



TEXAS
Health and Human
Services



HHSC-CQC Fiscal Monitoring Unit

Fiscal Monitoring Compliance Training

Introduction



1. Who is FMU?
2. Code of Federal Regulations and Texas Grant Management Standards
3. Overview of FMU's role
4. Questioned/Disallowed Costs
5. Financial Status Report to General Ledger reconciliations (FSR to GL)
6. Common FMU findings
7. Program and FMU Coordination

What does FMU do?

FMU monitors recipient and subrecipient grantees for compliance with rules, regulations, and contract provisions, and refers and coordinates suspected fraud, waste, or abuse to HHS's Office of Inspector General. FMU also provides technical assistance on matters of financial compliance and maintains a record of Unit work performed and the results obtained.



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FMU's Mission

FMU's mission is to promote good stewardship of public resources by helping grantees comply with their contracts and ensuring agency compliance with state and federal requirements for fiscal monitoring of grantees.



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HHS Grant Management Process

- Planning
- Announcement
- Application Evaluation
- Negotiation
- Award
- Post-Award Monitoring
- Closeout



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Rules and Regulations

- **Federal Rules-** Uniform Guidance for Federal Awards- 2 Code of Federal Regulations Part 200 (2 CFR 200)
- **State Rules-** Texas Grant Management Standards (TxGMS); formerly known as Uniformed Grant Management Standards (UGMS)
- **Terms and Condition of the grant (SOW)**



Federal Rules- UGG 2 CFR 200

Subpart A: Acronyms and Definitions

Subpart B: General Provisions

Subpart C: Pre-Federal Award Requirements and Contents of Federal Awards

Subpart D: Post Federal Award Requirements

Subpart E: Cost Principles

Subpart F: Audit Requirements

Appendices



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Federal Rules- 2 CFR 200

Title 2, Code of Federal Regulations, Part 200

The Uniform Guidance – a "government-wide framework for grants management" – is an authoritative set of rules and requirements for Federal awards that synthesizes and supersedes guidance from earlier OMB circulars. The purpose is to reduce administrative burden while reducing the risk of waste, fraud, and abuse" – grants.gov



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Federal Rules- 2 CFR 200 Funding

Congress

Recipient (HHS)

Subrecipient (Grantee)

Subrecipient (if Grantee passes funds)

Public



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State Rules – TxGMS 1

“TxGMS, as required by Chapter 783 of the Texas Government Code, includes a compilation of Standard Financial Management Conditions.

The term financial management conditions” refers to generally applicable policies and procedures for the accounting, reporting, and management of funds that state agencies require local governments to follow in the administration of grants and contracts.”



State Rules – TxGMS 2

TxGMS states:

“The Comptroller of Public Accounts Statewide Procurement Division (SPD) publishes the Texas Grant Management Standards (TxGMS), developed under the authority of Chapter 783 of the Texas Government Code, to promote the efficient use of public funds in local government and in programs requiring cooperation among local, state, and Federal agencies.”



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State Rules - TxGMS Funding

State Legislature

State Agency (HHS)

Recipient (Grantee)

Subrecipient (if Grantee passes funds)

Public



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Fiscal review Criteria

State Funding only	Fed Funding Only	State and Fed Funding
Contract	Contract	Contract
Texas Grant Management Standards (TxGMS)	TxGMS (if a fed block grant – and fed is controlling)	TxGMS
<i>Fed rules <u>do not</u> apply</i>	2 CFR 200, Uniform Grant Guidance	2 CFR 200, Uniform Grant Guidance
Relevant State Code	Relevant Federal Code	Relevant State and Federal Code



Overview of FMU's role



Allowability and Allocability

Allowability

- Does it conform to the requirements of the grant agreement?
- Does it benefit the grant award?
- Is it a reasonable and necessary expenditure to the grant award?

Allocability

Per Federal and State regulations for direct costs -
“If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.”



What to ask when reviewing

Questions to ask about an expenditure or payroll cost, Is it:

- Allowable
- Reasonable/Necessary
- Allocated Correctly
- Demonstrate a Relative Benefit to the Grant?



Questioned/Disallowed Costs

- a) Allowable Cost Type**
- b) Necessary and reasonable**
- c) Allocable**
- d) Consistently treated as direct or indirect cost**
- e) Adequately documented**
- f) Within Current funding period**
- g) Paid no later than 10 days after receipt of agency reimbursement**
- h) Properly procured**



FSR to GL Reconciliation 1

§200.302 Financial management.

“must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.”



FSR to GL Reconciliation 2

Ask: Does the amount the grantee paid in expenses *for that program* equal the amount requested from HHSC *for that program*?

Answer: GL = Vouchers/B-13's = Payments = FSR's/FRR's

- **General Ledgers** – Grantee's records. Includes costs of a "cost objective" (i.e., project, program, grant)
- **Vouchers/B13s** – amount requested for reimbursement based on the costs of the program
- **Financial Status Reports (FSR)** – CR contracts; categorizes costs reimbursed
- **Financial Reconciliation Report (FRR)** – FFS contracts; total costs to run the program




FSR to GL Reconciliation 3

General Ledgers (GL) - “cost objectives”

- GL may contain unallowable or non-program expenses
- GL may be less than the FSR’s
- Ultimately, establish what expenses should be tested
- Find what expenses tie to the payments



FSR Example

 TEXAS Health and Human Services		Abstinence Education Program Sexual Risk Avoidance Education Fiscal Year 2023 Quarterly Financial Status Report Reporting Quarter: 07/01 - 09/30/2023 Expenditure % to Date: 97.47%		
Contractor				
Contractor Address				
Contract Number				
Contract Period		October 1, 2022 through September 30, 2023		
Total Report Amount		\$ 107,303.70		
General Ledgers, Payroll Journals and any other staff at any time during the contract period available upon request by HHSC agency				
(A)	(B)	(C)	(D)	(E) = (B) - (D)
Category	FY23 Approved Budget	Current Quarterly Expenses	Cumulative Expenses to Date	Balance
Personnel Salaries	\$ 73,200.00	\$ 18,300.00	\$ 73,200.00	\$ -
Fringe Benefits	\$ 5,749.00	\$ 1,399.95	\$ 5,749.80	\$ -
Travel	\$ 10,727.50	\$ 24.89	\$ 8,879.90	\$ 1,848.05
Contractual	\$ 178,635.00	\$ 60,390.00	\$ 177,655.00	\$ 980.00
Equipment	\$ -	\$ -	\$ -	\$ -
Supplies	\$ 14,083.60	\$ 6,877.70	\$ 12,712.23	\$ 1,371.13
Other	\$ 62,042.00	\$ 20,311.16	\$ 57,539.94	\$ 4,502.06
Indirect Cost	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 344,438.10	\$ 107,303.70	\$ 335,736.87	\$ 8,701.24
Non-HHSC Funding (-)	\$ -	\$ -	\$ -	\$ -
Program Income/Co-Pays (-)	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 344,438.10	\$ 107,303.70	\$ 335,736.87	\$ 8,701.24
By signing this report, I certify that the report is true, complete, and accurate, and the funds were used for the purpose and objectives set forth in the contract. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise.				
Signature of Authorized Certifying Official		Date		
Type or Print Name and Title		Telephone/Extension Number		
HHSC USE ONLY		Initial Date Received: _____ Date Received Complete: _____		
Program Approver		Review/Approval Date		
Program Approver		Review/Approval Date		



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GL Example

GRANTEE NAME
General Ledger
July 2023

	Date	Transaction Type	Num	Name	Memo/Description	Split	Amount
2010 Fringe Benefit							
	Beginning Balance						
	07/31/2023	Journal Entry	127		Employer FICA	-Split-	378.20
	07/31/2023	Journal Entry	127		Employer Medicare	-Split-	68.45
Total for 2010 Fringe Benefit							\$ 466.65
5000 Personnel Payroll							
	Beginning Balance						
	07/31/2023	Journal Entry	127		Employee Gross Wages 7/01/2023-7/31/2023 Status: Salaried	-Split-	6,100.00
Total for 5000 Personnel Payroll							\$ 6,100.00
5010 Travel							
	Beginning Balance						
	07/31/2023	Bill	RFTRVL72023		Mileage for July 2023	2000 Accounts Payable (A/P)	24.89
Total for 5010 Travel							\$ 24.89
5030 Office Supplies & Software							
	Beginning Balance						
	07/24/2023	Expense	CTBSup072023		Manuals/Books	1000 Checking	6,484.13
	07/31/2023	Journal Entry	127		Office Supplies	-Split-	39.34
Total for 5030 Office Supplies & Software							\$ 6,523.47
5060 Contractors							
	Beginning Balance						
	07/31/2023	Bill	RF72023		Billable hours for July 2023	2000 Accounts Payable (A/P)	540.00
	07/31/2023	Bill	SC72023		Billable hours for July 2023	2000 Accounts Payable (A/P)	220.00
	07/31/2023	Bill	YV72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	820.00
	07/31/2023	Bill	KS72023		Billable Hours For July 2023	2000 Accounts Payable (A/P)	3,200.00
	07/31/2023	Bill	HM72023		Billable Hours July 2023	2000 Accounts Payable (A/P)	120.00
	07/31/2023	Bill	QM72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	2,120.00
	07/31/2023	Bill	MR72023		Billable hours for July 2023	2000 Accounts Payable (A/P)	585.00
	07/31/2023	Bill	RN72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	1,020.00
	07/31/2023	Bill	JR72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	800.00
	07/31/2023	Bill	FT72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	2,000.00
	07/31/2023	Bill	LB72023		Billable hours for July 2023	2000 Accounts Payable (A/P)	660.00
	07/31/2023	Bill	KH72023		Billable Hours For July 2023	2000 Accounts Payable (A/P)	1,080.00
	07/31/2023	Bill	MR72023		Billable Hours July 2023	2000 Accounts Payable (A/P)	800.00
	07/31/2023	Bill	TT72023		Billable Hours for July 2023	2000 Accounts Payable (A/P)	1,040.00
Total for 5060 Contractors							\$ 14,805.00
5070 Other Business Expenses							
	Beginning Balance						
	07/05/2023	Expense	QB072023		Quickbooks Subscription	1000 Checking	100.00
	07/06/2023	Expense	CSCUT72023		Monthly Utilities Due	1000 Checking	319.85
	07/06/2023	Expense	CSC72023		Rent Payment	1000 Checking	2,885.00
	07/07/2023	Expense	Wix1063405091		Monthly Utilities	1000 Checking	18.00
	07/11/2023	Expense	Ins72023		Monthly Insurance Policy	1000 Checking	129.92
	07/17/2023	Expense	Cricket72023		Phone subscription	1000 Checking	63.00
	07/20/2023	Expense	Zoom72023		Monthly Utilities	1000 Checking	15.99
	07/31/2023	Journal Entry	127		Monthly Phone Subscription	-Split-	107.36
	07/31/2023	Journal Entry	127		SRA Cert	-Split-	350.00
	07/31/2023	Journal Entry	127		Advertisement Outreach	-Split-	81.20
	07/31/2023	Bill	AZ72023		Building Allowance For Site	2000 Accounts Payable (A/P)	150.00
	07/31/2023	Journal Entry	127		Dollar Tree/Youth Incentives	-Split-	140.00
	07/31/2023	Journal Entry	127		Monthly Utilities-Internet	-Split-	126.12
Total for 5070 Other Business Expenses							\$ 4,286.44

Wednesday, Jan 03, 2024 08:21:03 AM GMT-8 - Accrual Basis



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GL Example (continued)

5070 Other Business Expenses

Beginning Balance

07/05/2023	Expense	QB072023	Quickbooks Subscription	1000 Checking	100.00
07/06/2023	Expense	CSCUT72023	Monthly Utilities Due	1000 Checking	319.85
07/06/2023	Expense	CSC72023	Rent Payment	1000 Checking	2,685.00
07/07/2023	Expense	Wlx1063405091	Monthly Utilities	1000 Checking	18.00
07/13/2023	Expense	Ins72023	Monthly Insurance Policy	1000 Checking	129.92
07/17/2023	Expense	Cricket72023	Phone subscription	1000 Checking	63.00
07/20/2023	Expense	Zoom72023	Monthly Utilities	1000 Checking	15.99
07/31/2023	Journal Entry	127	Monthly Phone Subscription	-Split-	107.36
07/31/2023	Journal Entry	127	SRA Cert	-Split-	350.00
07/31/2023	Journal Entry	127	Advertisement Outreach	-Split-	81.20
07/31/2023	Bill	AZ72023	Building Allowance For Site	2000 Accounts Payable (A/P)	150.00
07/31/2023	Journal Entry	127	Dollar Tree/Youth Incentives	-Split-	140.00
07/31/2023	Journal Entry	127	Monthly Utilities-Internet	-Split-	126.12

Total for 5070 Other Business Expenses

\$ 4,286.44



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FSR to G/L Reconciliation Worksheet Example

Gaines State Contract # HSOC Program								
Description	Acct #	GENERAL LEDGER MONTHS			General Ledger Total	As Reported On 10/31/15	As Reported on 10/31/15 By The FSR	Comments
		09-30	10-31	11-30				
Personnel								
Salary Expense	5000	\$6,000.00	\$6,000.00	\$6,000.00	\$18,000.00			
Health Expense		\$0.00	\$0.00	\$0.00	\$0.00			
(2) Total Personnel		\$6,000.00	\$6,000.00	\$6,000.00	\$18,000.00	\$18,000.00	\$18,000.00	
 fringe benefits								
401 K Match		\$0.00	\$0.00	\$0.00	\$0.00			
Health Insurance		\$0.00	\$0.00	\$0.00	\$0.00			
IRA	5010	\$170.00	\$170.00	\$170.00	\$510.00			
Medicare	5010	\$66.45	\$66.45	\$66.45	\$200.35			
Unemployment		\$0.00	\$0.00	\$0.00	\$0.00			
(3) Total Fringe Benefits		\$466.45	\$466.45	\$466.45	\$1,376.70	\$1,376.70	\$1,376.70	
Travel								
Local Travel	5010	\$24.00	\$0.00	\$0.00	\$24.00			
Out-of-State		\$0.00	\$0.00	\$0.00	\$0.00			
(4) Total Travel		\$24.00	\$0.00	\$0.00	\$24.00	\$24.00	\$24.00	
Equipment								
Equipment Purchase		\$0.00	\$0.00	\$0.00	\$0.00			
(5) Total Equipment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Supplies								
Other Supplies	5010	\$6,254.47	\$0.00	\$154.75	\$6,409.22			
Other Supplies		\$0.00	\$0.00	\$0.00	\$0.00			
Program Supplies		\$0.00	\$0.00	\$0.00	\$0.00			
(6) Total Supplies		\$6,254.47	\$0.00	\$154.75	\$6,409.22	\$6,409.22	\$6,409.22	
Contractual								
Subcontract	5000	\$14,800.00	\$13,025.00	\$25,000.00	\$52,825.00			
(7) Total Contractual		\$14,800.00	\$13,025.00	\$25,000.00	\$52,825.00	\$52,825.00	\$52,825.00	
Other								
Rent	5070	\$1,000.00	\$1,000.00	\$2,000.00	\$4,000.00			
Tuition	5070	\$2,000.00	\$2,170.00	\$1,100.00	\$5,270.00			
Building Adjustment	5070	\$150.00	\$0.00	\$0.00	\$450.00			
Carbon Printer	5070	\$170.00	\$0.00	\$0.00	\$510.00			
Office Items	5070	\$210.00	\$4,000.00	\$5,000.00	\$11,310.00			
Supplies & Printing	5070	\$150.00	\$0.00	\$0.00	\$450.00			
(8) Total Other		\$4,680.00	\$7,170.00	\$18,100.00	\$28,710.00	\$28,710.00	\$28,710.00	
(1) Total Direct Charges		\$32,260.45	\$26,660.00	\$48,627.25	\$107,547.70	\$107,547.70	\$107,547.70	
Indirect Charges								
Indirect Charges		\$0.00	\$0.00	\$0.00	\$0.00			
Administrative Supplies		\$0.00	\$0.00	\$0.00	\$0.00			
(2) Total Indirect Charges		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
(3) Total Cost		\$32,260.45	\$26,660.00	\$48,627.25	\$107,547.70	\$107,547.70	\$107,547.70	
Less: (4) Program Income		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
(5) Non-FY15 Funding		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
(6) In-kind		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Net Reimbursement Due		\$32,260.45	\$26,660.00	\$48,627.25	\$107,547.70	\$107,547.70	\$107,547.70	
As Advance Received		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
(7) Total Reimbursement Reported		\$32,260.45	\$26,660.00	\$48,627.25	\$107,547.70	\$107,547.70	\$107,547.70	
Over/Under/Unallocated		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	



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FSR to G/L Reconciliation Worksheet Example (continued)

(d) Total Equipment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies							
Office Supplies	5030	\$6,523.47	\$0.00	\$354.23	\$6,877.70		
Medical Supplies		\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
Program Supplies		\$0.00	\$0.00	\$0.00	\$0.00		\$0.00
(e) Total Supplies		\$6,523.47	\$0.00	\$354.23	\$6,877.70	\$6,877.70	\$0.00
Contractual							
Subcontracts	5060	\$14,805.00	\$15,925.00	\$29,660.00	\$60,390.00		
(f) Total Contractual		\$14,805.00	\$15,925.00	\$29,660.00	\$60,390.00	\$60,390.00	\$0.00
Other							
Rent	5070	\$2,685.00	\$2,685.00	\$2,685.00	\$8,055.00		
Utilities	5070	\$709.88	\$1,170.38	\$1,108.15	\$2,968.41		
Building Allowance	5070	\$150.00	\$300.00	\$0.00	\$450.00		
Cellular Phones	5070	\$170.36	\$63.00	\$63.00	\$296.36		
Office Items	5070	\$221.20	\$1,249.97	\$5,700.22	\$7,171.39		
Certifications & Training	5070	\$350.00	\$300.00	\$700.00	\$1,350.00		
(g) Total Other		\$4,286.44	\$5,768.35	\$10,256.37	\$20,311.16	\$20,311.16	\$0.00
(h) Total Direct Charges		\$32,206.45	\$28,260.00	\$46,837.25	\$107,303.70	\$107,303.70	\$0.00
Indirect Charges							
Indirect Salaries		\$0.00	\$0.00	\$0.00	\$0.00		
Administrative Supplies		\$0.00	\$0.00	\$0.00	\$0.00		
(i) Total Indirect Charges		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(j) Total Cost		\$32,206.45	\$28,260.00	\$46,837.25	\$107,303.70	\$107,303.70	\$0.00
Less: (k) Program Income		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(l) Non-DSHS Funding		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(m) In-Kind		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Reimbursement Due		\$32,206.45	\$28,260.00	\$46,837.25	\$107,303.70	\$107,303.70	\$0.00
(n) Advance Received		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
(o) Total Reimbursement Requested		\$32,206.45	\$28,260.00	\$46,837.25	\$107,303.70	\$107,303.70	\$0.00
(Overbilled) / Underbilled		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00



Common Findings

- Lack of Documentation
- Prior Period Costs
- Predetermined Percentages
- No Timesheets
- Entertainment Costs
- Sales Tax
- FSR does not reconcile to the GL





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Thank you!

Questions?

Fiscal_Monitoring_Unit@hhsc.state.tx.us