program analyst • Inform the subrecipient that the fiscal monitor will review the responses/ statements to the Annual Subrecipient Questionnaire sent earlier during the fiscal year. Cost items claimed on the sampled monthly demand will be verified during the onsite monitoring visit • Attach to notification a request for items to be reviewed before and during onsite monitoring <p><u>General Items</u></p> <ul style="list-style-type: none"> ○ Cost Allocation Plan ○ Indirect Cost Agreement, if applicable ○ Chart of Accounts ○ Personnel Manual ○ Accounting Policies ○ Purchasing Guidelines ○ If responses to Annual Subrecipient Questionnaire were incomplete (i.e. org chart not provided) or unclear, request that the information be provided prior or during the onsite monitoring visit <p><u>For Monthly Sample Demand</u></p> <ul style="list-style-type: none"> ○ Detailed Expenditures and Revenue Transaction Ledger ○ Check Registers ○ Payroll Registers ○ Time Studies/Time Sheets ○ Invoices and purchase orders/contract ○ Cancelled Checks or detailed bank statement showing check numbers ○ Travel Vouchers ○ Property Inventory Control Listing | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|-----|--|--|
| | (PICL), if applicable. Verify if PICL information includes requirements under 45 CFR Part 75.320(d)(1). | |
| 6. | Review and evaluate documents received from subrecipient in response to the request. Make a list of missing documents. | |
| 7. | Prepare a list of questions for the entrance conference and on-site visit that are tailored to the areas of risk identified during the review of responses to Subrecipient Questionnaire and submitted documents. | |
| | Conflict of Interest | |
| 8. | Review Conflict of Interest of the Subrecipient Contract General Conditions. | |
| 9. | Verify if there is a modification of the Conflict of Interest provisions in of the Subrecipient's Contract Special Conditions. Review the additional language if a modification is identified in the Special Conditions. | |
| 10. | Research the applicable Code of Federal Regulations on Conflict of Interest for additional guidance - 45 CFR Part 75.327(c). | |
| 11. | Review subrecipient's written conflict of interest policy and verify if the policy is in alignment with the Subrecipient's Contract General Conditions and Special Conditions, if applicable. | |
| | Other Steps as Needed | |

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During Onsite Monitoring Visit

| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|--|---|
| 1. | Conduct entrance conference. Collect sign-in sheet with list of attendees. | |
| 2. | Meet with fiscal officer to go over contract monitoring questionnaire and submitted documents. Clarify items as needed and obtain the missing documents, if any, from the requested document list. | |
| 3. | Ask fiscal officer to describe the process in place for the following items: | |
| 4. | <ul style="list-style-type: none"> • Preparation of monthly/quarterly invoice (demand) | |
| 5. | <ul style="list-style-type: none"> • Org chart in relation to accounting functions, internal control and signature authority. | |
| 6. | <ul style="list-style-type: none"> • Personnel costs billed to contract <ul style="list-style-type: none"> ○ Time sheet completion and sign off ○ Determination of cost centers for time charges and cost allocation plan ○ Payroll process from timesheet completion to printing/ETF to posting of payroll to ledger ○ Employee benefits and payroll taxes | |
| 7. | <ul style="list-style-type: none"> • Non-personnel costs billed to contract <ul style="list-style-type: none"> ○ Accounts payable process from purchase authorization (requisition/purchase order) to processing vendor payment and issuing checks/ETF ○ Space cost billed to contract, including lease agreement and cost allocation plan ○ Vendor and sub-recipient agreement and issuance of payment ○ Process for selecting vendors and sub-recipients | |

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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|--|--|
| | <ul style="list-style-type: none"> ○ Process for authorizing and reimbursing employee travel | |
| 8. | <ul style="list-style-type: none"> ● In-Kind/Cash Match reported to EHSD (only if the contract requires a match) <ul style="list-style-type: none"> ○ Valuation system for In-Kind services and donated goods ○ Maintenance of records system for In-Kind services and donated goods ○ Tracking system for reporting cash match | |
| 9. | Obtain and review written accounting procedures for the above items and pertinent policies (travel, purchasing). | |
| 10. | Request supporting documentation for selected items of cost from the sampled monthly/quarterly invoice (demand). Selected items of cost may vary based on result of risk assessment. See boxes below for additional details. | |
| | Conflict of Interest | |
| 11. | Perform onsite interviews on a sample basis with various management staff overseeing functions such as finance, procurement and governance. | |
| 12. | Identify potential risk and issues using the below sample of questions. | |
| | <ul style="list-style-type: none"> ● Have any of the key executives or Board Members been associated with other organizations in the past with which you have a business relationship and, if yes, what was the nature of those organizations and relationships? | |
| | <ul style="list-style-type: none"> ● Can you describe how you monitor Conflict of Interest in your organization? | |
| | <ul style="list-style-type: none"> ● Have managers at all levels expressed their commitment to the policy? | |
| | <ul style="list-style-type: none"> ● If you have a subrecipient under this contract, how do you monitor conflict of interest? | |

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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|--|--|
| | <ul style="list-style-type: none"> Is the policy easily accessible to everyone within the organization and to external partners/vendors? | |
| | <ul style="list-style-type: none"> Have managers and staff received adequate training in how to manage and/or report conflicts of interest? | |
| | <ul style="list-style-type: none"> Is conflict of interest policy and awareness incorporated into your recruitment, selection and procurement processes? | |
| | How to Solve Conflict of Interest | |
| 13. | Address conditions under which outside activities, relationships, or financial interests are proper or improper; (accepting gifts, disclosing confidential information, outside employment). | |
| 14. | Outline how financial conflicts of interest may be addressed. | |
| 15. | Identify when and how the subrecipient must provide disclosure, written notification, possible outside activities, relationships, or financial interests to EHSD. | |
| 16. | Explain the consequences of non-disclosure may result in additional conditions and could result in suspension or debarment. | |
| 17. | Document and demonstrate compliance efforts. | |
| | Other Steps as Needed | |
| | | |

| C | Selected Cost Item - Personnel cost | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|---|---|
| 1. | Select one or two employees listed on invoice and compare to org chart to ensure they are working on the programs funded by the contract being monitored. | |

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| C | Selected Cost Item - Personnel cost | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 2. | Obtain timesheet for each employee and trace cost center code to chart of accounts. If hours worked by the selected employee are pooled, compare the cost pool allocation methodology from the subrecipient's cost allocation to how the hours were allocated to the benefiting programs. Verify that the base of allocation is reasonable and adequately supported by actual numbers. | |
| 3. | Obtain payroll register and compare employee total salary to documented salary in employee's personnel file. | |
| 4. | Compare check number on payroll register to bank statement to verify that the check cleared. If the subrecipient uses EFT, verify that the check number is on the positive pay file submitted to the bank. Then verify that the total amount from the positive pay file cleared the bank per the bank statement. | |
| 5. | Trace cost from payroll register to general ledger. Use timesheet to calculate cost center hours to-total hours ratio. Apply ratio to employee salary from payroll register and compare calculated amount to amount in the general ledger for the cost center code designated for this contract. <i>This step may need to be modified depending on the subrecipient's payroll process in place.</i> The calculated amount should match the general ledger and sampled monthly invoice. | |
| | Other Steps as Needed per Risk Level | |
| | | |
| | | |

| D | Selected Cost Item - Non-personnel cost (space) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Obtain total cost and square footage from lease agreement and calculate monthly rent. | |

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| D | Selected Cost Item - Non-personnel cost (space) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|---|--|
| 2. | Request detailed ledger disclosing rent transaction and associated documentation supporting rent cost billed on sampled monthly invoice. | |
| 3. | Review a/p supporting documentation and verify that the correct amount of payment was made to landlord listed on lease agreement. Compare check number to bank statement to verify that the check cleared. | |
| 4. | Determine space allocation methodology from the subrecipient's cost allocation plan. | |
| 5. | Verify that the share of rent billed to the contract for the sampled monthly invoice was appropriately allocated in accordance with the cost allocation plan. If cost allocation plan is not provided (may result in an administrative finding), verify that the share of rent cost billed to the contract is reasonable based on a sound methodology. If methodology is not sound or adequately supported by accounting records/lease, this may result in a cost disallowance. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| E | Selected Cost Item - Non-personnel cost (vendor/sub-recipient) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----------|--|--|
| 1. | Request detailed ledger disclosing transaction and associated documentation supporting cost (i.e. office supplies, contracted services) billed on sampled monthly invoice. Documentation should include the following: <ul style="list-style-type: none"> • Authorization to purchase (requisition, PO, etc.) with appropriate signature in accordance with organization's signature authority. | |

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| E | Selected Cost Item - Non-personnel cost (vendor/sub-recipient) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| | <ul style="list-style-type: none"> • For contracted services, obtain a copy of the contract to verify payment conditions. • Price reasonableness. • Indicator showing that the goods/services were received and vendor invoice. | |
| 2. | Verify that the goods/services purchased benefitted program funded by contract being monitored and that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| F | Selected Cost Item - Non-personnel cost (travel) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | <p>Request detailed ledger disclosing transaction and associated documentation supporting travel cost billed on sampled monthly invoice. Documentation should include the following:</p> <ul style="list-style-type: none"> • Authorization to travel and travel reimbursement form with appropriate signature in accordance with organization's signature authority. • Travel receipts for hotel, airfare and other travel cost. If organization uses per diem, verify that the per diem does not exceed the federal per diem schedule. If per diem is higher, an additional step maybe necessary to determine reasonableness of the per diem (not supported by receipt). | |

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| | | |
|----------|---|--|
| F | Selected Cost Item - Non-personnel cost (travel) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| 2. | Verify that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| | | |
|----------|--|--|
| G | Exit Conference and Other Items | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| 1. | Make copies of evidence supporting findings, if any. During the review, cross reference contract and CFR/OMB references supporting findings, if any. | |
| 2. | Conduct exit conference. Collect sign-in sheet with list of attendees. Inform attendees of potential administrative findings and cost disallowance, if any. | |
| 3. | Be prepared to write monitoring report. | |
| | Other Steps as Needed per Risk Level | |
| | | |

Post Activities after Onsite Monitoring

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| | | |
|----------|---|--|
| H | Exit Conference and Other Items | <p>NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed</p> |
| 1. | Write draft monitoring report within 10 days of the visit unless there are extenuating circumstances. | |
| 2. | Provide copy of draft monitoring report to Fiscal Officer or his/her designee for review. | |
| 3. | Finalize monitoring report and mail to subrecipient. | |
| 4. | If findings are in monitoring report, request corrective action plan with timetable. | |
| 5. | Follow up with subrecipient on corrective action plan per timetable and verify during the next annual monitoring that is implemented. | |
| 6. | File electronically monitoring documents and inform Compliance Accountant of monitoring outcomes. | |
| | Other Steps as Needed | |
| | | |
| | <p>Subrecipients of Federal Funding FFATA Reporting As required by the Federal Accountability and Transparency Act of 2006 (FFATA), Federal agencies, and non-federal agencies receiving federal funds, are required to report to the federal government specific information associated with subrecipients of subawards (i.e., grants) over \$30,000, as well as executive compensation amounts for the five most highly compensated executives of your organization should you meet certain threshold reporting requirements as listed below.</p> | |

| Executive Compensation Questions (see definitions on next page) | Place an X under Yes or No | |
|---|-----------------------------------|--------------------------|
| | Yes | No |
| Our organization received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the <i>Transparency Act</i> , as defined at 2 CFR 170.320 (and subawards) | <input type="checkbox"/> | <input type="checkbox"/> |

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| Executive Compensation Questions (see definitions on next page) | | Place an X under Yes or No | |
|--|--|--|--------------------------------|
| Your organization received \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards). | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| The public does NOT have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/execomp.htm .) | | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| If you answered yes to ALL three executive compensation questions above, complete the table below: | | | |
| Names of 5 Mostly High Compensated Executives | | Compensation for Preceding Completed Fiscal Year | |
| 1) | | | |
| 2) | | | |
| 3) | | | |
| 4) | | | |
| 5) | | | |
| | | | |

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APPENDIX 10: FEDERAL AWARD PAYMENT TEMPLATE

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[Sample
Only one letter per Subrecipient
Use AL Worksheet to complete the table]
Date

Address:

Dear (Name of Fiscal Contact):

This letter provides information to be included in the Schedule of Federal Awards (SEFA) for _____ fiscal year.

Pass through from Contra Costa County:

| Title | Contract Number | AL Number | Federal Funds Spent |
|-------|-----------------|-----------|---------------------|
| | | | |
| | | | |
| | | | |
| | | | |

Please verify this information and contact _____ if there are discrepancies. She/he can be reached at tel. _____ or email _____

Sincerely,

Name
Fiscal Officer
Tel.
Email.

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Employment and Human Services

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APPENDIX 11: SINGLE AUDIT CERTIFICATION

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Fiscal Unit

Date:

Contract Number(s):

To:

Period of Performance:

Attn:

Re: Single Audit Requirement Certification for EHSD Contract(s) Fiscal Year

Subject: Title 2: Code of Federal Regulations Part 200, Subpart F – Single Audit Requirements

Your organization is subject to the Single Audit provisions of 2 CFR 200 Part F if it has expended \$750,000 or more in Federal awards during the fiscal year, unless the entity is classified as a for-profit corporation. We have determined the contract number(s) listed above was/were funded with one or more Federal awards and are asking that you provide Contra Costa County with the following information.

Please check the appropriate box and provide required documents by

- We have completed our Single Audit for the most recent period _____ to _____. The audit disclosed no material instances of noncompliance with federal laws or regulations or reportable conditions specifically related to the award(s) from EHSD. **Enclosed is a copy of the audit report package.**
- We have completed our Single Audit for the most recent period _____ to _____. The audit report noted material noncompliance issues and/or reportable conditions. **Enclosed is a copy of the audit report package and the corrective action plan.**
- We have not yet completed our Single Audit for the period _____ to _____. We expect the audit to be completed on _____. Within thirty (30) days of completion, we will send you either written notification or a copy of the audit report package.
- We are not subject to the audit requirements of Subpart F because
 - We expended less than \$750,000 in total Federal awards during the fiscal year for EHSD contracts and non-EHSD funding entities
 - We are a For Profit Organization
 - Other (Explain) _____

Our Fiscal year end is: _____ *(Please provide this information so that we can update your record.)*

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I certify that the foregoing statements accurately represent the organization of which I am a representative. Further, I certify that all relevant material findings contained in the audit report, if completed, have been disclosed.

Signature: _____ Title: _____

Name (Print): _____ Phone _____

Email: _____

Thank you for your assistance in complying with this federal mandate. If you have questions, please feel free to contact me. My contact information is provided below. Please send the completed form back to me via email (preferred) or USPS.

Office Phone:

Email:

Mailing address: EHSD, Fiscal Unit
40 Douglas Drive
Martinez, CA 94553
Fax: (925) 313-1757

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APPENDIX 12: AUDIT REVIEW CHECKLIST

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Contra Costa County

Employment & Human Services Department
AUDIT REVIEW CHECKLIST

Auditee Name: _____ Fiscal Year End: _____

Contract Number: _____

Reviewer: _____

Date Reviewed: _____

Instructions:

For single audit (includes audit of financial statements), complete all parts of this document.

For financial statements audit only (subrecipient not subject to \$750,000 threshold), complete Part I, the financial statements section of Part II and Part III of this document.

PART I: General

1. Audit is a:

- Financial Statements Audit (subrecipient not subject to \$750,000 threshold)
 Single Audit (includes audit of financial statements)
 Program Specific Audit

2. Auditee's fiscal period end date: _____

3. Audit Firm Name: _____

4. Total Federal Subaward/Award Expended for Fiscal Year: \$ _____

5. Number of programs in which Federal funds were expended: _____

**Note that a Single Audit is required if Federal funds expended equal or exceed \$750,000 for fiscal years beginning on or after January 1, 2015).*

6. Audit was conducted according to: GAAS GAGAS

7. If no audit was required by 2 CFR §200.501(a), how was the audit paid for? _____
or N/A

PART II: Audit Component Checklist

The following is a key for the Component Checklist

* = Required (cannot be blank or 'N/A').

** = Required if prior audit findings exist.

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*** = Required if findings exist.

Note: These codes do not apply to a program specific audit.

Financial Statements Section:

| <u>Page Number</u> | <u>Component</u> |
|--------------------|---|
| _____ | * Financial Statements |
| _____ | * Independent Opinion on Financial Statements |
| _____ | * Report on Internal Control over Financial Reporting |
| _____ | * Report on Compliance |
| _____ | * Management Discussion and Analysis |
| _____ | * Balance Sheet Statement |
| _____ | * Income Statement |
| _____ | * Statement of Cash Flow |
| _____ | * Notes to the Financial Statements |

Compliance Over Federal Programs Section (ONLY IF ENTITY SUBJECT TO SINGLE AUDIT):

| <u>Page Number</u> | <u>Component</u> |
|--------------------|--|
| _____ | * Schedule of expenditures of Federal Awards |
| _____ | * Independent Opinion or Disclaimer of Opinion on Schedule of Federal Awards |
| _____ | * Report on Internal Control (major programs) |
| _____ | * Report on Compliance (major programs) |
| _____ | * Schedule of Findings and Questioned Costs |
| _____ | ** Summary Schedule of Prior Audit Findings |
| _____ | *** Corrective Action Plan (if findings) |
| _____ | Management Letter (if applicable) |

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PART III: FINANCIAL STATEMENTS

1. Type of audit report issued on financial statements:

Mark either:

- Unmodified Opinion
 Qualified opinion
 Adverse opinion
 Disclaimer of opinion

2. Is a "going concern" emphasis-of-matter paragraph included in the audit report? Yes No

3. Is a significant deficiency disclosed? Yes No

4. Is a material weakness disclosed? Yes No

5. Is a material noncompliance disclosed? Yes No

6. Opinion Letter is signed by the CPA: Yes No

7. Calculate liquidity ratio (current assets/current liabilities) _____. Is the entity able to pay off its short-term liabilities with its current assets? Yes No

8. Calculate the debt ratio (total liabilities/total assets) _____. Is the entity highly dependent on leverage (debt) to finance its operations? Yes No

9. Does the entity have significant operating lease obligation(s) disclosed in the note to the financial statements? Yes No if yes, calculate operating lease/total assets ratio: _____.

10. Does the Contingency note to the financial statements reveal a contingent liability such as an income/payroll tax dispute with a government agency that could potentially lead the entity to owe a substantial amount tax penalties and interest? Yes No

If yes, please explain:

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11. Is there a Subsequent Event reported in the notes to the financial statements? Yes No

If yes, please explain:

12. Does the Significant Accounting Policies note to the financial statements reveal any concerns regarding the entity's ability to meet the financial management federal requirements outlined in the 2 CFR 200 and 45 CFR 75?

Yes No

If yes, please explain:

PART IV: FEDERAL PROGRAMS

1. Was the audit submitted timely to Federal Audit Clearinghouse? Yes No

If no, please explain:

Note: Audits are to be completed within 9 months of the end of the subrecipient's audit period

2. Does the SEFA include EHSD as a pass-through entity, the contract number(s), AL(s) and Federal Subaward(s): Yes No

3. Did the auditee qualify as a low-risk auditee? Yes No

4. Did the auditee have prior or current year audit findings in Federal programs funded by other entities than EHSD? Yes No

5. Is a material weakness(es) disclosed in internal control over major Federal programs?

6. Is a significant deficiency(ies) disclosed in internal control over major Federal programs?

7. Type of audit report issued on compliance for major programs:

Mark either:

- Unmodified Opinion
 Qualified opinion
 Adverse opinion
 Disclaimer of opinion

8. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? Yes No N/A if entity had no prior audit findings in previous years

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9. Does the audit include a summary schedule of prior audit findings with corrective action plan?
 Yes No N/A if entity had no prior audit findings in previous
years

10. Does the audit include current year audit findings with a corrective action plan? Yes
No

11. If prior or current year audit findings are present, check compliance requirement(s) that apply to
audit findings:

- Activities Allowed or Unallowed
- Allowable costs/cost principles
- Cash management
- Davis-Bacon Act
- Eligibility
- Equipment and real property management
- Matching, level of effort, earmarking
- Period of availability of Federal funds
- Procurement and suspension and debarment
- Program income
- Real property acquisition and relocation assistance
- Reporting
- Subrecipient monitoring
- Special tests and provisions
- Other

12. Do any of the prior or current year audit findings reveal questioned costs? Yes No

If yes, how much? _____ If finding directly related to EHSD, did the entity repay EHSD?

If questioned costs exist and entity has not repaid EHSD, follow 2 CFR 200.xxx to proceed with
issuing a management decision letter.

13. Do any of the prior or current year audit findings reveal significant instances of abuse such as
fraud? Yes No

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APPENDIX 13: MANAGEMENT DECISION TEMPLATE

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[Sample

Audit Transmittal Letter (for Comment Purposes)

Send this letter to request additional information]

Date

Address:

Re: **(Auditee)** Audit Report Number

Dated:

Period:

Dear (Name of Fiscal Contact):

Employment of Human and Services Department (EHSD) has examined the results of the Single Audit of the **(Sub-recipient)**, issued by **(Name of Firm)**, dated _____, for the year ended June 30, 20XX.

The audit report on pages _____ cites questioned costs of \$_____ and on pages _____ cites _____ administrative findings. At this time, EHSD is extending to **(Name of Subrecipient)** 30 days from receipt of this letter to submit comments and/or documentation relative to the above questioned costs and administrative findings.

At the conclusion of the 30-day response period, an Initial Findings and Determination will be issued by this office.

Should you have any questions regarding this report, please contact _____ at _____.

Sincerely,

Name

Fiscal Officer

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[Sample

Initial Determination Transmittal Letter

Send after Audit Transmittal Letter]

Date

Address:

Dear Mr. /Ms.:

This is in reference to the audit of **(name of program)** operated by the **(Auditee)**. The Audit report contains **(select)**:

- Questioned costs and administrative findings
- Administrative findings but no questioned costs
- Questioned costs in the amount of \$ _____

Enclosed is my Initial Determination on the audit findings summarized as follows:

Audit Report Number: (if applicable)

Audit Period:

Amount Questioned:

Amount Allowed:

Amount Disallowed:

Number of Administrative Findings:

Number of Uncorrected Administrative Findings:

The enclosed Initial Determination explains the reasons for the determinations to **(select as appropriate)**:

- Allow or disallow costs
- Require administrative corrective action
- Allow or disallow costs and require administrative corrective actions

This notification provides **(Auditee)** with the opportunity to resolve the audit findings informally with the Employment and Human Services Department (EHSD) within ___ days from the date this letter and Initial Determination. A Final Determination will be issued upon expiration of the ___ day informal resolution period.

If you wish to begin informal resolution discussions, please contact _____ of my staff at **(Telephone number)** immediately upon receipt of this letter.

Sincerely,

Name
Fiscal Officer

[Enclose "Sample Management Decision Attachment"]

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[Sample

Sample Management Decision Attachment

Findings and Determination Format. Attach to “**Initial Determination Transmittal Letter**”
(May be used as attachment for both Initial and Final Determinations)]

Date

Subject: Initial (Final) Determination

References: (Name of Subrecipient) Audit

Audit Number:

Audit Period Amount:

Questioned Amount:

Allowed Amount:

Disallowed Amount:

Amount Subject to Debt Collection (for Final Determination only):

Number of Administrative Findings:

Introduction: This is the Initial Determination on the resolution of (select):

- Questioned costs and administrative findings
- Administrative findings
- Questioned costs

Recommendations pertained to the EHSD programs are contained in the above referenced audit. These programs are administered by the (**Subrecipient**). The audit was performed by (**Audit Firm**) pursuant to the provision of Title 2 Code of Federal Regulations §200.501 (Audit Requirements) and issued on (**Date**).

The audit report (**select**):

- Questioned \$ ___ costs
- Identified ___ administrative/procedural weakness(es)
- Questioned \$ ___ in cost and identified ___ administrative/procedural weakness(es).

The (Subrecipient’s) response to the audit report was taken into consideration in the preparation of this (**Initial/Final**) determination.

Finding Number

(**Format/Content**) The order of findings should correspond to the order in the audit report with administrative findings listed first and questioned costs findings listed second. Findings contain the following:

- Amount and nature of the questioned cost and nature of the administrative finding
- Citation of appropriate regulation, circular, issuance, or agreements that were violated
- Appropriate explanatory information, including any subrecipient’s attempt to support cost or administrative deficiencies

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APPENDIX 13

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Determination

(Format/Content) The determination should include:

- Basis upon which the auditee's response was accepted or rejected
- Precise statement as to whether questioned costs are allowed or disallowed (if appropriate)
- Precise statement as to whether or not the finding (administrative) is corrected.

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APPENDIX 14

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APPENDIX 14: CORRECTIVE ACTION LETTER TEMPLATE

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[Sample
Final Determination Transmittal Letter
Disallowed Costs and Uncorrected Administrative Findings]

Date

Reference: Initial Determination Dated:

Address of Subrecipient:

Dear Ms./Mr.:

This is in reference to the recent Initial Determination on the audit of the Employment and Human Service Department (EHSD) program subcontracted to [name of Subrecipient]. The Initial Determination was issued on the date referenced above.

The audit report contains questioned costs and administrative findings. Enclosed is my Final Determination on the audit findings summarized as follows:

Audit Report Number:
Audit Period:
Amount Questioned:
Amount Allowed:
Amount Disallowed:
Amount Subject to Debt Collection:
Number of Administrative Findings:
Number of Uncorrected Administrative Findings:

(Add the following bolded sections if costs have been disallowed)

The Final Determination, which is based on all the information available as of the date of this letter, establishes a debt owed to the _____ in the amount of \$ _____. You are hereby requested to pay this amount by sending a cashier's check, drawn on non-Federal funds and payable to the _____, to:

(Name and Address)

In accordance with the (policy affecting debts – look up) interest on this debt shall accrue from the date of this letter. Interest shall be charged at the (look up) rate prevailing on that date. If the debt is paid before it becomes delinquent, which is (look up) days after the date of this letter, interest shall be waived.

Failure to honor this demand for repayment will result in collection actions being taken pursuant to (look up). Delinquent debts that remain outstanding will, in some cases, jeopardize your eligibility for receipt of Federal funds and become the basis for recommending enforced collection through litigation by the State _____.

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Corrective action is required to address the administrative findings. Uncorrected administrative findings are tracked until effective corrective action is implemented or other resolution occurs which meets the approval of the EHSD. Your agency should address the remaining uncorrected issues by developing and implementing the corrective actions needed. Periodic progress reports to EHSD are due on the first of each month until all findings are corrected.

In accordance with 2 CFR 200.521, your agency may initiate an administrative appeal of by filing a written request for hearing with the EHSD within 10 working days of receipt of this Final Determination. The request should state your agency's reasons for disputing the determinations.

A copy of the **Final Determination** should accompany your request for a hearing and should state specifically those sections of the determination upon which a hearing is requested. Copies of the request for an administrative appeal should be provided to this office.

In the event that no administrative hearing is timely requested, the debt herein established becomes a civil claim of the State of (Awarding Entity). However, in the event that such a hearing is requested and granted, debt collection actions will be suspended, and no interest or other sanctions will be charged or imposed. If, however, the case is dismissed because the appeal request was untimely, interest will be charged retroactively as though an appeal had never been requested.

Copies of the Final Determination are being provided to .

Sincerely,

Name
Fiscal Officer

[Attach Final Determination]

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[Sample
Final Determination Transmittal Letter
Uncorrected Administrative Findings]

Date

Reference: Initial Determination Dated:

Address of Subrecipient:

Dear Ms. /Mr.:

This is in reference to the recent Initial Determination on the audit of the Employment and Human Service Department (EHSD) program subcontracted to [name of Subrecipient]. The Initial Determination was issued on the date referenced above.

The audit report contains administrative findings. No costs were questioned. Enclosed is my Final Determination on the audit findings summarized as follows:

Audit Report Number:

Audit Period:

Questioned Costs: none

Number of Administrative Findings:

Number of Uncorrected Administrative Findings:

Corrective action is required to address the administrative findings. Uncorrected administrative findings are tracked until effective corrective action is implemented or other resolution occurs which meets the approval of the EHSD.

Your (Agency)(Organization) should address the remaining uncorrected issues by developing and implementing the corrective actions needed. Progress reports to EHSD are due on the first of each month until all findings are corrected.

In accordance with 2 CFR 200.521, your agency may initiate an administrative appeal of EHSD related issues by filing a written request for a hearing with the _____ within ___ working days of receipt of this Final Determination. The request should state your agency's reasons for disputing the determinations.

This Final Determination is subject to review and concurrence by the EHSD. Copies of the request for administrative appeal should be provided to this office and to _____

Sincerely,

Name
Fiscal Officer

[Attach Final Determination]

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[Sample

Sample Management Decision Attachment

Findings and Determination Format. Attach to **“Final Determination Letters.”**

(May be used as attachment for both Initial and Final Determinations)]

Date

Subject: Initial (Final) Determination

References: (Name of Subrecipient) Audit

Audit Number:

Audit Period Amount:

Questioned Amount:

Allowed Amount:

Disallowed Amount:

Amount Subject to Debt Collection (for Final Determination only):

Number of Administrative Findings:

Introduction: This is the Initial Determination on the resolution of (select):

- Questioned costs and administrative findings
- Administrative findings
- Questioned costs

Recommendations pertained to the EHSD programs are contained in the above referenced audit. These programs are administered by the (**Subrecipient**). The audit was performed by (**Audit Firm**) pursuant to the provision of Title 2 Code of Federal Regulations §200.501 (Audit Requirements) and issued on (**Date**).

The audit report (**select**):

- Questioned \$ ___ costs
- Identified ___ administrative/procedural weakness(es)
- Questioned \$ ___ in cost and identified ___ administrative/procedural weakness(es).

The (Subrecipient’s) response to the audit report was taken into consideration in the preparation of this (**Initial/Fi-nal**) determination.

Finding Number

(**Format/Content**) The order of findings should correspond to the order in the audit report with administrative findings listed first and questioned costs findings listed second. Findings contain the following:

- Amount and nature of the questioned cost and nature of the administrative finding
- Citation of appropriate regulation, circular, issuance, or agreements that were violated

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- Appropriate explanatory information, including any subrecipient's attempt to support cost or administrative deficiencies

Determination

(Format/Content) The determination should include:

- Basis upon which the auditee's response was accepted or rejected
- Precise statement as to whether questioned costs are allowed or disallowed (if appropriate)
- Precise statement as to whether or not the finding (administrative) is corrected

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APPENDIX 15: COMMUNITY SERVICE BUREAU – SELF-MONITORING TOOLS

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EHSD

Community Service Bureau - Self-Monitoring Monitoring and Implementing Fiscal Infrastructure

INTRODUCTION

As a recipient of federal and state awards, EHSD is responsible for establishing a self-monitoring policy per 45 CFR Part 75.303(c). Initial monitoring will take place quarterly and semi-annually thereafter. Compliance assessments will be conducted to ensure:

- Compliance with statutory requirements
- Review of internal checks/controls
- Review of financial documents
- Review of business practices, processes and policies

45 CFR Part 75.303 Internal controls.

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and **monitor** the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

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(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the HHS awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

EHSD's self-monitoring will adhere to the following Head Start regulation:

Head Start Performance Standard - 1302.102(b) Achieving program goals.

Monitoring program performance. (1) Ongoing compliance oversight and correction. In order to ensure effective ongoing oversight and correction, a program must establish and implement a system of ongoing oversight that ensures effective implementation of the program performance standards, including ensuring child safety, and other applicable federal regulations as described in this part, and must:

- (i) Collect and use data to inform this process;
- (ii) Correct quality and compliance issues immediately, or as quickly as possible;
- (iii) Work with the governing body and the policy council to address issues during the ongoing oversight and correction process and during federal oversight; and,
- (iv) Implement procedures that prevent recurrence of previous quality and compliance issues, including previously identified deficiencies, safety incidents, and audit findings.

EHSD Monitoring Process

Potential control weaknesses, policy or procedural violations, other areas of concern will be identified and discussed with EHSD management. Throughout the self-monitoring, any observations, identified issues and associated risks are discussed with management. The Fiscal Compliance Accountant will present management with their findings and recommendations.

A Compliance Assessment of EHSD's programs will be prepared. EHSD's Fiscal Compliance Unit will conduct the assessment. In accordance with the requirements of the Fiscal Compliance

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Accountant's area of responsibility – Monitoring and Detection of noncompliance with fiscal requirements for internal and county policies, funding agency regulations and requirements, adherence to GAAP, proper use of negotiable items, appropriateness of claimed costs versus audited or documented costs, and the impact and validity of cost.

The monitoring activities must include at least:

1. Reviewing financial reports prepared by EHSD. Review <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-D/subject-group-ECFR911e5e1a30bfcb/section-75.305>
2. Following-up and ensuring that the recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the recipient from program sponsors through audits, on-site reviews, and other means.
3. Issuing a report of review findings pertaining to the Federal award provided to the recipient.
4. Depending upon the FCA assessment of risk posed by the recipient, the following monitoring tools may be useful for EHSD to ensure proper accountability of the Federal award:
5. Providing recipients with training and technical assistance on fiscal-related matters;
6. Performing on-site reviews or desk review of the recipient's fiscal operations.

At least quarterly, other areas, like administrative cost, non-federal share (NFS), cost allocation and required reporting should be reviewed. Ensure all required reports are being done when due and are accurate and submitted to the appropriate agencies/entities like the Payment Management System (PMS), Board and Policy Council.

Checklist to Review Budgeted Costs for Allowability, Allocability and Reasonableness

This Checklist is intended to assist the Fiscal Compliance Accountant with reviewing the recipient budget and making a determination on whether budgeted costs are allowable, allocable and reasonable to operate the program per 45 CFR Part 75.407. **See Appendix 16 for EHSD's Process for Charging of Costs to Head Start.**

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| | | | |
|---------------|--|--------------|--|
| Grant Number: | | | |
| Program Name: | | | |
| Date: | | Prepared By: | |

References:

- Title 2 - Code of Federal Regulations, Part 200, *Grants and Agreements*;
- Title 45 - Code of Federal Regulations, *Public Welfare*;
- Title 29 - Code of Federal Regulations, *Labor*;
- Federal Acquisition Regulations (FAR) Part 31, *Cost Principles and Procedures for Commercial Entities*; • Federal Acquisition Regulations (FAR) Part 48, *Cost Accounting Standards for Commercial Entities*; and
- Other applicable Title(s) as indicated in grant agreement(s).

We strongly encourage the reader to review the applicability and exceptions sections found in 2 CFR 200.101 and 2 CFR 200.102 when making a determination on the applicability of the various CFR rules.

| Determination Factors | Yes v | No v |
|---|--------------|-------------|
| 1. Are the budgeted costs necessary and reasonable? | | |
| 2. Are the budgeted costs allocable to the Federal award? | | |
| 3. Are the budgeted costs allowable to the Federal award? Provide me with samples of budgeted costs and the supporting documentation. Explain how allowability was determined. | | |
| 4. Was there a cost allocation plan or description of the cost allocation methodology submitted if common costs such as rent are allocated to the Federal? | | |
| 5. If a cost allocation plan or description of the cost allocation methodology was submitted, is the methodology to distribute common cost reasonable? | | |
| 6. If there is a budgeted indirect cost rate: <ul style="list-style-type: none"> a. Was a Federally approved indirect rate submitted? b. Did the entity include an indirect cost using the de minimis rate? | | |

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| | | |
|--|--|--|
| 7. Was sufficient information provided to determine whether costs are correctly allocated to each budget category (for example: Personnel cost vs Participant cost)? | | |
| 8. Do line items add up correctly? | | |
| 9. Were budget calculations verified for accuracy? | | |
| 10. Is there a budget narrative included? | | |

Comments:

INTERNAL CONTROL QUESTIONNAIRE

40. Which method of accounting do you use?

- Accrual
- Modified Accrual
- Cash

41. Electronic modules and journals used in Accounting System:

- General ledger
- Cash receipt journal
- Cash disbursement journal
- Payroll register
- Timesheet
- A/R ledger
- A/P ledger

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- Cost Allocation
- Fixed Assets
- Human Resources

42. Name of accounting system(software) used:

43. Does your financial management system provide records that can identify the source and application of funds for award supported activities, and track expenditures by project number (Federal award) and against budgeted line items?

- Yes No

If no, please explain.

44. List the names of the employees performing the following functions:

| Activity | Employee (First and Last Name) |
|--------------------------------|--------------------------------|
| Cashier (receiving payments) | |
| Opening Mail | |
| Restrictively endorsing checks | |
| Preparing deposits | |
| Verifying daily receipts | |
| Entering daily receipts | |
| Reconciling bank accounts | |
| Payroll | |

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| Activity | Employee (First and Last Name) |
|---|--------------------------------|
| RFI/RFP | |
| Contractor's Qualification/Scoring/Contract Award | |
| Demand/Invoice Review | |
| Demand/Invoice Approval | |
| Desk Review | |
| Monitoring | |

45. Is EHSD management provided with regular updates on financial status of the organization and specific Federal awards? Yes No

If no, explain:

46. Are the copies of the updates provided available upon request? Yes No

47. Are there written procedures for:
If yes, provide a copy of

| | | |
|--|------------------------------|-----------------------------|
| Inventory Controls - 45 CFR Part 75.320 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <ul style="list-style-type: none"> Provide me with a copy of your inventory listing to verify assets are recorded per 45 CFR Part 75.320. Are annual SF-428 submitted to ACF? Provide me with a copy of the last report submitted. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <ul style="list-style-type: none"> How often are physical inventory done? Verify physical inventories are per 45 CFR Part 75.320. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Accounting Policies - 45 CFR 75.403.400 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

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| | | |
|---|------------------------------|-----------------------------|
| Purchasing guidelines - 45 CFR Part 75.327h, 45 CFR Part 75.328 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|------------------------------|-----------------------------|

48. Provide a copy of the personnel policy manual. Do you have a formal, written personnel policy that addresses:

| | | |
|--|------------------------------|-----------------------------|
| Pay Rates and Benefits - 45 CFR Part 75.430,75.431 | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Provide me with the last two months leave accrual and usage report. Is there a written policy on payment in lieu of vacation? Please provide a copy. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Time and Attendance | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Leave | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Conflict of Interest - 45 CFR Part 75.327(c) (1) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

49. With respect to the conflict of interest provision of the contract, are there any situations, which have not previously been disclosed? Yes No

If yes, please explain:

50. Was the organization a party to a business transaction with a family member of a current or former officer, director, trustee, or key employee? Yes No

51. Is there a separate bank account for payroll? Yes No

52. Do you outsource your payroll? Yes No

Explain your payroll process:

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53. Are the payroll checks signed by someone independent of the payroll clerk? Yes No

Who?

If not, why?

54. Provide a narrative description of your cost allocation plan.

e) How do you track and control time spent on different activities to ensure that time and efforts are billable to the funding source receiving the benefit(s)?

Describe:

f) How do you allocate labor/non-labor cost not directly associated to a program?

Describe:

g) How do you allocate your facilities costs?

Describe:

h) How do you allocate your general office expenses?

Describe:

55. Do you have a negotiated federally approved indirect cost rate?

Yes No

If yes, please provide the following information:

- Name of the cognizant agency:
- Provisional rate:

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- Definition of the base:

Provide a copy of your federally approved provisional indirect cost rate agreement.

56. What is the reconciliation process for the bank accounts?

Describe:

57. What is the process for handling money/donations on-site?

Describe:

58. Who signs the checks and is there a double endorsement?

Describe:

59. Please describe the method used to support labor and benefit charges.

Describe:

60. Do you receive other sources of income to operate your program? Yes No

If yes, please list:

61. How is your financial audit funded (if required) pursuant to contract obligations?

Describe:

62. In your Single Audit, are Federal award funds paid to EHSD listed in the Schedule of Federal Awards by contract number and Assistance Listing number?

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Yes No Not applicable

If no, please explain:

63. Do you Cash Match/In-Kind Match for the funding? Yes No
If so, what is the source of the match? (Example: volunteer hours calculated by market value)

Describe:

64. Do you use any other Federal funding source as match for this award? Yes No

Describe:

65. Do you use EHSD's other award funds as match for any other contract? Yes No

If yes, please explain:

66. Explain your asset control model. How do you track inventory purchased by the award funds?

Describe:

67. Describe your purchasing policy and practice. (How is a vendor selected? Bidding, small business enterprise, etc.)

Describe:

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68. Explain your travel policy as related to Federal award funds.

Describe:

69. At any time, has there been a security breach including wrongful access, inspection, use or disclosure of confidential information at your agency? Yes No

If yes, please explain the nature of the breach and your process to mitigate:

70. Do you subcontract any of the EHSD awarded funds? Yes No

If yes, what type of monitoring procedure do you conduct?

71. What is the reconciliation process for the grant award? Please walk me through the process and provide me with the most recent reconciliation.

Describe:

Comments

Monitoring Plan

Demand/Invoice Review

The purpose of the review is to ensure that financial reports (demands) include proper documentation, support, cost are allowable, unallowable costs are not charged to Head Start, accrued liabilities are supported, and have the necessary level of approvals, program and fiscal.

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In cases where unresolved non-compliance issues by recipients are detected during the fiscal monitoring or other means, the Fiscal Compliance Accountant will review the monthly demand as needed until recipient resolves the non-compliance issues.

Internal Control Review - 45 CFR Part 75.320 - EHSD controls financial management risks with effective internal controls. EHSD policies and procedures control the access and use of financial resources.

Contracts Review – RFI/RFPs and contracts are reviewed for vendor’s qualification and adherence to Head Start – 45 CFR Part 75.327(h) General procurement standards and 45 CFR Part 75.328 Competition.

Verify Special conditions reference applicable Code of Regulations specific to Head Start.

Concerns/Areas of Non-Compliance

Personnel – Compensation and benefits review – 45 CFR Part 75.430 and 45 CFR Part 75.431

Concerns/Areas of Non-Compliance

Quarterly report review – Expenditure reports

Concerns/Areas of Non-Compliance

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Budget review – Budgeted award vs Actual and Projections through the award date

Concerns/Areas of Non-Compliance

Conflict of interest policy - 45 CFR Part 75.327(c)(1) in its entirety in the Delegate's Contract Special Conditions and Department's Policies

Concerns/Areas of Non-Compliance

Capital Asset Inventory - 45 CFR Part 75.320

Concerns/Areas of Non-Compliance

EHSD's financial management system provides for effective control over and accountability for all funds, property, and other assets.

The grantee complies with application, prior approval, and reporting requirements for facilities

Concerns/Areas of Non-Compliance

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APPENDIX 16: EHSD PROCESS FOR CHARGING COSTS TO HEAD START

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I. GENERAL:

This Section sets forth the Employment and Human Services Department (EHSD) procedures for charging of costs to Head Start Federal Awards.

Employment and Human Services Department (EHSD) charges costs that are reasonable, allowable, and allocable to a federal award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

II. REFERENCE:

- 45 CFR Part 75 Subpart E, Cost Principles
- 45 CFR Part 75.421 – 476
- 45 CFR Part 75.407
- 45 CFR Part 75.402 – 407 Basic Considerations
- 45 CFR Part 75.413(a)
- 45 CFR Part 75.320
- SF-428-A Tangible Personal Property Report
- SF-428-C Disposition Report/Request

III. POLICY:

A. **Segregating Unallowable from Allowable Costs**

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Fiscal personnel shall be familiar with the allowability of costs provisions of 45 CFR Part 75 Subpart E, Cost Principles particularly:

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- a. The list of specifically unallowable costs found in 45 CFR Part 75.421 – 476, Selected Items of Cost, such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
- b. Those costs requiring advance approval from federal agencies in order to be allowable in accordance with 45 CFR Part 75.407, Prior Written Approval, such as participant support costs, equipment purchases, etc.
3. No costs shall be charged directly to any federal award until the cost has been determined to be allowable under the terms of the award and/or 45 CFR Part 75 Subpart E, Cost Principles.
4. For each federal award, an appropriate set of general ledger accounts (or account segments) shall be established in the chart of accounts to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of uncashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e., if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit).

B. Criteria for Allowability

All costs must meet the following criteria from 45 CFR Part 75.402 – 407, Basic Considerations, in order to be treated as allowable direct or indirect costs under a federal award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of EHSD or the performance of the award.
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award.

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- c. Whether the individuals concerned acted with prudence in the circumstances.
 - d. Consistency with established policies and procedures of Contra Costa County, deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal award,
 - b. The cost benefits both the federal award and other work and can be distributed in reasonable proportion to the benefits received, or
 - c. The cost is necessary to the overall operation of EHSD, except where a direct relationship to any particular program or group of programs cannot be demonstrated.
 3. The cost must conform to any limitations or exclusions of 45 CFR Part 75 Subpart E, Cost Principles, or the federal award itself.
 4. Treatment of costs must be consistent with policies and procedures that apply to both federally financed activities and other activities of EHSD.
 5. Costs must be consistently treated over time.
 6. The cost must be determined in accordance with generally accepted accounting principles (GAAP).
 7. Costs may not be included as a cost of any other federally financed program in the current or prior periods.
 8. The cost must be adequately documented.

C. Direct Costs

Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal Award, or other internally or externally funded activity, or

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that can be directly assigned to such activities relatively easily with a high degree of accuracy EHSD identifies and charges these costs exclusively to each award or program. (45 CFR Part 75.413(a))

Each Demand shall be coded with the appropriate account number reflecting which program received direct benefit from the expenditure. Demands are approved by the appropriate project director, reviewed by Fiscal and approved by the Head Start Accountant or DFO, or CFO for payment issuance.

Time sheets are also submitted on a regular basis, reflecting employees' work and which programs directly benefited from their effort. Time sheets shall serve as the basis for charging salaries directly to federal awards and nonfederal functions.

Equipment purchased for exclusive use on a federal award and reimbursed by a federal agency shall be accounted for as a direct cost of that award (i.e., such equipment shall not be capitalized and depreciated for grant purposes, but will be capitalized and depreciated at year-end for financial statement purposes).

D. Indirect Cost Rate

EHSD maintains an annual indirect cost budget. Each year a new indirect cost budget is prepared and submitted to Head Start cognizant agency for approval. The approved indirect cost rate is used when determining the overhead applied to each federal award and major function. EHSD's process for developing and submitting its indirect cost proposal is:

1. Completion of the Indirect Cost Proposal (ICP) checklist.
2. Preparation of Indirect Cost Rate Proposal Reconciliation to prior year audit report.

The Indirect Cost Proposal with the required supporting information must be submitted to the Department of Health & Human Services Division of Cost Allocation Western Field Office within six months of fiscal year-end.

E. Description of Inventory

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EHSD maintains an inventory of materials used for administration, and programs. Examples of such items include, but are not limited to:

- Computers, Laptops, and related technology
- Portable Buildings
- Vans
- Furniture
- Equipment

F. Accounting for Inventory

EHSD records the purchase of capital equipment per Head Start regulations in 45 CFR 75 Part 75.320(d)(1).

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 a 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, and 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, and 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 and the results reconciled with the property records 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.

EHSD accounts for purchased inventory items at cost, using the FIFO method of valuation. Unit cost shall be computed by adding freight, insurance and other shipping costs to the actual cost of purchased inventory, dividing this total amount by the number of units purchased.

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G. Physical Counts

A physical count of inventory will be performed at least every two years. Any inventory items that appear damaged, obsolete or otherwise unable to be sold shall be excluded from the counts. A detailed record of the physical count shall be kept by the individuals involved in taking the inventory.

At the conclusion of the physical count, the inventory control log shall be extended by applying the most recent unit costs to the physical quantities of each item on hand. Form SF-428-A Tangible Personal Property Report will be submitted annually to Head Start and include the inventory control log. Any requests for asset disposition will be submitted on Form SF-428-C Disposition Report/Request. Upon approval by ACF, balances shall be adjusted to reflect the total inventory on hand as determined by the physical count.

H. PROPERTY AND EQUIPMENT

Capitalization Policy

Physical assets acquired with unit costs in excess of \$5,000 are capitalized as property and equipment in EHSD's financial statements. Items with unit costs below this threshold shall be expensed in the year purchased.

If an awarding agency requires a lower amount for equipment, EHSD will adhere to that dollar amount only for that program or contract.

Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land, are subject to depreciation over their estimated useful lives, as described later.

Capitalized assets will be reported as expensed for grants if they were so budgeted in the grant application. However, for EHSD financial statements, these assets will be capitalized and depreciated according to these policies.

Equipment Purchased with Federal Funds (45 CFR Part 75.320)

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EHSD may occasionally purchase equipment and furniture that will be used exclusively on a program funded by a federal agency. In addition to those policies on Asset Management described earlier, equipment and furniture charged to federal awards will be subject to certain additional policies as described below.

For purposes of federal award accounting and administration, "equipment" shall include all assets with a unit cost equal to the lesser of \$5,000 or the capitalization threshold utilized by EHSD, described under Asset Management.

All purchases of "equipment" with federal funds shall be approved, in advance and in writing, by the federal awarding agency. In addition, the following policies shall apply regarding equipment purchased and charged to federal awards:

1. Adequate insurance coverage will be maintained with respect to equipment and furniture charged to federal awards.
2. For equipment (or residual inventories of supplies) with a remaining per unit fair market value of \$5,000 or less at the conclusion of the award, EHSD shall retain the equipment without any requirement for notifying the federal agency.
3. If the remaining per unit fair market value is \$5,000 or more, EHSD shall gain a written understanding with the federal agency regarding disposition of the equipment. This understanding may involve returning the equipment to the federal agency, keeping the equipment and compensating the federal agency, or selling the equipment and remitting the proceeds, less allowable selling costs, to the federal agency. (*45 CFR Part 75.320(e)*)
4. The Program grant manager shall determine whether a specific award with a federal agency includes additional equipment requirements or thresholds and requirements that differ from those described above.
5. A physical inventory of all equipment purchased with federal funds shall be performed at least once every two years. The results of the physical inventory shall be reconciled to the accounting records of and federal reports filed by EHSD.

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Establishment and Maintenance of a Fixed Asset Listing

All capitalized property and equipment shall be recorded in a property log. This log shall include the following information with respect to each asset:

1. Date of acquisition
2. Cost
3. Description (including color, model, and serial number or other identification number)
4. Source of the equipment, including the federal award number, if applicable
5. Whether the title vests in CAP or the federal government
6. Information to calculate the federal share of the cost of the equipment, if applicable
7. Location, use, and condition
8. Depreciation method
9. Estimated useful life
10. Ultimate disposition data including the date of disposal and sale price

A physical inventory of all assets capitalized under the preceding policies will be taken on every two years. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation will be approved by the CFO of the Fiscal Department.

Receipt of Newly-Purchased Equipment

At the time of arrival, all purchased equipment and furniture shall be examined for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the contractor immediately.

In addition, descriptions and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the contractor immediately.

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Depreciation and Useful Lives

All capitalized assets are maintained in the special property and equipment account group and are not included as an operating expense. Property and equipment are depreciated over their estimated useful lives using the straight-line method.

In the year of acquisition, depreciation is recorded based on the number of months the asset is in service, counting the month of acquisition as a full month (Example: an asset purchased on the 15th day of the fifth month shall have eight full months of depreciation (eight-twelfths of one year) recorded for that year.)

Estimated useful lives of capitalized assets shall be determined by the head of the Fiscal Department in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

| | |
|-----------------------------------|----------------------|
| Automobiles | 5 years |
| Furniture and fixtures | Up to 10 years |
| General office equipment | 5 years |
| Computer hardware and peripherals | 3–5 years |
| Computer software | 2–3 years |
| Leased assets | Life of lease |
| Leasehold improvements | Remaining lease term |

For accounting and interim financial reporting purposes, depreciation expense will be recorded on an annual basis.

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APPENDIX 17: EHSD DELEGATE ONSITE MONITORING TOOL

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Delegate Onsite Monitoring Tool

This monitoring tool can be adapted as needed by the user. Please line out the steps rather than deleting them if they are not needed for the review you are conducting and provide a justification in the comment section. Add steps as needed based on your preliminary review prior to your monitoring visit.

Please complete the following section:

| | | |
|---------------------------------------|--|--------------|
| Subrecipient Name: | | |
| Subaward Number: | | |
| Subaward Amount: | | |
| Funding Sources and AL No.: | | |
| Analyst conducting the review: | | Date: |
| Subrecipient's Fiscal Officer: | | |

Before using this onsite monitoring tool, answer the following questions:

| Pre-Onsite Monitoring Activities Questions: | YES / NO |
|--|--|
| 1. Was the Annual Subrecipient/Contractor Determination checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. Was the determination made that the entity is a subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 3. Was the Single Audit Certification sent to the Subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 4. Did the subrecipient indicate on Single Audit Certification form that the subrecipient entity is subject to 45 CFR 75 Subpart F - Single Audit Requirements? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 5. If the answer is yes to 4, did EHSD receive the latest subrecipient single audit and was the Single Audit Review checklist completed? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6. Was the Annual Subrecipient Questionnaire sent to the subrecipient? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 7. Were the subrecipient's responses to the Annual Subrecipient Questionnaire and Single Audit Review Checklist used to complete the Risk Analysis Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 8. Was the subrecipient risk level assessed HIGH upon reviewing the risk categories listed in the Risk Assessment Matrix? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 9. If the answer to 8 is no, was the subrecipient risk level assessed MODERATE and did the subrecipient have finding(s) in the previous EHSD monitoring report or finding(s) in the prior year Single Audit? | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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| Pre-Onsite Monitoring Activities Questions: | YES/NO |
|---|--|
| 10. Regardless of the answers to 8 and 9, the subrecipient is subject to quarterly onsite monitoring. See monitoring Plan #4. | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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Onsite Review Planning Phase

| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | <p>Contact program analyst before notifying subrecipient about the onsite monitoring review and obtain the following information:</p> <ul style="list-style-type: none"> • Date of last program review or site visit • Copy of report if subrecipient had program findings or service concerns • Copy of subrecipient corrective action plan and timeline | |
| 2. | <p>Gain an understanding of the rules and regulations applicable to the subrecipient Federal subawards:</p> <ul style="list-style-type: none"> • Obtain AL number and program name • Obtain UEI number • Review fiscal section of grant agreement, if applicable • Review contract special conditions • Review Federal Cost Principles section in 2 CFR 200, 45 CFR 75 or other applicable CFRs • Review applicable State guidance on fiscal compliance | |
| 3. | <p>Gain an understanding of the subrecipient fiscal conditions by reviewing the following documents:</p> <ul style="list-style-type: none"> • Latest subrecipient Single Audit and completed Single Audit Review checklist • Subrecipient's responses to Annual Subrecipient Questionnaire • Completed Risk Assessment Matrix • Annual contract budget • Monthly Financial Reports (demands) • Contract Budget v. Actual by line item Report • Obtain and review payment history from the Auditor-Controller's Intranet site | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
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| 4. | <p>Review subrecipient submitted monthly and year-to-date expenditures and determine type of costs to be reviewed during on-site visit. Consider prior EHSD monitoring results, single audit findings and areas of risk identified during preliminary review in determining the selection of cost items.</p> <p>Sample at least one monthly demand based on following considerations:</p> <ul style="list-style-type: none"> • Dollar amount of demand relative to total contract (subaward) • Determine the major cost elements by calculating the percentage to total by cost element in the subrecipient's annual contract budget • Major cost elements as measured by percentage to total annual contract budget (i.e. salaries, facilities and supportive services) represented on sampled demand • If prior monitoring or audit findings, attempt to select a demand that will allow the monitor to assess whether the corrective action plan was adequately implemented | |
| 5. | <p>Inform subrecipient of onsite monitoring visit and request list of items.</p> <ul style="list-style-type: none"> • Prepare and mail notification letter to subrecipient with a copy to program analyst • Inform the subrecipient that the fiscal monitor will review the responses/ statements to the Annual Subrecipient Questionnaire sent earlier during the fiscal year. Cost items claimed on the sampled monthly demand will be verified during the onsite monitoring visit for allowability, allocability and reasonableness • Attach to notification a request for items to be re- | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|---|---|--|
| | <p>viewed before and during onsite monitoring General Items</p> <ul style="list-style-type: none"> o Cost Allocation Plan o Indirect Cost Agreement, if applicable o Chart of Accounts o Personnel Manual o Accounting Policies o Purchasing Guidelines o If responses to Annual Subrecipient Questionnaire were incomplete (i.e. org chart not provided) or unclear, request that the information be provided prior or during the onsite monitoring visit | |
| | <p><u>For Monthly Sample Demand</u></p> <ul style="list-style-type: none"> o Detailed Expenditures and Revenue Transaction Ledger o Check Registers o Payroll Registers o Time Studies/Time Sheets o Invoices and purchase orders/contract o Cancelled Checks or detailed bank statement showing check numbers o Travel Vouchers o Property Inventory Control Listing, if applicable | |

| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
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| 6. | Review and evaluate documents received from subrecipient in response to the request. Make a list of missing documents. | |
| 7. | Prepare a list of questions for the entrance conference and | |

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| A | Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|-----|---|--|
| | on-site visit that are tailored to the areas of risk identified during the review of responses to Subrecipient Questionnaire and submitted documents. | |
| | Conflict of Interest | |
| 8. | Review Conflict of Interest in the Subrecipient Contract General Conditions. | |
| 9. | Verify if there is a modification of the Conflict of Interest provisions in the Subrecipient Contract Special Conditions Section. Review the additional language for compliance with 45 CFR Part 75.327(c) in its entirety. | |
| 10. | Research the applicable Code of Federal Regulations on Conflict of Interest for additional guidance. | |
| 11. | Review subrecipient's conflict of interest policy and verify if the policy is in alignment with the Subrecipient Contract General Conditions and Special Conditions, if applicable. | |
| | Other Steps as Needed | |
| | | |

FFATA Reporting

As required by the Federal Accountability and Transparency Act of 2006 (FFATA), Federal agencies, and non-federal agencies receiving federal funds, are required to report to the federal government specific information associated with subrecipients of subawards (i.e., grants) over \$30,000, as well as executive compensation amounts for the five most highly compensated executives of your organization should you meet certain threshold reporting requirements as listed below.

| Executive Compensation Questions (see definitions on next page) | Place an X under Yes or No | |
|---|---------------------------------|--------------------------------|
| Our organization received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the <i>Transparency Act</i> , as defined at 2 CFR 170.320 (and subawards) | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

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| | | |
|--|--|--------------------------|
| | Yes | No |
| Your organization received \$25,000,000 or more in annual gross revenues from federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and subawards). | <input type="checkbox"/> | <input type="checkbox"/> |
| | Yes | No |
| The public does NOT have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at http://www.sec.gov/answers/excomp.htm .) | <input type="checkbox"/> | <input type="checkbox"/> |
| If you answered yes to ALL three executive compensation questions above, complete the table below: | | |
| Names of 5 Mostly High Compensated Executives | Compensation for Preceding Completed Fiscal Year | |
| 1) | | |
| 2) | | |
| 3) | | |
| 4) | | |
| 5) | | |

During Onsite Review Visit

| | | |
|--|---|---|
| | Standard Questions of Head Start funded programs to ensure the seven (7) Findings under Internal Control are not repeated. | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| | Does the subrecipient have policies and procedures on internal controls? | |
| | Does the subrecipient follow the policies and procedures on internal controls? (45 CFR Part 75.303) | |

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| | Standard Questions of Head Start funded programs to ensure the seven (7) Findings under Internal Control are not repeated. | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|--|--|---|
| | <input type="checkbox"/> 1st Finding - Accruals not supported by documentation at year end. <ul style="list-style-type: none"> • Are subrecipient accruals supported by documentation, allowable and charged to the correct budget year? <input type="checkbox"/> 2nd Finding – Charging HS for insurance costs belonging on other programs. <ul style="list-style-type: none"> • Are all costs charged to Head Start and EHS applicable only to Head Start and EHS and no other programs? • Are there any journal entries indicating transfer of costs out of Head Start to Other programs? <input type="checkbox"/> 3rd. Finding – conflict of Interest <ul style="list-style-type: none"> • Have contracts awarded by subrecipient been reviewed for conflict of interest? <input type="checkbox"/> 4th Finding – Qualified Contractor <ul style="list-style-type: none"> • Does the subrecipient ensure contractors are qualified and not debarred? <input type="checkbox"/> 5th Finding – Compensation: <ul style="list-style-type: none"> • Are employees paid according to approved Payroll and Personnel records and consistent with HR policies and procedures? <input type="checkbox"/> 6th Finding – Vacation Accruals <ul style="list-style-type: none"> • Are employees paid only up to the agency approved vacation rollover threshold? <input type="checkbox"/> 7th Fixed Assets | |

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| | Standard Questions of Head Start funded programs to ensure the seven (7) Findings under Internal Control are not repeated. | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| | <ul style="list-style-type: none"> • Does the subrecipient ensure they follow 45 CFR Part 75.320 and have an updated inventory list? | |

| | | |
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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| 1. | Conduct entrance conference. Collect sign-in sheet with list of attendees. | |
| 2. | Meet with fiscal officer to go over contract monitoring questionnaire and submitted documents. Clarify items as needed and obtain the missing documents, if any, from the requested document list. | |
| 3. | Ask fiscal officer to describe the process in place for the following items: <ul style="list-style-type: none"> • Preparation of monthly/quarterly invoice (demand) • Org chart in relation to accounting functions, internal control and signature authority • Personnel costs billed to contract <ul style="list-style-type: none"> ○ Time sheet completion and sign off ○ Determination of cost centers for time charges and cost allocation plan ○ Payroll process from timesheet completion to printing/ETF to posting of payroll to ledger ○ Employee benefits and payroll taxes | |

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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
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| 4. | <ul style="list-style-type: none"> • Non-personnel costs billed to contract <ul style="list-style-type: none"> ○ Accounts payable process from purchase authorization (requisition/purchase order) to processing vendor payment and issuing checks/ETF ○ Space cost billed to contract, including lease agreement and cost allocation plan ○ Vendor and sub-recipient agreement and issuance of payment ○ Process for selecting vendors and sub-recipients ○ Process for authorizing and reimbursing employee travel | |
| 5. | <ul style="list-style-type: none"> • In-Kind/Cash Match reported to EHSD (only if the contract requires a match) <ul style="list-style-type: none"> ○ Valuation system for In-Kind services and donated goods ○ Maintenance of records system for In-Kind services and donated goods ○ Tracking system for reporting cash match | |
| 6. | Obtain and review written accounting procedures for the above items and pertinent policies (travel, purchasing). | |
| 7. | Request supporting documentation for selected items of cost from the sampled monthly/quarterly invoice (demand). Selected items of cost may vary based on result of risk assessment. See boxes below for additional details. | |
| | Conflict of Interest | |
| 8. | Perform onsite interviews on a sample basis with various management staff overseeing functions such as finance, procurement and governance. | |
| 9. | Identify potential risk and issues using the below sample of questions. | |

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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
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| | <ul style="list-style-type: none"> Have any of the key executives or Board Members been associated with other organizations in the past with which you have a business relationship and, if yes, what was the nature of those organizations and relationships? | |
| | <ul style="list-style-type: none"> Can you describe how you monitor Conflict of Interest in your organization? | |
| | <ul style="list-style-type: none"> Have managers at all levels expressed their commitment to the policy? | |
| | <ul style="list-style-type: none"> If you have a subrecipient under this contract, how do you monitor conflict of interest? | |
| | <ul style="list-style-type: none"> Is the policy easily accessible to everyone within the organization and to external partners/vendors? | |
| | <ul style="list-style-type: none"> Have managers and staff received adequate training in how to manage and/or report conflicts of interest? | |
| | <ul style="list-style-type: none"> Is conflict of interest policy and awareness incorporated into your recruitment, selection and procurement processes? | |
| | How to Solve Conflict of Interest | |
| 10. | Address conditions under which outside activities, relationships, or financial interests are proper or improper; (accepting gifts, disclosing confidential information, outside employment). | |
| 11. | Outline how financial conflicts of interest may be addressed. | |
| 12. | Identify when and how the subrecipient must provide disclosure, written notification, possible outside activities, relationships, or financial interests to EHSD. | |

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| B | General Steps | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|-----|---|--|
| 13. | Explain the consequences of non-disclosure may result in additional conditions and could result in suspension or debarment. | |
| 14. | Document and demonstrate compliance efforts. | |
| | Other Steps as Needed | |
| | | |

| C | Selected Cost Item - Personnel cost | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | Select one or two employees listed on invoice and compare to org chart to ensure they are working on the programs funded by the contract being monitored. | |
| 2. | Obtain timesheet for each employee and trace cost center code to chart of accounts. If hours worked by the selected employee are pooled, compare the cost pool allocation methodology from the subrecipient's cost allocation to how the hours were allocated to the benefiting programs. Verify that the base of allocation is reasonable and adequately supported by actual numbers. | |
| 3. | Obtain payroll register and compare employee total salary to documented salary in employee's personnel file. | |
| 4. | Compare check number on payroll register to bank statement to verify that the check cleared. If the subrecipient uses EFT, verify that the check number is on the positive pay file submitted to the bank. Then verify that the total amount from the positive pay file cleared the bank per the bank statement. | |

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| 5. | Trace cost from payroll register to general ledger. Use time-sheet to calculate cost center hours to-total hours ratio. Apply ratio to employee salary from payroll register and compare calculated amount to amount in the general ledger for the cost center code designated for this contract. This step may need to be modified depending on the sub-recipient's payroll process in place. The calculated amount should match the general ledger and sampled monthly invoice. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| D | Selected Cost Item - Non-personnel cost (space) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Obtain total cost and square footage from lease agreement and calculate monthly rent. | |
| 2. | Request detailed ledger disclosing rent transaction and associated documentation supporting rent cost billed on sampled monthly invoice. | |
| 3. | Review A/P supporting documentation and verify that the correct amount of payment was made to landlord listed on lease agreement. Compare check number to bank statement to verify that the check cleared. | |
| 4. | Determine space allocation methodology from the sub-recipient's cost allocation plan. | |
| 5. | Verify that the share of rent billed to the contract for the sampled monthly invoice was appropriately allocated in accordance with the cost allocation plan. If cost allocation plan is not provided (may result in an administrative finding), verify that the share of rent cost billed to the contract is reasonable based on a sound methodology. If methodology is not sound or adequately supported by accounting records/lease, this may result in a cost disallowance. | |
| | Other Steps as Needed per Risk Level | |

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| D | Selected Cost Item - Non-personnel cost (space) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|---|---|--|
| | | |

| E | Selected Cost Item - Non-personnel cost (vendor/sub-recipient) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | <p>Request detailed ledger disclosing transaction and associated documentation supporting cost (i.e. office supplies, contracted services) billed on sampled monthly invoice. Documentation should include the following:</p> <ul style="list-style-type: none"> • Authorization to purchase (requisition, PO, etc.) with appropriate signature in accordance with organization’s signature authority. • For contracted services, obtain a copy of the contract to verify payment conditions. • Price reasonableness. | |

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| | <ul style="list-style-type: none"> Indicator showing that the goods/services were received and vendor invoice. | |
| 2. | Verify that the goods/services purchased benefitted program funded by contract being monitored and that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

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| F | Selected Cost Item - Non-personnel cost (travel) | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|---|--|
| 1. | Request detailed ledger disclosing transaction and associated documentation supporting travel cost billed on sampled monthly invoice. Documentation should include the following: <ul style="list-style-type: none"> • Authorization to travel and travel reimbursement form with appropriate signature in accordance with organization’s signature authority. • Travel receipts for hotel, airfare and other travel cost. If organization uses per diem, verify that the per diem does not exceed the federal per diem schedule. If per diem is higher, an additional step maybe necessary to determine reasonableness of the per diem (not supported by receipt). | |
| 2. | Verify that the cost is recorded in the appropriate cost center. | |
| 3. | Compare check number to bank statement to verify that the check cleared. Verify that the check was made to the appropriate party. | |
| | Other Steps as Needed per Risk Level | |
| | | |

| G | Exit Conference and Other Items | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
|----|--|--|
| 1. | Make copies of evidence supporting findings, if any. During the review, cross reference contract and CFR/OMB references supporting findings, if any. | |
| 2. | Conduct exit conference. Collect sign-in sheet with list of attendees. Inform attendees of potential administrative findings and cost disallowance, if any. | |
| 3. | Be prepared to write monitoring report. | |
| | Other Steps as Needed per Risk Level | |

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| G | Exit Conference and Other Items | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| | | |
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Post Activities after Onsite Review

| | | |
|----------|---|---|
| H | Exit Conference and Other Items | NOTE: Document what was asked, response, list documents reviewed and state findings or results/conclusion if no findings. Add Comment(s) if Noncompliance is Detected or Improvements are Needed |
| 1. | Write draft monitoring report within 10 days of the visit unless there are extenuating circumstances | |
| 2. | Provide copy of draft monitoring report to Fiscal Officer or his/her designee for review. | |
| 3. | Finalize monitoring report and mail to subrecipient. | |
| 4. | If findings are in monitoring report, request corrective action plan with timetable. | |
| 5. | Follow up with subrecipient on corrective action plan per timetable and verify during the next annual monitoring that is implemented. | |
| 6. | File electronically monitoring documents and inform Compliance Accountant of monitoring outcomes. | |
| | Other Steps as Needed per Risk Level | |
| | | |

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Contra Costa County
Employment & Human Services Department
Community Services Bureau
Cost Allocation Plan

Most childcare program costs are allocated based on **funded slots**. Program slots (including partnerships) are placed on a grid by funding source.

COLLABORATION BETWEEN CHILD DEVELOPMENT & HEAD START/EARLY HEAD START

Eligible children in certain classrooms are enrolled in both Head Start, Early Head Start, Early Head Start Child Care Partnership and Child Development programs. This partnership serves to:

1. Enhance existing services
2. Increase the number of Full-Day Full-Year days funded in State Pre-School

The collaboration between these programs requires a method of sharing program costs that is both equitable and approved by both funding sources. At Contra Costa County, accounting for these program slots has evolved into two fiscal models:

Comprehensive Services Model (State/Head Start and Early Head Start Programs)

CCTR & CSPP (Full-day) are full-day, full-year programs. Head Start and Early Head Start provide an “umbrella” of additional services, including comprehensive services, additional training resources, additional staff and/or resources,. In this model, all site and classroom costs are charged to Child Development program. All cost of comprehensive services applicable to Head Start are charged to Head Start. Comprehensive services include but not limited to health, mental health, family services, etc.

Cost Allocation Model (Extended Services to Full Day) (State Pre-School Programs, Part-Day)

Eligible children are enrolled in both the Head Start and Child Development programs in order to allow an increase in the number of full-day full-year slots funded. Costs are allocated between Head Start and Child Development based on the **service hours** provided by each program.

Under both models, costs of Comprehensive Services such as Mental Health, Family Services and certain facilities, equipment and non-consumable supplies are not allocated but are charged as direct costs to the Head Start and Early Head Start Grants.

Certain one time costs like renovation, building improvement, purchase of major equipment, etc. are charged to Head Start with prior approval from ACF.

ALLOCATED COSTS

Site Costs:

Contra Costa County
Employment & Human Services Department
Community Services Bureau
Cost Allocation Plan

Site Supervisors, building occupancy charges, utilities, telephone and center supplies are charged to the cost center for each site. Accountants allocate the costs based on the funded slots at the site.

Room Costs:

Teachers and supplies are charged to the cost center for each room. Where rooms have multiple funding sources, the accountants allocate those cost centers based on the funded slots in that room.

Other Staff Charges:

Comprehensive Services staff charge their time to Head Start or Early Head Start accordingly since they are part of the Comprehensive Services provided by Head Start and Early Head Start.

Administrative Staff (including Assistant Directors) charge their time directly to Head Start or Early Head Start admin cost centers.

Other positions charge actual time worked directly to the programs or to a cost center that is then allocated to the programs based on funded slots (e.g. Child Care Food Program, Facilities Management, etc.).

Child Care Food Program:

The meal reimbursement rates are determined by the USDA. Expenses are allocated based on funded slots. Revenues are allocated based on the same monthly allocation worksheet. CDE and Head Start funding cover the excess of expenditures over reimbursements.

Administrative Charges:

Direct Admin charges are allocated from one cost center based on funded slots.

Indirect Admin charges and Community Services Bureau's portion of the County Overhead is allocated based on the approved County Indirect Cost Rate.

DIRECT PROGRAM CHARGES

Some costs are charged directly to one funding source and do not need to be allocated. Some examples are:

1. Training (and related travel) targeted for a specific program
2. Equipment to be funded through a specific program
3. Facilities to be funded through a specific program
4. Allocated based on the number of staff