**Federal Awards Compliance Audit Guidance and Testing**

|  |  |
| --- | --- |
| **NAME OF CLIENT:** |  |
| **YEAR ENDED:** | 2022 |

|  |  |
| --- | --- |
| **FEDERAL AWARD NAME:** | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) |
| **AL#:** | #93.323 |

**This File has been broken into following sections:**

* Discussion on Agency Adoption of the UG and example citations
* Introduction- Materiality Sheet – See the table of contents
* Part I- General OMB Compliance Supplement Information,
* Part II- Pass Through Agency Program Specific Introductory Information,
* Part III- Applicable Compliance Requirement Guidance
  + OMB compliance requirements
  + Pass through agency/grant agreement compliance requirements
  + Audit Objectives and Control Testing Procedures
  + Suggested Audit Procedures- Compliance/Substantive Tests
  + Audit Implications Summary
* Program Testing Conclusion

# Important Information (please read)

**This FACCR was written for programs passed though the Ohio Department of Health.**

**This FACCR has been tailored for local governments and Not-For–Profits. It does not include all required references and testing for Institutes of Higher Learning or State organizations.**

**Important Notes:**

* When auditees receive ELC monies from various sources, auditors may use oneFACCR to test the ELC program; however, the funding streams have unique restrictions imposed by the pass-through agencies therefore the streams should be stratified for testing. If auditees receive more than one grant from a given pass-through entity and the grants have differing restrictions or goals (for instance, a Health District receives both funding for Contact Tracing and Enhanced Operations funding), auditors will need to stratify their population for testing the individual grants.
* If an exception is noted during testing within one of several populations tested, auditors should evaluate the exception in relation to the ELC funding **as a whole**. AOS Auditors should also review Audit Manual Section 34900.18-.20 and .25-.26.

**If your program had COVID funding expenditures, please refer to the terms and conditions of the grant to determine if any additional requirements were imposed. If additional material requirements are identified, auditors will need to create procedures to test those requirements. If you have questions, AOS Auditors please open a Spiceworks ticket for assistance (IPAs email** [**AOSFederal@ohioauditor.gov**](mailto:AOSFederal@ohioauditor.gov)**).**

**Also see guidance in** [**Appendix VII**](OMB_Appendix%20VII.pdf) **of the Compliance Supplement.**

**NAVIGATION PANE**

**This file has been arranged to be navigable. Click on the view tab above and check the box that says “Navigation Pane” to bring up the headings. Click on the various sections within the navigation pane to go directly to that section.**

**TABLE OF CONTENTS**

**On the table of contents page, users can also click on listed sections to go directly to that section. Please note that as information is added into the unrestricted portions of the FACCRs, page numbering can change and won’t necessarily reflect the footer page numbers. The table of contents can be updated to reflect the proper footer page numbers by clicking on word “contents” directly above the line starting with Important Information, which will bring up the icon “update table”. Clicking on the update table icon will allow users to update the page numbers to reflect current footer page numbers.**

# AGENCY ADOPTION OF THE UG AND EXAMPLE CITATIONS

Federal awarding agencies adopted or implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. The Federal awarding agency implementation gives regulatory effect to 2 CFR Part 200 for that agency’s Federal awards and, thereby, establishes requirements with which the non-Federal entity must comply when incorporated in the terms and conditions of the federal award. The code sections where ED, HHS, USDA, DOT, EPA, DOL and HUD have adopted the Uniform Guidance in 2 CFR Part 200 are located in the hyperlinked document below. For the complete list of agencies adopting 2 CFR Part 200, as of the date of the OMB Compliance Supplement, see [**Appendix II**](OMB_Appendix%20II.pdf)**.**

In implementing the UG, agencies were able to make certain changes to 2 CFR Part 200 by requesting needed exceptions. A few adopted the UG with no changes; however, most agencies did make changes to the UG by either adding specific requirements or editing/modifying the existing language within certain sections of the UG. OMB does not maintain a complete listing of approved agency exceptions to the UG. Auditors should review the OMB Compliance Supplement and, as necessary, agency regulations adopting/implementing the OMB uniform guidance in 2 CFR Part 200 to determine if there is any exception related to the compliance requirements that apply to the program (see link below)

**Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exception.**

*(Source: AOS CFAE)*

# Table of Contents

Table of Contents

[Important Information (please read) 1](#_Toc125350010)

[AGENCY ADOPTION OF THE UG AND EXAMPLE CITATIONS 3](#_Toc125350011)

[Table of Contents 4](#_Toc125350012)

[Introduction: Materiality by Compliance Requirement Matrix 7](#_Toc125350013)

[Part I – OMB Compliance Supplement Information 12](#_Toc125350014)

[Part II – Pass through Agency and Grant Specific Information 13](#_Toc125350015)

* [Program Overview 13](#_Toc125350016)
* [Testing Considerations 15](#_Toc125350017)
* [Reporting 24](#_Toc125350018)

[PART III – APPLICABLE COMPLIANCE REQUIREMENTS 25](#_Toc125350019)

[A. ACTIVITIES ALLOWED OR UNALLOWED 25](#_Toc125350020)

* [OMB Compliance Requirements 25](#_Toc125350021)
* [Additional Program Specific Information 26](#_Toc125350022)
* [Audit Objectives and Control Testing 47](#_Toc125350023)
* [Suggested Audit Procedures – Compliance 48](#_Toc125350024)
* [Audit Implications Summary 49](#_Toc125350025)

[B. ALLOWABLE COSTS/COST PRINCIPLES 50](#_Toc125350026)

* [Applicability of Cost Principles 50](#_Toc125350027)
* [Additional Program Specific Information 52](#_Toc125350028)
* [Indirect Cost Rate 60](#_Toc125350029)
* [Cost Principles for States, Local Governments and Indian Tribes 62](#_Toc125350030)
* [Allowable Costs – State/Local Government-wide Central Service Costs 68](#_Toc125350031)
* [Allowable Costs – State Public Assistance Agency Costs 73](#_Toc125350032)
* [Cost Principles for Nonprofit Organizations 77](#_Toc125350033)
* [Audit Implications Summary 77](#_Toc125350034)

[C. CASH MANAGEMENT 79](#_Toc125350035)

* [OMB Compliance Requirements 79](#_Toc125350036)
* [Additional Program Specific Information 81](#_Toc125350037)
* [Audit Objectives and Control Testing 83](#_Toc125350038)
* [Suggested Audit Procedures – Compliance 85](#_Toc125350039)
* [Audit Implications Summary 86](#_Toc125350040)

[E. ELIGIBILITY 87](#_Toc125350041)

* [OMB Compliance Requirements 87](#_Toc125350042)
* [Additional Program Specific Information 87](#_Toc125350043)
* [Audit Objectives and Control Testing 88](#_Toc125350044)
* [Suggested Audit Procedures – Compliance 89](#_Toc125350045)
* [Audit Implications Summary 91](#_Toc125350046)

[F. EQUIPMENT AND REAL PROPERTY MANAGEMENT 92](#_Toc125350047)

* [OMB Compliance Requirements 92](#_Toc125350048)
* [Additional Program Specific Information 94](#_Toc125350049)
* [Audit Objectives and Control Testing 99](#_Toc125350050)
* [Suggested Audit Procedures – Compliance 100](#_Toc125350051)
* [Audit Implications Summary 101](#_Toc125350052)

[G. MATCHING, LEVEL OF EFFORT, EARMARKING 102](#_Toc125350053)

* [OMB Compliance Requirements 102](#_Toc125350054)
* [Additional Program Specific Information 103](#_Toc125350055)
* [Audit Objectives and Control Testing 104](#_Toc125350056)
* [Suggested Audit Procedures – Compliance 105](#_Toc125350057)
* [Audit Implications Summary 106](#_Toc125350058)

[H. PERIOD OF PERFORMANCE 108](#_Toc125350059)

* [OMB Compliance Requirements 108](#_Toc125350060)
* [Additional Program Specific Information 108](#_Toc125350061)
* [Audit Objectives and Control Testing 110](#_Toc125350062)
* [Suggested Audit Procedures – Compliance 111](#_Toc125350063)
* [Audit Implications Summary 112](#_Toc125350064)

[I. PROCUREMENT AND SUSPENSION AND DEBARMENT 113](#_Toc125350065)

* [OMB Compliance Requirements – Procurement 113](#_Toc125350066)
* [OMB Compliance Requirements – Suspension and Debarment 114](#_Toc125350067)
* [Additional Program Specific Information 116](#_Toc125350068)
* [Audit Objectives and Control Testing 118](#_Toc125350069)
* [Suggested Audit Procedures – Compliance 120](#_Toc125350070)
* [Audit Implications Summary 121](#_Toc125350071)

[J. PROGRAM INCOME 123](#_Toc125350072)

* [OMB Compliance Requirements 123](#_Toc125350073)
* [Additional Program Specific Information 124](#_Toc125350074)
* [Audit Objectives and Control Testing 127](#_Toc125350075)
* [Suggested Audit Procedures – Compliance 128](#_Toc125350076)
* [Audit Implications Summary 128](#_Toc125350077)

[L. REPORTING 130](#_Toc125350078)

* [OMB Compliance Requirements 130](#_Toc125350079)
* [Additional Program Specific Information 133](#_Toc125350080)
* [Audit Objectives and Control Testing 139](#_Toc125350081)
* [Suggested Audit Procedures – Compliance 140](#_Toc125350082)
* [Audit Implications Summary 142](#_Toc125350083)

[M. SUBRECIPIENT MONITORING 143](#_Toc125350084)

* [OMB Compliance Requirements 143](#_Toc125350085)
* [Additional Program Specific Information 144](#_Toc125350086)
* [Audit Objectives and Control Testing 144](#_Toc125350087)
* [Suggested Audit Procedures – Compliance 145](#_Toc125350088)
* [Audit Implications Summary 146](#_Toc125350089)

[Program Testing Conclusion 147](#_Toc125350090)

# Introduction: Materiality by Compliance Requirement Matrix

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Planning Federal Materiality by Compliance Requirement**  See Footnotes 1-6 below the matrix table for further explanation, in particular, review note 6 which discusses tailoring the matrix assessments. | | | | | | | | | | | |
|  |  |  | **(1)** | **(2)** | **(6)** | **(6)** | **(3)** | **(4)** | **(5)** | **(5)** | **(6)** |
| **Compliance Requirement** | | | **Applicable per Compl.**  **Suppl.** | **Direct & material to program / entity** | **Monetary or nonmonetary** | **If monetary, population subject to require.** | **Inherent risk (IR) assess.** | **Final control risk (CR) assess.** | **Detection risk of noncompl.** | **Overall audit risk of noncompl.** | **Federal materiality by compl. requirement** |
|
|
|
| *(Yes or No)* | *(Yes or No)* | *(M/N)* | *(Dollars)* | *(High/Low)* | *(High/Low)* | *(High/Low)* | *(High/Low)* | *typically 5% of population subject to requirement* |
| **A** |  | **Activities Allowed or Unallowed** | Yes |  | M |  |  |  |  |  | *5%* |
| **B** |  | **Allowable Costs/Cost Principles** | Yes |  | M |  |  |  |  |  | *5%* |
| **C** |  | **Cash Management** | Yes |  | N |  |  |  |  |  | *5%* |
| **D** |  | ***RESERVED*** |  |  |  |  |  |  |  |  |  |
| **E** |  | **Eligibility** | Yes |  | M/N |  |  |  |  |  | *5%* |
| **F** |  | **Equipment & Real Property Mgmt** | Yes |  | M |  |  |  |  |  | *5%* |
| **G** |  | **Matching, Level of Effort, Earmark** | Yes |  | M |  |  |  |  |  | *5%* |
| **H** |  | **Period of Performance** | Yes |  | M |  |  |  |  |  | *5%* |
| **I** |  | **Procurement & Sus. & Debarment** | Yes |  | N |  |  |  |  |  | *5%* |
| **J** |  | **Program Income** | Yes |  | M |  |  |  |  |  | *5%* |
| **K** |  | ***RESERVED*** |  |  |  |  |  |  |  |  |  |
| **L** |  | **Reporting** | Yes |  | N |  |  |  |  |  | *5%* |
| **M** |  | **Subrecipient Monitoring** | Yes |  | N |  |  |  |  |  | *5%* |
| **N** |  | **Special Tests & Provisions** | No |  |  |  |  |  |  |  |  |

**NOTE: For all compliance requirements marked as applicable in Column (1) you MUST document in your working papers or this FACCR why a requirement is not direct and material to your program/entity as marked in Column (2). When making that determination all parts of that compliance requirement have to be considered. For example, Equipment and Real Property contains procedures regarding Acquisitions, Dispositions, and Inventory Management. The documentation on why the compliance requirement is not be applicable to the program/entity must cover all parts of that compliance requirement.**

**(1)** Taken form Part 2, Matrix of Compliance Requirements, of the [OMB Compliance Supplement](https://www.whitehouse.gov/wp-content/uploads/2022/05/2022-Compliance-Supplement_PDF_Rev_05.11.22.pdf). When Part 2 of the Compliance Supplement indicates that a type of compliance requirement is not applicable, the remaining assessments for the compliance requirement are not applicable.

**(2)** If the Supplement notes a compliance requirement as being applicable to the program in column (1), it still may not apply at a particular entity either because that entity does not have activity subject to that type of compliance requirement, or the activity could not have a material effect on a major program. If the Compliance Supplement indicates that a type of compliance requirement is applicable and the auditor determines it also is direct and material to the program at the specific entity being audited, the auditor should answer this question “Yes,” and then complete the remainder of the line to document the various risk assessments, sample sizes, and references to testing. Alternatively, if the auditor determines that a particular type of compliance requirement that normally would be applicable to a program (as per part 2 of the Compliance Supplement) is not direct and material to the program at the specific entity being audited, the auditor should answer this question “No.” Along with that response, the auditor should document the basis for the determination (for example, "per the Compliance Supplement, eligibility requirements only apply at the state level").

**(3)** Refer to the AICPA Single Audit Guide, chapter 10, Compliance Auditing Applicable to Major Programs, for considerations relating to assessing inherent risk of noncompliance for each direct and material type of compliance requirement. The auditor is expected to document the inherent risk assessment for each direct and material compliance requirement.

**(4)** Refer to the AICPA Single Audit Guide, chapter 9, Consideration of Internal Control over Compliance for Major Programs, for considerations relating to assessing control risk of noncompliance for each direct and material type of compliance requirement. To determine the control risk assessment, the auditor is to document the five internal control components of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (that is, control environment, risk assessment, control activities, information and communication, and monitoring) for each direct and material type of compliance requirement. Keep in mind that the auditor is expected to perform procedures to obtain an understanding of internal control over compliance for federal programs that is sufficient to plan the audit to support a low assessed level of control risk. If internal control over compliance for a type of compliance requirement is likely to be ineffective in preventing or detecting noncompliance, then the auditor is not required to plan and perform tests of internal control over compliance. Rather, the auditor must assess control risk at maximum, determine whether additional compliance tests are required, and report a significant deficiency (or material weakness) as part of the audit findings. The control risk assessment is based upon the auditor's understanding of controls, which would be documented outside of this template. Auditors may use the practice aid, Controls Overview Document, to support their control assessment. The Controls Overview Document assists the auditor in documenting the elements of COSO, identifying key controls, testing of those controls, and concluding on control risk. The practice aid is available in either a checklist or narrative format.

**(5)** Audit risk of noncompliance is defined in AICPA, Professional Standards, vol. 1, AU-C 935, as the risk that the auditor expresses an inappropriate opinion on the entity's compliance when material noncompliance exists. Audit risk of noncompliance is a function of the risks of material noncompliance and detection risk of noncompliance. A “Low” assessment of Detection Risk in this matrix means that the risk has been reduced to an acceptable level.

**(6)** CFAE included the typical monetary vs. nonmonetary determinations for each compliance requirement in this program. However, auditors should tailor these assessments as appropriate based on the facts and circumstances of their entity’s operations. The AICPA Single Audit Guide 10.55 states the auditor's tests of compliance with compliance requirements may disclose instances of noncompliance. The Uniform Guidance refers to these instances of noncompliance, among other matters, as “audit findings.” Such findings may be of a monetary nature and involve questioned costs or may be nonmonetary and not result in questioned costs. AU-C 935.13 & .A7 require auditors to establish and document two materiality levels: (1) a materiality level for the program as a whole. The column above documents quantitative materiality at the COMPLIANCE REQUIREMENT LEVEL for each major program; and (2) a second materiality level for the each of the applicable 12 compliance requirement listed in Appendix XI to Part 200.

*Note:*

a. If the compliance requirement is of a monetary nature, and

b. The requirement applies to the ***total*** population of program expenditure,

Then the compliance materiality amount for the program also equals materiality for the requirement. For example, the population for allowable costs and cost principles will usually equal the total Federal expenditures for the major program as a whole. Conversely, the population for some monetary compliance requirements may be less than the total Federal expenditures. Auditors must carefully determine the population subject to the compliance requirement to properly assess Federal materiality. Auditors should also consider the qualitative aspects of materiality. For example, in some cases, noncompliance and internal control deficiencies that might otherwise be immaterial could be significant to the major program because they involve fraud, abuse, or illegal acts. Auditors should document PROGRAM LEVEL materiality in the Record of Single Audit Risk (RSAR).

*(Source: AOS CFAE)*

***Performing Tests to Evaluate the Effectiveness of Controls throughout this FACCR***

Auditors should consider the following when evaluating, documenting, and testing the effectiveness of controls throughout this FACCR:

As noted in paragraph 9.08, the Uniform Guidance provides that the auditors must perform tests of internal controls over compliance as planned. (Paragraphs 9.40-9.42 of the *AICPA Single Audit Guide* discuss an exception related to ineffective internal control over compliance.) In addition, AU-C 330.08 states the auditor should design and perform tests of controls to obtain sufficient appropriate audit evidence about the operating effectiveness of relevant controls. Further, AU-C 330.09 states in designing and performing tests of controls, the auditor should obtain more persuasive audit evidence the greater the reliance the auditor places on the effectiveness of a control.

Testing of the operating effectiveness of controls ordinarily includes procedures such as (a) inquiries of appropriate entity personnel, including grant and contract managers; (b) the inspection of documents, reports, or electronic files indicating performance of the control; (c) the observation of the application of the specific controls; and (d) reperformance of the application of the control by the auditor. The auditor should perform such procedures regardless of whether he or she would otherwise choose to obtain evidence to support an assessment of control risk below the maximum level.

Paragraph .A24 of AU-C section 330 provides guidance related to the testing of controls. When responding to the risk assessment, the auditor may design a test of controls to be performed concurrently with a test of details on the same transactions. Although the purpose of a test of controls is different from the purpose of a test of details, both may be accomplished concurrently by performing a test of controls and a test of details on the same transaction (a dual-purpose test). For example, the auditor may examine an invoice to determine whether it has been approved and whether it provides substantive evidence of a transaction. A dual-purpose test is designed and evaluated by considering each purpose of the test separately.

Also, when performing the tests, the auditor should consider how the outcome of the test of controls may affect the auditor's determination about the extent of substantive procedures to be performed. See chapter 11 of the AICPA Single Audit Guide for a discussion of the use of dual-purpose samples in a compliance audit.

*(Source: Paragraphs 9.08 and 9.40 through 9.42 of the AICPA Single Audit Guide and AU-C 330.)*

[Part 6](OMB_Part%206.pdf) of the 2022 OMB Compliance Supplement provides detailed guidance on assessing internal controls over the compliance requirements.

*(Source: 2022 OMB Compliance Supplement)*

**Improper Payments**

Under OMB guidance, Public Law (Pub. L.) No. 107-300, the Improper Payments Information Act of 2002, as amended by Pub. L. No. 111-204, the Improper Payments Elimination and Recovery Act, Executive Order 13520 on reducing improper payments, and the June 18, 2010 Presidential memorandum to enhance payment accuracy, federal agencies are required to take actions to prevent improper payments, review federal awards for such payments, and, as applicable, reclaim improper payments. Improper payments include the following:

1. Any payment that should not have been made or that was made in an incorrect amount, including an overpayment or underpayment, under a statutory, contractual, administrative, or other legally applicable requirement; and includes -- (i) any payment to an ineligible recipient;(ii) any payment for an ineligible good or service; (iii) any duplicate payment; (iv) any payment for a good or service not received, except for those payments where authorized by law; and (v) any payment that does not account for credit for applicable discounts.
2. A payment that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation.

Auditors must be alert to improper payments, particularly when testing the following parts of section III. – A, “Activities Allowed or Unallowed;” B, “Allowable Costs/Cost Principles;” E, “Eligibility;” and, in some cases, N, “Special Tests and Provisions.”

*(Source: 2022 OMB Compliance Supplement Part 3)*

# Part I – OMB Compliance Supplement Information

This program is not included in Part 4 of the 2022 OMB Compliance Supplement.

# Part II – Pass through Agency and Grant Specific Information

In Ohio, ODH recipients are governed by the uniform administration guidelines in the ODH Grants Administration Policy and Procedure Manual (GAPP Manual). Several sections of that manual are used as sources within this document. The manual should be available from the local entity for auditors to review; however, the OGAPP Manual is also available on the ODH web site.

*(Source: OGAAP Manual, Updated December 2017* [*https://odh.ohio.gov/wps/wcm/connect/gov/4778786c-ea5b-48a3-9536-a1fe0b79574c/04-OFA-M03-OGAPP-Manual-V100-3-Rev-12-1-17.pdf?MOD=AJPERES&CONVERT\_TO=url&CACHEID=ROOTWORKSPACE.Z18\_M1HGGIK0N0JO00QO9DDDDM3000-4778786c-ea5b-48a3-9536-a1fe0b79574c-mI9NdFj*](https://odh.ohio.gov/wps/wcm/connect/gov/4778786c-ea5b-48a3-9536-a1fe0b79574c/04-OFA-M03-OGAPP-Manual-V100-3-Rev-12-1-17.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=ROOTWORKSPACE.Z18_M1HGGIK0N0JO00QO9DDDDM3000-4778786c-ea5b-48a3-9536-a1fe0b79574c-mI9NdFj)*)*

### Program Overview

The purpose of this program is to protect the public health and safety of the American people by enhancing the capacity of public health agencies to effectively detect, respond, prevent and control known and emerging (or re-emerging) infectious diseases. This is accomplished by providing financial and technical resources to (1) strengthen epidemiologic capacity; (2) enhance laboratory capacity; (3) improve health information systems; and (4) enhance collaboration among epidemiology, laboratory, and information systems components of public health departments.

*(Source:* [*https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view*](https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view)*)*

On April 23, 2020, Congress passed its fourth measure including supplemental appropriations to respond to the Coronavirus Disease 2019 (COVID-19) pandemic. The Paycheck Protection Program and Health Care Enhancement Act (the act; P.L. 116-139) includes enhancements for the Small Business Administration’s Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and Emergency EIDL grants, and emergency supplemental appropriations for the Department of Health and Human Services (HHS) and Small Business Administration (SBA).

The Congressional Budget Office estimates that the act will result in $321.3 billion in additional direct spending for the PPP, and $162.1 billion in additional discretionary spending, including $50 billion for EIDL and $10 billion for Emergency EIDL grants.

*(Source:* [*https://crsreports.congress.gov/product/pdf/R/R46325*](https://crsreports.congress.gov/product/pdf/R/R46325)*)*

Over the past 25 years, the Centers for Disease Control and Prevention’s (CDC) Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) cooperative agreement has enhanced the capacity of each of our recipient jurisdictions’ public health capacity to cohesively and comprehensively address infectious disease needs. In addition to foundational support for epidemiology, laboratory, and health information systems, the ELC also supports disease-specific program areas (e.g., respiratory diseases; healthcare associated infections). The portfolio of ELC-supported activities at each jurisdiction is overseen by an ELC Governance Team with representation from epidemiology, laboratory, and health information systems. This structure has been successfully utilized by ELC recipients to manage activities and funding from special appropriations provided in response to a number of infectious disease emergencies (e.g., H1N1, Ebola, and Zika).

As part of the “Paycheck Protection Program and Health Care Enhancement Act of 2020 (P.L. 116-139, Title I)”, the ELC is awarding a total of $10.25 billion dollars to our recipient base in a program-initiated component funding under the Emerging Issues (E) Project of CK19-1904, henceforth, ”ELC Enhancing Detection” supplement. These funds are broadly intended to provide critical resources to state, local, and territorial health departments in support of a broad range of COVID-19/SARS-CoV-2 testing and epidemiologic surveillance related activities. Direct recipients are limited to existing jurisdictions covered under CK19-1904 (Only current ELC recipients are eligible to receive awards associated with the supplement described in this guidance. While tribal nations are not included in these awards, other federal support is provided in the *Paycheck Protection Program and Health Care Enhancement Act of 2020*. ). These resources should complement, not duplicate, existing funding provided to jurisdictions, including the ELC Community-based Surveillance and ELC CARES Act supplements. Additionally, recipients should leverage and build upon existing ELC infrastructure that emphasizes the coordination and critical integration of laboratory with epidemiology and health information systems in order to maximize the public health impact of available resources. Ongoing monitoring of milestones and performance measures will be utilized to gauge progress toward successful completion of priority activities supported with these funds.

Resources provided via this award mechanism should support necessary expenses to implement and oversee expanded testing capacity for COVID-19/SARS-CoV-2, including the ability to process, manage, analyze, use, and report the increased data produced. Recipients will establish a robust SARS-CoV-2 testing program that ensures adequate testing is made available according to CDC priorities, including but not limited to: diagnostic tests, tests or contact tracing, and surveillance of asymptomatic persons to determine community spread. Recipients should assure that provisions are in place to meet future surge capacity testing needs including point of care or other rapid result testing for local outbreaks. Plans should include plans for testing at non-traditional sites (e.g., retail sites, community centers, residential medical facilities, or pharmacies); testing of at risk populations including elderly, disabled, those in congregate living facilities including prisons, racial and ethnic minorities, and other groups at risk due to high frequency of occupational or nonoccupational contacts; and should also address any essential partnerships with academic, commercial, and hospital laboratories to successfully meet testing demand. Plans should explicitly detail how a minimum of 2% of the state’s population will be tested each month beginning immediately; as well as plans to increase that number by Fall 2020. Plans should include a list of established and proposed laboratories that will be testing for SARS-CoV-2 in each state along with each laboratory’s available platforms and throughput, that are used for testing and indicate per laboratory, testing projections by month through December 31st, 2020.

In conjunction with optimizing testing and increasing test volumes for COVID-19/SARS-CoV-2, resources will support the establishment of modernized public health surveillance systems. These systems will support the public health response to COVID-19 and lay the foundation for the future of public health surveillance. Establishing systems and processes to report the data categories described in this document on a daily, automated basis to state and federal health systems is a requirement of accepting these funds, if such systems are not already in place. These systems must be transparent and visible to communities through an open website. For each data category, minimum required data elements will be specified by CDC for each reportable condition at a later date. These surveillance and data reporting systems must:

• Ensure that real-time, at least daily, complete and accurate test orders and results can be exchanged within the healthcare/public health system and simultaneously reported to CDC and others via automated systems in a machine-readable format. These systems must support reporting of test results at the county or zip code level with additional data fields as specified by CDC. This includes not only testing for the presence of virus (nucleic acid or antigen testing), but also serological testing documenting past infection.

• Ensure real-time, at least daily, complete, automated reporting in a machine-readable format for the following data categories: case, hospitalization and death reporting; emergency department syndromic surveillance; and capacity, resources, and patient impact at healthcare facilities through electronic reporting.

• Support the display of up-to-date, critical public health information relating to COVID-19 and future outbreaks at the county or zip code level in visual dashboards on county or state websites, including case data and syndromic surveillance data.

Enhancements to epidemiologic activities resulting from additional test data are also fundamental to controlling the spread of COVID-19. Recipients must accelerate efforts to conduct robust contact tracing and then identify and isolate new cases of COVID-19 among symptomatic or asymptomatic individuals. This information should be further utilized to understand COVID-19/SARS-CoV-2 exposure within a community and determine appropriate mitigation strategies.

*(Source:* [*https://www.cdc.gov/ncezid/dpei/pdf/elc-enhancing-detection-guidance.pdf*](https://www.cdc.gov/ncezid/dpei/pdf/elc-enhancing-detection-guidance.pdf)*)*

Authorization: Authorization of funds for this purpose is contained in the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123) or the Coronavirus Aid, Relief, and Economic Security Act, 2020 (the CARES Act) (P.L. 116-136).

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

Authorization: The program is authorized under the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139). Authorization of funds is contained in the Centers for Disease Control and Prevention Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infectious Diseases (ELC) Cooperative Agreement CK19-1904, ELC Enhanced Detection supplement, Catalog of Federal Domestic Assistance (CFDA) Number 93.323.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

### Testing Considerations

**CT20 Contact Tracing and CT21 Contact Tracing Supplemental**

The Ohio Department of Health has received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) for contact tracing activities. All subrecipients of the COVID-19 Contact Tracing (CT20) Subgrant will receive contact tracing funding based on the per capita methodology (with all subrecipients receiving at least $35,000). This funding can only be used for contact tracing activities and must be used to supplement not supplant current contact tracing activities.

|  |  |
| --- | --- |
| Percentage | Allowable Costs |
| 90% | • Contact Tracing Staff -Regular Time and Overtime (supplement not supplant current contact tracing activities)  • Contact Tracing Supplies  • Contact Tracing Equipment  • Contact Tracing Contracts |
| 10% | • Indirect (if currently being charged to ODH subgrants)  • Administrative staff payroll costs |

*(Source: CT20 Contact Tracing Subrecipient Guidance 041420 Budget Period May 1, 2020 through December 30, 2020)*

The Ohio Department of Health has received funding from the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123) or the Coronavirus Aid, Relief, and Economic Security Act, 2020 (the CARES Act) (P.L. 116-136) contact tracing activities. All subrecipients of the COVID-19 Contact Tracing (CT21) Subgrant will receive contact tracing funding based on the per capita methodology (with all subrecipients receiving at least $30,000). This funding can only be used for contact tracing activities and must be used to supplement not supplant current COVID-19 disease investigation and contact tracing activities.

Subrecipients are required to spend all the COVID-19 Contract Tracing (CT20) funding prior to requesting any COVID-19 Contact Tracing Supplemental (CT21) funding. ODH has placed a hold on all CT21 payments. The hold will be released once the CT20 reports have been reviewed and verified.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

The Ohio Department of Health (ODH) previously issued guidance on July 16, 2020 that described the use of additional funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) for contact tracing activities. All subrecipients of the COVID-19 Contact Tracing (CT20) Subgrant received additional contact tracing funds to supplement COVID-19 disease investigation and contact tracing activities. CT20 subrecipients were to use at least 75% of awarded funding for contact tracing and COVID-19 disease investigation activities. If subrecipients needed to fund other COVID-19 response activities, ODH allowed up to 25% of the CT20 funding for other COVID-19 non-contact tracing activities. ODH will now allow up to 50% of awarded CT20 funding for COVID-19 non-contact tracing activities.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

The Ohio Department of Health (ODH) notified local health departments on December 29, 2020 that the federal government extended Coronavirus Aid, Relief, and Economic Security (CARES) Coronavirus Response Funds (CRF) one additional year. This funding extension affected the following subgrants: 1) Coronavirus Response Supplemental (CO21); COVID-19 Care Resource Coordination Support (RC21); and 3) COVID-19 Contact Tracing (CT20).

CT20 subgrant guidance issued on May 14, 2020, July 16, 2020 and November 6, 2020 indicated that the budget period was May 1, 2020 through December 30, 2020. The new updated CT20 budget period is May 1, 2020 through December 30, 2021. All other CT20 funding guidance remains in effect. CT20 expenditure and program reports are now extended through December 30, 2021. The final CT20 expenditure report will be due on February 5, 2022. The new CT20 budget revision deadline is October 30, 2021. The new CT20 equipment purchase deadline is June 30, 2021.

CT21 subgrant guidance issued on June 23, 2020 and July 29, 2020 indicated that subrecipient local health departments were required to spend all COVID-19 Contact Tracing (CT20) funding prior to expending any COVID-19 Contact Tracing Supplemental (CT21) funding. Given the federal extension of CARES CRF funds for the CT20 subgrant, ODH will no longer hold CT21 payments until CT20 funds have been exhausted. Effective December 31, 2020, ODH will allow local health departments to simultaneously use CT20 and CT21 funds for contact tracing related costs. All other CT21 funding guidance remains in effect.

*(Source: January 5, 2021 Memo from ODH, COVID-19 Contact Tracing (CT20) Budget Period May 1, 2020 through December 30, 2021 and Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

**Enhanced Operations (EO21) Subgrants.**

The Ohio Department of Health received funding from the Paycheck Protection Program and Health Care Enhancement Act (P.L.116-139) to assist local health departments with general coronavirus activities*.* All subrecipients of the COVID-19 Enhanced Operations (EO22) Subgrant will receive funding based on a per capita methodology (with all subrecipients receiving at least $100,000). This funding can be used for COVID-19 case investigation, contact tracing, and infection prevention and control activities.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

The Ohio Department of Health (ODH) previously issued EO22 guidance on December 23, 2020, that described the use of funding from the Paycheck Protection Program and Health Care Enhancement Act (P.L.116-139) to assist local health departments with general coronavirus activities*.* Since that time, ODH changed the abbreviation in the Grants Management Information System (GMIS) from EO22 to EO21. All subrecipients of the COVID-19 Enhanced Operations (EO21) Subgrant received a notice of award for COVID-19 case investigation, contact tracing, and infection prevention and control activities.

Previous EO21 subrecipient requirements issued on December 23, 2020, remain the same. Subrecipients should use GMIS Primary Reason ‘Subgrantee Addition of new line’ when initiating the budget revision. EO21 funds are to be used to increase rapid COVID-19 case investigation, contact tracing, and infection prevention and control. EO21 funds can be used for COVID-19 vaccination operations.

*(Source: January 28, 2021, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period February 1, 2021, through July 31, 2022)*

On March 18, 2021, guidance was released to allow up to 80% of EO21 funding to be used for vaccine delivery efforts.

Up to 80% of subgrant recipient funding from EO21 can be used to support vaccine delivery efforts. Subrecipients can plan to expend 80% of funding on vaccine delivery efforts if the spending plan does not duplicate other CDC vaccine delivery efforts. Subrecipients must clearly identify vaccine costs on the budget justification submitted with the budget revision. Vaccine costs can include staffing and PPE such as masks, gloves, sanitizer, and pens, but not food for vaccine events, ancillary kits, or vaccines themselves.

EO21 subrecipients must focus COVID-19 related efforts on three critical activities, as well as vaccine delivery efforts:

1. COVID-19 case investigation.
2. COVID-19 contact tracing.
3. COVID-19 infection prevention and control.

*(Source: March 18, 2021, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period February 1, 2021, through July 31, 2022)*

On March 22, 2021, guidance was issued regarding Vaccination Subrecipient Guidance to clarify the use of vaccine management systems and the ODH contract with PCG for contract tracing.

Vaccine Management Systems:

With respect to COVID-19 vaccine scheduling systems relative to all COVID-19 ODH subgrant funds, ODH has procured the Vaccine Management System (VMS) as an enterprise solution for all providers, including subrecipients, for vaccine scheduling and administration. In late January, Governor DeWine formally announced procurement of the centralized scheduling system.

On February 16, 2021, Governor DeWine announced the technical readiness of the VMS system and that ODH would aggressively work with existing providers to use the VMS system in the 2-3 weeks following his announcement. However, ODH understands that prior to Governor DeWine’s announcement, LHDs may have contracted for a vaccine scheduling system to facilitate their COVID-19 vaccination work as early as December of 2020.

Therefore, the following guidelines and requirements are applicable:

* Subrecipients may request reimbursement for vaccine scheduling systems that have an executed contract date on or before February 16, 2021. ODH will consider these requests.
* ODH will not reimburse subrecipients for vaccine scheduling systems that have an executed contract after February 16, 2021.
* Even where an executed contract falls within the approved deadlines, subrecipients will not be reimbursed for expenses representing an increase in the executed contract amount unless the increase is being used solely for the purpose of supporting the interface of an existing vaccine scheduling system with VMS.
* In accordance with longstanding ODH procurement rules, ODH will not reimburse for expenses incurred prior to a contract execution date.
* This guidance does not apply to subrecipients who are using systems that pre-date COVID-19 vaccinations and who are working to interface their existing systems with VMS.

As the state begins to move rapidly through the vaccination process, providers will be expected to either administer vaccines via the VMS system or an electronic health record (EHR) that interfaces with the state’s system no later than the week of March 22. The state anticipates this will enhance the customer service experience for Ohioans, reduce data lags, and provide real-time information on vaccination progress at the state and county level. We thank you in advance for your continued partnership.

Contact Tracing and Vaccination Assistance

Subrecipients are encouraged to use the following services that have been procured on behalf of the enterprise and for the benefit of subrecipients so that they may focus their efforts on maximizing vaccination administration. Recently, ODH has transitioned its role in staffing contact tracing administration and services to Public Consulting Group (PCG) to maintain a sustained response. Subrecipients should maximize and transition to the use of PCG in lieu of continuing to expend funding and resources on contact tracing staff within their respective jurisdictions. The state is currently working with two vendors, Prolink and GQR, to provide vaccination assistance to local health departments where needed. At this time, Prolink is currently working with at least 16 local health departments to provide nursing assistance.

*(Source: March 22, 2021, Memo from ODH, COVID Subrecipient Guidance for LHDs 03.22.21)*

Additional guidance was issued on April 8, 2021, regarding the centralized use of the contract between ODH and PCG for contract tracing. Subrecipients were to transition their contract tracing functions to PCG by April 30, 2021.

The Auditor of State strongly recommended COVID-19 contact tracing be streamlined and centralized to ensure accuracy of data collection as well as mitigation of disease. In response, ODH transitioned its role in employing and providing an ODH COVID-19 contact tracing pool to an experienced vendor to maintain a centralized, sustained response. All LHDs should take advantage of this service to enhance statewide data collection and to enable standardization of COVID-19 contact tracing processes as much as possible.

To facilitate this, Ohio Department of Health has contracted with Public Consultant Group (PCG) to perform standardized COVID-19 contact tracing for the State of Ohio. LHDs should use the enterprise service, Public Consulting Group (PCG), to perform COVID-19 contact tracing (case interviews, and contact interviews and symptom monitoring, including working with employers and schools if an exposure to COVID-19 occurs). This service is provided at no cost to the LHDs. We hope that LHDs will take advantage of this opportunity and use EO21 funding to focus on COVID-19 vaccine administration and COVID-19 infection prevention and control.

If you have contact tracing staff that you cannot re-assign to COVID-19 vaccination and or COVID-19 infection and control operations, please feel free to work with ODH to facilitate a smooth transition of your contact tracing staff to employment with PCG if you and they desire. Please contact Kelly Friar, Assistant Bureau Chief, Bureau of Infectious Diseases, 614-704-8109, kelly.friar@odh.ohio.gov to discuss the transition of your staff (employed or independently contracted contact tracers) to PCG. All LHDs should be in process of working with Kelly to transition contact tracing functions funded by EO21, CT20, CO20, and CO21 subgrants to PCG by April 30, 2021, with the goal of completing the transition soon after.

*(Source: April 08, 2021, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period December 1, 2020, through July 31, 2022)*

On April 27, 2021, guidance was released to rescind the administrative cap and to clarify the transition of contact tracing to the state vendor.

Further guidance for EO21 expenditure planning is contained here, including more information about administrative costs and contact tracing. The 10% administrative cap for EO21 is rescinded. COVID-19 contact tracing cannot be covered using EO21 funds unless your agency has an ODH approved appeal. For the purposes of EO21, contact tracing is defined as calling people exposed to COVID-19 by an infected individual, enrolling them in symptom monitoring and sharing quarantine guidance as directed by the local health department. Any electronic equipment such as laptops, cell phones, headphones, iPads, desktops purchased through grant funds can be repurposed for COVID-19 response, such as vaccine operations, COVID-19 case investigations, COVID-19 outbreak investigation and mitigation. Costs related to COVID-19 case investigation, outbreak investigation and mitigation, including working with schools, employers, universities, long term care facilities and correctional institutes can be covered by EO21.

*(Source: April 27, 2021, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period February 1, 2021, through July 31, 2022)*

On October 26, 2021, guidance was issued regarding ending vaccine operations in EO21 effective 1/1/2022.

In accordance with new guidance from CDC, ELC funding and as a result E021, cannot be used to support vaccine operations after 01/01/2022. There will be other opportunities for vaccine funding to support continued efforts.

*(Source: October 26, 2021, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period December 1, 2020, through July 31, 2022)*

On January 26, 22, Dr. Vanderhoff announced that COVID-19 has evolved and contact tracing is no longer required.

As COVID-19 has evolved, public health mitigation strategies have had to adjust periodically to address new challenges. The quick spread of the Omicron variant and its rapid clinical course have made universal contact tracing, case investigation and exposure notification impractical when combined with newly reduced timelines for quarantine and isolation.

Therefore, effective immediately:

* The Ohio Department of Health recommends that local health departments (LHDs) shift from universal contact tracing, case investigation and exposure notification to a cluster- or outbreak-based model. This strategy prioritizes people in high-risk settings, such as congregate residential settings (e.g., shelters, correctional facilities, and nursing homes) or for certain circumstances such as outbreaks or clusters in specific settings or in relation to initial cases or clusters associated with new variants, as appropriate.
* Schools may discontinue universal contact tracing but are expected to assist LHDs with contact tracing, case investigation and exposure notification related to outbreaks or clusters in schools as determined by the LHD. K-12 schools should continue to follow ODH’s protocol, “Mask to Stay, Test to Play,” and allow asymptomatic students to attend school while wearing a mask if they have been exposed to someone with COVID-19. The best place for kids is in school, in-person, full-time.
* ODH also will change the school case reporting cadence to weekly. Schools should report positive student and staff cases to their LHDs by close of business on Fridays. LHDs will continue to report on the same weekly cadence. This schedule will begin on Friday, Feb. 4. ODH will continue to evaluate related school reporting requirements.

LHDs should continue providing education and messaging to the general public about steps to take after exposure or a positive test. The attached flow chart may be shared with the public to explain how they should proceed after testing positive for COVID-19 or being exposed to someone who has COVID-19.

This is also a good time to remind the public of mitigation strategies that work against transmission of COVID-19 and other infectious diseases.

*(Source: February 23, 2022, Memo from Dr. Bruce Vanderhoff, MD, MBA, Director, Ohio Department of Health)*

**Enhanced Operations (EO22) Subgrants.**

On February 23, 2022, guidance was issued to distribute a survey to gauge the interest and funding requests for Local Health Departments to participate in the new EO22 Subgrant.

The Ohio Department of Health received supplemental funding from the Paycheck Protection Program and Health Care Enhancement Act (P.L.116-139) to assist local health departments with general coronavirus activities. Local health departments will be the subrecipients of this COVID-19 Enhanced Operations (EO22) subgrant funding expected to be released for activities starting on August 1, 2022.

All subrecipients of the COVID-19 Enhanced Operations (EO22) are asked to participate in the attached survey to determine the needs in the Local Health District and ensure that activities are allowable expenses. Eligible costs in the new funding cycle can include activities to address case investigation, contact tracing, disease mitigation, infection prevention and control activities and is contingent on sufficient funding being available.

*(Source: February 23, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budgetary Period August 1, 2022, through July 31, 2023)*

On April 8, 2022, initial guidance was issued regarding the use of EO22, funding levels for subrecipients, and budgetary due dates.

EO22 subrecipients should focus on disease mitigation to include testing in addition to focusing on reducing outbreaks and clusters that could lead to community spread by performing three critical activities:

1. COVID-19 case investigation and contact tracing.
2. COVID-19 outbreak mitigation.
3. COVID-19 infection prevention and control.

*(Source: April 28, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budgetary Period August 1, 2022, through July 31, 2023)*

On May 19, 2022 additional guidance was issued for EO22 regarding allowable activities and budgetary due dates.

The Ohio Department of Health received funding from the Paycheck Protection Program and Health Care Enhancement Act (P.L.116-139) to assist local health departments with general coronavirus activities. The intent of the subgrant is to support to Local Health Departments to address COVID-19/SARS-CoV-2 surveillance, case detection, reporting, response, and prevention needs at the local level. Potential activities may include the following as they are related to COVID-19:

* Testing and specimen collection
* Building out infection prevention and control and outbreak response capacity
* Informatics and surveillance
* Data management, analysis, and reporting
* Identify cases and exposure in high-risk settings or vulnerable populations an implement mitigation strategies
* Staffing to support any of these activities
* Training and public education/awareness for mitigation efforts

**Enhance Laboratory, Surveillance, Informatics, and other Workforce Capacity**

1. Train and hire staff to improve the capacities of the epidemiology and informatics workforce to effectively conduct surveillance and response of COVID-19 (including contact tracing) and other conditions of public health significance.

**Strengthen Laboratory Testing**

1. Build local capacity for testing of COVID-19/SARS-CoV-2 including within high-risk settings or in vulnerable populations that reside in their communities.

**Improve Surveillance and Reporting of Electronic Health Data**

1. Monitoring changes to daily incidence rates of COVID-19 and other conditions of public health significance at the county or zip code level to inform community mitigation strategies.

**Use Laboratory Data to Enhance Investigation, Response and Prevention**

1. Use laboratory data to initiate case investigations, conduct contact tracing and follow up, and implement containment measures.
   1. Conduct necessary contact tracing including contact elicitation/identification, contact notification, and contact follow-up. Activities could include traditional contact tracing and/or proximity/location- based methods, as well as methods adapted for healthcare-specific and congregate settings.
   2. Utilize tools (e.g., geographic information systems and methods) that assist in the rapid mapping and tracking of disease cases for timely and effective epidemic monitoring and response, incorporating laboratory testing results and other data sources.
2. Identify cases and exposure to COVID-19 in high-risk settings or within vulnerable populations to target mitigation strategies.
   1. Assess and monitor infections in healthcare workers across the healthcare spectrum.
   2. Monitor cases and exposure to COVID-19 to identify need for targeted mitigation strategies to isolate and prevent further spread within high-risk healthcare facilities (e.g., hospitals, dialysis clinics, cancer clinics, nursing homes, and other long-term care facilities, etc.).
   3. Monitor cases and exposure to COVID-19 to identify need for targeted mitigation strategies to isolate and prevent further spread within high-risk employment settings (e.g., meat processing facilities), and congregate living settings (e.g., prisons, youth homes, shelters).
   4. Work with LHDs to build local capacity for reporting, rapid containment, and prevention of COVID-19/SARS-CoV-2 within high-risk settings or in vulnerable populations that reside in their communities.
3. Implement prevention strategies in high-risk settings or within vulnerable populations (including tribal nations) including proactive monitoring for asymptomatic case detection.
   1. Build capacity for infection prevention and control in LTCFs (e.g., at least one Infection Preventionist (IP) for every facility) and outpatient settings.
      1. Build capacity to safely house and isolate infected and exposed residents of LTCFs and other congregate settings.

**Coordinate and Engage with Partners**

1. Establish or enhance testing for COVID-19/SARS-CoV-2.
   1. Acquire equipment and staffing to conduct testing for COVID-19/SARS-CoV-2.
   2. Conduct appropriate specimen collection and/or testing within the jurisdictions.
      1. Contracts
      2. Indirect (if currently being charged to ODH subgrants); or
      3. Administrative staff payroll costs
2. Partner with local, regional, or national organizations or academic institutions to enhance capacity for infection control and prevention of COVID-19/SARS-CoV-2.
   1. Build infection prevention and control and healthcare outbreak response expertise.

*(Source: May 19, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budgetary Period August 1, 2022, through July 31, 2023)*

Guidance issued August 12, 2022 for budget period August 1, 2022 through July 31, 2023 provides information on the limited use of COVID-19 Enhanced Operations (EO22) funding for Monkeypox (MPX) prevention, surveillance, and testing. The intent of the subgrant is to support to Local Health Departments to address COVID-19/SARS-CoV-2 surveillance, case detection, reporting, response, and prevention needs at the local level with expanded authority to address Monkeypox prevention (i.e., education and awareness), surveillance, and shipping and supplies for testing. Up to 25% of EO22 funded activities may be diverted to include to the following potential activities as they relate to MPX:

* Testing and specimen collection
* Building out infection prevention and control and outbreak response capacity
* Informatics and surveillance
* Data management, analysis, and reporting
* Identify cases and exposure in high-risk settings or vulnerable populations and implement mitigation strategies
* Staffing to support any of these activities
* Training and public education/awareness in partnership with affected communities.

*(Source: August 12, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period August 1, 2022, through July 31, 2023)*

Guidance issued December 16, 2022, for budget period August 1, 2022, through July 31, 2023, states the Ohio Department of Health, Bureau of Infectious Diseases has recently received approval from the Centers for Disease Control and Prevention (CDC) to divert up to 25% of EO22 funding to address response support for measles and/or MPX testing, case investigation, contact tracing, prevention and control, and outbreak mitigation activities. MPX diversion was approved on August 1, 2022, and measles diversion was approved on December 13, 2022. The funding must be used to supplement not supplant current COVID-19 activities.

COVID-19 activities must remain the primary purpose of this expansion and MPX and measles activities are in addition to the approved services provided and within scope. Please ensure these activities are conducted concurrently. Activities that only support MPX or measles are not allowable with COVID-19 funding.

Up to 25% of the subrecipient total award may be diverted for MPX and/or measles contact tracing and infection prevention and control efforts, replacing the guidance previously issued on August 12, 2022. The diversion may include all budgeted lines. EO22 funding must be spent or obligated by July 31, 2023.

*(Source: December 16, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period August 1, 2022, through July 31, 2023)*

**Ohio Department of Health:**

**B1.0 Conditions of a Subrecipient**

No applicant shall be funded if the terms and conditions of the Solicitation (formerly known as Request for Proposal) have not been met by the submission due date of the application.

Enforcement of the OGAPP begins when the application is submitted. Before the Director of Health can approve an applicant for funding, the applicant must meet the following criteria:

1. Applicant must prove eligibility as a qualifying organization (i.e. the applicant must be a local government, hospital, educational institution, or non-profit corporation).

2. Applicant must submit all required assurances. The assurances shall be current and have been signed by the applicant in the calendar year of application. The assurances shall be accurate. Any assurance found by an audit to be untrue shall cause immediate suspension of funds with an obligation to return any funds disbursed. Any costs incurred shall be the responsibility of the applicant. Assurances for non-governmental agencies shall include evidence of the appropriate liability insurance coverage.

3. Applicant must show capacity to achieve program and fiscal objectives. Letters of support, if required, shall be signed in the current fiscal year and be specific to the subrecipient project objectives.

4. Applicant must demonstrate the ability and willingness to comply with ALL applicable federal and state laws, regulations, and policies.

Conditional funding shall apply only to item #3 above. Applicants with deficiencies related to items 1, 2, and 4 may not be funded.

**B1.2 Public Health Accreditation Board (PHAB) Standards**

The current Public Health Standards, [Ohio Administrative Code 3701-36](https://codes.ohio.gov/ohio-administrative-code/chapter-3701-36) (reference [Ohio Revised Code 3701.342),](https://codes.ohio.gov/ohio-revised-code/section-3701.342) became effective in 1984.

Program-specific Solicitations will identify the Public Health Accreditation Board (PHAB) standards that will be addressed by the grant activities. More information on the PHAB standards can be found at [http://www.phaboard.org](http://www.phaboard.org/).

*(Source: OGAAP Manual, Updated December 2017)*

### Reporting

Additional SEFA and Footnote resources available for AOS Staff in the Audit Employees Briefcase and on the [IPA Resource Internet Page](http://www.ohioauditor.gov/references/practiceaids.html):

* Examples SEFA and Footnote shells
* Additional SEFA Guidance in the “Single Audit SEFA 2022 Completeness Guide”

*(Source: CFAE)*

# PART III – APPLICABLE COMPLIANCE REQUIREMENTS

## A. ACTIVITIES ALLOWED OR UNALLOWED

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

All references to sections within 2 CFR Part 200 can be found [here](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

**Important Note:** For a cost to be allowable, it must (1) be for a purpose the specific award permits and (2) fall within 2 CFR Part 200, Subpart E Cost Principles. These two criteria are roughly analogous to classifying a cost by both program/function and object. That is, the grant award generally prescribes the allowable program/function while 2 CFR 200, Subpart E prescribes allowable object cost categories and restrictions that may apply to certain object codes of expenditures.

For example, could a government use an imaginary Homeland Security grant to pay OP&F pension costs for its police force? To determine this, the client (and we) would look to the grant agreement to see if police activities (security of persons and property function cost classification) met the program objectives. Then, the auditor would look to Subpart E (provisions for selected items of cost § 200.420-200.476) to determine if pension costs (an object cost classification) are permissible. (200.431(g) states they are allowable, with certain provisions, so we would need to determine if the auditee met the provisions.) Both the client and we should look at 2 CFR Part 200, Subpart E even if the grant agreement includes a budget by object code approved by the grantor agency. Also, keep in mind that granting agencies have codified 2 CFR Part 200 and some agencies have been granted exceptions to provisions within 2 CFR Part 200.

*(Source: AOS CFAE)*

The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and the provisions of the Federal award contracts or grant agreements pertaining to the program. For programs listed in this Supplement, the specific requirements of the governing statutes and regulations are included in Part 4, “Agency Program Requirements” or Part 5, “Clusters of Programs,” as applicable. This type of compliance requirement specifies the activities that can or cannot be funded under a specific program.

**Source of Governing Requirements**

The requirements for activities allowed or unallowed are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement.*

### Additional Program Specific Information

Financial and technical resources are intended to be utilized for non-research activities that (1) strengthen epidemiologic capacity; (2) enhance laboratory capacity; (3) improve information systems; and (4) enhance collaboration among epidemiology, laboratory, and information systems components of public health departments. Activities may include those that enable a public health organization to establish and maintain a capable and qualified workforce, achieve modern and well-equipped public health laboratories, implement up-to-date health information systems, and institute systems that foster communication and appropriate integration across epidemiology, laboratory, and health information systems. Federal Financial Assistance (FA) and Direct Assistance (DA) are authorized. Project funds may be used for costs associated with planning, organizing, and the implementation of other program elements to build public health implementation of other program elements to build public health epidemiology, laboratory, and health information systems capacity. Recipients may only expend funds for reasonable program purposes, including personnel, travel, supplies, and services (e.g., contractual support). Funds may not be used for research or clinical care. Funds may not be used for construction-related costs. Other than for normal and recognized executive-legislative relationships, no funds may be used for (1)publicity or propaganda purposes, for the preparation, distribution, or use of any material designed to support or defeat the enactment of legislation before any legislative body; or (2) the salary or expenses of any grant or contract recipient, or agent acting for such recipient, related to any activity designed to influence the enactment of legislation, appropriations, regulation, administrative action, or Executive order proposed or pending before any legislative body. (See Additional Requirement (AR) 12 for detailed guidance on this prohibition and additional guidance on lobbying for CDC awardees). Funds awarded to grantees are fully discretionary and funding levels are determined each fiscal year, subject to the availability of funds.

*(Source:* [*https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view*](https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view)*)*

***ELC Enhancing Detection Program Guidance***

*Data collected as a part of the Activities supported with these funds shall be reported to CDC in a form and fashion to be determined and communicated at a later date. Recipients are required to establish electronic reporting systems to support comprehensive, timely, automated reporting of these data to LHD, CDC and others, at a frequency to be determined and communicated at a later date, if such systems are not already in place. Such systems must support reporting for COVID-19, other conditions of public health significance.*

*Activities supported by these funds include but are not limited to the following:*

Enhance Laboratory, Surveillance, Informatics and other Workforce Capacity

1. Train and hire staff to improve laboratory workforce ability to address issues around laboratory safety, accessioning, testing and reporting results.

2. Build expertise for healthcare and community outbreak response and infection prevention and control (IPC) among local health departments.

3. Train and hire staff to improve the capacities of the epidemiology and informatics workforce to effectively conduct surveillance and response of COVID-19 (including contact tracing) and other conditions of public health significance.

4. Build expertise to support management of the COVID-19 related activities within the jurisdiction and that integrate into the broader ELC portfolio of activities (e.g., additional leadership, program and project managers, budget staff, etc.).

5. Increase capacity for timely data management, analysis, and reporting for COVID-19 and other conditions of public health significance.

Strengthen Laboratory Testing

1. Establish or expand capacity to quickly, accurately and safely test for SARS-CoV-2/COVID-19 (which may build capacity to test for other pathogens with potential for broad community spread) among all symptomatic individuals, and secondarily expand capacity to achieve community-based surveillance, including testing of asymptomatic individuals.

a. Develop systems to improve speed and efficiency of specimen submission to clinical and reference laboratories.

b. Strengthen ability to quickly scale testing as necessary to ensure that optimal utilization of existing and new testing platforms can be supported to help meet increases in testing demand in a timely manner.

c. Perform serology testing with an FDA EUA authorized serological assay in order to conduct surveillance for past infection and monitor community exposure.

d. Work with LHDs to build local capacity for testing of COVID-19/SARS-CoV-2 including within high-risk settings or in vulnerable populations that reside in their communities.

e. Apply laboratory safety methods to ensure worker safety when managing and testing samples that may contain SARS-CoV-2/COVID-19.

2. Enhance laboratory testing capacity for SARS-CoV-2/COVID-19 outside of public health laboratories

a. Establish or expand capacity to coordinate with public/private laboratory testing providers, including those that assist with surge and with testing for high-risk environments.

b. Secure and/or utilize mobile laboratory units, or other methods to provide POC testing at public health-led clinics or non-traditional test sites (e.g., homeless shelters, food processing plants, prisons, Long Term Care Facilities (LTCF), etc.).

3. Enhance data management and analytic capacity in public health laboratories to help improve efficiencies in operations, management, testing, and data sharing.

a. Improve efficiencies in laboratory operations and management using data from throughput, staffing, billing, supplies, and orders. Ensure ability to track inventory of testing reagents by device/platform, among other things.

b. Improve the capacity to analyze laboratory data to help understand and make informed decisions about issues such as gaps in testing and community mitigation efforts. Data elements such as tests ordered and completed (including by device/platform), rates of positivity, source of samples, specimen collection sites, and test type will be used to create data visualizations that will be shared with the public, local health departments, and federal partners.

Advance Electronic Data Exchange at Public Health Labs

1. Enhance and expand laboratory information infrastructure, to improve jurisdictional visibility on laboratory data (tests performed) from all testing sites and enable faster and more complete data exchange and reporting.

a. Employ a well-functioning Laboratory Information Management System (LIMS) system to support efficient data flows within the PHL and its partners. This includes expanding existing capacity of the current LIMS to improve data exchange and increase data flows through LIMS maintenance, new configurations/modules, and enhancements. Implement new/replacement LIMS where needed.

b. Ensure ability to administer LIMS. Ensure the ability to configure all tests that are in LIMS, including new tests, EUAs, etc., in a timely manner. Ensure expanding needs for administration and management of LIMS system are covered through dedicated staff.

c. Interface diagnostic equipment to directly report laboratory results into LIMS

d. Put a web portal in place to support online ordering and reporting. Integrate the web portal into the LIMS.

e. Enhance laboratory test ordering and reporting capability.

i. Implement or improve capacity to consume and produce electronic HL7 test orders and result reporting (ETOR) to allow laboratories and healthcare providers to directly exchange standardized test orders and results across different facilities and electronic information systems using agreed upon standards.

ii. 100% of results must be reported with key demographic variables including age/gender/race

iii. Report all testing to the health department and CDC using HL7 ELR.

Improve Surveillance and Reporting of Electronic Health Data

*Conducting the activities in this section to enable comprehensive, automated, daily reporting to the CDC and others in a machine-readable format, for data elements to be determined at a later date, is a requirement of accepting these funds.*

1. Establish complete, up-to-date, automated reporting of morbidity and mortality to CDC and others due to COVID-19 and other conditions of public health significance, with required associated data fields in a machine-readable format, by:

* 1. Establishing or enhancing community-based surveillance, including surveillance of vulnerable populations, individuals without severe illness, those with recent travel to high-risk locations, or who are contacts to known cases.
  2. Monitoring changes to daily incidence rates of COVID-19 and other conditions of public health significance at the county or zip code level to inform community mitigation strategies.

2. Establish complete, up-to-date, timely, automated reporting of individual-level data through electronic case reporting to CDC and others in a machine-readable format (ensuring LHD have access to data that is reported):

* 1. At the health department, enhance capacity to work with testing facilities to onboard and improve electronic laboratory reporting (ELR), including to receive data from new or non-traditional testing settings. Use alternative data flows and file formats (e.g., CSV or XLS) to help automate where appropriate. In addition to other reportable results, this should include all COVID-19/SARS-CoV-2-related testing data (i.e., tests to detect SAR-CoV-2 including serology testing).
  2. Automate receiving EHR data, including eCR and FHIR-base eCR Now, to generate initial case report as specified by CDC for the reportable disease within 24 hours and to update over time within 24 hours of a change in information contained in the CDC-directed case report, including death. Utilize eCR data to ensure data completeness, establish comprehensive morbidity and mortality surveillance, and help monitor the health of the community and inform decisions for the delivery of public health services.
  3. Increase connectivity with laboratory and healthcare feeds for epidemiologic analysis (including using automated single CSV files).
  4. Expand eCR etc to include all conditions of public health significance

3. Improve understanding of capacity, resources, and patient impact at healthcare facilities through electronic reporting.

* 1. Required expansion of reporting facility capacity, resources, and patient impact information, such as patients admitted and hospitalized, in an electronic, machine-readable, as well as human-readable visual, and tabular manner, to achieve 100% coverage in jurisdiction and include daily data from all acute care, long-term care, and ambulatory care settings. Use these data to monitor facilities with confirmed cases of COVID-19/SARS-CoV-2 infection or with COVID-like illness among staff or residents and facilities at high risk of acquiring COVID-19/SARS-CoV-2 cases and COVID-like illness among staff or residents.
  2. Increase ADT messaging and use to achieve comprehensive surveillance of emergency room visits, hospital admissions, facility and department transfers, and discharges to provide an early warning signal, to monitor the impact on hospitals, and to understand the growth of serious cases requiring admission.

4. Enhance systems for flexible data collection, reporting, analysis, and visualization.

* 1. Implement new/replacement systems where needed. Ensure systems are interoperable and that data are able to be linked across systems, including adding the capacity for lab data and other data to be used by the software/tools that are being deployed for contact tracing.
  2. Data must be made available at the local, state, and federal level.
  3. Make data on case, syndromic, laboratory tests, hospitalization, and healthcare capacity available on health department websites at the county/zip code level in a visual and tabular manner.

5. Establish or improve systems to ensure complete, accurate and immediate (within 24 hrs) data transmission to a system and open website available to local health officials and the public by county

* 1. Track and send 100% of emergency department and outpatient visits for COVID-like illness, as well as other syndromes/illnesses, to CDC. and zip code, that allows for automated transmission of data to the CDC in a machine-readable format.

1. Submit comprehensive syndromic surveillance data for all facilities in the jurisdiction.
2. Send deidentified copies of all admit, discharge, and transfer (ADT) messages to the CDC
3. Submit all case reports in an immediate, automated way to CDC for COVID-19/SARS-CoV-2 and other conditions of public health significance with associated required data fields in a machine-readable format.
4. Provide accurate accounting of COVID-19/SARS-CoV-2 associated deaths. Establish electronic, automated, immediate death reporting to CDC with associated required data fields in a machine-readable format.
5. Report requested COVID-19/SARS-CoV-2-related data, including line level testing data (negatives, positives, indeterminants, serology, antigen, nucleic acid) daily by county or zip code to the CDC-designated system.
6. Establish these systems in such a manner that they may be used on an ongoing basis for surveillance of, and reporting on, other threats to the public health and conditions of public health significance.

Use Laboratory Data to Enhance Investigation, Response and Prevention

1. Use laboratory data to initiate case investigations, conduct contact tracing and follow up, and implement containment measures.

* 1. Conduct necessary contact tracing including contact elicitation/identification, contact notification, and contact follow-up. Activities could include traditional contact tracing and/or proximity/location-based methods, as well as methods adapted for healthcare-specific and congregate settings.

1. Utilize tools (e.g., geographic information systems and methods) that assist in the rapid mapping and tracking of disease cases for timely and effective epidemic monitoring and response, incorporating laboratory testing results and other data sources.

2. Identify cases and exposure to COVID-19 in high-risk settings or within vulnerable populations to target mitigation strategies.

* 1. Assess and monitor infections in healthcare workers across the healthcare spectrum.

1. Monitor cases and exposure to COVID-19 to identify need for targeted mitigation strategies to isolate and prevent further spread within high-risk healthcare facilities (e.g., hospitals, dialysis clinics, cancer clinics, nursing homes, and other long-term care facilities, etc.).
2. Monitor cases and exposure to COVID-19 to identify need for targeted mitigation strategies to isolate and prevent further spread within high-risk employment settings (e.g., meat processing facilities), and congregate living settings (e.g., prisons, youth homes, shelters).
3. Work with LHDs to build local capacity for reporting, rapid containment and prevention of COVID-19/SARS-CoV-2 within high-risk settings or in vulnerable populations that reside in their communities.

3. Implement prevention strategies in high-risk settings or within vulnerable populations (including tribal nations) including proactive monitoring for asymptomatic case detection.

* 1. Build capacity for infection prevention and control in LTCFs (e.g., at least one Infection Preventionist (IP) for every facility) and outpatient settings.
     1. Build capacity to safely house and isolate infected and exposed residents of LTCFs and other congregate settings.
     2. Develop interoperable patient safety information exchange systems.
     3. Assist with enrollment of all LTCFs into NHSN and provision of related user support.
  2. Increase Infection Prevention and Control (IPC) assessment capacity onsite using tele-ICAR.
  3. Perform preparedness assessment to ensure interventions are in place to protect high-risk populations.
  4. Coordinate as appropriate with federally funded entities responsible for providing health services to vulnerable populations (e.g., tribal nations and federally qualified health centers)

Coordinate and Engage with Partners

1. Partner with LHDs to establish or enhance testing for COVID-19/SARS-CoV-2.

* 1. Support appropriate LHDs with acquiring equipment and staffing to conduct testing for COVID-19/SARS-CoV-2.
  2. Support LHDs to conduct appropriate specimen collection and/or testing within their jurisdictions.

2. Partner with local, regional, or national organizations or academic institutions to enhance capacity for infection control and prevention of COVID-19/SARS-CoV-2.

* 1. Build infection prevention and control and healthcare outbreak response expertise in LHDs.
  2. Partner with academic medical centers and schools of public health to develop regional centers for IPC consultation and support services

*(Source:* [*https://www.cdc.gov/ncezid/dpei/pdf/elc-enhancing-detection-guidance.pdf*](https://www.cdc.gov/ncezid/dpei/pdf/elc-enhancing-detection-guidance.pdf)*)*

***Ohio Department of Health: COVID-19 Contact Tracing (CT20) Subgrant***

The Ohio Department of Health has received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) for contact tracing activities. All subrecipients of the COVID-19 Contact Tracing (CT20) Subgrant will receive contact tracing funding based on the per capita methodology (with all subrecipients receiving at least $35,000). This funding can only be used for contact tracing activities and must be used to supplement not supplant current contact tracing activities.

1. **Authorization:** Authorization of funds for this purpose is contained Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748).
2. **Due Date:** A budget revision, budget justification narrative, and COVID-19 Contact Tracing workplan must be completed and received by OOH electronically via GMIS by 4:00 p.m. by Monday, June 8, 2020.
3. **Required and Allowable Costs:**

|  |  |
| --- | --- |
| **Percentage** | **Allowable Costs**   * Contact Tracing Staff -Regular Time and Overtime (supplement not supplant current contact tracing activities) * Contact Tracing Supplies * Contact Tracing Equipment * Contact Tracing Contracts |
| 90% |
| 10% | * Indirect (if currently being charged to OOH subgrants) * Administrative staff payroll costs |

Subrecipients must submit a brief contact tracing workplan and budget justification in GMIS. The workplan must describe contact tracing activities prior to the CT20, the activities that will occur with these new CT20 funds and how these activities address contact tracing activities. The budget justification must follow the budget justification template below.

Specifically, subrecipients should explain how the jurisdictions activities will conduct contact tracing activities to minimize potential spread and adapt to disruptions caused by community spread.

1. **Policy and Procedure:** Uniform administration of all the OOH grants is governed by the OOH Grants Administration Policies and Procedures (OGAPP) manual and updates in policies that have been posted on the GMIS Bulletin Board. This manual and GMIS Bulletin Board policy updates must be followed to ensure adherence to the rules, regulations and procedures for preparation of all Subrecipient applications. The OGAPP manual is available on the OOH website: <https://odh.ohio.gov/ws/portal/gov/odh/home>.

Please refer to Policy and Procedure updates found on the GMIS bulletin board.

*Jurisdictional Budgeting*

Please refer to the budget justification examples listed on the GMIS bulletin board. Match or Applicant Share is not required by this program. Do not include Match or Applicant Share in the budget and/or the Applicant Share column of the Budget Summary. Only the narrative may be used to identify additional funding information from other resources.

* 1. Base Funding: The base-funded model requires subrecipients to budget all projected costs by line item (i.e., personnel (by staff paid on the subgrant), other costs (supplies, advertising, etc.), equipment (PC's, printers, etc. with a unit costs ofSI,000 or more) and contracts (a copy of each contract is required to be submitted to OOH). This ties 100% of the funding to actual costs.

Funding is directly awarded to Ohio's currently established Coronavirus Response subrecipients. COVID-19 Contact Tracing subrecipients receiving on behalf of the county are required to work with local health districts established within their cowity and provide funds to these jurisdictions to conduct contact tracing. Necessary contracts are noted within the "Contracts" section of GMIS and must also be described within the budget justification. The award amount of contracts for intra-jurisdictional Health Districts cannot be decreased.

* 1. Primary Reason and Justification Pages: Provide a detailed budget justification narrative that describes how the categorical costs are derived. Discuss the necessity, reasonableness, and allocability of the proposed costs. Describe the specific functions of the personnel, consultants and collaborators. Explain and justify equipment, travel, supplies and training costs. (A budget justification example can be found on GMIS).
     1. Personnel, Other Direct Costs, Equipment and Contracts
        1. Submit a budget with these sections and form(s) completed as necessary to support costs for May 1, 2020 through December 30, 2020.
        2. Funds may be used to support personnel, their training, travel (see OBM website) and supplies directly related to planning, organizing and conducting the initiative/program/activity described in this announcement.
        3. The applicant shall retain all original fully executed contracts on file. A completed "Confirmation of Contractual Agreement" (CCA) must be submitted via GMIS for each contract once it has been signed by both parties. All contracts must be signed and dated by all parties prior to any services being rendered and must be attached to the CCA section in GMIS. The submitted CCA and attached contract must be approved by OOH before contractual expenditures are authorized. CCA11 and attached contract1 cannot be submitted until the first quarter grant payment has been issued.
        4. Please refer to the memorandum issued by the Director on November 26, 2013 Subject: Contracts. The memorandum was posted on the GMIS Bulletin Board on November 27, 2013.
        5. The applicant shall itemize all equipment (minimum Sl,000-unit cost value) to be purchased with grant funds in the Equipment Section.
        6. Local Health Department staff or contractors that are currently conducting contact tracing activities must continue to be funded using their current funding sources. The Contact Tracing subgrant funds can only be used to supplement their current work, hire additional staff, purchase supplies/equipment or establish new contracts. Overtime costs budgeted to this subgrant must use the Overtime costs (Contact Tracing Subgrant Only) line item.
        7. Any staff person paid from COVID-19 Contact Tracing (CT20) funding must complete time and effort reporting.

All equipment must be purchased no later than August 31, 2020. An equipment waiver must be pre-approved to purchase any equipment after August 31, 2020. An equipment waiver can be sent to Jennifer McCauley at [Jennifer.mccauly@odh.ohio.gov](mailto:Jennifer.mccauly@odh.ohio.gov)

For further information please see section B2.10 of OGAPP.

* 1. Allowable Costs: Funds must be used to supplement current contact tracing activities.
  2. Unallowable Costs: Funds may not be used for the following:

1. To advance political or religious points of view or for fund raising or lobbying;
2. To disseminate factually incorrect or deceitful information
3. Consulting fees for salaried program personnel to perform activities related to grant objectives
4. Bad debts of any kind
5. Contributions to a contingency fund
6. Entertainment
7. Fines and penalties
8. Membership fees -- unless related to the program and approved by ODH
9. Interest or other financial payments (including but not limited to bank fees)
10. Contributions made by program personnel
11. Costs to rent equipment or space owned by the funded agency
12. Inpatient services13. The purchase or improvement of land; the purchase, construction, or permanent improvement of any building
13. Satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds
14. Travel and meals over the current state rates (see OBM website: <http://obm.ohio.gov/MiscPages/Memos/default.aspx> for the most recent Mileage Reimbursement memo)
15. Costs related to out-of-state travel, unless otherwise approved by OOH, and described in

the budget narrative

1. Training longer than one week in duration, unless otherwise approved by ODH;
2. Contracts for compensation with advisory board members
3. Grant-related equipment costs greater than $1,000, unless justified in the budget narrative and approved by OOH
4. Payments to any person for influencing or attempting to influence members of Congress or the Ohio General Assembly in connection with awarding of grants
5. Promotional items
6. Office Furniture (including but not limited to desks, chairs, file cabinets) unless otherwise stated
7. Research

*(Source: COVID-19 Contact Tracing Supplemental (CT20) Subgrant)*

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

*Required and Allowable Costs:*

|  |  |
| --- | --- |
| Percentage | Allowable Costs |
| 90% | * Contact Tracing Staff - Regular Time and Overtime (supplement not supplant current contact tracing activities) * Contact Tracing Supplies * Contact Tracing Equipment * Contact Tracing Contracts |
| 10% | * Indirect (if currently being charged to ODH subgrants) * Administrative staff payroll costs |

Subrecipients must submit a brief contact tracing workplan and budget justification in GMIS. The workplan must describe contact tracing activities prior to the CT21, the activities that will occur with these new CT21 funds and how these activities address contact tracing activities. The budget justification must follow the budget justification template below.

Specifically, subrecipients should explain how the jurisdictions activities will conduct contact tracing activities to minimize potential spread and adapt to disruptions caused by community spread.

*Policy and Procedure:*

Uniform administration of all the ODH grants is governed by the OOH Grants Administration Policies and Procedures (OGAPP) manual and updates in policies that have been posted on the GMIS Bulletin Board. This manual and GMIS Bulletin Board policy updates must be followed to ensure adherence to the rules, regulations and procedures for preparation of all Subrecipient applications. The OGAPP manual is available on the ODH website: <https://odh.ohio.gov/wps/portal/gov/odh/home>.

*Jurisdictional Budgeting:*

1. Base Funding:The base-funded model requires subrecipients to budget all projected costs by line item (i.e., personnel (by staff paid on the subgrant), other costs (supplies, advertising, etc.), equipment (PC's, printers, etc. with a unit cost of $1,000 or more) and contracts (a copy of each contract is required to be submitted to ODH). This ties 100% of the funding to actual costs.

Funding is directly awarded to Ohio's currently established COVID-19 Contract Tracing (CT20) subrecipients. COVID-19 Contact Tracing subrecipients receiving on behalf of the county are required to work with local health districts established within their county and provide funds to these jurisdictions to conduct contact tracing. Necessary contracts are noted within the "Contracts" section of GMIS and must also be described within the budget justification. The award amount of contracts for intra-jurisdictional Health Districts cannot be decreased.

1. Primary Reason and Justification Pages: Provide a detailed budget justification narrative that describes how the categorical costs are derived. Discuss the necessity, reasonableness, and allocability of the proposed costs. Describe the specific functions of the personnel, consultants and collaborators. Explain and justify equipment, travel, supplies and training costs.

a. Personnel, Other Direct Costs, Equipment and Contracts

* 1. Submit a budget with these sections and form(s) completed as necessary to support costs for June 19, 2020 through June 30, 2021.
  2. Funds may be used to support personnel, their training, travel (see OBM website) <http://obm.ohio.gov/TravelRule/default.aspx> and supplies directly related to planning, organizing and conducting the initiative/program/activity described in this announcement.
  3. The applicant shall retain all original fully executed contracts on file. A completed "Confirmation of Contractual Agreement" (CCA) must be submitted via GMIS for each contract once it has been signed by both parties. All contracts must be signed and dated by all parties prior to any services being rendered and must be attached to the CCA section in GMIS. The submitted CCA and attached contract must be approved by ODH before contractual expenditures are authorized. CCAs and attached contracts cannot be submitted until the first quarter grant payment has been issued.
  4. Please refer to the memorandum issued by the Director on November 26, 2013 Subject: Contracts. The memorandum was posted on the GMIS Bulletin Board on November 27, 2013.
  5. The applicant shall itemize all equipment (minimum $1,000-unit cost value) to be purchased with grant funds in the Equipment Section.
  6. Local Health Department staff or contractors that are currently conducting contact tracing activities must continue to be funded using their current funding sources. The Contact Tracing subgrant funds can only be used to supplement their current work, hire additional staff, purchase supplies/equipment or establish new contracts. Overtime costs budgeted to this subgrant must use the Overtime costs (Contact Tracing Subgrant Only) line item.
  7. Any staff person paid from COVID-19 Contact Tracing (CT21) funding must complete time and effort reporting.

All equipment must be purchased no later than December 31, 2020. An equipment waiver must be pre-approved to purchase any equipment after December 31, 2020.

For further information please see section B2.10 of OGAPP.

1. Allowable Costs: Funds must be used to supplement current COVID-19 disease investigation and contact tracing activities.
2. Unallowable Costs: Funds may not be used for the following:
   * 1. To advance political or religious points of view or for fund raising or lobbying;
     2. To disseminate factually incorrect or deceitful information
     3. Consulting fees for salaried program personnel to perform activities related to grant objectives
     4. Bad debts of any kind
     5. Contributions to a contingency fund
     6. Entertainment
     7. Fines and penalties
     8. Membership fees -- unless related to the program and approved by ODH
     9. Interest or other financial payments (including but not limited to bank fees)
     10. Contributions made by program personnel
     11. Costs to rent equipment or space owned by the funded agency
     12. Inpatient services
     13. The purchase or improvement of land; the purchase, construction, or permanent improvement of any building
     14. Satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds
     15. Travel and meals over the current state rates (see OBM website: http://obm.ohio.gov/MiscPages/Memos/default.aspx for the most recent Mileage Reimbursement memo)
     16. Costs related to out-of-state travel, unless otherwise approved by ODH, and described in the budget narrative
     17. Training longer than one week in duration, unless otherwise approved by OOH;
     18. Contracts for compensation with advisory board members
     19. Grant-related equipment costs greater than $1,000, unless justified in the budget narrative and approved by ODH
     20. Payments to any person for influencing or attempting to influence members of Congress or the Ohio General Assembly in connection with awarding of grants
     21. Promotional Items
     22. Office Furniture (including but not limited to desks, chairs, file cabinets) unless otherwise stated
     23. Research

Subrecipients will not receive payment from ODD grant funds used for prohibited purposes. ODD has the right to recover funds paid to Subrecipients for purposes later discovered to be prohibited.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO21)***

*Required and Allowable Costs:*

Previous EO21, formerly EO22, subrecipient requirements issued on December 23, 2020 and January 28, 2021 remain the same, except further guidance for EO21 expenditure planning is contained here, including more information about vaccine delivery efforts, contact tracing, and infection control.

|  |  |
| --- | --- |
| Percentage | Allowable Costs |
| 90% | 1. Personnel - Regular Time and Overtime 2. Other Direct Costs – includes supplies for vaccine clinics such as PPE (masks, gloves, sanitizer, and pens) but not ancillary kits, food, and vaccines. 3. Equipment 4. Contracts |
| 10% | * Indirect (if currently being charged to ODH subgrants); or * Administrative staff payroll costs |

Funds must be used for activities listed under section B of this document. Up to 80% of subgrant recipient funding from EO21 can be used to support vaccine delivery efforts. Subrecipients can plan to expend 80% of funding on vaccine delivery efforts if the spending plan does not duplicate other CDC vaccine delivery efforts. Subrecipients must clearly identify vaccine costs on the budget justification submitted with the budget revision. Vaccine costs can include staffing and PPE such as masks, gloves, sanitizer, and pens, but not food for vaccine events, ancillary kits, or vaccines themselves.

EO21 subrecipients must focus COVID-19 related efforts on three critical activities, as well a vaccine delivery efforts:

* COVID-19 case investigation.
* COVID-19 contact tracing.
* COVID-19 infection prevention and control.

CT20 and CT21 subrecipients should continue to use remaining funding for COVID-19 case investigations and contact tracing. When CT20 and CT21 funds are diminished or exhausted, EO21 subrecipients can use funds to continue COVID-19 case investigations and contact tracing activities. EO21 subrecipients can choose to continue funding COVID-19 contact tracing activities using one of two options:

1. Local health departments can use local funds, CT20, CT21 and EO21 funds to continue COVID-19 contact tracing activities directly; or
2. Local health departments can opt for the use of an ODH contractor that will perform COVID-19 case investigation and contact tracing efforts. ODH has contracted with an outside agency, Public Consulting Group, to continue the ODH contact tracing services to include COVID-19 case interviews, contact interviews and contact symptom monitoring at no cost to the subrecipients.

EO21 funds can be used for COVID-19 infection prevention and control to provide any of the following:

1. Build expertise for healthcare and community outbreak response and infection prevention and control (IPC) among local health departments, such as:

1. Expand and hire staff (e.g. communicable disease nurses, community health workers, and epidemiologists, health educators) to prevent, limit transmission and control spread of COVID-19 and other infectious diseases and for COIVD-19 vaccine delivery efforts.
2. Designate at least one full time nurse as an infection preventionist (IP).
3. LHD designated IP completes advanced infection prevention and control training, such as the Certification in Infection Prevention and Control (CIC®), the Centers for Medicare and Medicaid Services (CMS) Universal Infection Prevention and Control course and the CDC Nursing Home Infection Preventionist Training Course.
4. Develop or support regional healthcare coalitions with a focus on IPC.

2. Implement prevention strategies in high-risk settings or within vulnerable populations (including tribal nations) including proactive monitoring for asymptomatic case detection, such as:

1. Work with long-term care facilities (LTCFs) and outpatient settings to build capacity for infection prevention and control, such as:
   * Verify each facility has a designated Infection Preventionist (IP).
   * Encourage designated IPs to complete advanced infection prevention and control training, such as the Certification in Infection Prevention and Control (CIC®), CMS Universal Infection Prevention and Control course and the CDC Nursing Home Infection Preventionist Training Course.
   * Build capacity to safely house and isolate infected and exposed residents of LTCFs and other congregate settings, such as identify and support health care isolation centers (HCIC).
   * Encourage and assist with enrollment of all LTCFs into NHSN and provide user support.
2. Establish systems locally and regionally, such as standardized transfer forms/processes that include patient safety information (e.g. infectious disease, MDRO status, transmission-based precautions) in partnership with regional healthcare coalitions.
3. Increase Infection Prevention and Control (IPC) assessment capacity using the CDC’s Infection Control Assessment and Response (ICAR) tool either virtually or onsite to provide technical assistance to LTCF, residential care facilities/assisted living facilities, dialysis centers, FQHCs and other healthcare facilities in partnership with the ODH Healthcare-Associated Infections/Antimicrobial Resistance (HAIAR) Program.
4. Perform preparedness assessment to ensure interventions are in place to protect high- risk populations in partnership with preparedness staff and regional healthcare coalitions.

*(Source: March 18, 2021 Memo from ODH, Subgrant Guidance COVID-19 Enhanced Operations (EO21) Budget Period February 1, 2021 through July 31, 2022)*

Further guidance for EO21 expenditure planning is contained here, including more information about administrative costs and contact tracing. The 10% administrative cap for EO21 is rescinded. COVID-19 contact tracing cannot be covered using EO21 funds unless your agency has an ODH approved appeal. For the purposes of EO21, contact tracing is defined as calling people exposed to COVID-19 by an infected individual, enrolling them in symptom monitoring and sharing quarantine guidance as directed by the local health department. Any electronic equipment such as laptops, cell phones, headphones, iPads, desktops purchased through grant funds can be repurposed for COVID-19 response, such as vaccine operations, COVID-19 case investigations, COVID-19 outbreak investigation and mitigation. Costs related to COVID-19 case investigation, outbreak investigation and mitigation, including working with schools, employers, universities, long term care facilities and correctional institutes can be covered by EO21. Please use the attached revised Budget Justification Template with budget revisions in GMIS.

|  |  |
| --- | --- |
| Percentage | Allowable Costs pertaining to COVID-19 Infection Prevention and Control and COVID-19 Vaccine Operations Note: Allowable vaccine operations costs cannot exceed 80% of the total award. |
| 90% | Personnel - Regular Time and Overtime, Administrative positions allocated to COVID-19 vaccine operations or infection prevention and control  Other Direct Costs – includes supplies for vaccine clinics such as PPE (masks, gloves, sanitizer, pens) but not ancillary kits, food, and vaccines.  Equipment (unit costs of $1,000 or more)  Contracts |
| 10% unless agency has a federally approved rate. | Indirect costs |

*(Source: April 27, 2021 Memo from ODH, Subgrant Guidance – Contact Tracing Guidance and Recension of Administrative CAP COVID-19 Enhanced Operations (EO21))*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

*Required and Allowable Costs:*

|  |  |
| --- | --- |
| Percentage | Allowable Costs |
| 90% | * Personnel - Regular Time and Overtime * Other Direct Costs – includes supplies * Equipment * Contracts |
| 10% | * Indirect (if currently being charged to ODH subgrants); or * Administrative staff payroll costs |

EO22 subrecipients must focus COVID-19 related efforts on three critical activities:

1. COVID-19 case investigation.
2. COVID-19 contact tracing.
3. COVID-19 infection prevention and control.
4. COVID-19 disease mitigation.

*Policy and Procedure:*

Uniform administration of all the ODH grants is governed by the ODH Grants Administration Policies and Procedures (OGAPP) manual and updates in policies that have been posted on the GMIS Bulletin Board. This manual and GMIS Bulletin Board policy updates must be followed to ensure adherence to the rules, regulations and procedures for preparation of all Subrecipient applications. The OGAPP manual is available on the ODH website: [https://odh.ohio.gov/wps/portal/gov/odh/home.](https://odh.ohio.gov/wps/portal/gov/odh/home)

Please refer to Policy and Procedure updates found on the GMIS bulletin board.

*Jurisdictional Budgeting:*

Match or Applicant Share is not required by this program. Do not include Match or Applicant Share in the budget and/or the Applicant Share column of the Budget Summary. Only the narrative may be used to identify additional funding information from other resources. Please refer to the budget justification example attached with this guidance.

1. *Base Funding:*The base-funded model requires subrecipients to budget all projected costs by line item (i.e., personnel - by staff paid on the subgrant), other costs (supplies, advertising, etc.), equipment (PC’s, printers, etc. with a unit cost of $1,000 or more) and contracts (a copy of each contract is required to be submitted to ODH). The base funding format ties 100% of the funding to actual costs.

Funding is directly awarded to Ohio’s currently established Coronavirus Response subrecipients. Coronavirus Response subrecipients receiving on behalf of the county are required to work with local health districts established within their county and provide funds to these jurisdictions to conduct EO22 activities. Necessary contracts are noted within the “Contracts” section of GMIS and must also be described within the budget justification. The award amount of contracts for intra-jurisdictional Health Districts cannot be decreased.

1. *Primary Reason and Justification Pages:*Provide a detailed budget justification narrative that describes how the categorical costs are derived. Discuss the necessity, reasonableness, and allocability of the proposed costs. Describe the specific functions of the personnel, consultants and collaborators. Explain and justify equipment, travel, supplies and training costs. A budget justification example is included with this guidance. A separate budget justification is required for each local health department that receives direct or contractual funding.

a. Personnel, Other Direct Costs, Equipment and Contracts

* 1. Submit a budget with these sections and form(s) completed as necessary to support costs for the award period of February 1, 2021 through July 31, 2022.
  2. Funds may be used to support personnel, training, travel (see OBM website) <http://obm.ohio.gov/TravelRule/default.aspx> and supplies directly related to planning, organizing and conducting the initiative/program/activity described in this announcement.
  3. The applicant shall retain all original fully executed contracts on file. A completed “Confirmation of Contractual Agreement” (CCA) must be submitted via GMIS for each contract once it has been signed by both parties. All contracts must be signed and dated by all parties prior to any services being rendered and must be attached to the CCA section in GMIS. The submitted CCA and attached contract must be approved by ODH before contractual expenditures are authorized. CCAs and attached contracts cannot be submitted until the first quarter grant payment has been issued.
  4. Please refer to the memorandum issued by the Director on November 26, 2013 Subject: Contracts. The memorandum was posted on the GMIS Bulletin Board on November 27, 2013.
  5. The applicant shall itemize all equipment (minimum $1,000 unit cost value) to be purchased with grant funds in the Equipment Section.
  6. Local Health Department staff or contractors that are currently conducting contact tracing activities must continue to be funded using their current funding sources. The Enhanced Operations (EO22) subgrant funds can only be used to supplement the current work, hire additional staff, purchase supplies/equipment or establish new contracts. Overtime costs are allowable and are to be included in the GMIS personnel budget with overtime costs discussed in the budget justification.
  7. Any staff person paid from COVID-19 Enhanced Operations (EO22) funding must complete time and effort reporting.
  8. All equipment must be purchased no later than December 31, 2021. An equipment waiver must be pre-approved to purchase any equipment after January 1, 2022.

For further information please see section B2.10 of OGAPP.

1. *Allowable Costs:*Funds must be used for activities listed under section C of this document.
2. *Unallowable Costs:*

Funds may notbe used for the following:

* 1. To advance political or religious points of view or for fund raising or lobbying;
  2. To disseminate factually incorrect or deceitful information;
  3. Consulting fees for salaried program personnel to perform activities related to grant objectives;
  4. Bad debts of any kind;
  5. Contributions to a contingency fund;
  6. Entertainment;
  7. Fines and penalties;
  8. Membership fees - unless related to the program and approved by ODH;
  9. Interest or other financial payments (including but not limited to bank fees);
  10. Contributions made by program personnel;
  11. Costs to rent equipment or space owned by the funded agency;
  12. Inpatient services;
  13. The purchase or improvement of land; the purchase, construction, or permanent improvement of any building;
  14. Satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds;
  15. Travel and meals over the current state rates (see OBM website: <http://obm.ohio.gov/MiscPages/Memos/default.aspx> for the most recent Mileage Reimbursement memo);
  16. Costs related to out-of-state travel, unless otherwise approved by ODH, and described in the budget narrative;
  17. Training longer than one week in duration, unless otherwise approved by ODH;
  18. Contracts for compensation with advisory board members;
  19. Grant-related equipment costs greater than $1,000, unless justified in the budget narrative and approved by ODH;
  20. Payments to any person for influencing or attempting to influence members of Congress or the Ohio General Assembly in connection with awarding of grants;
  21. Promotional Items;
  22. Office Furniture (including but not limited to desks, chairs, file cabinets) unless otherwise stated;
  23. Research.

Subrecipients will not receive payment from ODH grant funds used for prohibited purposes. ODH has the right to recover funds paid to subrecipients for purposes later discovered to be prohibited.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

**Ohio Department of Health**

**B2.1 Allowable Costs**

Allowable costs are those costs identified by the state or federal granting authority and the expenses in budgeted categories and line items that have been approved by ODH and specified in the Solicitation. The authorized budget categories for ODH grants are Personnel, Other Direct Costs, Equipment, and Contracts. Allowable costs include all subrecipient expenditures, whether paid by grant funds, applicant funds, or program income.

The NOA, which constitutes approval of the original program budget or a subsequently approved budget revision, is used to approve line-item expenditures as allowable costs.

**B2.2 Unallowable Costs**

Grant costs cannot be considered allowable by ODH unless they meet the appropriate OMB cost principles and have been approved either in the initial application budget or in a subsequent approved budget revision. Funds must be used solely for the purpose as specified in the grant announcement or the Solicitation. However, costs that were previously approved on a budget, but have been found to be unallowable through a site monitoring visit or an audit, will be disallowed. **The use of funds for prohibited purposes will result in the loss of grant funds and may require the subrecipient to return funds to ODH.**

Grant funds **may not** be used for the following:

1. Advancement of political or religious points of view
2. Fund raising and investment management costs
3. Dissemination of factually incorrect or deceitful information
4. Consulting fee for salaried program personnel to perform activities related to grant objectives
5. Advertisement – other than for recruitment or procurement or if required by the specified program’s Solicitation
6. Bad debts of any kind
7. Contributions to a contingency fund or reserve
8. Entertainment
9. Alcoholic Beverages
10. Fines and penalties
11. Legal fees incurred in defense of any civil or criminal fraud proceeding
12. Membership fees, unless related to the program and approved by ODH
13. Loan or the principle amount of mortgage payments
14. Contributions made by program personnel
15. Costs to rent equipment or space owned by the funded agency
16. Inpatient services
17. Purchase or improvement of land; the purchase, construction or permanent improvement of any building
18. Satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds
19. Lodging, travel and meals over the current state rates (See Ohio Shared Services Website for hotel rates and Meals Per Diem at: <http://www.ohiosharedservices.ohio.gov/TravelandExpense.aspx>)
20. All costs related to out-of-state travel, unless prior approved by ODH
21. Training longer than one week in duration, unless prior approved by ODH
22. Contracts, for compensation, with advisory board members
23. Goods or services for personal use regardless if reported as taxable income to employee
24. Grant-related equipment costs greater than $1,000, unless justified and approved by ODH
25. Payments to any person for influencing or attempting to influence members of Congress or the Ohio General Assembly in connection with awarding of grants or other lobbying costs
26. Gas Card/Vouchers unless specified in the Federal program guidelines and included in the Solicitation
27. Promotional items (include items with slogans, logos, agency name/address, messaging). Promotional like items must be preapproved prior to submitting in agency subgrant program budget (e.g., to water bottles, t-shirts, totes that do not include slogans, logos, agency name/address, messaging).
28. Office furniture\*
29. Additional program specific Unallowable Costs per the CFDA, Program regulations and directives or state law specifications, which may be provided in the Solicitation.

\*Subrecipients will no longer be permitted to purchase office furniture, including but not limited to desks, chairs, file cabinets, using funding received from ODH. Subrecipients are permitted to purchase office furniture using the indirect funding collected from ODH subgrant funding. The transition to deliverable-based subgrants also provides another avenue for subrecipients to purchase office furniture. If office furniture is included in your current budget, you must attach a purchase order showing the purchase date. Any office furniture purchased on or after August 1, 2016 will be disallowed. Office furniture is being added to the Unallowable List in the solicitations and the OGAPP manual. With prior written approval, the ODH WIC subgrant program is permitted to purchase replacement office furniture within the first two quarters of the grant year. The ODH Director may grant a waiver to this policy under special circumstances. The written waiver request must clearly detail the circumstance for the need to purchase replacement office furniture (i.e., fire, flood). If a subrecipient no longer receives subgrant funding used to purchase office furniture, the furniture must be returned to ODH or transferred to another subrecipient receiving those subgrant funding. Please contact your grant consultant if you have any further questions.

**B2.5 Other Direct Costs**

Other Direct Costs are allowable costs not included in the GMIS budget categories of Personnel, Equipment, or Contracts. A direct cost is a cost that can be specifically identified with a particular final cost objective. Direct costs include, but are not limited to, supplies and travel directly benefiting the project or activity. All costs must be identified in the budget category by individual line items

Direct costs to the project shall not exceed the percentage of project utilization. Usage records are required for costs that are not used exclusively by the program in order to support and document the amount charged to the program. Adequate accounting records must be maintained.

**Facility Costs** include rent and lease costs for items such as office and meeting space, used by the program but not owned by the agency, depreciation, interest on a mortgage debt and use allowance. Rent and lease costs must be supported by a copy of the current rent or lease agreement which must be signed by both the lessor and lessee and properly dated.

**Supplies** are all tangible property, other than equipment, that is purchased with grant funds. Supplies include expendable office, medical or general supply items with a unit cost of less than $1,000 that are used for the performance of the applicable award. Software costing less than $1,000 should be listed under the supply line in the Other Direct Cost category.

OBM Travel Rule 126-102 (A)(5) states “**Reimbursable travel** expenses include the following expenses, in addition to lodging, meals, and transportation, which are actually incurred as a necessary part of approved travel” and must comply with [OBM Travel Policy rates](http://www.ohiosharedservices.ohio.gov/TravelandExpense.aspx):

1. Miscellaneous transportation expenses including parking charges, road tolls and other reasonably incurred transportation expenses directly related to authorized travel provided such expenses be listed separately on a travel expense report. Receipts are required for all miscellaneous living and business expenses exceeding ten ($10) dollars.
2. Commercial transportation expenses paid by the subrecipient agent including taxi cabs, rental cars, airlines, ferries, subways, buses, trains, and other commercial transportation providers. Receipts shall be required for each individual riding in a commercial vehicle if the total trip costs over ten ($10) dollars.
3. Registration fees paid by the subrecipient agent, which includes conferences, seminars, meetings, and other professional events. Receipts are required for all registration fees paid.
4. Telephone, facsimile, internet, and other similar charges for official state business. A receipt shall be required for any single charge over ten ($10) dollars. The subrecipient shall first use any free internet services offered prior to incurring internet expenses.
5. Lodging, meals, and transportation, which are actually incurred as a necessary part of approved travel and must comply with OMB Travel Policy rates.
6. Miscellaneous living and business expenses for laundry, dry cleaning, personal telephone calls, postage and other expenses if the subrecipient is in overnight lodging for more than one week including a weekend. Receipts are required for all miscellaneous living and business expenses exceeding ten ($10) dollars.

Non-reimbursable travel expenses include, but are not limited to, the following:

1. Alcoholic beverages
2. Entertainment expenses
3. Personal expenses incurred during travel that are primarily for the benefit of the traveler and not directly related to the official purpose of the grant. Examples include, but are not limited to, the purchase of personal hygiene items, magazines or books, movie rentals and other miscellaneous items.
4. Political expenses
5. Travel insurance expenses
6. The cost of traffic fines and parking tickets
7. Travel expenses incurred by any volunteer serving without compensation but listed on the budget application

Contractual employees are not considered subrecipient agency employees under these rules. **Personnel, Other Direct Costs, Equipment, and Services for contractual employees must be included in the contractual agreement.** Contractor travel should be budgeted and reported by classification (e.g., U.S.travel, out of country, patient) under the GMIS Contract category. Priority is given to travel that mostdirectly benefits the project goals. Details describing the activity of each trip for subrecipient andcontractual employees should be provided in the budget justification.

The subrecipient should assure that unspent, unobligated funds are available for travel in the approved project budget. In the event there is insufficient funding available in the approved budget for such travel, a budget revision may be needed.

The subrecipient is obligated to minimize travel costs. The difference in costs between first-class air accommodations and economy-class air accommodations is unallowable except when economy class air accommodations are not available. To obtain further clarification please refer to the OBM Travel Policy, ODH updates, and the GMIS Bulletin Board postings, as issued.

**Travel Stipends** for non-subrecipient agency staff that are supporting the project (e.g., some programs have parents attend specific workshops and pay their travel costs) are allowable. In this case, the line item should be titled “Travel Stipends for Parents.” The subrecipient is to maintain a copy of their Travel Stipend Policy in their respective agency for later ODH review. The agency maintains expenditure records of the stipends and reports the total in one line item. The Agency records must provide the audit trail.

**Patient/Client Travel** consisting of transporting patients to the site where services are provided is allowable, if patient care is an approved activity of the grant supported program and is necessary to meet program objectives. These are transportation costs via use of an agency van (at the approved state rate), tokens, or cost of public transportation. If your program allows gas cards/vouchers, the agency must maintain a log that lists the following: card number, date given, client name, and signature of client and signature or initials of a staff member.

**Depreciation and use allowance** are means of allocating the costs of fixed assets to periods benefiting from the asset’s use. Compensation for the use of buildings, capital improvement to land and building on hand may be made through depreciation or use allowances. A subrecipient cannot claim both depreciation and use allowance.

1. The computation of depreciation or use allowance shall be based on acquisition costs of the asset involved.
2. The computation of depreciation or use allowance will exclude:
   1. The cost of the land,
   2. Any portion of the cost of buildings purchased in part or in full by or donated by the Federal Government, and
   3. Any portion of the cost of buildings contributed by or for the organization, in satisfaction of a matching requirement.
3. Depreciation methods once used shall not be changed unless approved by the Federal cognizant or awarding agency.
4. If the use allowance method is followed, the use allowance will be computed at an annual rate not to exceed two (2) percent of the acquisition costs.
5. Charges for use allowance or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years to ensure the asset exists and is in use.
6. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained

See Appendix 11 for depreciation log with instructions.

Example: A local not-for-profit agency purchases a building for $1,000,000 by obtaining a $500,000 U.S.D.A. loan and $500,000 from a local bank. The maximum acquisition cost the not-for-profit agency can depreciate is $500,000. Using the IRS guidelines for commercial buildings, a useful life of 39 years is considered reasonable. If the organization’s written capitalization policy uses the straight-line method of depreciation, the following is the mathematical calculation for annual depreciation: $500,000/39 years = $12,820 annual depreciation. The organization could therefore charge each of their programs a fair-share percentage of the annual depreciation up to $12,820.

**Note: Please refer to the Other Direct Costs definitions posted on the GMIS bulletin board. The definitions are updated as new line items are added.**

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

1. Determine whether Federal awards were expended only for allowable activities.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Identify the types of activities which are either specifically allowed or prohibited by the laws, regulations, and the provisions of the contract or grant agreements pertaining to the program.  2. When allowability is determined based upon summary level data, perform procedures to verify that:  a. Activities were allowable.  b. Individual transactions were properly classified and accumulated into the activity total.  3. When allowability is determined based upon individual transactions, select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity.  4. The auditor should be alert for large transfers of funds from program accounts which may have been used to fund unallowable activities. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## B. ALLOWABLE COSTS/COST PRINCIPLES

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

All references to sections within 2 CFR Part 200 can be found [here](2%20CFR%20Part%20200.pdf)

### Applicability of Cost Principles

**Important Note:** For a cost to be allowable, it must (1) be for a purpose the specific award permits and (2) fall within 2 CFR Part 200, Subpart E Cost Principles. These two criteria are roughly analogous to classifying a cost by both program/function and object. That is, the grant award generally prescribes the allowable program/function while 2 CFR Part 200, Subpart E prescribes allowable object cost categories and restrictions that may apply to certain object codes of expenditures.

For example, could a government use an imaginary Homeland Security grant to pay OP&F pension costs for its police force? To determine this, the client (and we) would look to the grant agreement to see if police activities (security of persons and property function cost classification) met the program objectives. Then, the auditor would look to Subpart E (provisions for selected items of cost § 200.420-200.475) to determine if pension costs (an object cost classification) are permissible. (200.431(g) states they are allowable, with certain provisions, so we would need to determine if the auditee met the provisions.) Both the client and we should look at 2 CFR Part 200, Subpart E even if the grant agreement includes a budget by object code approved by the grantor agency. Also keep in mind that granting agencies have codified 2 CFR Part 200 and some agencies have been granted exceptions to provisions within 2 CFR Part 200.

*(Source: AOS CFAE)*

The cost principles in 2 CFR Part 200, Subpart E (Cost Principles), prescribe the cost accounting requirements associated with the administration of Federal awards by:

1. States, local governments and Indian tribes
2. Institutions of higher education (IHEs)
3. Nonprofit organizations

As provided in 2 CFR 200.101, the cost principles requirements apply to all Federal awards with the exception of grant agreements and cooperative agreements providing food commodities; agreements for loans, loan guarantees, interest subsidies, insurance; and programs listed in 2 CFR 200.101(e) (see Appendix I of this Supplement). Federal awards administered by publicly owned hospitals and other providers of medical care are exempt from 2 CFR Part 200, Subpart E, but are subject to the requirements [45 CFR Part 75, Appendix IX](Appendix%20IX%20to%20Part%2075_%20Title%2045.pdf), the Department of Health and Human Services (HHS) implementation of 2 CFR Part 200. The cost principles applicable to a non-Federal entity apply to all Federal awards received by the entity, regardless of whether the awards are received directly from the Federal awarding agency or indirectly through a pass-through entity. For this purpose, Federal awards include cost-reimbursement contacts under the Federal Acquisition Regulation (FAR). The cost principles do not apply to Federal awards under which a non-Federal entity is not required to account to the Federal awarding agency or pass-through entity for actual costs incurred.

**Source of Governing Requirements**

The requirements for allowable costs/cost principles are contained in 2 CFR Part 200, Subpart E, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

The requirements for the development and submission of indirect (facilities and administration (F&A)) cost rate proposals and cost allocation plans (CAPs) are contained in 2 CFR Part 200, Appendices III-VII as follows:

* Appendix III to Part 200—Indirect (F&A) Const Identification and Assignment and Rate Determination for Institutions of Higher Education (IHEs)
* Appendix IV to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
* Appendix V to Part 200—State/Local Government-Wide Central Service Cost Allocation Plans
* Appendix VI to Part 200—Public Assistance Cost Allocation Plans
* Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals

Except for the requirements identified below under “Basic Guidelines,” which are applicable to all types of non-Federal entities, this compliance requirement is divided into sections based on the type of non-Federal entity. The differences that exist are necessary because of the nature of the non-Federal entity organizational structures, programs administered, and breadth of services offered by some non-Federal entities and not others.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Basic Guidelines**

Except where otherwise authorized by statute, cost must meet the following general criteria in order to be allowable under Federal awards;

1. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under the principles in 2 CFR Part 200, Subpart E.

2. Conform to any limitations or exclusions set forth in 2 CFR Part 200, Subpart E or in the Federal award as to types or amount of cost items.

3. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.

4. 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.

5. Be determined in accordance with generally accepted accounting principles (GAAP), except, for State and local governments and Indian tribes only, as otherwise provided for in 2 CFR Part 200.

6. 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.

7. Be adequately documented.

**Selected Items of Cost**

2 CFR 200.420 - 200.476 provide the principles to be applied in establishing the allowability of certain items of cost, in addition to the basic considerations identified above. These principles apply whether or not a particular item of cost is treated as a direct cost or indirect (F&A) cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment provided for similar or related items of cost and the principles described in 2 CFR 200.402 - 200.411.

[List of Selected Items of Cost Contained in 2 CFR Part 200](Selected_Items_of_Cost_Part_3_ComplianceSupplement.pdf)

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement.*

**Written Procedure Requirements:**

2 CFR 200.302(b)(7) requires written procedures for determining the allowability of costs in accordance with Subpart E-Cost Principles of this part and the terms and conditions of the Federal award.

2 CFR 200.430 states that costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

2 CFR 200.431 requires established written leave policies if the entity intends to pay fringe benefits.

2 CFR 200.464(a)(2) requires reimbursement of relocation costs to employees be in accordance with an established written policy must be consistently followed by the employer.

2 CFR 200.475 requires reimbursement and/or charges to be consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally funded activities and in accordance with non-Federal entity's written travel reimbursement policies.

*(Source: CFAE/eCFR)*

### Additional Program Specific Information

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

Any staff person paid from COVID-19 Contact Tracing (CT21) funding must complete time and effort reporting.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

Any staff person paid from COVID-19 Enhanced Operations (EO22) funding must complete time and effort reporting.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO21)***

Further guidance for EO21 expenditure planning is contained here, including more information about administrative costs and contact tracing. The 10% administrative cap for EO21 is rescinded. COVID-19 contact tracing cannot be covered using EO21 funds unless your agency has an ODH approved appeal. For the purposes of EO21, contact tracing is defined as calling people exposed to COVID-19 by an infected individual, enrolling them in symptom monitoring and sharing quarantine guidance as directed by the local health department. Any electronic equipment such as laptops, cell phones, headphones, iPads, desktops purchased through grant funds can be repurposed for COVID-19 response, such as vaccine operations, COVID-19 case investigations, COVID-19 outbreak investigation and mitigation. Costs related to COVID-19 case investigation, outbreak investigation and mitigation, including working with schools, employers, universities, long term care facilities and correctional institutes can be covered by EO21. Please use the attached revised Budget Justification Template with budget revisions in GMIS.

|  |  |
| --- | --- |
| Percentage | Allowable Costs pertaining to COVID-19 Infection Prevention and Control and COVID-19 Vaccine Operations Note: Allowable vaccine operations costs cannot exceed 80% of the total award. |
| 90% | Personnel - Regular Time and Overtime, Administrative positions allocated to COVID-19 vaccine operations or infection prevention and control  Other Direct Costs – includes supplies for vaccine clinics such as PPE (masks, gloves, sanitizer, pens) but not ancillary kits, food, and vaccines.  Equipment (unit costs of $1,000 or more)  Contracts |
| 10% unless agency has a federally approved rate. | Indirect costs |

*(Source: April 27, 2021 Memo from ODH, Subgrant Guidance – Contact Tracing Guidance and Recension of Administrative CAP COVID-19 Enhanced Operations (EO21))*

**Ohio Department of Health**

**B2.0 Cost Principles**

Cost principles dictate that subrecipients employ sound management practices when administering ODH grants. Subrecipients must conduct project-related activities in a manner consistent with underlying agreements, project objectives, and the terms and conditions of the grant.

The Office of Management and Budget New Uniform Guidance at [http://www.ecfr.gov](http://www.ecfr.gov/) are federal documents that establish standards for determining costs applicable to federal grants. These principles apply as a matter of policy to the expenditures of all grant funds at ODH. To be allowable under a project program, costs must meet the general criteria established within the OMB Uniform Guidance and Costs Circulars.

Budgeted estimates or other distribution percentages determined prior to the performance of services or the delivery of goods do not qualify as proper support for charges to Federal awards. Only documented actual charges should be charged to the award for goods and services.

**B2.1 Allowable Costs**

Allowable costs are those costs identified by the state or federal granting authority and the expenses in budgeted categories and line items that have been approved by ODH and specified in the Solicitation. The authorized budget categories for ODH grants are Personnel, Other Direct Costs, Equipment, and Contracts. Allowable costs include all subrecipient expenditures, whether paid by grant funds, applicant funds, or program income.

The NOA, which constitutes approval of the original program budget or a subsequently approved budget revision, is used to approve line-item expenditures as allowable costs.

To be allowable under ODH, subrecipient project costs must be budgeted and must meet the following general criteria:

1. Be necessary and reasonable for proper and efficient performance and administration of the program; be allocable to the program under the proper cost principle, and not be a general expense required to carry out overall agency responsibilities;
2. Be authorized or not prohibited under State or local laws or regulations;
3. Conform to OGAPP guidelines and any limitations or exclusions set forth in Federal or State laws, terms and conditions of the award, or other governing regulation/limitations on types or amount of cost items;
4. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal or State awards and other activities of the subrecipient agency;
5. Be accorded consistent treatment through the application of generally accepted accounting principles appropriate to the circumstances;
6. Be supported by adequate documentation;
7. Not be allocable to or included as a cost or used to meet cost sharing or matching requirements of any other state or federally funded program in either the current or a prior period; and
8. Are net of applicable credits (refers to those receipts or reductions of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct costs). This may include vendor rebates, discounts, or refunds granted to project expenditures.

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 shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the agency or the performance of the Award;
2. The restraints or requirements imposed by such factors as sound business practices; arm’s length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the award;
3. Market price for comparable goods or services;
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the agency, its employees, the public, and the Federal or State Government; and
5. Significant deviations from the established practices of the agency, which may unjustifiably increase the cost of the program.

**Note: If a line item is deemed noncompliant with rules and regulations, that cost will be disallowed.**

Items normally considered allowable costs include but are not limited to costs pertaining to accounting, advertising for recruitment of personnel, soliciting procurement bids, books, periodicals, communications, contracts for goods and services, equipment, employee salaries and fringe benefits, employee travel and per diem, exhibits, educational or training materials, maintenance, medical and office supplies, and printing of items that benefit the project. Please refer to the Other Direct Costs definitions to determine where items should be budgeted.

**Note**: Refer to your Solicitation to determine whether Client Incentives and Enablers are allowed.

**Even if a federal program or cost principle allows an expense, ODH reserves the right to be more restrictive and disallow the cost for simplicity or to reduce the burden of monitoring certain expenses.**

**B2.4 Personnel Costs**

Project funds may be used to compensate employees for the time and effort devoted specifically to the execution of a grant program. Employees are individuals that are entered into the subrecipient employment system, receive fringe benefits (i.e., unemployment and worker’s compensation), are eligible to participate in the subrecipient’s retirement program and are subject to subrecipient personnel policies. Individuals who do not meet these criteria are not considered employees but are considered contractual personnel.

Compensation of employees includes all remuneration, paid currently or accrued, for services rendered during the period of performance under the grant agreement. Remuneration includes but is not limited to wages, salaries, fringe benefits, overtime and bonus payments if the compensation is reasonable for the services being rendered. See UG Subpart E. Section 200.403, Factors affecting allowability of costs.

1. Overtime and bonuses are chargeable to federal grant awards as long the following criteria affecting allowability are satisfied:
2. Be necessary and reasonable for the performance of the Federal award
3. Conform to any limitations or exclusions set forth in these principles or federal grant agreement as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity

(d) Be accorded consistent treatment. Costs assigned to a Federal award as direct costs should not again be allocated and charged to the grant as an administrative (indirect cost) for the same purpose or work in which the costs were already incurred and reimbursed.

1. Even though the costs of overtime/bonuses are chargeable to federal grants, they are only allowable to the extent that the costs comply with the following guidelines:

* Comply with existing limitations based on the agency’s personnel policies, grant agreements, union contracts, etc.
* The total time compensated/reported does not exceed percentage of time actually devoted to the funded project unless properly authorized.
* Overtime and bonuses must be allocated and charged to the grant based on the employee’s approved budget percentage(s).
* Overtime salaries and wages for general clerical assistance and admin staff are normally not allowable because these costs should be included in indirect costs.
* Should be disclosed in grant application or approved in writing by the pass through or Federal sponsor.
* Overtime pay and bonus policies should include a methodology for determination of bonuses including amount, period basis, calculation of premium rate vs regular rate, etc.
* Overtime is properly authorized and the time is sufficiently documented clearly indicating the work that is being performed and why overtime is necessary.
* Overtime payments and bonuses require the use of a special account code to identify and track overtime pay and bonuses.
* Bonuses are limited to 3% of an employee’s gross wages (not including fringes) or $1,500, whichever is less. The Ohio Department of Health program administrator must approve all bonuses and enter a comment in GMIS in the project comments section.

Compensation must follow the Ohio Department of Administrative Services regulations and meet federal merit system or other requirements, where applicable. **Federal guidelines require subrecipients to** **maintain Time and Activity or Time and Effort reporting to verify time worked for all employees** **who are charged less than 100% to a specific funding source. See Appendix 5 for a sample of an** **appropriate time and effort report. However, Time and Effort reporting is not required for** **deliverable funding (Please refer to page 9). Staff charged at 100% must complete bi-annual** **certifications. The certifications must include a statement certifying the employee worked 100% on** **a specific funding source, be signed by the employee and employee’s supervisor.**

Compensation will be considered reasonable as long as it is consistent with compensation paid for similar work in other activities of the subrecipient agency. Compensation surveys that provide data on compensation for similar jobs can be used to demonstrate reasonableness.

Compensation of employees includes employee fringe benefits. Fringe benefits includes compensation paid to employees for authorized absences from the job, such as annual leave, sick leave, court leave, and military leave, if they are provided in accordance with an approved leave system. The cost of fringe benefits must be equitably allocated to all related employee activities including program activities and the accounting basis for costing each type of leave (i.e., cash or accrual) must be consistently followed by the agency.

Employee fringe benefits may also be in the form of employer’s contribution for items such as social security, employee life insurance and health insurance plans, unemployment insurance coverage, workers compensation insurance, pension plans, and severance pay provided such benefits are granted under approved plans and are distributed equitably to program and non-program activities. Actual claims paid to or on behalf of employees for workers’ compensation, unemployment compensation, severance pay, and similar employee benefits are allowable in the year of payment.

According to 45 CFR 92.23 and 2 CFR 215.22, grant funds must be expended in the grant period for which they are intended. Therefore, current funds cannot be used for past years’ expenses. It is the agency’s responsibility to budget for leave and other benefits earned during the grant period. During the grant period earned, if all leave and other benefits are not used, then the dollar value of the leave balance and other benefits earned during that grant period are allowable costs and should be maintained in an account designated by the agency. In accordance with the agency’s policies and procedures, this account would be used to cover the costs for accrued leave and other benefits earned during previous grant periods when a long-time staff person retires or leaves the agency.

Invoices for Workers Compensation Insurance are generally issued twice in each calendar year. Subrecipients should only report obligations for Workers’ Compensation Insurance in the period in which an invoice is received. Payments for Workers Compensation Insurance are to be reported in the project period in which the invoice is paid.

ODH reserves the right to disapprove the use of program funds for any specific employee fringe benefit item included in the budget request if, in ODH’s opinion, the item is inconsistent with allowable cost requirements.

Charges to awards for personnel will be based on documented payrolls approved by designated official(s) of the organization. Detailed time and effort reports reflecting the distribution of activity of each employee must be maintained for all staff members whose compensation is charged directly to a project in order to support the allocation of costs. Such documentary support will be required where employees work on:

1. More than one federal award
2. A federal award and a non-federal award

3. An indirect cost activity and a direct cost activity

Reports maintained by any approved agency must meet the following standards:

1. The reports must reflect an after-the-fact determination of the actual activity of each employee.
2. Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
3. The reports must be signed by the individual employee, or by a responsible supervisory official having first-hand knowledge of the activities performed by the employee, to verify that the distribution of activity noted on the report represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
4. The reports must be prepared at least monthly and must coincide with one or more pay periods.

**B2.11 - Indirect Costs**

Indirect costs apply to costs originating in the subrecipient agency for providing goods, equipment, and services necessary to support the project.

1. Subrecipients’ indirect costs proposal must comply with the Federal Funder’s terms as delineated in the Funding Announcement. A Federal grantor may limit, allow or disallow indirect costs. The ODH subrecipient’s budget must reflect the limitations defined in the Funding Announcement.
2. Uniform Grants Guidance (Title 2 Code of Federal Regulation) allows subrecipients to include indirect costs in subgrant applications. Subrecipients may choose one of the following options with regard to indirect costs:
   1. Negotiate and execute an Indirect Cost Rate Agreement with the Federal Funder and base the subrecipient application budget on said agreement. In this instance the agreement must be submitted in GMIS as an attachment to the application;
   2. If the subrecipient has not executed a federally approved Indirect Cost Rate Agreement, the subrecipient may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.
      1. Sub-part A § 200.68 of the Federal Uniform Administrative Requirements defines Modified Total Direct Cost as “….all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and sub-awards and subcontracts up to the first $25,000 of each sub-award or subcontract (regardless of the period of performance of the sub-awards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each sub-award and subcontract in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.,” or*,*
      2. Base the budget solely upon direct costs.
3. If a subrecipient gains a federally approved indirect cost agreement during a subgrant budget period it may submit a budget revision during the first two quarters of the budget period.
4. The NOA amount includes any indirect costs budgeted. Including indirect costs in your subgrant application budget does not result in an increase in the Notice of Award amount.
5. Modified Total Direct Costs (MTDC – 10% rate) Personnel Allowance:

Administrative staff are not permitted to be direct billed to an ODH grant when using the MTDC indirect rate. Administrative staff are staff who benefit the entire agency. Administrative staff includes but is not limited to:

* 1. Health Commissioner
  2. Director
  3. Assistant Director/Assistant Health Commissioner
  4. Finance Staff (unless charged 100% to a subgrant program)
  5. Legal Staff
  6. Clerical Staff (unless charged 100% to a subgrant program)

Direct/program staff are permitted to be direct billed to an ODH grant. The 10% indirect rate can be applied to these staff’s salaries/wages and applicable fringe benefit. Agencies must include the following certification language on the budget justification. (Name of Agency) certifies that this position can be directly attributed to this grant and therefore charging indirect against this position is allowable.

If direct/program staff cannot be directly attributed to an ODH grant then they should not be direct billed to the grant.

ODH Subrecipients’ that have not negotiated indirect cost rates with the Federal government and receive less than $35 million in direct Federal funding per year may use the 10% de minimis indirect cost rate and must keep the documentation of this decision on file. Thus, a governmental unit below the $35 million threshold that has truly never had a federally-negotiated rate, whether actual or *de facto*, may opt to use the *de minimis* methodology.

1. Indirect costs cannot be charged against a deliverable line item.

**C2.4 Cost Allocation Plan**

A cost is allocable to a subgrant project based on the benefits received by the project. Some costs may be shared by a subgrant project and non-project activities of the agency. When an allocation of joint costs will ultimately result in charges to grant supported projects, an allocation plan is required. This section provides policies for the allocation of joint costs to grant supported projects.

Joint costs charged to any grant projects must be in accordance with an approved cost allocation plan. The cost allocation plan must interface with the agency’s accounting system and be supported by the agency’s formal accounting records in order to substantiate the propriety of the charges. The agency cost allocation plan must meet the following requirements:

1. The plan should cover all joint costs of the subrecipient agency that are included in the grant-supported project. At a minimum, the plan should contain the nature and extent of services provided and their relevance to the grant supported project; the item of expense included; and the methods to be used in distributing costs.
2. The allocation plan should base the cost distribution on the type of goods or services provided in order to assure that the grant is not charged more than its fair share of the joint costs. Any method can be used that will produce an equitable distribution of cost. In selecting one method over another, consideration should be given to the additional effort required to achieve a greater degree of accuracy.
3. The following are methods for distributing frequently used for joint costs:
   1. Accounting services: Total dollar volume or number of transactions processed
   2. Auditing: Direct audit hours
   3. Data processing: Machine hours
   4. Disbursing service: Number of checks or warrants issued
   5. Equipment purchase, leasing or depreciation: Percent of machine usage
   6. Legal services: Direct hours
   7. Mail or messenger service: Number of documents handled or employees served
   8. Motor pool costs: Percentage of vehicle mileage
   9. Office space rental and related costs (including utilities): Square feet of space occupied or number of grant-supported project employees
   10. Organization and management services: Direct hours
   11. Payroll services: Number of grant-supported project employees
   12. Program personnel: Direct hours
   13. Personnel administration: Number of employees
   14. Printing and reproduction: Direct hours, job basis, pages printed, etc.
   15. Local telephone: Direct billing or number of instruments
4. Any cost allocable to one subgrant project under these guidelines may not be shifted to other federal or state subgrant projects to overcome fund deficiencies, avoid restrictions imposed by law or grant agreements, or for any other reason.

ODH will not accept project costs that are determined using a base rate or percentage. Cost allocation plans demonstrating the equation used must be maintained for review during ODH on-site reviews. Furthermore, the cost allocation plan used to determine shared costs must be submitted with the application in the application budget.

*(Source: OGAAP Manual, Updated December 2017)*

### Indirect Cost Rate

Except for those non-Federal entities described in 2 CFR Part 200, Appendix VII, paragraph D.1.b, if a non-Federal entity has never received a negotiated indirect cost rate, it may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC). Effective on November 12, 2020, any non-federal entity can use the de minimus rate. Such a rate may be used indefinitely or until the non-Federal entity chooses to negotiate a rate, which the non-Federal entity may do at any time. If a non-Federal entity chooses to use the de minimis rate, that rate must be used consistently for all of its Federal awards. Also, as described in 2 CFR 200.403, costs must be consistently charged as either indirect or direct, but may not be double charged or inconsistently charged as both. In accordance with 2 CFR 200.400(g), a non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the award. A non-federal entity can always choose to charge the federal award less than the negotiated rates or the de minimis rate.

*(Source: 2022 OMB Compliance Supplement Part 3)*

#### Audit Objectives (Deminimis Indirect Cost Rate) and Control Testing Procedures

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

1. Determine that the de minimis rate is applied to the appropriate base amount.
2. Determine that the de minimis rate is used consistently by a non-federal entity under its federal awards.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

#### Suggested Compliance Audit Procedures – De Minimis Indirect Cost Rate

**Note**: The following subsections identify requirements specific to each type of non-Federal entity.

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| The following suggested audit procedures apply to any non-Federal entity using a de minimis indirect cost rate, whether as a recipient or a subrecipient. None of the procedures related to indirect costs in the sections organized by type of non-Federal entity apply when a de minimis rate is used.  **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Determine that the non-Federal entity has not previously claimed indirect costs on the basis of a negotiated rate. Auditors are required to test only for the three fiscal years immediately prior to the current audit period.  2. Test a sample of transactions for conformance with 2 CFR 200.414(f).  a Select a sample of claims for reimbursement of indirect costs and verify that the de minimis rate was used consistently, the rate was applied to the appropriate base, and the amounts claimed were the product of applying the rate to a modified total direct costs base.  b Verify that the costs included in the base are consistent with the costs that were included in the base year, i.e., verify that current year modified total direct costs do not include costs items that were treated as indirect costs in the base year.  3. For a non-Federal entity conducting a single function, which is predominately funded by Federal awards, determine whether use of the de minimis indirect cost rate resulted in the non-Federal entity double-charging or inconsistently charging costs as both direct and indirect. |

**2 CFR PART 200**

### Cost Principles for States, Local Governments and Indian Tribes

**Introduction**

2 CFR Part 200, Subpart E and Appendices III-VII establish principles and standards for determining allowable direct and indirect costs for Federal awards. This section is organized into the following areas of allowable costs: States and Local Government and Indian Tribe Costs (Direct and Indirect); State/Local Government Central Service Costs; and State Public Assistance Agency Costs.

***Cognizant Agency for Indirect Costs***

2 CFR Part 200, Appendix V, paragraph F, provides the guidelines to use when determining the Federal agency that will serve as the cognizant agency for indirect costs for States, local governments, and Indian tribes. References to the “cognizant agency for indirect costs” are not equivalent to the cognizant agency for audit responsibilities, which is defined in 2 CFR 200.1\_Cognizant\_Agency.

For indirect cost rates and departmental indirect cost allocation plans, the cognizant agency is generally the Federal agency with the largest value of direct Federal awards (excluding pass-through awards) with a governmental unit or component, as appropriate. In general, unless different arrangements are agreed to by the concerned Federal agencies or described in 2 CFR Part 200, Appendix V, paragraph F, the cognizant agency for central service cost allocation plans is the Federal agency with the largest dollar value of total Federal awards (including pass-through awards) with a governmental unit.

Once designated as the cognizant agency for indirect costs, the Federal agency remains so for a period of 5 years. In addition, 2 CFR Part 200, Appendix V, paragraph F, lists the cognizant agencies for certain specific types of plans and the cognizant agencies for indirect costs for certain types of governmental entities. For example, HHS is cognizant for all public assistance and State-wide cost allocation plans for all States (including the District of Columbia and Puerto Rico), State and local hospitals, libraries, and health districts and the Department of the Interior (DOI) is cognizant for all Indian tribal governments, territorial governments, and State and local park and recreational districts.

*(Source: 2022 OMB Compliance Supplement Part 3)*

#### Audit Objectives/Compliance Requirements and Control Tests Allowable Costs –– Direct and Indirect Costs

The individual State/local government/Indian tribe departments or agencies (also known as “operating agencies”) are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with 2 CFR Part 200, Subpart E.

The indirect cost rate proposal (ICRP) provides the documentation prepared by a State/local government/Indian tribe department or agency to substantiate its request for the establishment of an indirect cost rate. The indirect costs include (1) costs originating in the department or agency of the governmental unit carrying out Federal awards, and (2) for States and local governments, costs of central governmental services distributed through the State/local government-wide central service CAP that are not otherwise treated as direct costs. The ICRPs are based on the most current financial data and are used to either establish predetermined, fixed, or provisional indirect cost rates or to finalize provisional rates (for rate definitions refer to 2 CFR Part 200, Appendix VII, paragraph B).

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

**Audit Objectives: Direct Costs**

Determine whether the organization complied with the provisions of 2 CFR Part 200 as follows:

1. Direct charges to federal awards were for allowable costs.
2. Unallowable costs determined to be direct costs were included in the allocation base for the purpose of computing an indirect cost rate.

**Audit Objectives: Indirect Costs**

Determine whether the governmental unit complied with the provisions of 2 CFR Part 200 as follows:

1. Charges to cost pools used in calculating indirect cost rates were for allowable costs.
2. The methods for allocating the costs are in accordance with the cost principles, and produce an equitable and consistent distribution of costs (e.g., all activities that benefit from the indirect cost, including unallowable activities, must receive an appropriate allocation of indirect costs).
3. Indirect cost rates were applied in accordance with negotiated indirect cost rate agreements (ICRA).
4. For State/local departments or agencies that do not have to submit an ICRP to the cognizant agency for indirect costs (those that receive less than $35 million in direct Federal awards), indirect cost rates were applied in accordance with the ICRP maintained on file.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Additional Control Test Objectives for Written Procedures**

When documenting and identifying the key control(s) in place to address the compliance requirement, consider if the client has written procedures to document the control process.

* UG requires written policies for the requirements outlined in 2 CFR 200.302(b)(7), 2 CFR 200.430, 2 CFR 200.431, 2 CFR 200.464(a)(2), and 2 CFR 200.475*.*
* Document whether the non-federal entity established written procedures consistent with the following requirements:
  + 2 CFR 200.302(b)(7) for determining the allowability of costs in accordance with Subpart E-Cost Principles.
  + 2 CFR 200.430 for allowability of compensation costs.
  + 2 CFR 200.431 for written leave policies.
  + 2 CFR 200.464(a)(2) for reimbursement of relocation costs.
  + 2 CFR 200.475 for travel reimbursements.
* It is auditor judgment how to report instances where the entity either lacks having a written policy or their written policy is insufficient to meet the requirements of 2 CFR 200.302(b)(7), 2 CFR 200.430, 2 CFR 200.431, 2 CFR 200.464(a)(2), and 2 CFR 200.475.
  + While auditors would normally use a written policy as the basis for the compliance control, there could be other key controls in place to ensure program compliance.
  + The lack of a policy would be noncompliance, which could rise to the level of material noncompliance and even a control deficiency (SD / MW) if there were underlying internal control deficiencies.
    - If there are key controls in place operating effectively, AOS auditors would report the lack of the required UG policy as a management letter citation. However, in subsequent audits, evaluate if the noncompliance should be elevated if not adopted. Written policies aid in consistency and adherence to requirements strengthening internal control processes.

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

#### Suggested Compliance Audit Procedures – Direct and Indirect Costs

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| ***Direct Costs***  Test a sample of transactions for conformance with the following criteria contained in 2 CFR Part 200, as applicable:   1. If the auditor identifies unallowable direct costs, the auditor should be aware that “directly associated costs” might have been charged. Directly associated costs are costs incurred solely as a result of incurring another cost, and would not have been incurred if the other cost had not been incurred. For example, fringe benefits are “directly associated” with payroll costs. When an unallowable cost is incurred, directly associated costs are also unallowable. 2. Costs were approved by the Federal awarding agency, if required (see the above table (Selected Items of Cost, Exhibit 1) or 2 CFR 200.407 for selected items of cost that require prior written approval). 3. Costs did not consist of improper payments, including (1) payments that should not have been made or that were made in incorrect amounts (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements; (2) payments that do not account for credit for applicable discounts; (3) duplicate payments; (4) payments that were made to an ineligible party or for an ineligible good or service; and (5) payments for goods or services not received (except for such payments where authorized by law).   d. Costs were necessary and reasonable for the performance of the Federal award and allocable under the principles of 2 CFR Part 200, Subpart E.  e. Costs conformed to any limitations or exclusions set forth in 2 CFR Part 200, Subpart E, or in the Federal award as to types or amount of cost items.  f. Costs were consistent with policies and procedures that apply uniformly to both federally financed and other activities of the State/local government/Indian tribe department or agency.  g. Costs were accorded consistent treatment. Costs were not assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances was allocated to the Federal award as an indirect cost.  h. Costs were not included as a cost of any other federally financed program in either the current or a prior period.  i. Costs were not used to meet the cost-sharing or matching requirements of another Federal program, except where authorized by Federal statute.  j. Costs were adequately documented.  ***Indirect Costs***  a. If the State/local department or agency is not required to submit an ICRP and related supporting documentation, the auditor should consider the risk of the reduced level of oversight in designing the nature, timing, and extent of compliance testing.  b. *General Audit Procedures* – The following procedures apply to charges to cost pools that are allocated wholly or partially to Federal awards or used in formulating indirect cost rates used for recovering indirect costs under Federal awards.  (1) Test a sample of transactions for conformance with:  (a) The criteria contained in the “Basic Considerations” section of 2 CFR 200.402 - 200.411.  (b) The principles to establish allowability or unallowability of certain items of cost (2 CFR 200.420 - 200.476).  Note: While several selected items of cost are included in Exhibit 1 , one item to note is *Compensation - Personnel Services*, (formally referred to as Time and Effort/Semi Annual Certification). See 2 CFR 200.430.  (2) If the auditor identifies unallowable costs, the auditor should be aware that directly associated costs might have been charged. Directly associated costs are costs incurred solely as a result of incurring another cost, and would have not been incurred if the other cost had not been incurred. When an unallowable cost is incurred, directly associated costs are also unallowable. For example, occupancy costs related to unallowable general costs of government are also unallowable.  c. *Special Audit Procedures for State, Local Government, and Indian Tribe ICRPs (see also the AOS discussion on* [*testing the ICRP*](Testing%20the%20ICRP%20discussion.pdf)*)*  (1) Verify that the ICRP includes the required documentation in accordance with 2 CFR Part 200, Appendix VII, paragraph D.  (2) *Testing of the ICRP* – There may be a timing consideration when the audit is completed before the ICRP is completed. In this instance, the auditor should consider performing interim testing of the costs charged to the cost pools and the allocation bases (e.g., determine from management the cost pools that management expects to include in the ICRP and test the costs for compliance with 2 CFR Part 200). Should there be audit exceptions, corrective action may be taken earlier to minimize questioned costs. In the next year’s audit, the auditor should complete testing and verify management’s representations against the completed ICRP.  The following procedures are some acceptable options the auditor may use to obtain assurance that the costs collected in the cost pools and the allocation methods used are in compliance with 2 CFR Part 200, Subpart E:  (a) *Indirect Cost Pool* – Test the indirect cost pool to ascertain if it includes only allowable costs in accordance with 2 CFR Part 200.  (i) Test to ensure that unallowable costs are identified and eliminated from the indirect cost pool (e.g., capital expenditures, general costs of government).  (ii) Identify significant changes in expense categories between the prior ICRP and the current ICRP. Test a sample of transactions to verify the allowability of the costs.  (iii) Trace the central service costs that are included in the indirect cost pool to the approved State/local government or central service CAP or to plans on file when submission is not required.  (b) *Direct Cost Base* – Test the methods of allocating the costs to ascertain if they are in accordance with the applicable provisions of 2 CFR Part 200 and produce an equitable distribution of costs.  (i) Determine that the proposed base(s) includes all activities that benefit from the indirect costs being allocated.  (ii) If the direct cost base is not limited to direct salaries and wages, determine that distorting items are excluded from the base. Examples of distorting items include capital expenditures, flow-through funds (such as benefit payments), and subaward costs in excess of $25,000 per subaward.  (iii) Determine the appropriateness of the allocation base (e.g., salaries and wages, modified total direct costs).  (c) *Other Procedures*  (i) Examine the records for employee compensation to ascertain if they are accurate, and the costs are allowable and properly allocated to the various functional and programmatic activities to which salary and wage costs are charged. (Refer to 2 CFR 200.430 for additional information on support of salaries and wages.)  (ii) For an ICRP using the multiple allocation base method, test statistical data (e.g., square footage, audit hours, salaries and wages) to ascertain if the proposed allocation or rate bases are reasonable, updated as necessary, and do not contain any material omissions.  (3) *Testing of Charges Based Upon the ICRA* – Perform the following procedures to test the application of charges to Federal awards based upon an ICRA:  (a) Obtain and read the current ICRA and determine the terms in effect.  (b) Select a sample of claims for reimbursement and verify that the rates used are in accordance with the rate agreement, that rates were applied to the appropriate bases, and that the amounts claimed were the product of applying the rate to the applicable base. Verify that the costs included in the base(s) are consistent with the costs that were included in the base year (e.g., if the allocation base is total direct costs, verify that current-year direct costs do not include costs items that were treated as indirect costs in the base year).  (4) *Other Procedures* – No Negotiated ICRA  (a) If an indirect cost rate has not been negotiated by a cognizant agency for indirect costs, the auditor should determine whether documentation exists to support the costs. When the auditee has documentation, the suggested general audit procedures under paragraph 3.b above should be performed to determine the appropriateness of the indirect cost charges to awards.  (b) If an indirect cost rate has not been negotiated by a cognizant agency for indirect costs, and documentation to support the indirect costs does not exist, the auditor should question the costs based on a lack of supporting documentation. |

### Allowable Costs – State/Local Government-wide Central Service Costs

Most governmental entities provide services, such as accounting, purchasing, computer services, and fringe benefits, to operating agencies on a centralized basis. Since the Federal awards are performed within the individual operating agencies, there must be a process whereby these central service costs are identified and assigned to benefiting operating agency activities on a reasonable and consistent basis. The State/local government-wide central service cost allocation plan (CAP) provides that process. (Refer to 2 CFR Part 200, Appendix V, for additional information and specific requirements.)

The allowable costs of central services that a governmental unit provides to its agencies may be allocated or billed to the user agencies. The State/local government-wide central service CAP is the required documentation of the methods used by the governmental unit to identify and accumulate these costs, and to allocate them or develop billing rates based on them.

Allocated central service costs (referred to as Section I costs) are allocated to benefiting operating agencies on some reasonable basis. These costs are usually negotiated and approved for a future year on a “fixed-with-carry-forward” basis. Examples of such services might include general accounting, personnel administration, and purchasing. Section I costs assigned to an operating agency through the State/local government-wide central service CAP are typically included in the agency’s indirect cost pool.

Billed central service costs (referred to as Section II costs) are billed to benefiting agencies and/or programs on an individual fee-for-service or similar basis. The billed rates are usually based on the estimated costs for providing the services. An adjustment will be made at least annually for the difference between the revenue generated by each billed service and the actual allowable costs. Examples of such billed services include computer services, transportation services, self- insurance, and fringe benefits. Section II costs billed to an operating agency may be charged as direct costs to the agency’s Federal awards or included in its indirect cost pool.

*(Source: 2022 OMB Compliance Supplement Part 3)*

#### Audit Objectives/Compliance Requirements and Control Tests Allowable Costs - State/Local Government-wide Central Service Costs

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

1. Determine whether the governmental unit complied with the provisions of 2 CFR part 200 as follows:
   1. Charges to cost pools allocated to Federal awards through the central service CAPs were for allowable costs.
   2. The methods of allocating the costs are in accordance with the cost principles, and produce an equitable and consistent distribution of costs, which benefit from the central service costs being allocated (e.g., cost allocation bases include all activities, including all State departments and agencies and, if appropriate, non-State organizations which receive services).
2. Cost allocations were in accordance with central service CAPs approved by the cognizant agency for indirect costs or, in cases where such plans are not subject to approval, in accordance with the plan on file.

**Compliance Requirements – State/Local Government-Wide Central Service Costs**

1. *Submission Requirements*
   1. Submission requirements are identified in 2 CFR Part 200, Appendix V, paragraph D.
   2. A State is required to submit a State-wide central service CAP to HHS for each year in which it claims central service costs under Federal awards.
   3. A “major local government” is required to submit a central service CAP to its cognizant agency for indirect costs annually. *Major local government* means a local government that receives more than $100 million in direct Federal awards (not including pass-through awards) subject to 2 CFR Part 200, Subpart E. All other local governments claiming central service costs must develop a CAP in accordance with the requirements described in 2 CFR part 200 and maintain the plan and related supporting documentation for audit. These local governments are not required to submit the plan for Federal approval unless they are specifically requested to do so by the cognizant agency for indirect costs.
   4. All central service CAPs will be prepared and, when required, submitted within the 6 months prior to the beginning of the governmental unit’s fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency for indirect costs on a case-by-case basis.
2. *Documentation Requirements*
   1. The central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under Federal awards. Costs of central services omitted from the CAP will not be reimbursed.
   2. The documentation requirements for all central service CAPs are contained in 2 CFR Part 200, Appendix V, paragraph E. All plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the record retention requirements contained in 2 CFR section 200.334(f).
3. *Required Certification –* No proposal to establish a central service CAP, whether submitted to the cognizant agency for indirect costs or maintained on file by the governmental unit, must be accepted and approved unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as set forth in 2 CFR Part 200, Appendix V, paragraph E.4.
4. *Allocated Central Service Costs (Section I Costs)* – A carry-forward adjustment is not permitted for a central service activity that was not included in the approved plan, or for unallowable costs that must be reimbursed immediately (2 CFR Part 200, Appendix V, paragraph G.3).
5. *Billed Central Service Costs (Section II Costs)*
   1. Each billed central service activity must separately account for all revenues (including imputed revenues) generated by the service, expenses incurred to furnish the service, and profit/loss (2 CFR Part 200, Appendix V, paragraph G.1).
   2. Internal service funds for central service activities are allowed a working capital reserve of up to 60 calendar days cash expenses for normal operating purposes (2 CFR Part 200, Appendix V, paragraph G.2). A working capital reserve exceeding 60 calendar days may be approved by the cognizant agency for indirect costs in exceptional cases.
   3. Adjustments of billed central services are required when there is a difference between the revenue generated by each billed service and the actual allowable costs (2 CFR Part 200, Appendix V, paragraph G.4). A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and the allowable costs. The adjustments will be made through one of the following methods, at the option of the cognizant agency:
      1. If revenue exceeds costs, a cash refund to the Federal Government for the Federal share of the adjustment, including earned or imputed interest from the date of expenditure and debt interest, if applicable, chargeable in accordance with applicable cognizant agency for indirect costs regulations;
      2. Credits to the amounts charged to the individual programs;
      3. Adjustments to future billing rates; or
      4. Adjustments to allocated central service costs (Section I) if the total amount of the adjustment for a particular service (Federal share and non-Federal share) does not exceed $500,000.
   4. Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds must be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer and debt interest, if applicable, chargeable in accordance with applicable cognizant agency for indirect cost claims collection regulations (2 CFR section 200.447(d)(5)).

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

#### Suggested Compliance Audit Procedures – State/Local Government-Wide Central Service Costs

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| a. For local governments that are not required to submit the central service CAP and related supporting documentation, the auditor should consider the risk of the reduced level of oversight in designing the nature, timing and extent of compliance testing.  b. *General Audit Procedures for State/Local Government-Wide Central Service CAPs* – The following procedures apply to charges to cost pools that are allocated wholly or partially to Federal awards or used in formulating indirect cost rates used for recovering indirect costs under Federal awards.  (1) Test a sample of transactions for conformance with:  (a) The criteria contained in the “Basic Considerations” section of 2 CFR Part 200, Subpart E (200.402 – 200.411).  (b) The principles to establish allowability or unallowability of certain items of cost (2 CFR 200.420 – 200.476).  (2) If the auditor identifies unallowable costs, the auditor should be aware that directly associated costs might have been charged. Directly associated costs are costs incurred solely as a result of incurring another cost, and would have not been incurred if the other cost had not been incurred. When an unallowable cost is incurred, directly associated costs are also unallowable. For example, occupancy costs related to unallowable general costs of government are also unallowable.  c. *Special Audit Procedures for State/Local Government-Wide Central Service CAPs*  (1) Verify that the central service CAP includes the required documentation in accordance with 2 CFR Part 200 Appendix V, paragraph E.  (2) *Testing of the State/Local Government-Wide Central Service CAPs – Allocated Section I Costs*  (a) If new allocated central service costs were added, review the justification for including the item as Section I costs to ascertain if the costs are allowable (e.g., if costs benefit Federal awards).  (b) Identify the central service costs that incurred a significant increase in actual costs from the prior year’s costs. Test a sample of transactions to verify the allowability of the costs.  (c) Ascertain if the bases used to allocate costs are appropriate, i.e., costs are allocated in accordance with relative benefits received.  (d) Ascertain if the proposed bases include all activities that benefit from the central service costs being allocated, including all users that receive the services. For example, the State-wide central service CAP should allocate costs to all benefiting State departments and agencies, and, where appropriate, non-State organizations, such as local government agencies.  (e) Perform an analysis of the allocation bases by selecting agencies with significant Federal awards to determine if the percentage of costs allocated to these agencies has increased from the prior year. For those selected agencies with significant allocation percentage increases, ascertain if the data included in the bases are current and accurate.  (f) Verify that carry-forward adjustments are properly computed in accordance with 2 CFR Part 200, Appendix V, paragraph G.3.  (3) *Testing of the State/Local Government-Wide Central Service CAPs – Billed Section II Costs*  (a) For billed central service activities accounted for in separate funds (e.g., internal service funds), ascertain if:  (i) Retained earnings/fund balances (including reserves) are computed in accordance with the cost principles;  (ii) Working capital reserves are not excessive in amount (generally not greater than 60 calendar days for cash expenses for normal operations incurred for the period exclusive of depreciation, capital costs, and debt principal costs); and  (iii) Adjustments were made when there is a difference between the revenue generated by each billed service and the actual allowable costs.  (b) Test to ensure that all users of services are billed in a consistent manner. For example, examine selected billings to determine if all users (including users outside the governmental unit) are charged the same rate for the same service.  (c) Test that billing rates exclude unallowable costs, in accordance with the cost principles and Federal statutes.  (d) Test, where billed central service activities are funded through general revenue appropriations, that the billing rates (or charges) were developed based on actual costs and were adjusted to eliminate profits.  (e) For self-insurance and pension funds, ascertain if the fund contributions are appropriate for such activities as indicated in the current actuarial report.  (f) Determine if refunds were made to the Federal Government for its share of funds transferred from the self-insurance reserve to other accounts, including imputed or earned interest from the date of the transfer. |

### Allowable Costs – State Public Assistance Agency Costs

State public assistance agency costs are (1) defined as all costs allocated or incurred by the State agency except expenditures for financial assistance, medical vendor payments, and payments for services and goods provided directly to program recipients (e.g., day care services); and (2) normally charged to Federal awards by implementing the public assistance cost allocation plan (CAP). The public assistance CAP provides a narrative description of the procedures that are used in identifying, measuring, and allocating all costs (direct and indirect) to each of the programs administered or supervised by State public assistance agencies.

The 2 CFR Part 200, Appendix VI, paragraph A, states that, since the federally financed programs administered by State public assistance agencies are funded predominantly by HHS, HHS is responsible for the requirements for the development, documentation, submission, negotiation, and approval of public assistance CAPs. These requirements are specified in [45 CFR Part 95, Subpart E](45%20CFR%20Part%2095.pdf).

Major Federal programs typically administered by State public assistance agencies include: Temporary Assistance for Needy Families (AL 93.558), Medicaid (AL 93.778), Supplemental Nutrition Assistance Program (AL 10.561), Child Support Enforcement (AL 93.563), Foster Care (AL 93.658), Adoption Assistance (AL 93.659), and Social Services Block Grant (AL 93.667).

*(Source: 2022 OMB Compliance Supplement Part 3)*

#### Audit Objectives/Compliance Requirements and Control Tests Allowable Costs - State Public Assistance Agency Costs

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives – State Public Assistance Agency Costs**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

1. Determine whether the governmental unit complied with the provisions of 2 CFR Part 200 as follows:
   1. Direct charges to Federal awards were for allowable costs.
   2. Charges to cost pools allocated to federal awards through the public assistance CAP were for allowable costs.
   3. The approved public assistance CAP correctly describes the actual procedures used to identify, measure, and allocate costs to each of the programs operated by the State public assistance agency. However, the actual procedures or methods of allocating costs must be in accordance with the cost principles, and produce an equitable and consistent distribution of costs.
   4. Charges to federal awards are in accordance with the approved public assistance CAP. This does not apply if the auditor first determines that the approved CAP is not in compliance with the cost principles and/or produces an inequitable distribution of costs.
   5. The employee compensation reporting systems are implemented and operated in accordance with the methodologies described in the approved public assistance CAP.

**Compliance Requirements – State/Local Government-Wide Central Service Costs**

1. *Submission Requirements*

Unlike most State/local government-wide central service CAPs and ICRPs, an annual submission of the public assistance CAP is not required. Once a public assistance CAP is approved, State public assistance agencies are required to promptly submit amendments to the plan if any of the following events occur (45 CFR section 95.509):

* 1. The procedures shown in the existing CAP become outdated because of organizational changes, changes to the Federal law or regulations, or significant changes in the program levels, affecting the validity of the approved cost allocation procedures.
  2. A material defect is discovered in the CAP.
  3. The CAP for public assistance programs is amended so as to affect the allocation of costs.
  4. Other changes occur which make the allocation basis or procedures in the approved CAP invalid.

The amendments must be submitted to HHS for review and approval.

1. *Documentation Requirements* – A State may claim Federal financial participation for costs associated with a program only in accordance with its approved CAP. The public assistance CAP requirements are contained in 45 CFR section 95.507.
2. *Implementation of Approved Public Assistance CAPs* – Since public assistance CAPs are of a narrative nature, the Federal Government needs assurance that the CAP has been implemented as approved. This is accomplished by funding agencies’ reviews, single audits, or audits conducted by the cognizant agency for audit (2 CFR Part 200 Appendix VI, paragraph E.1).

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

#### Suggested Compliance Audit Procedures – State Public Assistance Agency Costs

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| This may be applicable to public assistance programs at the local level  a. Since a significant amount of the costs in the public assistance CAP are allocated based on employee compensation reporting systems, it is suggested that the auditor consider the risk when designing the nature, timing, and extent of compliance testing.  b. *General Audit Procedures* – The following procedures apply to direct charges to Federal awards as well as charges to cost pools that are allocated wholly or partially to Federal awards.  (1) Test a sample of transactions for conformance with:  (a) The criteria contained in the “Basic Considerations” section of 2 CFR 200.402 - 200.411.  (b) The principles to establish allowability or unallowability of certain items of cost (2 CFR 200.420 - 200.476).  (2) If the auditor identifies unallowable costs, the auditor should be aware that directly associated costs might have been charged. Directly associated costs are costs incurred solely as a result of incurring another cost, and would have not been incurred if the other cost had not been incurred. When an unallowable cost is incurred, directly associated costs are also unallowable. For example, occupancy costs related to unallowable general costs of government are also unallowable.  c. *Special Audit Procedures for Public Assistance CAPs*  (1) Verify that the State public assistance agency is complying with the submission requirements, i.e., an amendment is promptly submitted when any of the events identified in [45 CFR 95.509](45%20CFR%20Part%2095.pdf) occur.  (2) Verify that public assistance CAP includes the required documentation in accordance with [45 CFR 95.507](45%20CFR%20Part%2095.pdf).  (3) *Testing of the Public Assistance CAP* – Test the methods of allocating the costs to ascertain if they are in accordance with the applicable provisions of the cost principles and produce an equitable distribution of costs. Appropriate detailed tests may include:  (a) Examining the results of the employee compensation system or in addition the records for employee compensation to ascertain if they are accurate, allowable, and properly allocated to the various functional and programmatic activities to which salary and wage costs are charged.  (b) Since the most significant cost pools in terms of dollars are usually allocated based upon the distribution of income maintenance and social services workers’ efforts identified through random moment time studies, determining whether the time studies are implemented and operated in accordance with the methodologies described in the approved public assistance CAP. For example, verifying the adequacy of the controls governing the conduct and evaluation of the study, and determining that the sampled observations were properly selected and performed, the documentation of the observations was properly completed, and the results of the study were correctly accumulated and applied. Testing may include observing or interviewing staff who participate in the time studies to determine if they are correctly recording their activities.  (c) Testing statistical data (e.g., square footage, case counts, salaries and wages) to ascertain if the proposed allocation bases are reasonable, updated as necessary, and do not contain any material omissions.  (4) *Testing of Charges Based Upon the Public Assistance CAP* – If the approved public assistance CAP is determined to be in compliance with the cost principles and produces an equitable distribution of costs, verify that the methods of charging costs to Federal awards are in accordance with the approved CAP and the provisions of the approval documents issued by HHS. Detailed compliance tests may include:  (a) Verifying that the cost allocation schedules, supporting documentation and allocation data are accurate and that the costs are allocated in compliance with the approved CAP.  (b) Reconciling the allocation statistics of labor costs to employee compensation records (e.g., random moment sampling observation forms).  (c) Reconciling the allocation statistics of non-labor costs to allocation data, (e.g., square footage or case counts).  (d) Verifying direct charges to supporting documents (e.g., purchase orders).  (e) Reconciling the costs to the Federal claims. |

### Cost Principles for Nonprofit Organizations

If the federal program is an NPO, review the 2022 OMB compliance supplement [Allowable Costs/Cost Principles section](Cost%20Principles%20for%20Nonprofit%20Organizations.pdf). This section can be completed as an addendum to the FACCR, saved within your working papers and the cross-referenced section can also be added on this page.

Cross Reference to the NPO Allowable cost principles testing: \_\_\_\_\_\_\_\_\_\_\_\_\_

*(Source: 2022 OMB Compliance Supplement Part 3)*

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## C. CASH MANAGEMENT

### OMB Compliance Requirements

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

***Grants and Cooperative Agreements***

***All Non-Federal Entities***

**Written Procedure Requirements:**

Non-Federal entities must establish written procedures to implement the requirements of 2 CFR 200.305 (2 CFR 200.302(b)(6)).

***States***

US Department of the Treasury (Treasury) regulations at [31 CFR Part 205](31%20CFR%20Part%20205.pdf) implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq*.*). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of Federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

***Non-Federal Entities Other Than States***

Non-Federal entities must minimize the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity for direct program or project costs and the proportionate share of allowable indirect costs, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means (2 CFR 200.305(b)).

What constitutes minimized elapsed time for funds transfer will depend on what payment system/method a non-federal entity uses. For example:

* The US Department of Health and Human Service (HHS) processes its financial transactions with non-federal entities through HHS’s Program Support Center (PCS), which uses the Payment Management System (PMS). Usually, payments from PMS process overnight and the funds would be available in a non-federal entity’s account the next business day. HHS also processes payments through same day wires (mostly state governments).
* Federal agencies, such as the US Department of Commerce, and US Department of the Interior, use the US Treasury’s Automated Standard Application for Payments (ASAP) system for grant and cooperative agreement payments. Non-federal entities can use the ASAP on-line process to request and receive same-day payment.

Under the advance payment method, federal awarding agency or pass-through entity payment is made to the non-federal entity before the non-federal entity disburses the funds for program purposes (2 CFR section 200.3). A non-federal entity must be paid in advance provided that it maintains, or demonstrates the willingness to maintain, both written procedures that minimize the time elapsing between the transfer of funds from the US Treasury and disbursement by the non-federal entity, as well as a financial management system that meets the specified standards for fund control and accountability (2 CFR section 200.305(b)(1)).

The reimbursement payment method is the preferred payment method if (a) the non-federal entity cannot the meet the requirements in 2 CFR section 200.305(b)(1) for advance payment, (b) the federal awarding agency sets a specific condition for use of the reimbursement or (3) if requested by the non-federal entity (2 CFR sections 200.305(b)(3) and 200.207)). The reimbursement payment method also may be used on a federal award for construction or for other construction activity as specified in 2 CFR section 200.305(b)(3), program costs must be paid by non-federal entity funds before submitting a payment request (2 CFR section 200.305(b)(3)) (i.e., the non-federal entity must disburse funds for program purposes before requesting payment from the federal awarding agency or pass-through entity).

To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional Federal cash draws (2 CFR 200.305(b)(5)).

Except for interest exempt under the Indian Self-Determination and Education Assistance Act (23 USC 450), interest earned by non-Federal entities other than States on advances of Federal funds is required to be remitted annually to the U. S. Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852. Up to $500 per year may be kept for administrative expenses (2 CFR section 200.305(b)(9)).

**Cost-Reimbursement Contracts under the Federal Acquisition Regulation**

For cost-reimbursement contracts under the FAR, reimbursement payment is the predominant method of funding. Advance payments under FAR-based contracts are rare. The FAR clause at 48 CFR section 52.216-7 applies to reimbursement payment. Paragraph (b)(1) of that clause requires that the non-federal entity request reimbursement for (a) only allocable, allowable, and reasonable contract costs that have already been paid, or (b) if the non-federal entity is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid. As defined in 48 CFR section 52.216-7(b)(1), with relation to supplies and services purchased for use on the contract, “ordinary course of business” would be in accordance with the terms and conditions of a subcontract or invoice, and ordinarily within 30 days of the request to the federal government for reimbursement.

For cost-reimbursement contracts using advance payment, the requirements are contained in the FAR clause at 48 CFR section 52.232-12. The non-federal entity is required to account for interest earned on advances from the federal government in accordance with paragraph (f) of that clause.

***Loans, Loan Guarantees, Interest Subsidies, and Insurance***

Non-Federal entities must comply with applicable program requirements for payment under loans, loan guarantees, interest subsidies, and insurance.

***Pass-through Entities***

Pass-through entities must monitor cash drawdowns by their subrecipients to ensure that the time elapsing between the transfer of Federal funds to the subrecipient and their disbursement for program purposes is minimized as required by the applicable cash management requirements in the Federal award to the recipient (2 CFR 200.305(b)(1)).

**Source of Governing Requirements**

The requirements for cash management are contained in 2 CFR 200.302(b)(6) and 200.305, [31 CFR Part 205](31%20CFR%20Part%20205.pdf), [48 CFR 52.216-7(b)](48%20CFR%2052.216-7.pdf) and [52.232-12](48CFR52.232-12.pdf), program legislation, federal awarding agency regulations, and the terms and conditions of the federal award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Availability of Other Information**

Treasury’s Financial Management Service maintains a Cash Management Improvement Act web page (<http://www.fms.treas.gov/cmia/>). Information about the Department of Health and Human Services Payment Management System and the Department of the Treasury’ Automated Standard Application for Payments is available at <https://pms.psc.gov/>and [http://fms.treas.gov/asap/index.html,](http://fms.treas.gov/asap/index.html) respectively.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Note:** Violations of cash management rules *alone* generally should not result in a questioned cost unless the entity spent the interest earnings related to the excess grant cash balances on hand throughout the year (these monies would be payable back to the pass-through/federal agency). Further, the interest earnings expended must exceed $25,000 in a single major program to be a questioned cost.

*(Source: AOS CFAE)*

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement.*

### Additional Program Specific Information

**Ohio Department of Health**

**C2.3 Cash Management**

Grant funds and project income must be accounted for and as such, must be managed in accordance with subrecipient procedures used in managing non-project funds. Grant funds must be used only for allowable costs. Any unspent balance must be returned to ODH with forty-five (45) calendar days of the invoice date. It is the responsibility of the project director to maintain communication with the agency director and the chief fiscal officer to ensure that these conditions are met.

Grant funds received as checks and/or project income must be deposited promptly, **no later than three (3) calendar days after the date of receipt.**

**C2.6 Co-Mingling of Funds**

**Physical segregation of cash deposits or the establishment of any eligibility requirements for funds, which are provided, to a subrecipient is not required.** However, the accounting systems of allsubrecipients must ensure that project funds are not co-mingling with other federal or state funds. Eachgrant must be accounted for separately. Subrecipients **are prohibited** from co-mingling funds on either aproject-by-project basis or a program-by-program basis.

Funds specifically budgeted and/or received for one project may not be used to support another. If a subrecipient’s accounting system cannot comply with this requirement, the subrecipient shall establish a system to account adequately for each project separately.

**D1.5 Interest Income**

Income earned by the subrecipient on the subrecipient’s own financial resources may be used to support the program as program funds. Interest earned on federal funds must be treated according to the federal regulations governing the program funding source (e.g., 7 CFR 3016 for non-entitlement USDA funded programs, 7 CFR 3015 for USDA entitlement programs, or OMB Circulars A-102 or A-110).

*Nongovernmental recipients* – For all federal grant awards and sub-rewards, any interest earned by nongovernmental recipients on advances of federal funds that exceeds $250 per year in the aggregate must be remitted annually through the Payment Management System PMS, the government-wide agent for collection. (The year is based on the recipient’s or subrecipient’s fiscal year.) Recipients with electronic funds transfer (EFT) capability should remit interest electronically.

*Governmental recipients other than States* - Except as provided in Uniform Guidance, for all federal grant awards and sub-awards, any interest earned by local governments or Indian tribal governments on advances of federal funds that exceeds $500 per year in the aggregate must be remitted at least quarterly. (The year is based on the recipient’s or subrecipient’s fiscal year.)

**D2.0 Grant Payments**

Grant payments will be made in a timely manner to support project operations and to minimize the cash flow problems of subrecipient agencies.

The financial support for the subrecipient in meeting the grant’s goals objectives include grant payments from ODH , matching funds or cost sharing, in-kind contributions, project income, and donations. In some cases, financial support may also include rebates. This section provides policies and procedures for ODH grant payments.

The grant payment will be released when all of the following conditions are met:

1. Federal Notice of Grant Award and grant funds are received for federally funded projects.
2. Appropriation authority is received from the state legislature for state funded programs.
3. The project budget has been approved.
4. Funds have been encumbered.
5. The Subrecipient Award Approval Notice (SAAN) is approved.
6. NOA is issued by the ODH Director.
7. Expense Report is submitted.

Actual grant payments are based on the approved budget in the project application or its subsequent revision; state or federal grant conditions; and adjustments made based on the most recent expenditure report, grant reduction, or audit findings.

**D2.1 Payment Process**

All payments of funds by ODH to the subrecipient are in accordance with the conditions of the grant.

Payments are based on actual expenditures and a cost reimbursement basis. Payments are adjusted according to the proportion of required matching funds contributed and the grant cash balances.

All payments are made through electronic funds transfer (EFT) via Ohio Administrative Knowledge System (OAKS)**.**

Payments for deliverables are based on the deliverable payment schedule, the subrecipient’s completion of each deliverable and ODH’s validation of the completion. Costs will be disallowed if a payment is requested for an unmet deliverable. The automatic payment for subrecipients who request costs more than 2 times for unmet deliverables will be removed.

**Note: For County Based Agencies: The County Auditor can give the subrecipient the access information for the OAKS system.**

The project director receives a transmittal notice in the mail as verification of the payment. After the payment is issued, specific information detailing the amount, the period covered and the date paid will display in the GMIS “Payments” link. Subsequent payment information will display in the “Payments” link as future payments are made.

Payment cycle is monthly or quarterly in conjunction with the reporting period unless stated otherwise in the Solicitation.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. For grants and cooperative agreements to States, determine whether States have complied with the terms and conditions of the Treasury-State Agreement or Subpart B procedures.

3. For grants and cooperative agreements to non-Federal entities other than States, determine whether payment methods minimized the time elapsing between transfer of Federal funds from the U. S. Treasury or the pass-through entity and the disbursement by the non-Federal entity and any interest earned on advances was properly remitted.

4. For grants and cooperative agreements to non-Federal entities that are paid on a reimbursement basis, supporting documentation shows that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request.

5. Determine whether non-Federal entities that receive reimbursement payments under cost-reimbursement contracts under the FAR and cost-reimbursement subcontracts under these contracts requested payments in compliance with [48 CFR section 52.216-7(b)](48%20CFR%2052.216-7.pdf).

6. Determine whether non-Federal entities complied with applicable program requirements for loans, loan guarantees, interest subsidies, and insurance.

7. Determine whether pass-through entities implemented procedures to ensure that payments to subrecipients minimized the time elapsing between transfer of Federal funds from the pass-through entity to the subrecipient and the disbursement of such funds for program purposes by the subrecipient, as required by applicable cash management requirements in the Federal award to the recipient.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Additional Control Test Objectives for Written Procedures**

When documenting and identifying the key control(s) in place to address the compliance requirement, consider if the client has written procedures to document the control process.

* UG requires a written policy for the requirements outlined in 2 CFR 200.302(b)(6) *Payments*
* Document whether the non-Federal entity established written procedures consistent with the requirements in 2 CFR 200.302(b)(6) to minimize the time elapsing between the transfer of funds.
* It is auditor judgment how to report instances where the entity either lacks having a written policy or their written policy is insufficient to meet the requirements of 2 CFR 200.302(b)(6).
  + While auditors would normally use a written policy as the basis for the compliance control, there could be other key controls in place to ensure program compliance.
  + The lack of a policy would be noncompliance, which could rise to the level of material noncompliance and even a control deficiency (SD / MW) if there were underlying internal control deficiencies.
    - If there are key controls in place operating effectively, AOS auditors would report the lack of the required UG policy as a management letter citation. However, in subsequent audits, evaluate if the noncompliance should be elevated if not adopted. Written policies aid in consistency and adherence to requirements strengthening internal control processes.

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Note**: The following procedures are intended to be applied to each program determined to be major. However, due to the nature of cash management and the system of cash management in place in a particular entity, it may be appropriate and more efficient to perform these procedures for all programs collectively rather than separately for each program.  **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| *Grants and cooperative agreements to non-Federal entities other than States*  1. Review trial balances related to Federal funds for unearned revenue. If unearned revenue balances are identified, consider if such balances are consistent with the requirement to minimize the time between drawing and disbursing Federal funds.  2. Select a sample of advance payments and verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity.  3. When non-Federal entities are funded under the reimbursement method, select a sample of transfers of funds from the U.S. Treasury or pass-through entity and trace to supporting documentation and ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request (2 CFR 200.305(b)(3)).  4. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; perform tests to ascertain if these funds were disbursed before requesting additional Federal cash draws (2 CFR 200.305(b)(5)).  5. Review records to determine if interest in excess of $500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System (2 CFR 200.305(b)(9)).  *Cost-reimbursement contracts under the Federal Acquisition Regulation*  6. Perform tests to ascertain if the non-Federal entity requesting reimbursement (a) disbursed funds prior to the date of the request, or (b) meets the conditions allowing for the request for costs incurred, but not necessarily paid for, i.e., ordinarily within 30 days of the request ([48 CFR section 52.216-7(b](48%20CFR%2052.216-7.pdf))).  *Loans, Loan Guarantees, Interest Subsidies, and Insurance*  7. Perform tests to ascertain if the non-Federal entity complied with applicable program requirements.  *All Pass-Through Entities*  8. For those programs where a pass-through entity passes Federal funds through to subrecipients, select a representative sample of subrecipient payments and ascertain if the pass-through entity implemented procedures to ensure that the time elapsing between the transfer of Federal funds to the subrecipient and the disbursement of such funds for program purposes by the subrecipient was minimized (2 CFR 200.305(b)(1)). |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## E. ELIGIBILITY

### OMB Compliance Requirements

The specific requirements for eligibility are unique to each Federal program and are found in the statutes, regulations, and the terms and conditions of the Federal award pertaining to the program. For programs listed in the Supplement, these specific requirements are in Part 4, “Agency Program Requirements,” or Part 5, “Clusters of Programs,” as applicable. This compliance requirement specifies the criteria for determining the individuals, groups of individuals (including area of service delivery), or subrecipients that can participate in the program and the amounts for which they qualify.

**Source of Governing Requirements**

The requirements for eligibility are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

### Additional Program Specific Information

**B1.1 Eligibility**

Eligible organizations may include State, Local and Indian Tribal Governments, institutions of higher education, non-profit organizations (including faith-based, community-based, and tribal organizations), and hospitals. Specific eligibility requirements are found in the program specific Solicitation.

Organizations interested in applying for and administering public health grants from ODH must use the Grants Management Information System GMIS to submit grant applications. All subrecipients must submit applications in a complete and timely manner according to the applicable federal and state laws, regulations and the OGAPP manual in order to be considered an eligible applicant. Incomplete and/or late applications will result in the entire application not being considered for review.

The ODH Grant Application Eligibility Matrix (GAEM) (Appendix 8) standardizes the eligibility criteria of subrecipient applications for all ODH programs. All applicants must meet the requirements set forth in the GAEM to be considered for funding.

All attachments in GMIS must be labeled using the same name listed in the Solicitation. This will ensure that your agency is in compliance with the Solicitation and not subject to any of the infractions listed in the GAEM.

The following fiscal criteria must be met for grant applications to be eligible for review:

1. Applicant has not been certified to the AG’s Office due to late payment of ODH invoice.
2. Applicant submitted application and all required attachments by 4:00 p.m. on the due date listed in the Solicitation.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether required eligibility determinations were made (including obtaining any required documentation/verification), that individual program participants or groups of participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals participated in the program.

3. Determine whether subawards were made only to eligible subrecipients.

4. Determine whether amounts provided to or on behalf of eligible participants or groups of participants were calculated in accordance with program requirements.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. *Eligibility for Individuals*  a. For some Federal programs with a large number of people receiving benefits, the non-Federal entity may use a computer system for processing individual eligibility determinations and delivery of benefits. Often these computer systems are complex and will be separate from the non-Federal entity’s regular financial accounting system. Typical functions that a computer system used for determining eligibility may perform are:  - Perform calculations to assist in determining who is eligible and the amount of benefits  - Pay benefits (e.g., write checks)  - Maintain eligibility records, including information about each individual and benefits paid to or on behalf of the individual (regular payments, refunds, and adjustments)  - Track the period of time during which an individual is eligible to receive benefits, i.e., from the beginning date of eligibility through the date when those benefits stop, generally at the end of a predetermined period, unless there is a redetermination of eligibility  - Perform matches with other computer databases to verify eligibility (e.g., matches to verify earnings or identify individuals who are deceased)  - Control who is authorized to approve benefits for eligible individuals (e.g., an employee may be approving benefits on-line and this process may be controlled by passwords or other access controls)  - Produce exception reports indicating likely errors that need follow-up (e.g., when benefits exceed a certain amount, would not be appropriate for a particular classification of individuals, or are paid more frequently than normal)  Because of the diversity of computer systems, both hardware and software, it is not practical for this Supplement to provide suggested audit procedures to address each system. However, generally accepted auditing standards provide guidance for the auditor when computer processing relates to accounting information that can materially affect the financial statements being audited. Similarly, when eligibility is material to a major program, and a computer system is integral to eligibility compliance, the auditor should follow this guidance and consider the non-Federal entity’s computer processing. The auditor should perform audit procedures relative to the computer system for eligibility as necessary to support the opinion on compliance for the major program. Due to the nature and controls of computer systems, the auditor may choose to perform these tests of the computer systems as part of testing the internal controls for eligibility.  b. *Split Eligibility Determination Functions*  (1) *Background* – Some non-Federal entities pay the Federal benefits to the eligible participants but arrange with another entity to perform part or all of the eligibility determination. For example, a State arranges with local government social services agencies to perform the “intake function” (e.g., the meeting with the social services client to determine income and categorical eligibility) while the State maintains the computer systems supporting the eligibility determination process and actually pays the benefits to the participants. In such cases, the State is fully responsible for Federal compliance for the eligibility determination, as the benefits are paid by the State. Moreover, the State shows the benefits paid as Federal awards expended on the State’s Schedule of Expenditures of Federal Awards. Therefore, the auditor of the State is responsible for meeting the internal control and compliance audit objectives for eligibility. This may require the auditor of the State to perform, coordinate, or arrange for additional procedures to ensure compliant eligibility determinations when another entity performs part of the eligibility determination functions. The responsibility of the auditor of the State for auditing eligibility does not relieve the auditor of the other entity (e.g., local government) from responsibility for meeting those internal control and compliance audit objectives for eligibility that apply to the other entity’s responsibilities. An exception occurs when the auditor of the other entity confirms with the auditor of the State that certain procedures are not necessary.  (2) Ensure that eligibility testing includes all benefit payments regardless of whether another entity, by arrangement, performs part of the eligibility determination functions.  c. Perform procedures to ascertain if the non-Federal entity’s records/database includes all individuals receiving benefits during the audit period (e.g., that the population of individuals receiving benefits is complete).  d. Select a sample of individuals receiving benefits and perform tests to ascertain if  (1) The required eligibility determinations and redeterminations, (including obtaining any required documentation/verifications) were performed and the individual was determined to be eligible in accordance with the compliance requirements of the program. (Note that some programs have both initial and continuing eligibility requirements and the auditor should design and perform appropriate tests for both. Also, some programs require periodic redeterminations of eligibility, which should also be tested.)  (2) Benefits paid to or on behalf of the individuals were calculated correctly and in compliance with the requirements of the program.  (3) Benefits were discontinued when the period of eligibility expired.  e. In some programs, the non-Federal entity is required to use a quality control process to obtain assurances about eligibility. Review the quality control process and perform tests to ascertain if it is operating to effectively meet the objectives of the process and in compliance with applicable program requirements.  2. *Eligibility for Group of Individuals or Area of Service Delivery*  a. In some cases, the non-Federal entity may be required to perform procedures to determine whether a population or area of service delivery is eligible. Test information used in determining eligibility and ascertain if the population or area of service delivery was eligible.  b. Perform tests to ascertain if:  (1) The population or area served was eligible.  (2) The benefits paid to or on behalf of the individuals or area of service delivery were calculated correctly.  3. *Eligibility for Subrecipients*  a. If the determination of eligibility is based upon an approved application or plan, obtain a copy of this document and identify the applicable eligibility requirements.  b. Select a sample of the awards to subrecipients and perform procedures to verify that the subrecipients were eligible and amounts awarded were within funding limits. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## F. EQUIPMENT AND REAL PROPERTY MANAGEMENT

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

***Equipment Management -- Grants and Cooperative Agreements***

Equipment means tangible personal property, including information technology systems, having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes or $5,000 (2 CFR 200.1\_Equipment). Title to equipment acquired by a non-Federal entity under grants and cooperative agreements vests in the non-Federal entity subject to certain obligations and conditions (2 CFR 200.313(a)).

*Non-Federal Entities Other than States*

Non-Federal entities other than States must follow 2 CFR 200.313(c) through (e) which require that:

1. Equipment, including replacement equipment, be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award or, when appropriate, under other Federal awards; however, the non-Federal entity must not encumber the equipment without prior approval of the Federal awarding agency (2 CFR 200.313(c) and (e)).
2. 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 Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (2 CFR 200.313(d)(1)).
3. A physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years (2 CFR 200.313(d)(2)).
4. 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 (2 CFR 200.313(d)(3)).
5. Adequate maintenance procedures must be developed to keep the property in good condition (2 CFR 200.313(d)(4)).
6. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return (2 CFR 200.313(d)(5)).

7. When original or replacement equipment acquired under a Federal award is no longer needed for a Federal program (whether the original project or program or other activities currently or previously supported by the Federal government), the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the award. Items of equipment with a current per-unit fair market value of $5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency. If the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of $5,000 may be retained or sold. The Federal awarding agency is entitled to the Federal interest in the equipment, which is the amount calculated by multiplying the current market value or sale proceeds by the Federal agency’s participation in total project costs (2 CFR 200.313(e).

**Note**: Intangible property that is acquired under a Federal award, rather than developed or produced under the award, is subject the requirements of 2 CFR 200.313(e) regarding disposition (2 CFR 200.315(a)).

***Real Property Management -- Grants and Cooperative Agreements***

Title to real property acquired or improved by non-Federal entities under grants and cooperative agreements vests in the non-Federal entity subject to the obligations and conditions specified in 2 CFR 200.311 (2 CFR 200.311(a)). Real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber title to or other interests in the real property (2 CFR 200.311(b)).

When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or the pass-through entity, as applicable. When real property is sold, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return. If sold, non-Federal entities must compensate the Federal awarding agency for the portion of the net sales proceeds that represents the Federal agency’s interest in the real property, which is the amount calculated by multiplying the current market value or sale proceeds by the Federal agency’s participation in total project costs. If the property is retained, the non-Federal entity must compensate the Federal awarding agency for the Federal portion of the current fair market value of the property. Disposition instructions may also provide for transfer of title to the Federal awarding agency or a designated third party, in which case the non-Federal entity is entitled to the non-Federal interest in the property, which is calculated by multiplying the current market value or sale proceeds by the non-Federal entity’s share in total project costs (2 CFR 200.311(c)(3)).

***Equipment and Real Property Management – Cost-Reimbursement Contracts Under the Federal Acquisition Regulation (FAR)***

Equipment and real property management requirements for cost-reimbursement contracts are specified in the FAR clause at [48 CFR 52.245-1](48%20CFR%2052.245-1.pdf). Federal government property as defined in the FAR includes both equipment and real property. Title to Federal government property acquired by a non-Federal entity normally vests in the Federal government, unless otherwise noted in the contract terms and conditions. The FAR requires:

1. A system of internal controls to manage (control, use, preserve, protect, repair, and maintain) Federal government property and a process to enable the prompt recognition, investigation, disclosure and reporting of loss of Federal government property.
2. Federal government property must be used for performing the contract for which it was acquired unless otherwise provided for in the contract or approved by the Federal awarding agency.
3. Property records must be maintained and include the name, part number and description, and other elements as necessary and required in accordance with the terms and conditions of the contract, quantity received, unit acquisition cost, unique-item identifier, accountable contract number, location, disposition, and posting reference and date of transaction.
4. A physical inventory must be periodically performed, recorded, and disclosed. Except as provided for in the contract, the non-Federal entity must not dispose of inventory until authorized by the Federal awarding agency. The non-Federal entity may purchase the property at the unit acquisition cost if desired or make reasonable efforts to return unused property to the appropriate supplier at fair market value.

**Source of Governing Requirements**

The requirements for equipment and real property are contained in 2 CFR 200.313 (equipment), 2 CFR 200.311 (real property), [48 CFR 52.245-1](48%20CFR%2052.245-1.pdf) (equipment and real property), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement*.

### Additional Program Specific Information

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

All equipment must be purchased no later than December 31, 2020. An equipment waiver must be pre-approved to purchase any equipment after December 31, 2020.

For further information please see section B2.10 of OGAPP.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO21) Subgrant***

Laptops and cell phones purchased with federally funded ODH subgrants for staff to perform COVID-19 contact tracing will need to be collected and returned to ODH. Instructions will be issued later. Return of this equipment can be avoided if the equipment was purchased with CRF and if the LHD continues to use the equipment for the COVID-19 response efforts under CRF funding.

*(Source: April 8, 2021 Memo from ODH, COVID-19 Enhanced Operations (EO21) Guidance and Required Documentation)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO21) Subgrant***

Any electronic equipment such as laptops, cell phones, headphones, iPads, desktops purchased through grant funds can be repurposed for COVID-19 response, such as vaccine operations, COVID-19 case investigations, COVID-19 outbreak investigation and mitigation.

*(Source: April 27, 2021 Memo from ODH, Subgrant Guidance – Contact Tracing Guidance and Recension of Administrative CAP COVID-19 Enhanced Operations (EO21))*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

All equipment must be purchased no later than December 31, 2021. An equipment waiver must be pre-approved to purchase any equipment after January 1, 2022.

For further information please see section B2.10 of OGAPP.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

**Ohio Department of Health**

**A3.4 Closeout Inventory**

The subrecipient must provide an inventory of all equipment purchased, in whole or in part, with current grant funds in GMIS as part of the subrecipient Final Expenditure Report. At least once every two years, fixed asset inventory must be physically inspected by the subrecipient. Equipment costing more than $1,000 must be marked as belonging to the applicable program and tagged as ODH property. Such equipment may be required to be returned to ODH at the end of the grant program period.

The closeout inventory must include the following details:

1. Description of the approved budgeted equipment;
2. Serial number of the equipment;
3. Inventory number assigned to the equipment;
4. Date acquired/purchased;
5. Approved annual budget;
6. Actual expenditures/cost; and
7. Date that equipment was disposed/salvaged/transferred.

**B2.6 Equipment Costs**

Capital Expenditures for equipment are allowable as direct costs, if prior approval of the awarding agency is given. All equipment purchases must be completed in the first two quarters of the grant period. Additionally, the Subrecipient must include the complete project number in the Subject line of their email when requesting an equipment waiver.

If a program finds that they must purchase equipment outside of the first two quarters, they must request in writing to GSU- Chief, Jennifer McCauley detailing why they could not have purchased the equipment within the prescribed time. The purchase of equipment outside of the prescribed time will require a waiver from the ODH director or his/her designee.

Equipment is defined as any single item of tangible property having a useful life of one year or more, costing $1,000 or more, and which is purchased in whole or in part with project funds. Real property, such as land, buildings, or improvements other than buildings, is not classified as equipment. Equipment includes, but is not limited to, machinery, tools, motor vehicles, furniture and furnishings. Items that meet the definition of equipment for which early obsolescence is expected, such as films, tapes, videos, and books, are not classified as equipment even if the item exceeds the unit cost of $1,000. These items should be budgeted and reported as supplies under the Other Direct Cost Category. Software that costs in excess of $1,000 is considered equipment.

Project funds may be approved to purchase equipment necessary to the project’s operation. Project funds will not be approved to compensate a subrecipient agency in spreading costs over multiple periods on equipment, buildings, or capital improvements.

Ownership of property purchased in whole or in part with project funds rests with ODH and the title rests with the subrecipient agency. All subrecipients shall provide, at a minimum, insurance coverage for real property and equipment acquired with Federal or State funds equivalent to coverage provided to property owned by the recipient.

ODH shall have the right to transfer or require the transfer of project property to an eligible subrecipient agency, to the Federal Government, or to itself. ODH will generally only require the return of equipment when project activities are discontinued by the subrecipient or the project is discontinued or granted to another agency. Otherwise, upon notification, ODH will instruct the subrecipient to dispose of obsolete or unusable equipment per the subrecipient’s policies and procedures.

The percentage of equipment cost charged to the subrecipient project budget shall not exceed the percentage of equipment usage for program activities per the allocation plan**.**

For example, if an item is used by the project twenty-five percent (25%) of the time and by non-project activities seventy-five percent (75%) of the time, then the program shall not be charged more than twenty-five percent (25%) of the cost of the equipment. Usage records are required for equipment that is not used exclusively by the project as supportive documentation for the amount charged to the program. ODH subrecipients must maintain adequate detailed accounting records.

All equipment must be tagged or otherwise marked as the property of ODH and reported on the inventory listing of the Subrecipient Final Expense Report. Subrecipient acquires, maintains, inventories, and disposes of equipment with ODH approval. The equipment inventory listing, which must be provided annually, must give a cumulative record of equipment purchased in whole, or in part, with program funds for all of the grant periods (years) of the program. The ODH program unit may require the subrecipient to provide an equipment inventory during the course of the grant period and prior to submission of the Final Expense Report. Subrecipients must report any equipment stolen, damaged, or otherwise inoperative to GSU and Program within five (5) days of the event.

The agency must notify the GSU Chief in writing when equipment is no longer needed for the purpose for which it was purchased, either during the period of grant support or after.

The sale, transfer, or disposal of such equipment is not permissible without prior written approval from GSU and the ODH funded Program. All notifications regarding the transfer of equipment must be in writing and submitted at least thirty (30) calendar days prior to the requested date of the transfer, sale, or disposal. The notification must include the intended purpose of the equipment and whether its retention is desired. Unless otherwise directed by ODH, the agency may use the equipment in other programs currently or previously funded by ODH or by the state or federal government in the following order of priority:

1. Programs currently or previously funded by ODH or the federal granting agency from which the grant funds were obtained.
2. Programs currently or previously funded by state funds, other than through ODH, or by a federal agency other than that from whom the grant funds were obtained.

Subrecipients must retain records for equipment acquired under a grant for three years after disposition of the property.

1. **Sale of Equipment** - When project equipment is sold, the program share of the selling price shall be proportionate to that part of the purchase price that was paid by project funds. If the project, for which the equipment was acquired, is still receiving grant support at the time of sale, the subrecipient, with approval from ODH, may re-budget and use the revenue for project expenses. If the grant has been discontinued and if the subrecipient does not request to use the revenue or if such request is disapproved; the subrecipient is to remit to ODH, within sixty (60) calendar days of the date of sale, the program share of the selling price less ten percent (10%) for handling and selling expenses. Equipment may be exchanged for replacement equipment with written authorization from GSU. When equipment is exchanged, the replacement may take place either through trade-in or through the sale and application of the proceeds to the acquisition cost of the replacement equipment.

For example: $1,000 of program funds were used toward the purchase of equipment costing $1,334, and the project owns 75% of the equipment. The equipment is later sold for $900, so 75% of the sales price (or $675) is the program’s share. The replacement equipment is purchased for $1,500 and the subrecipient applies the $675 program share of the sales price along with an additional $825 of program funds towards the purchase price. The program share of the replacement equipment is computed using the following method:

Compare the program’s total investment in the original equipment and the replacement equipment to the replacement equipment’s cost. In this example, the project share of the original equipment, being sold or traded ($625) is added to the additional project funds used ($166) to arrive at the program’s total investment ($791). The project share of the replacement equipment cost is 53% ($791/$1,500 or 0.53).

1. **Transfer of Equipment and Supplies** - If office, medical or general supplies whose total aggregate market value exceeds $1,000 are leftover upon termination or expiration of the grant for which they were acquired and the supplies are not needed for the project, these supplies may be transferred to another ODH or federally funded project or sold, if ODH approves. The same conditions that apply to the sale of equipment apply to the sale of supplies.
2. **Disposal** - The agency must use its established equipment management system (e.g., purchase, depreciation, inventory, and disposal) policy and procedure for the disposal of property (i.e., equipment, inventory, and supplies).

The purchase of real property (i.e., land, building, or improvements) with project funds is normally disallowed. In unusual circumstances, when program funds are used to purchase real property, the appropriate governing state and federal regulations prevail.

Unless notified otherwise by ODH, the subrecipient may continue to use equipment for the purpose for which it was purchased after support is terminated. However, maintenance and operating costs of such equipment will be the responsibility of the subrecipient. The subrecipient shall be entitled to payment for any reasonable shipping or storing costs incurred in the transfer.

The subrecipient must maintain procedures for managing equipment, including replacing equipment, until the transfer, replacement, or disposition of the equipment occurs, even if the grant has terminated.

The equipment management system must meet the following minimum requirements:

1. An accurate property record-keeping system shall be maintained for equipment costing $1,000 or more. These records are subject to the conditions regarding retention, maintenance, and accessory. For each item of equipment, the records shall include:
   1. A description of the equipment, including manufacturer’s model number, if any
   2. An identification number, such as the manufacturer’s serial number
   3. Asset tag number
   4. Identification of the grant under which the equipment was acquired
   5. The information needed to calculate the program share of the equipment
   6. Acquisition date and unit acquisition cost
   7. Location, use and condition of the equipment and the dates of physical inventory
   8. All pertinent information on the ultimate transfer, replacement or disposition of the equipment
2. Equipment must be tagged with an asset tag number and marked as property of the appropriate funding project.
3. A physical inventory shall be taken and the results reconciled with the property records **at least once every two years** to verify the existence, current value, utilization and continued need for the equipment unless an annual inventory is specified in the program specific Solicitation.
4. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of equipment. Any loss, damage, or theft of equipment shall be investigated, fully documented, and reported to the GSU Chief in writing. **It is the subrecipient’s obligation to replace any lost, damaged, or stolen equipment**.
5. The subrecipient shall implement adequate maintenance procedures to keep the equipment in good condition. Any program equipment determined to be inoperative shall be reported to the GSU Chief and the ODH Program Administrator who funded the purchase in writing.

Instructions for the subrecipient equipment disposal, sale, and transfer form are found in Appendix 10.

The subrecipient will provide the following information on the equipment disposal, sale, and transfer form:

1. Name of the person completing the form or responsible party,
2. Email address
3. Subrecipient agency name
4. Subrecipient agency
5. Address including the city and zip code
6. ODH grant number
7. Asset tag number
8. Description of item
9. Date purchased
10. Reason for action

The form must be signed by the Program Director, Agency Financial Head or Agency Head and include their phone numbers. The form must then be submitted to GSU (names listed on form).

*Personal Computer Configuration Standards* - When ODH grant funds are used in part or in whole to purchase personal computer equipment, certain program standards may need to be met. If the ODH program designates minimum configurations, the subrecipient must adhere to these standards. Maximum allowable costs, if designated in the budget or special conditions, must be followed. For technical assistance regarding personal computer purchases, subrecipients should contact their designated ODH program consultant.

**B2.2 Unallowable Costs**

Grant funds may not be used for the purchase or improvement of land; the purchase, construction or permanent improvement of any building. See Section B.2.2 for further guidance.

**E2.4 Inventory Report**

A listing of all equipment purchased in whole or in part with current grant funds must be sent to ODH via GMIS as part of the Subrecipient Final Expense Report. At least once every two years, inventory must be physically inspected by the subrecipient unless otherwise specified sooner in the program specific Solicitation. Equipment purchased with ODH grant funds must be tagged as property of ODH for inventory control. Such equipment may be required to be returned to ODH at the end of the grant project period.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether the non-federal entity maintains proper records for equipment and adequately safeguards and maintains equipment.

3. Determine whether disposition or encumbrance of any equipment or real property acquired or improved under federal awards is in accordance with federal requirements and that the federal awarding agency was properly compensated for its portion of any property sold or converted to non-federal use.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Inventory Management of Equipment Acquired Under Federal Awards  a. Identify equipment acquired and trace selected purchases to the property records. Verify that the property records contain the required information.  b. Verify that the required physical inventory of equipment was performed. Test whether any differences between the physical inventory and equipment records were resolved.  c. Select a sample from all equipment acquired under Federal awards from the property records and physically inspect the equipment and determine whether the equipment is appropriately safeguarded and maintained.  2. Disposition of Equipment Acquired Under Federal Awards  a. Identify equipment dispositions for the audit period and perform procedures to verify that the dispositions of equipment acquired under Federal awards were properly reflected in the property records.  b. For dispositions of equipment acquired under grants and cooperative agreements with a current per-unit fair market value of $5,000 or more, verify whether the Federal awarding agency was reimbursed for the Federal portion of the current market value or sales proceeds.  c. For dispositions of equipment acquired under cost-reimbursement contracts, verify that the non-Federal entity followed Federal awarding agency disposition instructions.  3. Disposition of Real Property Acquired Under Federal Awards  a. Identify real property dispositions for the audit period and determine whether such real property was acquired or improved under Federal awards.  b. For dispositions of real property acquired or improved under Federal awards, perform procedures to verify that the non-Federal entity followed the instructions of the Federal awarding agency or pass-through entity, which normally require reimbursement to the Federal awarding agency for the Federal portion of net sales proceeds or fair market value at the time of disposition, as applicable. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## G. MATCHING, LEVEL OF EFFORT, EARMARKING

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

The specific requirements for matching, level of effort, and earmarking are unique to each Federal program and are found in the statutes, regulations, and the terms and conditions of awards pertaining to the program. For programs listed in this Supplement, these specific requirements are in Part 4, “Agency Program Requirements,” or Part 5, “Clusters of Programs,” as applicable.

However, for matching, 2 CFR 200.306 provides detailed criteria for acceptable costs and contributions. The following is a list of the basic criteria for acceptable matching:

- Are verifiable from the non-Federal entity’s records;

- Are not included as contributions for any other Federal award;

- Are necessary and reasonable for accomplishment of project or program objectives;

- Are allowed under2 CFR Part 200, Subpart E (Cost Principles);

- Are not paid by the Federal Government under another award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

- Are provided for in the approved budget when required by the Federal awarding agency; and

- Conform to other provisions of this part, as applicable.

“Matching,” “level of effort,” and “earmarking” are defined as follows:

1. *Matching* or cost sharing includes requirements to provide contributions (usually non-Federal) of a specified amount or percentage to match Federal awards. Matching may be in the form of allowable costs incurred or in-kind contributions (including third-party in-kind contributions).

2. *Level of effort* includes requirements for (a) a specified level of service to be provided from period to period, (b) a specified level of expenditures from non-Federal or Federal sources for specified activities to be maintained from period to period, and (c) Federal funds to supplement and not supplant non-Federal funding of services.

3. *Earmarking* includes requirements that specify the minimum and/or maximum amount or percentage of the program’s funding that must/may be used for specified activities, including funds provided to subrecipients. Earmarking may also be specified in relation to the types of participants covered.

**Source of Governing Requirements**

The requirements for matching are contained in 2 CFR 200.306, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements for level of effort and earmarking are contained in program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

### Additional Program Specific Information

Matching requirements are not applicable to this assistance listing.

MOE requirements are not applicable to this assistance listing.

*(Source:* [*https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view*](https://sam.gov/fal/c59c934af5ba45ca85159f7b18233e71/view)*)*

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

Match or Applicant Share is not required by this program. Do not include Match or Applicant Share in the budget and/or the Applicant Share column of the Budget Summary. Only the narrative may be used to identify additional funding information from other resources.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Contact Tracing (CT20 and CT21) Subgrant***

CT21 subgrant guidance issued on June 23, 2020 and July 29, 2020 indicated that subrecipient local health departments were required to spend all COVID-19 Contact Tracing (CT20) funding prior to expending any COVID-19 Contact Tracing Supplemental (CT21) funding. Given the federal extension of CARES CRF funds for the CT20 subgrant, ODH will no longer hold CT21 payments until CT20 funds have been exhausted. Effective December 31, 2020, ODH will allow local health departments to simultaneously use CT20 and CT21 funds for contact tracing related costs. All other CT21 funding guidance remains in effect.

*(Source: January 5, 2021 Memo from ODH, Update COVID-19 Contact Tracing Subgrant (CT20) and Supplemental Subgrant (CT21))*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO21) Subgrant***

Match or Applicant Share is not required by this program. Do not include Match or Applicant Share in the budget and/or the Applicant Share column of the Budget Summary. Only the narrative may be used to identify additional funding information from other resources.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

Match or Applicant Share is not required by this program. Do not include Match or Applicant Share in the budget and/or the Applicant Share column of the Budget Summary. Only the narrative may be used to identify additional funding information from other resources.

*(Source: April 8, 2022 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period August 1, 2022 through July 31, 2023)*

**Ohio Department of Health:**

**C2.7 Supplanting**

By submitting a complete application, the subrecipient is certifying to ODH that federal funds will not be used to supplant state or local funds. Federal funds must be used to supplement existing funds for project activities and not replace those funds, which have been appropriated for the same purpose. Potential supplanting will be the subject of pre-award and post-award monitoring, and auditing. If there is a potential presence of supplanting, the subrecipient will be required to supply documentation demonstrating that the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. *Matching* – Determine whether the minimum amount or percentage of contributions or matching funds was provided.

3. *Level of Effort* – Determine whether specified service or expenditure levels were maintained.

4. *Earmarking* – Determine whether minimum or maximum limits for specified purposes or types of participants were met.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and- extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| **1.** **Matching** – *Not Applicable*  **2. Level of Effort**  **2.1** **Level of Effort** – *Maintenance of Effort – Not Applicable*  **2.2** **Level of Effort** – *Supplement Not Supplant*  a. Ascertain if the non-Federal entity used Federal funds to provide services which they were required to make available under Federal, State, or local law and were also made available by funds subject to a supplement not supplant requirement.  b. Ascertain if the non-Federal entity used Federal funds to provide services which were provided with non-Federal funds in the prior year.  (1) Identify the federally funded services.  (2) Perform procedures to determine whether the Federal program funded services that were previously provided with non-Federal funds.  (3) Perform procedures to ascertain if the total level of services applicable to the requirement increased in proportion to the level of Federal contribution.  **3. Earmarking**  a. Identify the applicable percentage or dollar requirements for earmarking.  b. Perform procedures to verify that the amounts recorded in the financial records met the requirements (e.g., when a minimum amount is required to be spent for a specified type of service, perform procedures to verify that the financial records show that at least the minimum amount for this type of service was charged to the program; or, when the amount spent on a specified type of service may not exceed a maximum amount, perform procedures to verify that the financial records show no more than this maximum amount for the specified type of service was charged to the program).  c. When earmarking requirements specify a minimum percentage or amount, select a sample of transactions supporting the specified amount or percentage and perform tests to verify proper classification to meet the minimum percentage or amount.  d. When the earmarking requirements specify a maximum percentage or amount, review the financial records to identify transactions for the specified activity which were improperly classified in another account (e.g., if only 10 percent may be spent for administrative costs, review accounts for other than administrative costs to identify administrative costs which were improperly classified elsewhere and cause the maximum percentage or amount to be exceeded).  e. When earmarking requirements prescribe the minimum number or percentage of specified types of participants that can be served, select a sample of participants that are counted toward meeting the minimum requirement and perform tests to verify that they were properly classified.  f. When earmarking requirements prescribe the maximum number or percentage of specified types of participants that can be served, select a sample of other participants and perform tests to verify that they were not of the specified type. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## H. PERIOD OF PERFORMANCE

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

A non-Federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity sections 2 CFR 200.308, 200.309, and 200.403(h). A period of performance may contain one or more budget periods.

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award (2 CFR 200.344(b)). When used in connection with a non-Federal entity’s utilization of funds under a Federal award, “financial obligations” means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period (2 CFR 200.1\_Obligations).

Period of Performance requirements for cost reimbursement contracts subject to the FAR are contained in the terms and conditions of the contract.

**Source of Governing Requirements**

The requirements for the period of performance are contained in 2 CFR 200.1 definitions for “budget period,” “financial obligations,” “period of performance”, 2 CFR 200.308 Revisions of budget and program plans, 2 CFR 200.309 Modifications to period of performance, 2 CFR 200.344 (closeout), program legislation, Federal awarding agency regulations; and the terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

### Additional Program Specific Information

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

Budget Period / Award Period: June 19, 2020 through June 30, 2021.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

Budget Period / Award Period: February 1, 2021 through July 31, 2022.

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

***Ohio Department of Health: COVID-19 Contact Tracing (CT20 and CT21) Subgrant***

CT21 subgrant guidance issued on June 23, 2020 and July 29, 2020 indicated that subrecipient local health departments were required to spend all COVID-19 Contact Tracing (CT20) funding prior to expending any COVID-19 Contact Tracing Supplemental (CT21) funding. Given the federal extension of CARES CRF funds for the CT20 subgrant, ODH will no longer hold CT21 payments until CT20 funds have been exhausted. Effective December 31, 2020, ODH will allow local health departments to simultaneously use CT20 and CT21 funds for contact tracing related costs. All other CT21 funding guidance remains in effect.

COVID-19 Contact Tracing Subgrant (CT20) Budget Period: May 1, 2020 through December 30, 2021.

COVID-19 Contact Tracing Supplemental Subgrant (CT21) Budget Period: June 19, 2020 through June 30, 2021.

*(Source: January 5, 2021 Memo from ODH, Update COVID-19 Contact Tracing Subgrant (CT20) and Supplemental Subgrant (CT21))*

**Ohio Department of Health**

**A3.1 Outstanding Obligations**

An obligation is created when funds are encumbered on a valid purchase order or purchase requisition for an authorized item. Obligations must be created by the last day of the project period. Any funds not properly obligated by the subrecipient within the project period will lapse and revert to ODH. Obligations listed on the interim report (i.e., fourth quarter or 12th month expenditure report) must be liquidated within thirty - five (35) calendar days after the end of the project period.

**A3.5 Outstanding Cash Balance**

Any subrecipient with an outstanding cash balance owed to ODH will be subject to having continuation grant payments or payment of all grants withheld. In addition, any agency with outstanding balances owed to ODH, which are not satisfied within forty-five (45) days after the invoice date, will be certified to the Ohio AG’s Office for purposes of collection and will be automatically placed in a high-risk status for future grants without first receiving written notification.

The following constitutes a debt owed to ODH:

1. Any project funds paid by ODH in excess of the amount to which the subrecipient is determined to be entitled, under the terms of the award;
2. Any amounts due ODH as a result of the sale, transfer or salvage of program property, including patents and copyrights;
3. Any other amounts determined by ODH or the federal government to be due to ODH under the terms of the award.

**B2.9 – Obligations**

Outstanding Obligations can only be reported on the twelfth monthly or fourth quarterly expenditure report unless the subgrant program extends past 12 months. Outstanding obligations at the end of a fiscal year include accounts payable for authorized services and/or goods incurred during the funded fiscal year. This includes costs for employee services during the final pay period of a fiscal year or for equipment and supplies that have been ordered and delivered during the fiscal year and paid within the forty-five-day liquidation period following the completion of the grant period.

The total amount of Outstanding Obligations listed on the twelfth monthly fourth quarterly expenditure report is the maximum amount that can be listed as current expenditures upon submission of the Final Expense Report. Any additional amounts of current expenditures or any additional outstanding obligations will not be accepted or paid with program funds.

ODH staff do not have the ability to disapprove monthly or quarterly expenditure reports that do not include obligations. Subrecipients who do not list all of their obligations on the twelfth month or fourth quarter report will be required to submit their general ledgers and invoices to support any additional costs listed on the final report that was not included in the obligations on the twelfth month or fourth quarter report.

**D2.3 Cash Balance**

The unobligated balance of grant funds at the end of the grant period (usually the fiscal year) is lapsed and lost to the project. Any cash balance at the end of the grant period must be returned to ODH within forty-five (45) days of the invoice date.

A cash balance is the difference between funds received and allowable expenditures. An unobligated balance is the difference between the cash balance and outstanding obligations. When all outstanding obligations are liquidated and paid or canceled, the unobligated balance will equal the cash balance.

Payments are based on actual expenses in order to minimize grant funds in the field. The same applies to the unobligated balance of project income when specified in the grant. The unobligated balance will increase when obligations are liquidated at a lower amount than estimated. The balance of funds realized after obligations are liquidated must be returned to ODH immediately with the submission of the final expenditure report.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether the Federal award was only charged for: (a) allowable costs incurred during the period of performance; or (b) costs incurred prior to the date the Federal award was made that were authorized by the Federal awarding agency or pass-through entity.

3. Determine whether financial obligations were liquidated within the required time period.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Review the award documents and regulations pertaining to the program and determine any award-specific requirements related to the period of performance.  2. For Federal awards with performance period beginning dates during the audit period, test transactions for costs recorded during the beginning of the period of performance and verify that the costs were not incurred prior to the start of the period of performance unless authorized by the Federal awarding agency or the pass-through entity.  3. For Federal awards with performance period ending dates during the audit period, test transactions for costs recorded during the latter part and after the period of performance and verify that the costs had been incurred within the period of performance.  4. For Federal awards with performance period ending dates during the audit period, test transactions for Federal award costs for which the obligation had not been liquidated (payment made) as of the end of the period of performance and verify that the liquidation occurred within the allowed time period.  5. Test adjustments (e.g., manual journal entries) for Federal award costs and verify that these adjustments were for transactions that occurred during the period of performance. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## I. PROCUREMENT AND SUSPENSION AND DEBARMENT

### OMB Compliance Requirements – Procurement

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

***Procurement—Grants and Cooperative Agreements***

*States*

When procuring property and services, states must use the same policies and procedures they use for procurements from their non-federal funds (2 CFR section 200.317).

*Non-Federal Entities Other than States*

Non-Federal entities other than States, including those operating Federal programs as subrecipients of States, must follow the procurement standards set out at 2 CFR 200.317 - 200.327. They must use their own documented procurement procedures, which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal statutes and the procurement requirements identified in 2 CFR Part 200. A non-Federal entity must:

1. Meet the general procurement standards in 2 CFR 200.318, which include oversight of contractors’ performance, maintaining written standards of conduct for employees involved in contracting, awarding contracts only to responsible contractors, and maintaining records to document history of procurements.

2. Conduct all procurement transactions in a manner providing full and open competition, in accordance with 2 CFR 200.319.

3. Use the micro-purchase and small purchase methods only for procurements that meet the applicable criteria under 2 CFR 200.320(a)(1) and (2). Under the micro-purchase method, the aggregate dollar amount does not exceed $10,000 ($2,000 in the case of acquisition for construction subject to the Wage Rate Requirements (Davis-Bacon Act)). Small purchase procedures are used for purchases that exceed the micro-purchase amount but do not exceed the simplified acquisition threshold ($250,000). Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable (2 CFR 200.320(a)). If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources (2 CFR 200.320(b)).

4. For acquisitions exceeding the simplified acquisition threshold, the non-Federal entity must use one of the following procurement methods: the sealed bid method if the acquisition meets the criteria in 2 CFR 200.320(b); the competitive proposals method under the conditions specified in 2 CFR 200.320(b)(2); or the noncompetitive proposals method (i.e., solicit a proposal from only one source) but only when one or more of four circumstances are met, in accordance with 2 CFR 200.320(c).

5. Perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold, including contract modifications (2 CFR 200.323(a)). The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used (2 CFR 200.323(b)).

6. Ensure that every purchase order or other contract includes applicable provisions required by 2 CFR 200.326. These provisions are described in Appendix II to 2 CFR Part 200, “Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.”

***Procurement—Cost-Reimbursement Contracts under the Federal Acquisition Regulation***

When awarding subcontracts, non-Federal entities receiving cost-reimbursement contracts under the Federal Acquisition Regulation (FAR) must comply with the clauses at [48 CFR 52.244-2](48%20CFR%2052.244-2.pdf) (consent to subcontract), [52.244-5](48CFR52.244-5.pdf) (competition), [52.203-13](48%20CFR%2052.203-13.pdf) (code of business ethics), [52.203-16](48%20CFR%2052.203-16.pdf) (conflicts of interest), and [52.215.12](48%20CFR%2052.215-12.pdf) (cost or pricing data); and the terms and conditions of the contract. The FAR defines “subcontracts” as a contract, i.e., a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them, entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.

**Source of Governing Requirements – Procurement**

The requirements that apply to procurement under grants and cooperative agreements are contained in 2 CFR 200.317 - 200.327, program legislation, Federal awarding agency regulations, and the terms and conditions of the award. The requirements that apply to procurement under cost-reimbursement contracts under the FAR are contained in 48 CFR Parts [03](48%20CFR%20Part%203.pdf), [15](48%20CFR%20Part%2015.pdf), [44](48%20CFR%20Part%2044.pdf) and the clauses at [48 CFR 52.244-2](48%20CFR%2052.244-2.pdf), [52.244-5](48CFR52.244-5.pdf), [52.203-13](48%20CFR%2052.203-13.pdf), [52.203-16](48%20CFR%2052.203-16.pdf), and [52.215-12](48%20CFR%2052.215-12.pdf); agency FAR Supplements; and the terms and conditions of the contract.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

### OMB Compliance Requirements – Suspension and Debarment

**Auditors will need to review Appendix II in the link under Source of Governing requirements to determine where the agency codified 2 CFR Part 180. Citations of non-compliance must start with the agencies codification of 2 CFR Part 180.**

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other criteria as specified in [2 CFR 180.220](2%20CFR%20Part%20180.pdf). All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in [2 CFR 180.215](2%20CFR%20Part%20180.pdf).

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in [2 CFR 180.995](2%20CFR%20Part%20180.pdf) and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/> (click on Search Record, then click on Advanced Search-Exclusions) (**Note:** The OMB guidance at 2 CFR part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity ([2 CFR 180.300](2%20CFR%20Part%20180.pdf)).

Non-Federal entities receiving contracts from the Federal Government are required to comply with the contract clause at [48 CFR 52.209-6](48%20CFR%2052.209-6.pdf) before entering into a subcontract that will exceed $30,000, other than a subcontract for a commercially available off-the-shelf item.

**Source of Governing Requirements – Suspension and Debarment**

The requirements for nonprocurement suspension and debarment are contained in OMB guidance in [2 CFR Part 180](2%20CFR%20Part%20180.pdf), which implements Executive Orders 12549 and 12689, “Debarment and Suspension;” Federal awarding agency regulations in Title 2 of the CFR adopting/implementing the OMB guidance in 2 CFR Part 180; program legislation; and the terms and conditions of the award.

Most of the Federal agencies have adopted or implemented 2 CFR Part 180, generally by relocating their associated agency rules in Title 2 of the CFR. [Appendix II to the Supplement](OMB_Appendix%20II.pdf) includes the current CFR citations for all agencies adoption or implementation of the nonprocurement suspension and debarment guidance.

Government-wide requirements related to suspension and debarment and doing business with suspended or debarred subcontractors under cost reimbursement contracts under the FAR are contained in [48 CFR 9.405-2(b)](48%20CFR%209.405-2.pdf) and the clause at [48 CFR 52.209-6](48%20CFR%2052.209-6.pdf).

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

**Written Procedure Requirements:**

2 CFR 200.318(c)(1) requires non-Federal entities maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

2 CFR 200.318(c)(2) requires non-Federal entities maintain written standards of conduct covering organizational conflicts of interest when the non-federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe.

2 CFR 200.320(d)(3) requires non-federal entities to have a written method for conducting technical evaluations of the competitive proposals received and for selecting contract recipients.

2 CFR 200.319(c) requires that the written procedures required by 2 CFR 200.320(d)(3) ensure all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

*(Source: CFAE/eCFR)*

**NOTE:**

**If an internal control deficiency or noncompliance is noted with Suspension and Debarment requirements, AoS auditors *must* submit a consult via the FACCR specialty in Spiceworks. IPAs should review the Federal agency adoption of the Suspension and Debarment requirements as well as the specific terms and conditions in the grant agreement to ensure the comment is accurate.**

*(Source: CFAE)*

### Additional Program Specific Information

**Ohio Department of Health**

**B1.3 Federal Suspension and/or Debarment**

Organizations or individuals that are suspended or debarred cannot apply for or be paid from ODH grants during the period of the suspension or debarment. In the event that an agency is debarred, another entity from within the county, an adjoining county, or regional provider can compete for the program dollars. As a result, the entity awarded the grant, cannot contract and/or hire the debarred agency in any capacity. Any expenditure charged to an ODH grant for such individuals or agencies will be disallowed.

Applicants are required to disclose to ODH if any of the following conditions apply to the agency or agency personnel:

1. Applicant has been convicted of or had a civil judgment rendered against them within the three-year period preceding the application for ODH funding for any of the following:
   1. Fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction;
   2. Violation of a federal or state antitrust statute;
   3. Embezzlement, theft, forgery, bribery, falsification or destruction of records, or
   4. False statements or receipt of stolen property.
2. Applicant is presently indicted or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with the commission of any of the offenses enumerated above.
3. Applicant has had any public transaction (federal, state or local) terminated for cause or default within the three-year period preceding the application for ODH funding.

**C2.2 Procurement Standards**

Procurement is the purchase of merchandise or services at the optimum total cost in the correct amount and quality. These goods and services must be purchased at the correct time and location for the express gain or use of the project within the designated period. This process not only involves the purchasing of commodities but also quality and quantity checks.

Subrecipients may use their own procurement policies when using project funds for the procurement of equipment, supplies, and services provided they are made in accordance with the standards in this section and the applicable CFR.

The subrecipient is responsible for any contract it enters into on behalf of the grant-supported project.

Neither ODH nor the Federal Government assumes any liability arising from contracts, agreements, or obligations entered into by the subrecipient.

When procuring for project activities, the subrecipient shall maintain a code or standard of conduct for its officers, employees, or agents that shall include provisions for disciplinary actions for its violation.

For governmental subrecipients, such disciplinary actions are required only to the extent otherwise permissible under the government's laws, rules, or regulations and shall provide for action to be taken against contractors or their agents when they violate the code or standard.

Subrecipient officers, employees, or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from ODH contractors or potential contractors. This is not intended to preclude legitimate institutional fund-raising activities.

No employee, officer, or agent of a subrecipient shall participate in the selection, grant, or administration of a contract subject to this section where any of the following has a financial interest in that contract:

1. The employee, officer or agent
2. Any member of his or her immediate family
3. His or her partner
4. An organization in which any of the above individuals are an officer, director, or employee
5. A person or organization with whom any of the above individuals is negotiating or has any arrangement concerning prospective employment

The subrecipient should be alert to organizational conflicts of interests or noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. All procurement transactions shall be conducted in a manner that provides open and free competition to the maximum extent practicable.

The Department of Administrative Services (DAS) establishes State Term Schedules with vendors for various supplies and services. Political subdivisions, state universities, vocational schools, community colleges, and other institutions, as defined in Section 125.04(B) of the Ohio Revised Code may use a state term schedule contract. For those agencies that do not have authority to use the STS contracts, but may have a similar practice available within the agency; must thoroughly document such practice in an agency policy.

Solicitations by the subrecipient shall clearly set forth all requirements that the bidder must fulfill in order for the bid to be evaluated. Bids and offers made by vendors for contracts in response to the subrecipient's solicitation must be evaluated based on the lowest bid or offer that provides the most adequate quality of goods or services, which will ensure optimal utilization of grant funds per unit value. Factors such as discounts, transportation costs, and taxes should be considered in determining the lowest bid. Any bid may be rejected when it is in the project's interest to do so, and, in the case of governmental subrecipients, such rejections are in accordance with applicable rules, laws or regulations.

The subrecipient shall establish procurement procedures that provide for the following**:**

1. Assurances that preclude unnecessary duplication of purchases and/or contracts. The subrecipient shall analyze alternatives to the procurement (such as leasing) to determine the most economical and practical procurement. This analysis should be documented.
2. Solicitations for goods and services must be based on clear and accurate descriptions of the technical requirements for the material, product, or service to be procured. In competitive procurements, such descriptions shall not contain features, which unduly restrict competition.
3. Preferences and opportunities in the procurement of goods and services shall be given to Indians, Indian organizations, and Indian-owned economic enterprises where applicable to Section 7 (b) of the Indian Self-determination and Education Assistance Act (25 U.S.C. 450e (b)).
4. Positive efforts shall be made by procuring parties to utilize small business and minority-owned business sources of supplies and services.
5. The type of procuring instruments used (e.g., fixed-price contracts, cost reimbursable contracts, purchase orders, incentive contracts) shall be determined by the subrecipient but must be appropriate for the particular procurement and for promoting the best interest of the project. The "cost-plus-a percentage-of cost" method of contracting shall not be used.
6. Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of a proposed procurement. Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources and accessibility to other necessary resources.
7. Prior approval is needed from the Program administering the project in consultation with the ODH Chief Financial Officer when the aggregate expenditure is expected to be greater than or equal to $40,000, when a sole source contract is proposed, or when a non-governmental subrecipient proposes to grant a contract after seeking competition but only receiving one bid.
8. Non-governmental subrecipients should make some form of price or cost analysis in connection with every negotiated procurement action. Price analysis may include the comparison of submitted price quotations, market prices, and similar indices, along with discounts. Cost analysis is done to determine reasonableness, allocability, and allowability.
9. The subrecipient's records and files for purchases in excess of or equal to $40,000 shall include the basis for contractor selection; justification for lack of competition when competitive bids or offers are not obtained; and basis for grant cost or price.
10. A system for contract administration shall be maintained to ensure contractor conformance with terms, conditions, and specifications of the contracts, and to ensure adequate and timely follow-up of all purchases.

Governmental subrecipients shall use formal advertising in making procurements whenever practicable or feasible. When formal advertising is not practicable or feasible, procurements may be negotiated with prior written approval from GSU, subject to the conditions of 45 CFR Part A, Appendix A.

Competition shall be obtained to the maximum extent practicable whether procuring by advertising or negotiation. All negotiated procurement in excess of $4,000, a government subrecipient shall have in its procurement files and records written justification for the use of the negotiation in lieu of advertising.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether procurements under federal awards were made in compliance with applicable federal regulations and other procurement requirements specific to an award or subaward.

3. For covered transactions determine whether the non-federal entity verified that entities are not suspended, debarred, or otherwise excluded.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Additional Control Test Objectives for Written Procedures:**

When documenting and identifying the key control(s) in place to address the compliance requirement, consider if the client has written procedures to document the control process.

* UG requires a written policy for the requirements outlined in 2 CFR 200.318(c)(1), 2 CFR 200.318(c)(2), 2 CFR 200.320(d)(3), and 2 CFR 200.319(c)*.*
* Document whether the non-Federal entity established written procedures consistent with the following requirements:
  + 2 CFR 200.318(c)(1) for employee conflicts of interest.
  + 2 CFR 200.318(c)(2) for organizational conflicts of interest.
  + 2 CFR 200.320(d)(3) for selection and awarding of competitive contracts.
  + 2 CFR 200.319(c) for minimum evaluation criteria for bids and proposals.
* It is auditor judgment how to report instances where the entity either lacks having a written policy or their written policy is insufficient to meet the requirements of 2 CFR 200.318(c)(1), 2 CFR 200.318(c)(2), 2 CFR 200.320(d)(3), and 2 CFR 200.319(c).
  + While auditors would normally use a written policy as the basis for the compliance control, there could be other key controls in place to ensure program compliance.
  + The lack of a policy would be noncompliance, which could rise to the level of material noncompliance and even a control deficiency (SD / MW) if there were underlying internal control deficiencies.
    - If there are key controls in place operating effectively, AOS auditors would report the lack of the required UG policy as a management letter citation. However, in subsequent audits, evaluate if the noncompliance should be elevated if not adopted. Written policies aid in consistency and adherence to requirements strengthening internal control processes.

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| *(Procedures 2 – 5 apply to non-Federal entities other than States.)*  2. Obtain the entity’s procurement policies and verify that the policies comply with the compliance requirements highlighted above.  3. Verify that the entity has written standards of conduct that cover conflicts of interest and govern the performance of its employees engaged in the selection, award, and administration of contracts (2 CFR 200.318(c) and [48 CFR 52.203-13](48%20CFR%2052.203-13.pdf) and [52.203-16](48%20CFR%2052.203-16.pdf)).  4. Ascertain if the entity has a policy to use statutorily or administratively imposed in‑State or local geographical preferences in the evaluation of bids or proposals. If yes, verify that these limitations were not applied to federally funded procurements except where applicable Federal statutes expressly mandate or encourage geographic preference (2 CFR 200.319(c)).  5. Select a sample of procurements and perform the following procedures:  a. Examine contract files and verify that they document the history of the procurement, including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price (2 CFR 200.318(i) and [48 CFR Part 44](48%20CFR%20Part%2044.pdf) and [52.244-2](48%20CFR%2052.244-2.pdf)).  b. For grants and cooperative agreements, verify that the procurement method used was appropriate based on the dollar amount and conditions specified in 2 CFR 200.320. Current micro-purchase and simplified acquisition thresholds can be found in the FAR (48 CFR Subpart 2.1, “Definitions”)  c. Verify that procurements provide full and open competition (2 CFR 200.319 and [48 CFR 52.244-5](48CFR52.244-5.pdf)).  d. Examine documentation in support of the rationale to limit competition in those cases where competition was limited and ascertain if the limitation was justified (2 CFR 200.319 and 200.320(c) and [48 CFR 52.244-5](48CFR52.244-5.pdf)).  e. Ascertain if cost or price analysis was performed in connection with all procurement actions exceeding the simplified acquisition threshold, including contract modifications, and that this analysis supported the procurement action (2 CFR 200.324 and [48 CFR 15.404-3](48%20CFR%2015.404-3.pdf)).  **Note**: A cost or price analysis is required for each procurement action, including each contract modification, when the total amount of the contract and related modifications is greater than the simplified acquisition threshold.)  f. Verify consent to subcontract was obtained when required by the terms and conditions of a cost reimbursement contract under the FAR ([48 CFR 52.244-2](48%20CFR%2052.244-2.pdf)).  **Note**: If the non-Federal entity has an approved purchasing system, consent to subcontract may not be required unless specifically identified by contract terms or conditions. The auditor should verify that the approval of the purchasing system is effective for the audit period being reviewed.  *(Procedures 6 and 7 apply to all non-Federal entities)*  6. Review the non-Federal entity’s procedures for verifying that an entity with which it plans to enter into a covered transaction is not debarred, suspended, or otherwise excluded (2 CFR 200.213 and 200.318(h); [2 CFR 180.300](2%20CFR%20Part%20180.pdf); [48 CFR 52.209-6](48%20CFR%2052.209-6.pdf)).  7. Select a sample of procurements and subawards and test whether the non-Federal entity followed its procedures before entering into a covered transaction. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## J. PROGRAM INCOME

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

Program income is gross income earned by a non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance (unless there is a requirement for disposition of program income after the end of the period of performance as provided in 2 CFR 200.307(f)).

Program income (2 CFR 200.1\_Program\_Income) includes, but is not limited to income from:

* Fees for services performed,
* The use or rental of real or personal property acquired under Federal awards,
* The sale of commodities or items fabricated under Federal awards,
* License fees and royalties on patents and copyrights, except as provided below, and
* Principal and interest on loans made with Federal award funds.

Program income does not include:

* Interest earned on advances of Federal funds.
* Except as otherwise provided in Federal statutes, regulations or the terms and conditions of the Federal award, rebates, credits, discounts and interest earned on any of them.
* Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity, unless the Federal award or Federal awarding agency regulations specifically identify the revenues as program income (2 CFR 200.307(c)).
* The proceeds from the sale of equipment or real property acquired in whole or in part under the Federal award (2 CFR 200.307(d)).
* Royalties or income earned by an institution of higher education or a nonprofit organization on inventions conceived or first actually reduced to practice in the performance of work under a funding agreement with a Federal agency that is shared with the inventor (2 CFR 200.307(g); [37 CFR 401.2](37%20CFR%20401.2.pdf) and [401.14(k)](37%20CFR%20401.14.pdf); 35 USC 201(i), and 35 USC 202(c)(7)(B)).

If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determineprogramincome, provided those costs have not been charged to the Federal award (2 CFR 200.307(b)).

Program income may be used in any of the following three methods, consistent with 2 CFR 200.307(e):

1. Deduction.

Program income is deducted from total allowable costs in order to determine the net allowable costs, rather than to increase the funds committed to the project. This method must be used if the Federal awarding agency has given no prior approval for how program income is to be used and its regulations and the terms and conditions of the Federal award are silent on this matter. Where this method is used, program income must be applied to current costs unless the Federal awarding agency authorizes otherwise (2 CFR 200.307(e)(1)).

2. *Addition*.

With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. This method must be used for Federal awards to institutions of higher education and nonprofit research institutions if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used (2 CFR 200.307(e)(2)).

3. *Cost Sharing or Matching*.

With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same (2 CFR 200.307(e)(3)).

Unless Federal awarding agency regulations or the terms and conditions of the Federal award specify otherwise, non-Federal entities have no obligation to the Federal government regarding program income earned after the end of the period of performance (2 CFR 200.307(f)).

**Source of Governing Requirements**

The requirements that apply to program income are contained in 2 CFR 200.1\_Program\_Income (definition of “program income”), 2 CFR 200.307 (program income), program legislation, Federal awarding agency regulations, and the terms and conditions of the Federal award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

### Additional Program Specific Information

On September 22, 2022, after receiving clarification from The Centers for Disease Control (CDC) that any income from vaccine administration must be reported.

This memo is to advise you that federal guidelines for billing insurance to cover vaccine administrative costs, and reporting and expending the resulting earned income applies to EO21.

This guidance memo describes procedures to report vaccine administration income earned from billing insurance for COVID-19 vaccines administered from December 1, 2020 to December 31, 2021, and to report any COVID-19 vaccine income liquidated between December 1, 2020 through May 5, 2023. If vaccine administration project income was received after December 31, 2021, please record that income on CN22.

All EO21 funded local health departments that used staff time to bill insurance including Medicare and Medicaid for vaccine administration should comply with the following procedures:

1. Review project income guidance in the OGAPP Manual beginning on page 29.
2. Review the attached spreadsheet titled: EO21 Project Income Tracking Form.
3. Update the spreadsheet with any project income received December 1, 2020 through December 31, 2021 and disbursed from December 1, 2020 through May 5, 2023.
4. Submit the spreadsheet on the EO22 GMIS application page by May 10, 2023. If no project income was received from EO21 COVID-19 vaccine administration, then report $0 for each month on the EO21 spreadsheet.
5. Project income generated through the EO21 subaward is to be used for purposes identified in the subgrant and must be consistent with the guidance issued for EO21.
6. Any remaining vaccine administration income not yet liquidated must be encumbered by March 31, 2023 and liquidated by May 5, 2023.
7. ODH will review any negative expenditure balance on the spreadsheet submitted May 10, 2023 and make an adjustment to reduce reimbursement. All obligations must be liquidated prior to May 5, 2023.
8. Do not attach to expenditure report, attach the document to the EO22 application page.

*(Source: September 22, 2022, Memo from ODH, COVID-19 Enhanced Operations (EO21) Subgrant Budgetary Period December 1, 2020, through July 31, 2022)*

On November 1, 2022, ODH announced that the reporting period for vaccine administration income was extended to December 31, 2023.

In an EO21 guidance memo dated September 22, 2022, subrecipients were advised to report COVID-19 vaccination administrative fee project income and to expend that income on costs related to the purposes of the grant.

The deadline to expend EO21 project income has been extended to December 31, 2023.

Some ideas for spending EO21 project income include COVID-19 and other vaccine related operation expenditures, such as:

1. Equipment purchases, like a pharmaceutical grade refrigerator.
2. Vaccine scheduling systems, which is a revision of guidance issued March 22, 2021, for which performance parameters will be issued and must be met.
3. Awarding staff bonuses for work related to the purposes of the grants, if other federal funds have not been used, to award bonuses to the same staff. OGAPP regulations must be followed.
4. Promotion of COVID-19 vaccine clinics, if not already paid for with other federal funds.

*(Source: 2022.11.01 EO21 COVID-19 Vaccine Project Income from Subgrant EO21)*

**Ohio Department of Health:**

**D1.4 Project Income**

In the original project application, applicants/subrecipients must include the amount of estimated project income that will be earned as a direct result of project activity.

Project income is listed by source and as a total amount in the Budget Justification of the project application. Subrecipients must account for the receipt and use of project income for allowable project costs. Subrecipients must submit a budget revision request before the end of the project period to notify ODH of any variations between anticipated (budgeted) and actual income. **Medicaid/Medicare revenue is not considered project income, with the exception of the programs receiving Title X funding, which represents the Reproductive Health grant currently identified as RH and HW.**

The use and reporting of project income can differ based upon federal funding regulations and/or project requirements. Federal regulations allow project income to be handled in three different ways: deductive alternative, additive alternative, and matching alternative. The federal funding agency determines which alternative to apply to each federally funded program. Section 11 of the subrecipient’s Notice of Award will indicate how program income must be used relative to total program funding. Subrecipients should carefully review this to ensure compliance with the specified requirements for the receipt, spending and reporting of project income. Federal regulations require use of the deductive alternative unless a federal funding agency’s regulations or its grant agreement with ODH stipulates otherwise, and the majority of projects funded by ODH use the deductive alternative for program income. The three alternatives for the use of project income are described as follows:

1. **Deductive Alternative**- Project income is used to reduce the amount budgeted for grant funds and applicant share proportionately. Project income is deducted from the total allowable costs to determine the net amount to which the respective matching ratios (i.e., grant funds and applicant share) are applied. If during the project period, the subrecipient is generating more project income than indicated on the original application budget, the subrecipient should submit a budget revision request to increase budgeted project income and to expand project activity. The generation of more project income than budgeted on the original application budget may be the result of the subrecipients employee(s) devoting more time and effort to the project than the percentage of time/effort indicated for the employee(s) on the budget. If that were the case, a budget revision request to increase the employee(s) time on project activity would be appropriate. Project income in excess of the amount anticipated and budgeted is used to reduce further the ODH grant funds\ and the applicant share contributions.
2. **Additive Alternative**- Project income is used to further the objectives of the legislation under which the grant was made and to increase the total project budget. Project income is added to funds already committed to the project by the subrecipient and ODH. Project income is used for purposes identified in the grant and must meet the conditions of the grant agreement. Project income in excess of the amount anticipated and budgeted is deducted from total costs of the project.
3. **Matching Alternative**- Project income is used to finance part or all of the applicant share or subrecipient matching requirement for the project and to reduce the amount of applicant contribution. Project income exceeding the sum of the budgeted applicant share and the budgeted project income is used to reduce the amount of ODH funds contributed to the project.

When income falls short of the budgeted level, and the shortage cannot be replaced by additional applicant contribution, the subrecipient must submit a budget revision explaining the effects of the reduced funding on the approved project. This is critical especially when the shortage affects the subrecipients ability to meet required cost sharing or match agreements, in which case grant funds will be reduced. When income exceeds the amount budgeted, the excess income must be budgeted by the subrecipient and approved by ODH.

When program income is used during a grant year, the subrecipient must complete Item F-H of the Final Expense Report Summary. Failure to submit this report will result in a reduction of allowable program expenditures eligible for reimbursement.

*(Source: OGAAP Manual, Updated December 2017)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether program income is correctly determined, recorded, and used in accordance with applicable governing requirements.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. *Identify Program Income*  a. Review the statutes, regulations, and terms and conditions of the Federal award applicable to the program and ascertain if program income was anticipated. If so, ascertain the requirements for determining or assessing the amount of program income (e.g., a scale for determining user fees, prohibition of assessing fees against certain groups of individuals, etc.), and the requirements for recording and using program income.  b. Inquire of management and review accounting records to ascertain if program income was received.  2. *Determining or Assessing Program Income* – Perform tests to verify that program income was properly determined or calculated in accordance with stated criteria, and that amounts collected were classified as program income only if collected from allowable sources.  3. *Recording of Program Income* – Perform tests to verify that all program income was properly recorded in the accounting records.  4. *Use of Program Income* – Perform tests to ascertain if program income was used in accordance with 2 CFR 200.307(e) and the program requirements set by the Federalawarding agency in its regulations and the terms and conditions of the award. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## L. REPORTING

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

### OMB Compliance Requirements

*Financial Reporting*

Recipients must use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form) when reporting to the Federal awarding agency. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. If the Federal awarding agency requires reporting of accrual information and the recipient’s accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis of available documentation. The Federal awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of closed formats or on paper.

Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of available documentation.

The financial reporting requirements for subrecipients are as specified by the pass-through entity. In many cases, these will be the same as or similar to those for recipients.

The standard financial reporting forms for grants and cooperative agreements are as follows:

* *Request for Advance or Reimbursement (SF-270) (OMB No. 0348-0004))*. Recipients are required to use the SF-270 to request reimbursement payments under non-construction programs, and may be required to use it to request advance payments.
* *Outlay Report and Request for Reimbursement for Construction Programs (SF-271) (OMB No. 0348-0002))*. Recipients use the SF-271 to request funds for construction projects unless they are paid in advance or the SF-270 is used.
* *Federal Financial Report (FFR) (SF-425/SF-425A) (OMB No. 0348-0061)).* Recipients use the FFR as a standardized format to report expenditures under Federal awards, as well as, when applicable, cash status (lines 10.a, 10.b, and 10c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated.

Electronic versions of the standard forms are located on agency’s home page. Financial reporting requirements for cost reimbursement contracts subject to the Federal Acquisition Regulation (FAR) are contained in the terms and conditions of the contract.

*Performance and Special Reporting*

Non-Federal entities may be required to submit performance reports at least annually but not more frequently than quarterly, except in unusual circumstances, using a form or format authorized by OMB (2 CFR 200.329(c)(1)). They also may be required to submit special reports as required by the terms and conditions of the Federal award.

Compliance testing of performance and special reporting is only included in Part 4, “Agency Program Requirements” and Part 5, “Clusters of Programs,” if such reporting has been identified by a federal agency as subject to audit. Further, compliance testing of performance and special reports is only required for data, identified by agencies in parts 4 and 5 as key line items, that are quantifiable and are capable of evaluation against objective criteria stated in the statutes, regulations, contract or grant agreements pertaining to the program.

Performance and special reports in parts 4 and 5 are assumed to meet the above criteria. However, if an agency does not identify key line items for a performance or special report, auditors are only required to test that the report was submitted in a timely manner and no other procedures are required. Similarly, if key line items are identified in parts 4 and 5 that would not be quantifiable and capable of evaluation against objective criteria (e.g., narratives, futuristic information, information that would require verification at the program beneficiary level), auditors are not required to perform testing of such items.

**Federal Funding Accountability and Transparency Act**

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). In accordance with OMB Memorandum M-20-21, Implementation Guidance for Supplementing Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19), existing Transparency Act subaward reporting requirements may be leveraged to meet the transparency requirements outlined in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Information input to FSRS is available at USASpending.gov as the publicly available website for viewing this information (https://www.usaspending.gov/search).

Where the Reporting type of compliance requirement is marked as a “Y” in the Part 2 Matrix of Compliance Requirements, indicating it is subject to audit, auditors must test the compliance with the reporting requirements of 2 CFR Part 170 using the guidance in this section when the auditor determines Reporting to be direct and material and the recipient makes first tier awards.

*Federal Funding Accountability and Transparency Act*

Aspects of the Transparency Act that relate to subaward reporting (1) under grants and cooperative agreements were implemented in OMB in 2 CFR Part 170 and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR at 5 FR 39414 et seq., July 8, 2010). The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR Part 170 and the FAR. The guidance at 2 CFR Part 170 currently applies only to federal financial assistance awards in the form of grants and cooperative agreements (e.g., it does not apply to loans made by a federal agency to a recipient), however the subaward reporting requirement applies to all types of first-tier subawards under a grant or cooperative agreement.

As provided in 2 CFR Part 170 and FAR Subpart 4.14, respectively, federal agencies are required to include the award term specified in Appendix A to 2 CFR Part 170 or the contract clause in FAR 52.204-10, Reporting Executive Compensation and First-Tier Subcontract Awards, as applicable, in awards subject to the Transparency Act.

Consistent with the OMB guidance,

• 2 CFR Part 170 “subaward” has the meaning given in 2 CFR 200.1 and 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.

• FAR 52.204-10(a) defines “first-tier subcontract” to mean a subcontract awarded directly by a contractor to acquire supplies or services (including construction) for performance of a prime contract, but excludes the contractor’s supplier agreements with vendors, such as long-term arrangements for materials or supplies that benefit multiple contracts or the costs of which would normally be applied to a contractor's general and administrative expenses or indirect cost.

While 2 CFR Part 170 and the FAR implement several distinct Transparency Act reporting requirements, including reporting of executive compensation, the Supplement addresses only the following requirements: (1) recipient reporting of each first-tier subaward or subaward amendment that results in an obligation of $30,000 or more in federal funds; and (2) contractor reporting of each first-tier subcontract award of $30,000 or more in federal funds (this requirement was phased in based on the value of the new prime contract as specified below under “Effective Date of Reporting Requirements”).

*Reporting Site*

Grant and cooperative agreement recipients and contractors are required to register FSRS and report subaward data through FSRS. To do so, they will first be required to register in the System for Award Management (SAM) (if they have not done so previously for another purpose (e.g., submission of applications through Grants.gov) and actively maintain that registration. Prime contractors have previously been required to register in SAM. Information input to FSRS is available at USASpending.gov as the publicly available website for viewing this information (<https://www.usaspending.gov/search> ).

*Key Data Elements*

Compliance testing of the Transparency Act reporting requirements must include the following key data elements about the first-tier subrecipients and subawards under grants and cooperative agreements.

|  |  |
| --- | --- |
| **Subaward Data Element** | **Definition** |
| Subawardee Name | This is the Sub-Awardee’s Name |
| Subawardee DUNS # | The subawardee organization’s nine-digit Data Universal Numbering System (DUNS) number. |
| Amount of Subaward | The net dollar amount of federal funds awarded to the  subawardee including modifications. |
| Subaward Obligation/Action Date | Date the subaward agreement was signed. |
| Date of Report Submission | Date the recipient entered the action/obligation into FSRS. |
| Subaward Number | Subaward number or other identifying number assigned by the prime awardee organization to facilitate the tracking of its  subawards. |
| Subaward Project Description | Describes the subaward project. |
| Subawardee Names and Compensation of Highly  Compensated Officers | Names of officers if thresholds are met. |

For purposes of programs included in parts 4 and 5 of this Supplement, the designation “Not Applicable” in relation to “Financial Reporting,” “Performance Reporting,” and “Special Reporting” means that the auditor is not expected to audit anything in these categories, whether or not award terms and conditions may require such reporting.

**Source of Governing Requirements**

**Reporting requirements are contained in the following:**

1. Financial reporting, 2 CFR 200.328
2. Monitoring and reporting program performance, 2 CFR 200.329
3. Program legislation.
4. Transparency Act, implementing requirements in 2 CFR Part 170 and the FAR, and the previously listed OMB guidance documents.
5. Federal awarding agency regulations.
6. The terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement***.**

### Additional Program Specific Information

**Ohio Department of Health**

**E2.0 Overview**

Subrecipients are required to submit program performance reports and financial status reports for each grant as indicated in the Solicitation. The reports must adhere to the OGAPP manual and Solication as outlined. Reports must be received before ODH will release any additional funds.

If a subrecipient has not complied with the OGAPP rules related to timely submission of required ODH reports, they may be deemed as non-compliant and the processing of payments will be suspended until all outstanding reports are received and approved.

**E2.1 Program Reports**

Subrecipients are required to submit performance reports to ODH on the project activities of each grant. Program reports are required to be submitted monthly, quarterly, or as indicated in the Solicitation by the ODH program.

If the Solicitation requires a monthly Program Reports, it **must** be completed and submitted via GMIS by the 10th of each month.

Subrecipients should monitor the performance of the project activities and assure that adequate progress is being made towards program goals. ODH staff will conduct site visits to review program accomplishments and to provide technical assistance as required.

The subrecipient should inform the Program in writing of any events that may significantly affect project activity as soon as they are known. This includes reporting on developments that would enable the project to achieve goals sooner than anticipated or a lower cost than originally expected, as well as developments that would produce even better results than planned. Information regarding problems or delays, which will impair the ability of the project to meet the program objectives, should also be reported. In addition, the subrecipient should inform ODH Program regarding what actions will be taken or are being planned to address the problem and whether any assistance will be needed.

Subrecipients are to use the following procedures for the preparation and submission of programmatic status reports:

1. Subrecipients are to submit program performance reports quarterly unless otherwise indicated in the Solicitation or NOA.
2. In their report, subrecipients should include the project number, the title of the grant project, and their name.
3. Program reports must be submitted in the format required and requested by the program covering the topics, i.e., narrative report, work plan accomplishments, etc.
4. Program reports must include a statement of the subrecipient's progress in achieving the stated goals from the Solicitation, the subrecipient application, and the Notice of Award.
5. The report should describe the overall progress, including results to date, a comparison of the actual accomplishments with the proposed goals for the period, any current problems or favorable or unusual developments, and the work to be performed during the succeeding period.
6. The report should identify and elaborate on problems, delays, and adverse conditions that may affect the subrecipient's ability to meet the program's objectives or time schedules.
7. Due dates for program performance reporting may be extended by ODH, with a written request to the Program Consultant via GMIS. The request must provide the details and circumstances, which necessitate the request for an extension. The request must be received thirty (30) days prior to the designated reporting due date. ODH will respond to any proposed extension request within fifteen (15) workdays after receipt of the request.
8. Failure to submit required program performance reports may have an effect on future payments.

**E2.2 Monthly or Quarterly Reimbursement Reports**

Subrecipient Monthly or Quarterly Expenditure Reports **must** be completed and submitted **via GMIS** within 10 calendar days following the end of the reporting period, which is designated in the Solicitation. These reports provide details on the funds received, disbursed, or obligated.

Subrecipient Monthly or Quarterly Expenditure Reports **must** be completed and submitted **via GMIS** by the 10th of each month. The Subrecipient Monthly or Quarterly Expenditure Report includes the subrecipient summary page, and monthly, and year-to-date, general and payroll ledgers. ODH may withhold subrecipient unobligated balances during the fiscal year.

Due dates for monthly or quarterly reporting may be extended by ODH with a written request to the GSU Chief. The request must be on the subrecipient’s agency letterhead and must be from the subrecipient’s agency head or financial head. The request must provide the details and circumstances, which necessitate the request for an extension. The request must be received thirty (30) calendar days prior to the designated reporting due dates. ODH will respond to any proposed extension request within fifteen (15) calendar days after receipt of the request.

The monthly or quarterly report must be based on the subrecipient’s accounting records and supporting documentation, and all documents must be maintained by the subrecipient for review by ODH staff. The reporting of expenditures and revenues must be on the cash basis; thereby reporting actual expenses paid during the month or quarter.

Payments for deliverables should only be included on the monthly or quarterly reports once the deliverable has been successfully met. Costs included on the expenditure reports for unmet deliverables will be disallowed. The automatic payment for subrecipients who request costs more than 2 times for unmet deliverables will be removed.

The total amount of Outstanding Obligations listed on the twelfth monthly or fourth quarterly expenditure report is the maximum amount that can be listed as current expenditures upon submission of the Final Expenditure Report. Any additional amounts of current expenditures or any additional outstanding obligations will not be accepted or paid with program funds.

ODH considers the 12th monthly or fourth quarterly expenditure report as the interim Final Expense Report. The 12th monthly or fourth quarter expenditure report must include all expenses to date, all outstanding obligations, and receivables.

**E2.3 Final Expenditure Report**

The Subrecipient Final Expense Report and any overpayments must be submitted to ODH within thirty-five (35) calendar days following the end of the grant year. The Subrecipient Final Expense Report details the total expenditures for the project period. No extensions will be granted for Final Expense Reports.

The information contained in this report must reflect the project accounting records and supporting documentation. Any cash balances must be returned to ODH when the Subrecipient Final Expense Report is submitted. If the cash balance owed to ODH is not returned at the close of the grant, the second and subsequent payment(s) for all other grants will be held until all outstanding cash balances are received.

**A3.2 Reporting**

Subrecipients are required to submit financial and progress reports by the deadlines listed in the Solicitation and in GMIS. Other required reports may include audit reports, reports to the appropriate payment points, and specialized programmatic reports. Unless otherwise indicated in the Solicitation, all required reports should be submitted via GMIS.

Subrecipients may receive up to a fifteen (15) day extension from the GSU Chief by requesting the extension in writing thirty (30) days prior to the final report due date.

*Overdue reports -* Failure to submit required reports within the allowed time may result in the suspension or termination of an active grant, the withholding of a non-competitive continuation award, or other enforcement actions, including the withholding of future payments. Continued failure to submit required reports may result in the loss of funding for the program.

Submission of a required report does not automatically fulfill the subrecipient’s obligation. Such reports must also meet the regulations requirements or other grant terms. If a report needs to be revised in order to be accepted, the subrecipient must provide a revised report by the due date indicated or enforcement actions, such as an immediate fund cutoff, may be taken for the delinquent report.

**A3.3 Final Expenditure Reports**

The Final Expenditure Report reflecting total expenditures for the grant period must be completed and submitted via GMIS within Thirty-five (35) days after the end of the budget period. The Final Expenditure Report must include program income earned and used. No extensions will be granted for the Final Expenditure Report.

The NOA or Solicitation will specify both the frequency and the due dates of Expenditure Reports. ODH requires quarterly or monthly submission of expenditures as well as a final expenditure report. ODH may review the reported patterns of cash expenditures and assess whether performance or financial management problems exist.

Before submitting any required expenditure report(s), subrecipients must ensure the information submitted is accurate, complete, and consistent with the subrecipient’s accounting system. Submission of the final expenditure report in GMIS indicates acceptance of OGAPP. In addition, by clicking the “Approve” button, the subrecipient certifies authorization of the submission by an agency official and constitutes electronic acknowledgement and acceptance of OGAPP rules and regulations. Moreover, it certifies that all outlays and obligations are consistent with the terms and conditions of the grant and represents a claim to ODH. Filing a false claim shall result in the imposition of civil or criminal penalties associated with “Fraud, Waste, and Abuse.”

In some cases, a previously submitted expenditure report must be revised or amended by the subrecipient. When the revision results in a balance due to ODH, the subrecipient must submit a revised expenditure report regardless of the original due date. Revised expenditure reports representing additional expenditures by the subrecipient that were not reported to ODH within the required period should be submitted to ODH with an explanation for the revision. The explanation should also describe what action is being taken by the subrecipient to prevent similar situations in the future. The revision should be submitted within fifteen (15) days from the due date of the original report. If an adjustment is to be made, ODH will advise the subrecipient of actions it will take to reflect the adjustment. ODH will not accept any revised report received after that date and will return it to the subrecipient.

The following shall be observed by ODH for all projects during the review and close out:

1. ODH will process payments to the subrecipient for allowable costs, which are included on the final expenditure report and not covered by previous payments.
2. Expenditures paid after the final expenditure report has been submitted to the Grantor will not be paid for with ODH project funds.
3. The subrecipient will refund to ODH any cash balance of project funds within forty-five (45) days of the invoice date.
4. ODH will invoice the subrecipient for refund of any cash balance due if the unobligated funds are not submitted in accordance with policies and procedures. If the balance is unpaid for thirty (30) day after invoicing, a past due notification letter requesting payment will be sent. If the balance remains unpaid for an additional ten (10) days, a final notice will be sent notifying the agency of ODH’s intent to certify the past due account to the Ohio Attorney General’s (AG’s) Office for collection. If the balance is not received by close of business on day forty-five (45), the invoice becomes eligible for certification. If there are no appeals, the invoice is certified to the Ohio AG’s Office for collection. As allowed under Ohio Revised Code section 131.02(A), all collection costs are passed on to the debtor.
5. Payments on current grants with the subrecipient will not be withheld nor will any procedures to certify to the Ohio AG’s Office for collection be instituted while an invoiced amount is in the appeal cycle.

**A3.7 Final Program Performance Report**

All program performance reports must clearly identify the authorized project name and assigned project number. This report should be prepared according to the instructions given in the Solicitation.

*(Source: OGAAP Manual, Updated December 2017)*

***Ohio Department of Health: COVID-19 Contact Tracing Supplemental (CT21) Subgrant***

*Reports shall be submitted as follows:*

1. ***Program Reports*** *– No program reports due in period covered by this FACCR (fiscal year 2022).*
2. ***Expenditure Reports*** *– No expenditure reports due in period covered by this FACCR (fiscal year 2022).*
3. ***Final Expenditure Reports***

A Subrecipient Final Expenditure Report reflecting total expenditures for the fiscal year must be completed and submitted **via GMIS by 4:00** p.m. on or before ***August 5. 2021.*** The information contained in this report must reflect the program's accounting records and supportive documentation. Any cash balances must be returned with the Subrecipient Final Expense Report. The Subrecipient Final Expense Report serves as an invoice to return unused funds.

1. ***Inventory Report***

A list of all equipment purchased in whole or in part with current grant funds (Equipment Section of the approved budget) must be submitted via GMIS as part of the subrecipient Final Expenditure Report. At least once every two years, inventory must be physically inspected by the Subrecipient. Equipment purchased with ODH grant funds must be tagged as property of ODH for inventory control. Such equipment may be required to be returned to ODH at the end of the grant program period.

*(Source: June 23, 2020 Memo from ODH, COVID-19 Contact Tracing Supplemental (CT21) Subgrant Budget Period June 19, 2020 through June 30, 2021)*

***Ohio Department of Health: COVID-19 Enhanced Operations (EO22) Subgrant***

*Reports shall be submitted as follows:*

1. ***Program Reports (Monthly)***

Subrecipients Program Reports must be completed and submitted via GMIS, as required by the subgrant program by the following dates. The program report template will be provided within the next few weeks. All program report attachments must clearly identify the authorized program name and grant number.

\_X\_Program Reports Required No Program Reports Required

Table

Description automatically generatedTable

Description automatically generated

1. ***Expenditure Reports***

All expenditure reports will be submitted monthly. Submission of the Monthly and Final Subrecipient Expenditure reports via the GMIS system indicates acceptance of OGAPP. Clicking the "Approve" button signifies authorization of the submission by an agency official and constitutes electronic acknowledgment and acceptance of OGAPP rules and regulations.

Table

Description automatically generated

Table

Description automatically generated

1. ***Final Expenditure Reports***

A Subrecipient Final Expenditure Report reflecting total expenditures for the subgrant cycle must be completed and submitted **via GMIS by 4:00** p.m. on or before ***September 5. 2022.*** The information contained in this report must reflect the program's accounting records and supportive documentation. Any cash balances must be returned with the Subrecipient Final Expense Report. The Subrecipient Final Expense Report serves as an invoice to return unused funds.

1. ***Inventory Report***

A list of all equipment purchased in whole or in part with current grant funds (Equipment Section of the approved budget) must be submitted via GMIS as part of the subrecipient Final Expenditure Report. At least once every two years, inventory must be physically inspected by the Subrecipient. Equipment purchased with ODH grant funds must be tagged as property of ODH for inventory control. Such equipment may be required to be returned to ODH at the end of the grant program period*.*

*(Source: December 23, 2020 Memo from ODH, COVID-19 Enhanced Operations (EO22) Subgrant Budget Period February 1, 2021 through July 31, 2022)*

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether required reports for federal awards include all activity of the reporting period, are supported by applicable accounting or performance records, and are fairly presented in accordance with governing requirements.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Note for Direct Awards Only**: For recipients using HHS’ Payment Management System (PMS) to draw Federal funds, the auditor should consider the following steps numbered 1 through 4 as they pertain to the cash reporting portion of the SF-425A, regardless of the source of the data included in the PMS reports. (During FY2016, HHS is completing the transition from pooled payment to use of subaccounts.) Although certain data is supplied by the Federal awarding agency (e.g., award authorization amounts) and certain amounts are provided by HHS’ Payment Management Services, the auditor should ensure that such amounts are in agreement with the recipient’s records and are otherwise accurate.  **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Review applicable statutes, regulations, and the terms and conditions of the Federal award pertaining to reporting requirements. Determine the types and frequency of required reports. Obtain and review Federal awarding agency or pass-through entity, in the case of a subrecipient, instructions for completing the reports.  a. For financial reports, ascertain the accounting basis used in reporting the data (e.g., cash or accrual).  b. For performance and special reports, determine the criteria and methodology used in compiling and reporting the data.  2. Select a sample of reports and perform appropriate analytical procedures and ascertain the reason for any unexpected differences. Examples of analytical procedures include:  a. Comparing current period reports to prior period reports.  b. Comparing anticipated results to the data included in the reports.  c. Comparing information obtained during the audit of the financial statements to the reports.  3. Select a sample of each of the following report types, and test for accuracy and completeness:  a. *Financial reports*  (1) Ascertain if the financial reports were prepared in accordance with the required accounting basis.  (2) Review accounting records and ascertain if all applicable accounts were included in the sampled reports (e.g., program income, expenditure credits, loans, interest earned on Federal funds, and reserve funds).  (3) Trace the amounts reported to accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards and verify agreement or perform alternative procedures to verify the accuracy and completeness of the reports and that they agree with the accounting records. If reports require information on an accrual basis and the entity does not prepare its accounting records on an accrual basis, determine whether the reported information is supported by available documentation.  (4) For any discrepancies noted in SF-425 reports concerning cash status when the advance payment method is used, review subsequent SF-425 reports to ascertain if the discrepancies were appropriately resolved with the applicable payment system.  b. *Performance and special reports*  (1) Review the supporting records and ascertain if all applicable data elements were included in the sampled reports. Trace the reported data to records that accumulate and summarize data.  (2) Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.  c. Special reports for FFATA – *Not applicable for grants passed through ODH.*  d. *For each type of report*  (1) When intervening computations or calculations are required between the records and the reports, trace reported data elements to supporting worksheets or other documentation that link reports to the data.  (2) Test mathematical accuracy of reports and supporting worksheets.  4. Obtain written representation from management that the reports provided to the auditor are true copies of the reports submitted or electronically transmitted to the Federal awarding agency, the applicable payment system, or pass-through entity in the case of a subrecipient. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## M. SUBRECIPIENT MONITORING

**Federal awarding agencies adopted/implemented the Uniform Guidance in 2 CFR Part 200. The OMB guidance is directed to Federal agencies and, by itself, does not establish regulatory requirements binding on non-federal entities. Throughout the FACCR 2 CFR Part 200 has been referenced, however in determining compliance auditors need to refer the applicable agency codification of 2 CFR Part 200. Auditors should review this** [**link**](Agency%20Adoption%20of%20the%20UG%20and%20Example%20Citations.pdf) **for a full discussion of agency adoption of the UG and how to cite non-compliance exceptions. Auditors will need to start with the agency codification of the UG when citing exceptions.**

**All references to sections within 2 CFR Part 200 can be found** [**here**](2%20CFR%20Part%20200.pdf)

**Note:** Transfers of Federal awards to another component of the same auditee under 2 CFR Part 200, Subpart F, do not constitute a subrecipient or contractor relationship.

### OMB Compliance Requirements

A pass-through entity (PTE) must (see here for 2 CFR 200.332(a)):

- *Identify the Award* *and Applicable Requirements* – Clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR 200.331(a)(1); (2) all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award (2 CFR 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the Federal award (e.g., financial, performance, and special reports) (2 CFR 200.331(a)(3)).

- *Evaluate Risk* – Evaluate each subrecipient’s risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR 200.331(b)). This evaluation of risk may include consideration of such factors as the following (see here for 2 CFR 200.332(b)-(f)):

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 single audit in accordance with 2 CFR Part 200, Subpart F, 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).

- *Monitor* – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR 200.332(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:

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

* *Ensure Accountability of For-Profit Subrecipients* – Some Federal awards may be passed through to for-profit entities. For-profit subrecipients are accountable to the PTE for the use of the Federal funds provided. Because 2 CFR Part 200 does not make Subpart F applicable to for-profit subrecipients, the PTE is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients for the subaward. The agreement with the for-profit subrecipient must describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the agreement, and post-award audits (2 CFR 200.501(h)).

**Source of Governing Requirements**

The requirements for subrecipient monitoring for the subaward are contained in 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR 200.331, 200.332 and 200.501(h); Federal awarding agency regulations; and the terms and conditions of the award.

*(Source: 2022 OMB Compliance Supplement Part 3)*

**Agency Codification Adjustments/Exceptions:**

The most recent compilation of agency additions and exceptions is provided on the CFO website here: <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf>. However, this list is only updated through 12/2014. AOS evaluated agency exceptions through June 2022. AOS auditors only will need to reference our internal AOS evaluation process [at the following link](https://ohauditor.sharepoint.com/sites/Intranet/Shared%20Documents/Forms/AllItems.aspx?FolderCTID=0x0120002FFBFB1F4A3C3F47AE37C7A44E1C1EDE&id=%2Fsites%2FIntranet%2FShared%20Documents%2FAudit%5FResources%2FFederal%2FOther%20Federal%20Resources&viewid=68cb3ab2%2D567e%2D456a%2D975c%2Da88f3e9c3727).

**Part 4 OMB Program Specific Requirements**

*This program is not included in the OMB Compliance Supplement.*

### Additional Program Specific Information

*No additional program specific information noted***.**

### Audit Objectives and Control Testing

**Please see the following guidance links applicable to this section:**

* [Part 6](OMB_Part%206.pdf) (Internal Control) of the OMB Compliance Supplement
* [2013 COSO](https://www.coso.org/Shared%20Documents/Framework-Executive-Summary.pdf)
* [GAO’s 2014 Green Book](https://www.gao.gov/assets/gao-14-704g.pdf)

**Audit Objectives**

1. Obtain an understanding of internal control, assess risk, and test internal control as required by 2 CFR section 200.514(c).

Consider the results of the testing of internal control in assessing the remaining risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.

2. Determine whether the PTE identified the subaward and applicable requirements at the time of the subaward (or subsequent subaward modification) in the terms and conditions of the subaward and other award documents sufficient for the PTE to comply with Federal statutes, regulations, and the terms and conditions of the Federal award.

3. Determine whether the PTE monitored subrecipient activities to provide reasonable assurance that the subrecipient administered the subaward in compliance with the terms and conditions of the subaward.

*(Source: 2022 OMB Compliance Supplement Part 3)*

|  |
| --- |
| **What Control Procedures Address the Compliance Requirement (reference/link to documentation or where the testing was performed):** |
| **Basis for the control** (reports, resources, etc. providing information needed to understand requirements and prevent or identify and correct errors):  **Control Procedure** (description of how auditee uses the “Basis” to prevent, or identify and correct or detect errors):  **Person(s) responsible for performing the control procedure** (title):  **Description of evidence documenting the control was applied** (i.e. sampling unit): |

### Suggested Audit Procedures – Compliance

|  |
| --- |
| **Suggested Audit Procedures – Compliance (Substantive Tests)**  **(Reference / link to documentation where testing was performed testing):** |
| **Note**: The auditor may consider coordinating the tests related to subrecipients performed as part of C., “Cash Management” (tests of cash reporting submitted by subrecipients); E., “Eligibility” (tests that subawards were made only to eligible subrecipients); I., “Procurement and Suspension and Debarment” (tests of ensuring that a subrecipient is not suspended or debarred), and L, “Reporting (tests of performance data reported to funding sources) with the testing of “Subrecipient Monitoring.”  **Consider the results of the testing of internal control in assessing the risk of noncompliance. Use this as the basis for determining the nature, timing, and extent (e.g., number of transactions to be selected) of substantive tests of compliance.** |
| 1. Review the PTE’s subrecipient monitoring policies and procedures to gain an understanding of the PTE’s process to identify subawards, evaluate risk of noncompliance, and perform monitoring procedures based upon identified risks.   2. Review subaward documents including the terms and conditions of the subaward to ascertain if, at the time of subaward (or subsequent subaward modification), the PTE made the subrecipient aware of the award information required by 2 CFR 200.332(a) sufficient for the PTE to comply with Federal statutes, regulations, and the terms and conditions of the award.  3. Review the PTE’s documentation of monitoring the subaward and consider if the PTE’s monitoring provided reasonable assurance that the subrecipient used the subaward for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.  4. Ascertain if the PTE verified that subrecipients expected to be audited as required by 2 CFR Part 200, Subpart F, met this requirement (2 CFR 200.332(f)). This verification may be performed as part of the required monitoring under 2 CFR 200.332(d)(2) to ensure that the subrecipient takes timely and appropriate action on deficiencies detected though audits. |

### Audit Implications Summary

|  |
| --- |
| **Audit Implications (adequacy of the system and controls, and the effect on sample size, significant deficiencies / material weaknesses, material non-compliance and management letter comments)** |
| 1. **Results of Test of Controls: (including material weaknesses, significant deficiencies and management letter items)** 2. **Assessment of Control Risk:** 3. **Effect on the Nature, Timing, and Extent of Compliance (Substantive Test) including Sample Size:** 4. **Results of Compliance (Substantive Tests) Tests:** 5. **Questioned Costs: Actual \_\_\_\_\_\_\_\_\_\_ Projected \_\_\_\_\_\_\_\_\_\_** |

## Program Testing Conclusion

We have performed procedures sufficient to provide reasonable assurance for federal award program compliance requirements (to support our opinions). The procedures performed, relevant evidence obtained, and our conclusions are adequately documented. (If you are unable to conclude, prepare a memo documenting your reason and the implications for the engagement, including the audit reports.)

|  |  |  |
| --- | --- | --- |
| **Conclusion** | | |
| **The opinion on this major program should be:** | |  |
| **Unmodified:** |  | |
| **Qualified (describe):** |  | |
| **Adverse (describe):** |  | |
| **Disclaimer (describe):** |  | |

Per paragraph 13.39 of the **AICPA Single Audit Guide[Permalink to here](https://checkpoint.riag.com/app/view/docPermaLink?DocID=iAICPAIGS:767.2440&docTid=T0AICPAIGS:767.2440-1&feature=ttoc&lastCpReqId=97899&tlltype=AICPAIGS:767.2668)**, the **following are required to be reported** as audit findings in the federal awards section of the schedule of findings and questioned costs **(2 CFR 200.516):**

1. Significant deficiencies and material weaknesses in internal control over major programs.
2. Material noncompliance with the federal statues, regulations, or the terms and conditions of federal awards related to a major program.
3. Known questioned costs that are greater than $25,000 for a type of compliance requirement for a major program. The auditor also must report (in the schedule of findings and questioned costs) known questioned costs when likely questioned costs are greater than $25,000 for a type of compliance requirement for a major program.
4. Known questioned costs that are greater than $25,000 for programs that are not audited as major.
5. Known or likely fraud affecting a federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs.
6. Significant instances of abuse relating to major programs.
7. The circumstances concerning why the opinion in the auditor's report on compliance for major programs is other than an unmodified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs (for example, a scope limitation that is not otherwise reported as a finding).
8. Instances in which the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with 2 CFR 200.511(b) of the Uniform Guidance, materially misrepresents the status of any prior audit finding.

[Appendix I](2%20CFR%20Part%20200.pdf) lists block grants and other programs excluded from the requirements of specified portions of 2 CFR Part 200.

[Appendix II](OMB_Appendix%20II.pdf) provides regulatory citations for Federal agencies’ codification of the OMB guidance on “Uniform Administrative Requirements, Cost Principles, and Audit Requirements” (in 2 CFR Part 200).

All departments and agencies other than the following have OMB-approved exceptions as part of their adoption/implementation: Departments of Commerce, Homeland Security, Housing and Urban Development, and Veterans Affairs; Gulf Coast Restoration Council; Institute of Museum and Library Services; National Endowments for the Arts and Humanities; Office of National Drug Control Policy; and Social Security Administration. The complete list of exceptions is available at <https://www.cfo.gov/wp-content/uploads/2014/12/Agency-Exceptions.pdf> and Appendix II of the OMB Compliance Supplement.

|  |
| --- |
| **Cross-reference to internal control matters (significant deficiencies or material weaknesses), if any, documented in the FACCR:** |
|  |

|  |
| --- |
| **Cross-reference to questioned costs and matter of noncompliance, if any, documented in this FACCR:** |
|  |

**Per paragraph 13.50 of the AICPA Single Audit Guide,** the schedule of findings and questioned costs must include all audit findings required to be reported under the Uniform Guidance. A separate written communication (such as a communication sometimes referred to as a management letter) may not be used to communicate such matters to the auditee in lieu of reporting them as audit findings in accordance with the Uniform Guidance. See the discussion beginning at paragraph 13.34 for information on Uniform Guidance requirements for the schedule of findings and questioned costs. If there are other matters that do not meet the Uniform Guidance requirements for reporting but, in the auditor's judgment, warrant the attention those charged with governance, they should be communicated in writing or verbally. If such a communication is provided in writing to the auditee, there is no requirement for that communication to be referenced in the Uniform Guidance compliance report. Per table 13-2 **a matter must meet the following in order to be communicated in the management letter:**

* Other deficiencies in internal control over compliance that are not significant deficiencies or material weaknesses required to be reported but, in the auditor's judgment, are of sufficient importance to be communicated to management.
* Noncompliance with federal statutes, regulations or terms and conditions of federal awards related to a major program that does not meet the criteria for reporting under the Uniform Guidance but, in the auditor's judgment, is of sufficient importance to communicate to management or those charged with governance.
* Other findings or issues arising from the compliance audit that are not otherwise required to be reported but are, in the auditor's professional judgment, significant and relevant to those charged with governance.

|  |
| --- |
| **Cross-reference to any Management Letter items and explain why not included in the Single Audit Compliance Report:** |
|  |