

Big Bend Community Based Care Policy & Procedure

Series:	700: Provider Network & Licensing	
Policy Name:	Monitoring of Subcontracted Services	
Policy Number:	713	
Origination Date:	03/09/2009	Revised: Board Meeting of 12/13/2018
Regulations:	Section 402.7305, F.S., Department of Children and Families; Procurement of Contractual Services; Contract Mgmt. Section 215.97 F.S., Department of Children and Families; Florida Single Audit Act Chapter 10.650, Rules of the State of Florida, Office of the Auditor General, Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations OMB A-133 Federal Single Audit (for fiscal years beginning before 12/26/2014) Title 2, Part 200, CFR – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for fiscal years beginning after December 26, 2014	

Policy

Big Bend Community Based Care, Inc. (BBCBC), conducts on-going and periodic administrative and fiscal monitoring of all subcontracted services to manage risk by ensuring that subcontractors perform and comply with all contract terms and conditions, licensing requirements, applicable state statutes and administrative codes, federal rules and regulations, and BBCBC policies.

The goals and objectives of the BBCBC monitoring process is to manage risk, support efficient and effective performance and timely delivery, implement quality services, and document compliance with all applicable federal, state, local and BBCBC regulatory requirements.

In addition to the goals and objectives listed above the BBCBC monitoring process also ensures that all funds expended are authorized by agreement, directly related to services rendered, and are documented and accounted for in accordance with applicable laws, rules, and regulations.

Procedures

A. General Monitoring Procedures.

1. Each subcontract issued by BBCBC will be monitored periodically subject to the terms of this Procedure.
2. New subcontractors will be monitored at least once during the first twelve (12) months of their subcontracts.
3. In addition to the periodic monitoring, subcontractors currently under contract with BBCBC will also be monitored at a frequency determined by utilization of the BBCBC Risk Assessment Tool.

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4. The subcontractors monitoring schedules are based upon the results obtained from the risk assessment and will be developed within the first ninety (90) business days of the fiscal year.
5. All BBCBC monitoring will be coordinated so that a minimum number of on-site visits are required.
6. Limited administrative monitoring will be considered for accredited providers.
7. BBCBC may impose specific sub award conditions, per 2 CFR 200.331, upon a provider, if appropriate, as follows:
 - a. Require payments as reimbursements rather than advance payments;
 - b. Withhold authority to proceed to the next phase until receipt of evidence of acceptable performance within a given period of performance;
 - c. Require additional, more detailed financial reports;
 - d. Require additional project monitoring;
 - e. Require the provider obtain technical or management assistance; or
 - f. Establish additional prior approvals.
8. BBCBC must notify the provider as to:
 - a. The nature of the additional requirements;
 - b. The reasons why the additional requirements are being imposed;
 - c. The nature of the action needed to remove the additional requirement, if applicable;
 - d. The time allowed for completing the actions, if applicable; and
 - e. The method for requesting reconsideration of the additional requirements imposed.
9. BBCBC must promptly remove any special conditions placed upon the provider once the conditions that prompted them have been corrected.

B. Risk Assessment.

1. The Contract Manager or designee is responsible for conducting the risk assessment, which is utilized primarily to mitigate risk by determining the frequency of the subcontracts monitored each year.
2. Risk assessment allows BBCBC to apply pre-established criteria to all subcontracts in order to:
 - a. Standardize decision-making regarding the scope of the subcontracts' monitoring to be performed;
 - b. Project the amount of resources necessary to properly monitor each subcontract; and
 - c. Ensure that the ranking level of each subcontractor is accomplished fairly and objectively.
3. At any time during the contract year, BBCBC's Contract Manager may change the risk ranking level for a subcontract if additional information relevant to the risk level is obtained.

C. Risk Assessment Tool.

1. The tool used by BBCBC to determine the level of risk for subcontracts monitoring contains nine (9) factors which are weighted and scored in the following areas to mitigate risk:
 - a. Total subcontract dollar amount;
 - b. Provider Prior Performance;

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- c. Provider Prior year Outcomes;
 - d. Number of Clients Served at Any Given Time;
 - e. Financial Issues;
 - f. Timeliness;
 - g. Leadership Changes;
 - h. Date of Last On-Site Monitoring; and
 - i. Accreditation.
2. Numeric values are assigned to each item within the nine (9) factors, and multiplied by the weighted values assigned to the factors.
- a. The resulting individual factor scores are then totaled to determine the subcontract score.
 - b. The total subcontract score will rank the subcontract in the low-, medium-, or high-risk categories.
 - c. Numeric values may be changed by BBCBC so long as the same numeric values are used to assess all subcontracts within the same time period.
 - d. Subcontracts falling into the high-risk category will be monitored annually. Subcontracts falling into the medium-risk category will be monitored every one (1) to two (2) years. Subcontracts falling into the low-risk category may be monitored once every three (3) years.

D. Administrative Monitoring.

1. At least thirty (30) business days in advance of the monitoring visit, the BBCBC Contract Manager or designee will notify the subcontractor's lead staff person of the upcoming monitoring visit. A formal written notification will be sent electronically (e-mail) to the subcontractor which will confirm the BBCBC staff that will participate, the review date(s) and time(s), outline the monitoring process to be used based on the analysis of the risk assessment and a list of the written documentation needed for review during the visit.
2. Prior to the monitoring visit, the BBCBC contracts team will review the agency's contract file in order to prepare for the on-site visit and check the required documents to ensure they are complete and have not expired. The BBCBC contracts team will utilize the Contract Chart Audit Checklist.
3. At the monitoring visit, the BBCBC monitoring team will meet with the subcontractor's staff for an entrance conference. The BBCBC monitoring team includes the Contract Manager and designated staff. Subcontractor's staff should include members of the senior management team and may include representation from the Board of Directors. The purpose, scope and monitoring schedule will be reviewed and any concerns identified during the analysis of the risk assessment or file review will be discussed.
4. BBCBC monitors will utilize the subcontract-specific monitoring tool specified by subcontract type located in the Monitoring Tool Depository on the BBCBC Shared Drive for review of the administrative subcontract requirements. In addition, BBCBC monitors will review any other applicable reports (i.e., licensing reports) pertaining to the subcontract for the period under review.
5. BBCBC monitoring team members will meet at the end of the visit to review notes and conclusions, in preparation for an Exit Conference if one is requested by the subcontractor. The team will present preliminary results to senior management as a result of the monitoring visit. Subcontractor's staff

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will be given an opportunity to provide additional information to clarify or support their position and, if needed, begin to discuss any corrective actions to address identified concerns.

6. Within thirty (30) business days of the final outstanding documentation from the subcontractor has been submitted and approved, BBCBC Contract Manager will send a written summary of the monitoring results. The report will include recognition of strengths, accomplishments and successes, and will identify any challenges observed.
7. Reports may identify concerns or findings as a result of the monitoring visit. Concerns are situations that do not require corrective action by regulation but are suggestions made by the BBCBC monitoring team that will help to improve the subcontractor's performance. No written response is required from the subcontractor in reference to any concerns suggested by BBCBC monitoring team.
8. Findings are supported by local, state, or federal regulations, or by the terms and conditions of the subcontract and are mandated to be corrected by an identified deadline. If findings are noted, they will be clearly outlined in the monitoring report along with specific deadlines for a written response and required corrective action.
9. BBCBC Monitoring Reports may be forwarded to the subcontractor via confirmed e-mail in order to expedite receipt. Copies of all monitoring reports will be kept in the subcontractor's file.

E. Fiscal Monitoring.

1. **Independent Audit Reports.** The subcontractor maybe required to have a Federal and/or State Single Audit(s) performed annually by a qualified CPA firm under the rules and regulations established by reference as follows:
 - a. **Federal Single Audit.**
 - i. A Federal single audit will be required as dictated by OMB Circular A-133 for fiscal years beginning before December 26, 2014, (https://www.whitehouse.gov/omb/financial_fin_single_audit) or Title 2, Part 200, CFR – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for fiscal years beginning after December 26, 2014, (http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl).
 - ii. If a federal single audit is required in accordance with the relevant regulation, the subcontractor is required to submit an electronic copy of the Federal Single Audit completed to BBCBC Contract Manager, within one hundred eighty (180) calendar days of its fiscal year end or within thirty (30) calendar days of subcontractor receipt, whichever is earlier. The subcontractor must also submit to BBCBC certification (electronically) that the Federal Single Audit was sent to the Federal Audit Clearinghouse.
 - iii. If a subcontractor has federal award expenditures in a fiscal year that are less than the dollar threshold established by either OMB Circular A-133 for fiscal years beginning before December 26, 2014, or Title 2, Part 200, CFR – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards for fiscal years beginning after December 26, 2014, then the subcontractor agrees to provide certification (electronically) to BBCBC's Contract Manager confirming that a Federal Single Audit was not required.
 - iv. BBCBC will issue a Management Decision Letter within six (6) months of the acceptance of the subcontractors report by the Federal Audit Clearinghouse, pursuant to Title 2, Part 200, CFR - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

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b. State Single Audit

- i. A State of Florida single audit will be required as dictated by Section 215.97, F.S., (<https://apps.fldfs.com/fsaa/statutes.aspx>) and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, Florida Single Audit Act Audits – Nonprofit and For-Profit Organizations (http://www.myflorida.com/audgen/pages/rules_nonprofit.htm).
 - ii. If a state single audit is required in accordance with this regulation, the subcontractor is required to submit an electronic copy of the State Single Audit completed to BBCBC Contract Manger, within one hundred eighty (180) calendar days of their fiscal year end or within thirty (30) calendar days of subcontractor receipt, whichever is earlier. The subcontractor must also submit to BBCBC certification (electronically) that the State Single Audit was sent to the Auditor General.
 - iii. If a subcontractor has state financial assistance expenditures in a fiscal year that are less than the dollar threshold established by Section 215.97, F.S., Florida Single Audit Act, then the subcontractor agrees to provide certification (electronically) to BBCBC's Contract Manager confirming that a State Single Audit was not required in accordance with Section 215.97, F.S., and the State of Florida Rules of The Auditor General Chapter 10.650.
- 2. Budget to Actual Quarterly Reports.** The subcontractor is required to submit Revenue and Expense Reports reflecting their actual revenue/expenses on a quarterly basis to BBCBC Fiscal Analyst. These reports must be prepared on an accrual basis of accounting. These reports should be submitted to BBCBC along with supporting documentation from the subcontractors general ledger accounting system, that reconciles to the Revenue and Expense Reports (for example: Profit and Loss Statement, Statement of Activities, Income Statement, Trial Balance, etc.). BBCBC tests trends based on revenues, expenses, direct and indirect rates that may result in subcontract amendments.
- 3. BBCBC conducts cost benefit analyses during the review of the quarterly financials as well as a review of the Cost Benefit Analysis (CBA) forms submitted by providers when substantial changes in service delivery or funding occurs. These reviews provide the basis to insure that no subcontractor is paid in excess of the competitive prevailing rates.**
- The subcontractor's budgets must be submitted on BBCBC (approved) CBA forms. See the Program Budget Template Instructions for guidance. The budgets must include all of the subcontractors' cost allocation methodologies. BBCBC will document and maintain the review of the cost benefit analysis and all elements for analyzing whether the costs are allowable, reasonable and necessary.
- 4. Desk and On-Site Reviews.** Subcontracts are subject to additional fiscal monitoring in the form of desk and/or on-site reviews, which are conducted periodically throughout the fiscal year to ensure that subcontract funds distributed by BBCBC are properly accounted for and internal controls are established (via written policies and procedures) to insure that these expenditures are made in accordance with their contractual service agreements and are executed in compliance with all applicable laws, rules and regulations. BBCBC also verifies that these expenditures have supporting documentation that justifies their payments.
- a. This area of fiscal monitoring focuses on the review of financial documentation which is traditional completed by desk reviews but occasionally on-site reviews are completed when deemed necessary.
 - b. BBCBC selection of financial documentation monitored varies from period to period based on prior year findings or changes in federal, state, and other applicable rules and regulations.

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Based on the subcontractors policies and procedures, financial documentation reviewed will range from general ledgers, cash receipts and disbursement journals along with supporting documentation which may include bank reconciliations, purchase orders, invoices, cancelled checks, payroll records (which will include payroll journal and related taxes; i.e., Annual Form 990, Form UCT-6, Form 941, Form 944 etc.).

5. Fiscal monitoring notification letters are submitted to subcontractors requesting submission of the documentation to be reviewed. The subcontractors' are given thirty (30) business days from the date of notification to submit the documentation requested. Once all documentation requested is received from the subcontractors it is reviewed by BBCBC fiscal staff and final approval is rendered by the CFO. Any findings and or recommendations are submitted to the subcontractors for review and they are required to submit responses within thirty (30) business days from the date of notification of these findings and or recommendations. After the responses are received from the subcontractors and resolutions are agreed upon by both parties any corrective action plans will be submitted to the subcontractor and executed in a timely manner. BBCBC conducts a review each month to validate data submissions from the provider that may include the reconciliation of provider service data units submitted to invoiced amounts, amount of duplicate records, and amount of admission errors. A report is sent to providers each month showing the percentage of successful data submissions. The expectation is for one hundred percent (100%) of service data to reconcile to invoice expenditures and for data errors to be resolved timely. BBCBC has also established corrective action standards based on provider data submissions. The following are grounds for corrective action.
 - a. Under ninety percent (90%) reconciliation of total data service units to total units billed categorized by restricted and unrestricted funding other cost accumulators (OCA); and/or
 - b. Within each OCA/Cost Center category, fifty percent (50%) or more are under one hundred percent (100%) data to invoice; or
 - c. Two (2) email notifications have been given for failure to comply with data submission requirements (e.g., miscoding of service data).

F. Corrective Actions

1. BBCBC's Contract Monitoring Team will be responsible for obtaining the corrective action plan from the subcontractor, if required. The subcontractor will be required to submit a plan within thirty (30) business days from the time of notification, addressing each finding identified and including steps and time frames anticipated for each corrective action.
2. If a response is not received by the deadline, a telephone call and an informal written communication documenting the call will be made to the subcontractor to request a response, electronically. There may be instances where invoice payments may be withheld pending receipt of a response from the agency depending upon the severity of findings.
3. If a response is not received as a result of the informal follow-up, an email will be sent to the agency informing them of the consequences for continued lack of response. The Contract Manager will recommend sanctions to BBCBC senior management for approval that may include:
 - a. Imposing probationary status;
 - b. Restriction of payment requests;
 - c. Disallowance of certain expenses;
 - d. Requiring repayment to BBCBC;

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- e. Suspending participation in future funding programs;
- f. Cancellation of the contract;
- g. Initiation of legal action;
- h. Other appropriate action in response to the findings.

The subcontractor will be notified in writing by certified mail of any sanctions to be imposed. The letter will be signed by a member of the BBCBC Senior Management Team.

4. The BBCBC Monitoring Team will review and approve and/or disapprove the corrective action plan after receipt.
5. BBCBC's Contract Manager or designee will notify the subcontractor whether or not the corrective action plan has been approved.
 - a. If there is imminent danger to the client and the corrective action plan is approved, BBCBC will complete a follow-up site visit within thirty (30) business days to ensure compliance with all necessary corrections.
 - b. If no imminent danger exists, a follow-up site visit will be conducted at the next regularly scheduled monitoring visit, or sooner if deemed necessary by the Contract Manager.
 - c. If disapproved for any reason, the reason(s) for disapproval will be listed and further action required from the subcontractor will be outlined.
6. BBCBC Contract Management Team may conduct follow-up visit(s) at its discretion to observe the status of the subcontractor's actions/progress in implementing necessary corrective measures based on the approved corrective action plan.