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STRONG FAMILIES  **AZ**
Arizona's home visiting alliance

Arizona MIECHV Program Fiscal Policy Manual

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Introduction

The Arizona Department of Health Services (ADHS), Bureau of Women’s and Children’s Health (BWCH) receives federal funding from the Health Resources and Services Administration (HRSA) to provide evidence-based home visiting services for Arizona families residing in at-risk communities as identified in the Arizona *2010 State Needs Assessment*. The Office of Children’s Health administers the MIECHV grant. Arizona MIECHV funds four evidence-based home visiting models: Healthy Families America (HFA), Nurse-Family Partnership (NFP), Parents as Teachers (PAT) and Family Spirit. Model developers provide detailed guidance, resources, technical assistance and oversight to ensure service delivery meets program model fidelity requirements. MIECHV Program Managers coordinate with NFP and PAT National Service Office (NSO), John’s Hopkins University (Family Spirit) and Healthy Families Arizona Central Office in grant delivery.

[Maternal Infant Early Child Hood Home Visiting Program](#) – Arizona MIECHV Program Information

Arizona’s Maternal, Infant and Early Childhood Home Visiting (MIECHV) federal grant funds sub-recipients who enter into contracts with local implementing agencies (LIAs) thru sub-recipient contracts to implement evidence-based home visiting program and support services throughout the state. Other entities providing program support services are evaluated to make sub-recipient/contractor determinations. (See Sub-recipient or Contractor Determinations section below.) Funds are provided to sub-recipients through a cost reimbursement contract with Arizona Department of Health Services. Sub-recipients are responsible for local oversight of program implementation, including the appropriate use of funds (see Attachment 1, *Arizona Contract Monitoring Flow Chart*). This manual is for sub-recipients and LIA’s to aid with meeting grant requirements to implement and provide home visiting or support services. Arizona MIECHV activities and expenditures are governed by federal and state administrative and fiscal regulations including:

- ADHS Guidance for Federal Grant Award Management Handbook
- [45 CFR Part 75](#) Uniform Administrative Requirements, Costs Principles, and Audit Requirements for HHS Awards <https://www.hhs.gov/opa/grants-and-funding/forms-and-references/index.html>
- In addition, MIECHV program activities are also governed by the [State of Arizona Accounting Manual \(SAAM\)](#) as MIECHV is administered by Arizona Department of Health Services. Each sub-recipient is required to have a written fiscal policy that conforms to these Arizona MIECHV and federal fiscal requirements.

This policy manual provides Arizona MIECHV specific requirements related to fiscal responsibilities of sub-recipients. In addition, this manual references several provisions of the above governing regulations to ensure each entity is aware of these requirements. However, all requirements provided in the above referenced, governing regulations are applicable to Arizona MIECHV grant awards. Arizona MIECHV sub-recipients are strongly encouraged to ensure any further sub-recipient awards of MIECHV grant funds include requirements of this manual. All disbursement of Arizona MIECHV funds must be in compliance with the requirements outlined in this manual in addition to those outlined in state contracts.

MIECHV Program Goals

Goal 1: Implement voluntary evidence-based home visiting to serve eligible families residing in at-risk communities as identified in the current statewide needs assessment resulting in measurable positive outcomes on at least four of the six benchmark areas.

Goal 2: Improve coordination and information about home visiting services for at-risk communities.

Goal 3: Support programs and activities carried out under Title V tied to early childhood home visiting as outlined in Arizona's Title V State Action Plan.

Documentation of Expenditures

All Sub-recipients must sufficiently document expenditures related to Arizona MIECHV Program activities. Documentation serves as evidence of the sub-recipients time, effort and utilization of resources to implement program activities. Documentation is essential to audit and monitoring processes and successful audit and monitoring results. Examples of documentation include accurate and complete invoices, timesheets, payroll, sign-in sheets, labor activity reports, and expense receipts. Should you have any questions regarding appropriate and sufficient documentation, you may contact your assigned Arizona MIECHV Program Manager.

45 CFR, Part 75 Definitions

The following definitions, provided in 45 CFR, Part 75, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, are re-stated below to emphasize their relevance and applicability to Arizona MIECHV grant funds. Note that ADHS serves as both a pass-through entity and a recipient of federal funds.

Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

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

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

Direct costs

- (a) General. Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. See also §75.405.
- (b) Application to Federal awards. Identification with the Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. Typical costs charged directly to a Federal award are

- the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials and other items of expense incurred for the Federal award. If directly related to a specific award, certain costs that otherwise would be treated as indirect costs may also include extraordinary utility consumption, the cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations.
- (c) The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:
 - (1) Administrative or clerical services are integral to a project or activity;
 - (2) Individuals involved can be specifically identified with the project or activity;
 - (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
 - (4) The costs are not also recovered as indirect costs.
 - (d) Minor items. Any direct cost of minor amount may be treated as an indirect (F&A) cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all Federal and non-Federal cost objectives.
 - (e) The costs of certain activities are not allowable as charges to Federal awards. However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect (F&A) cost rates and be allocated their equitable share of the non-Federal entity's indirect costs if they represent activities which:
 - (1) Include the salaries of personnel,
 - (2) Occupy space, and
 - (3) Benefit from the non-Federal entity's indirect (F&A) costs.
 - (f) For nonprofit organizations, the costs of activities performed by the non-Federal entity primarily as a service to members, clients, or the general public when significant and necessary to the non-Federal entity's mission must be treated as direct costs whether or not allowable, and be allocated an equitable share of indirect (F&A) costs. Some examples of these types of activities include:
 - (1) Maintenance of membership rolls, subscriptions, publications, and related functions. See also §75.454.
 - (2) Providing services and information to members, legislative or administrative bodies, or the public. See also §§75.454 and 75.450.
 - (3) Promotion, lobbying, and other forms of public relations. See also §§75.421 and 75.450.
 - (4) Conferences except those held to conduct the general administration of the non-Federal entity. See also §75.432.
 - (5) Maintenance, protection, and investment of special funds not used in operation of the non-Federal entity. See also §75.442.
 - (6) Administration of group benefits on behalf of members or clients, including life and hospital insurance, annuity or retirement plans, and financial aid. See also §75.431.

Facilities and Administration Classification. For major IHEs and major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: "Facilities" and "Administration." "Facilities" is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. "Administration" is defined as general administration and general expenses such as the director's office, accounting,

personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable). For nonprofit organizations, library expenses are included in the “Administration” category; for institutions of higher education, they are included in the “Facilities” category. Major IHEs are defined as those required to use the Standard Format for Submission as noted in appendix III to part 75.C. 11. Major nonprofit organizations are those which receive more than \$10 million dollars in direct Federal funding. (See 45 CFR §75.414)

For purposes of MIECHV funding, the term “administrative expenditures” refers to the costs of administering a MIECHV grant incurred by the recipient, and includes, but may not be limited to, the following:

- Reporting costs (reports required as a condition of the award);
- Project-specific accounting and financial management;
- Sub-recipient monitoring;
- Audit expenses.

Indirect (Facilities and Administration or F&A) costs means costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

Internal control pertaining to the compliance requirements for Federal programs (Internal control over Federal programs) means a process effected by an entity’s management and other personnel designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs:

- (1) Transactions are properly recorded and accounted for to:
 - (i) Permit the preparation of reliable financial statements and Federal reports;
 - (ii) Maintain accountability over assets; and
 - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
- (2) Transactions are executed in compliance with:
 - (i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
 - (ii) Any other laws and regulations that are identified in the compliance supplement; and
- (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Pass-through entity means a non-Federal entity (ADHS) that provides a sub award to a sub-recipient to carry out part of a Federal program.

Recipient (ADHS) means an entity, usually but not limited to non-Federal entities, that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program. The term recipient does not include sub-recipients.

Sub award (ADHS Contractor) means an award provided by a pass-through entity to a sub-recipient for the sub-recipient 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 sub award may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Sub recipient (ADHS Contractor/LIA's) means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out part of a Federal program, but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Contractor or Sub-recipient Determinations

As a recipient of federal MIECHV grant funds, you will likely purchase goods and services from other entities to carry out your program responsibilities. As you conduct your local program utilizing federal dollars, you must correctly determine the type of relationship being established with your purchase, either a sub-recipient or a contractor. Payments to sub-recipients and related expenditure of federal funds may be subject to federal audit requirements. Payments received by a contractor for goods or services are not subject to federal audit requirements. The sub-recipient/contractor determination is made prior to the expenditure of funds. **45 CFR §75.351, Sub-recipient and contractor determinations**, provides guidance to assist your organization with making the Sub-recipient/contractor determination. This guidance is highlighted below.

A **sub-recipient** is characterized as an entity that:

- (1) Determines who is eligible to participate in MIECHV-funded services
- (2) Has its performance measured against whether the objectives of the MIECHV program are met;
- (3) Has responsibility for programmatic decision making;
- (4) Has responsibility for adherence to applicable Federal program compliance requirements.

A **contractor** is characterized as an entity that:

- (1) Provides the purchased goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the MIECHV program.

The Sub-recipient should clearly indicate in the agreement or other purchasing document the results of the contractor determination. The Sub-recipient has the responsibility of informing all LIA's of their audit requirements as well as MIECHV program rules and regulations. Lastly, as the provider, ADHS is responsible for monitoring sub-recipient compliance and performance.

Direct and Indirect Costs

Direct costs are costs that can be identified specifically with a MIECHV service, or other organizational activity. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting a MIECHV funded program/service. Indirect costs (also known as "facilities and administrative costs") are costs incurred for common or joint organizational objectives. Typical examples of indirect cost for many organizations may include depreciation or use allowances on buildings and equipment, costs of operating and maintaining facilities, and general administration expenses, such as salaries and expenses

of executive, accounting and administration personnel.

Arizona MIECHV program does not have a limit on indirect cost rates. However, they are subject to review by ADHS and potentially negotiated if found to be an extraordinary. The sub-recipient will provide ADHS with a price sheet and itemized budget. Indirect costs rates must be outlined in the price sheet and described in the itemized budget or budget justification. MIECHV program will review and approve budget.

Budget

Price Sheet and Itemized Budget

With execution of each agreement, the sub-recipient will be asked to prepare an annual budget and/or price sheet by line item for the agreement period. The line item budget categories must align with price sheet. Sub-recipients are strongly encouraged to include program, fiscal and data operations staff in the budget planning process.

Budget Justification

With the execution of each agreement, the sub-recipient may be asked to prepare a budget justification. The budget justification will align with the price sheet and line item budget as outlined in contract. If requested, the budget justification must provide a detailed description of the planned activities, associated expenditures, and the estimated percentage allocation of expenditures to the Arizona MIECHV program as appropriate to applicable line item categories. The following information is provided as guidance and are examples of appropriate detail for typical line item budget categories. These items are listed alphabetically, and are examples of the detail needed to report.

Client incentives (Materials/Supplies) – provide a description of the type of incentive to be provided, how the incentive will be tracked and distributed, and how the client incentive will support accomplishment of Arizona MIECHV Benchmarks. Promotional items, such as t-shirts, caps and related items, are generally not an allowable expense. See below. Incentives require pre-approval from assigned MIECHV Program Manager.

Equipment – indicate the type of equipment to be purchased, the number of units to be purchased and the benefit of the purchase to the Arizona MIECHV Initiative. Equipment purchases require pre-approval and supporting documentation must be submitted with Monthly Contractor Expenditure Report (CER) See below additional information regarding prior approval and inventory requirements for equipment and MIECHV billing and CER process.

Indirect Costs – identify the approved agency rate and provide a brief description of the allocation methodology.

Outreach – indicate the types of outreach events, types of incentives, if any, and estimated timeframe (indicate the quarterly reporting period during which events will take place). Describe the relationship between the outreach activity and Arizona MIECHV Benchmarks. All outreach/marketing efforts must follow Strong Families Brand Standards (included in AZ MIECHV Resource Manual, located at <http://azdhs.gov/documents/prevention/womens-childrens-health/childrens-health/homevisiting/miechv-resource-manual.pdf>).

Personnel – all key positions are identified by position title with brief position description, and percent

of Arizona MIECHV effort (% FTE). NOTE: Total effort across the total budget may not exceed 100%. MIECHV approval of the line item budget establishes the direct cost FTEs for the agreement period. Sub-recipient must notify ADHS of all personnel changes at sub-recipient level including all Home Visiting Supervisor or higher within 30 days of hire. A resume along with position title and level of effort must be submitted to MIECHV Program Manager. Home Visitor vacancies and new hires area tracked on monthly report and must be provided within 30 days of hire. See below for additional requirements regarding appropriate personnel compensation recordkeeping.

Program Model – be sure to include your required program model expenses.

Training – indicate the type of training, positions planned to participate, and estimated timeframe (indicate the quarterly reporting period during which events will take place). Provider training and associated expenses should complement, rather than duplicate training provided by Strong Families AZ.

Travel – must follow state per diem rates and indicate the purpose of travel, positions to travel, applicable rates, estimates and calculations, and estimated timeframe (indicate the quarterly reporting period during which events will take place). All travel requires pre-approval and supporting documentation must be submitted with monthly CER's (follow MIECHV billing and CER process).

Allowable, Allocable, Reasonable, Necessary Expenditures

All planned Arizona MIECHV expenditures must be allowable, allocable, necessary and reasonable. The references listed in the introductory section of this manual will provide guidance on allowable Arizona MIECHV grant activities. All expenditures must align with MIECHV Benchmarks and follow all program requirements listed in this manual. Any questions regarding allowable activities should be addressed with MIECHV Program Manager prior to the expenditure of funds.

Expenses allocated to MIECHV funds must benefit Arizona MIECHV Program. If an expense benefits multiple programs within your organization, the cost must be appropriately allocated (charges distributed) across benefiting programs. The basis of allocating expenses must be described and appropriate for the expense. For example, agency telephone service expense would include the percent of MIECHV staff to demonstrate percent of utilization of those agency-wide services. Also, square footage occupied by MIECHV funded staff would more appropriately illustrate the benefit of the organization's occupancy costs. The allocation methodology must be consistently and equitably applied to all funding sources.

Costs must also be necessary to the operation of the program and acquired at a reasonable cost. Please note the following cost guidelines to ensure allowable, allocable, reasonable and necessary costs.

1. Must be necessary for the performance or administration of the program.
2. Must follow sound approved agency business practices and processes.
3. Must align with fair market prices, no significant difference from established prices.
4. Be judged as prudent under similar circumstances.
5. Must align with approved price sheet.
6. Clearly related to MIECHV program needs, objectives and performance measures.
7. Be adequately documented

Items for the personal convenience of staff are not allowable Arizona MIECHV expenses.

Some examples of Allowable and Unallowable Costs are outlined below. Please read carefully through each item. Contact the assigned MIECHV Program Manager for more information or questions. When in doubt please contact MIECHV Program Manager to receive guidance on allowable and unallowable costs.

Allowable Costs-

Personnel/Labor Charges - Allowed to charge grants for actual labor only. However, charging budgeted labor is unallowable.

Incentives - Per the HHS Grants Policy Statement, incentive payments to volunteers or patients participating in a grant-supported project or program are allowable. Incentive payments to individuals to motivate them to take advantage of grant-supported health care or other services are allowable if within the scope of an approved project. Incentives require prior approval from MIECHV Program Manager and cannot exceed 2% of annual budget. Gift cards must be to purchase baby/child specific items and baby/child specific stores only. Additional ideas and requests must be emailed and approved by MIECHV Program Manager prior to purchase of any incentives. Incentives purchased with MIECHV funds must be tracked using a gift card log and/or other tracking template.

Materials and supplies costs - Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

- Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- Only materials and supplies actually used for the performance of a Federal award may be charged as direct costs.
- Where federally-donated or furnished materials are used in performing the Federal award, such materials will be used without charge.

Non office supply materials and supplies used to carry out the award should be educational in nature and support the work of personnel, benefit clients and align with MIECHV benchmarks. Pre-approval from the assigned MIECHV Program Manager is required before purchase.

Equipment - The purchase of equipment necessary to implement and provide Arizona MIECHV services is allowable. Equipment purchases require pre-approval from MIECHV Program Manager. ADHS requires an inventory and tagging of equipment and requires. See Equipment section below for more information on required guidelines.

Meals and Food – Allowable under certain circumstances, per 45 CFR 75.432.

- Conference- a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award.
 - Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award.

- Program must receive pre-approval from MIECHV Program Manager to ensure Meals and Food meet requirements. *ADHS Food Request Guidelines and Form* (Attachment 2) may be required by MIECHV for the purchase of any food.
- For subjects and patients under study.
- Where specifically approved as part of the project or program activity, e.g., in programs providing children’s services.
- When an organization customarily provides meals to employees working beyond the normal workday, as a part of a formal compensation arrangement.
- As part of a per diem or subsistence allowance provided in conjunction with allowable State of Arizona travel per diem.
- Under a conference grant, when meals are a necessary and integral part of a conference, provided that meal costs are not duplicated in participants’ per diem or subsistence allowances.

Unallowable Costs-

Entertainment costs (OMB 200.438)- Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the awarding agency.

- Costs of entertainment including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets, to shows, or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable per Part 225, Appendix B
<https://www.gpo.gov/fdsys/pkg/CFR-2012-title2-vol1/pdf/CFR-2012-title2-vol1-part225-appB.pdf>

Promotional Items – It is not allowed to charge grants for promotional items. Per 45 CFR 75.421, unallowable advertising and public relations costs include the following: costs of promotional items and memorabilia, including models, gifts, and souvenirs.

Fundraising - The costs incurred for fundraising activities are not allowable for Arizona MIECHV Initiative funds. Please see 45 CFR, §75.442.

Health Care Expenditures – these types of costs are unallowable. Programs are **required to exclude costs** for direct medical, dental or mental health care, medical supplies not supported by the models and general funds for cash assistance to clients to all sub recipients.

Sub recipient Agreements

Each sub recipient will enter into agreements with LIA’s to implement home visiting services if utilizing Arizona MIECHV funds. The sub-recipient will forward a copy of the request for proposal and/or LIA agreement(s)/contracts including the budget to the MIECHV Program Manager within 30 days of execution. The sub-recipient is responsible for providing all LIA’s with the information related to MIECHV award and related regulatory requirements. The agreement will state that the sub-recipient will monitor each LIA for compliance with required regulations as outline by Arizona MIECHV Program (See Contract Monitoring Chart for more details). The Sub-recipient will retain all monitoring reports associated with sites funded by MIECHV funds this includes site visit follow up reports, fiscal monitoring reports etc.

Federal Funding Accountability and Transparency Act (FFATA)

Federally Funded Contractors shall submit to ADHS via email the Grant Reporting Certification Form. This form and the instructions can be downloaded from the ADHS Procurement website at <http://www.azdhs.gov/operations/financial-services/procurement/index.php#ffata> and must be returned to the ADHS by the 15th of the month following that in which the award was received. The form shall be completed electronically, and submitted using the steps outlined in the Grant Reporting Certification Form Instructions to the following email address: ADHS_Grant@azdhs.gov. All required fields must be filled including Top Employee Compensation, if applicable. Completing the Grant Reporting Certification Form is required for compliance with the Office of Management and Budget (OMB), found at <http://www.whitehouse.gov/omb/open>. Failure to timely submit the Grant Reporting Certification Form could result in the loss of funds. This requirement applies to all Contractors for amounts exceeding \$30,000.00 during the term of the Award.

10% Moves and Amendment Request

Each provider prepares a price sheet and line item budget aligned with their accounting system's chart of accounts at the start of each grant award period. A 10% Move Request is required when budgeted to move up to 10% of funds between lines. The request requires approval of the MIECHV Program Manager (See 10% Move Form). In addition, a contract amendment is required if more than a 10% move is needed, or if changes are made to the price sheet and/or scope of work. Contract amendments are only done once a year at the 6-month budget period. Sub-recipient must discuss this option with the assigned MIECHV Program Manager.

Equipment – Tangible Personal Property Inventory

The purchase of equipment necessary to implement and provide Arizona MIECHV services is allowable. Prior approval is required for the purchase of equipment. Equipment with a value of \$250 or more needs to be inventoried with ADHS MIECHV. All equipment purchases must be in compliance with HHS acquisition requirements or if more stringent, the sub recipient procurement policies/procedures. In addition, [HHS regulations](#) require an inventory of equipment with a life expectancy of at least one year or a purchase price of \$250 or more and should include the information outlined below.

1. Description
2. Serial Number or other identifying number
3. Source of funding
4. Title information, if applicable
5. Acquisition date
6. Cost
7. Percent of Arizona MIECHV Initiative participation
8. Location/user
9. Purpose/use
10. Condition
11. Disposition, if applicable
12. Verification of physical inventory check, with date and personnel conducting verification

An annual physical inventory check is required. MIECHV Program Manager will email sub recipient an inventory list each year. Any discrepancies found during the annual physical inventory check must be investigated and, if not resolved, reported to the MIECHV Program Manager. Disposition of equipment must follow federal guidelines, be accurately recorded on the inventory, and should be reported to the

MIECHV Program Manager. Again, the sub recipient will adhere to their own policies and procedures, which must comply with federal requirements listed above. Upon end of life of equipment purchased or at the end of a contract cycle, sub-recipients shall return the equipment to ADHS. All equipment guidelines listed above and inventory check information should be reported to MIECHV Program Manager.

Monthly Billing - Contract Expenditures Reports

Sub-recipients will submit Contractor Expenditure Reports (CER) or approved invoices on a monthly basis. The reports are due the 21st of each month after each month of service. Each sub recipient must submit by email a monthly CER and Itemized Report to miechvbilling@azdhs.gov. In addition, monthly, sub-recipients must submit along with their CER and Itemized Report, copies of ALL expense receipts supporting CER billing for that month. All submissions are emailed to miechvbilling@azdhs.gov. All CER's and supporting documentation must be maintained by sub recipient and filed by month. MIECHV Program can request supporting documentation at any time including for the purpose of monitoring and tracking expenditures. Sub-recipient must adhere to all guidelines and ensure that LIA's are also in compliance with fiscal management tracking of both expenditures and the balance of funds. The MIECHV Program Manager will also review fiscal documents during scheduled technical assistance and annual site reviews. Expenses must coincide with approved price sheet as outlined in most current ADHS contract.

Any billing that is not submitted in a timely manner will require technical assistance from Arizona MIECHV Program. If after multiple attempts to collect CER's and/or invoices in a timely manner the sub recipient does not bill for services following the outlined process a vendor deficiency report may be filed and/or termination of purchase order for extreme cases of concern.

Bank Accounts and Statements

45 CFR § 74.22 states that a sub-recipient is not required to establish a separate depository account for the receipt of MIECHV funds; however, they must be able to account for the receipt, obligation and expenditure of Arizona MIECHV funds. In addition, the bank account statement should be auditable to the sub-recipient's general ledger. Advanced funds should be maintained in an interest bearing account unless certain circumstances are met. Please see the *Interest Earned on Advanced Funds* section below.

Program Income

45 CFR § 75.302 defines program income as "gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award."

Examples of program income:

- (1) Fees from services performed. This would include fees earned from training events conducted by the provider for education of parents, or other community partners.
- (2) Use or rental of real or personal property acquired under the MIECHV program.
- (3) Use of commodities or items fabricated under this award. This would include any curriculum or other products developed with award funds.
- (4) License fees and royalties on patents and copyrights.
- (5) Interest earned on advances that is not required to be returned to ADHS. MIECHV. Refer to the "Interest Earned on Advanced Funds" section of this document.

All program income earned during the year must be recorded on the books of the sub-recipients as restricted funds, subject to the same terms and conditions, and compliance requirements of the award funds used to generate the program income. Any program income earned by a sub-recipient within a quarter must be used to cover allowable expenditures within that quarter or the following quarter prior to the expenditure of any MIECHV funding. Prior approval from MIECHV Program Director is required for a request to hold program income funds for more than one quarter. No requests can be approved beyond the grant award year in which the program income was earned.

Interest Earned on Advanced Funds

[45 CFR § 75.305\(b\)\(7\)](#) provides standards governing the use of banks and other institutions as depositories of advance payments and states that recipients shall maintain federal funds, including advances in an interest bearing account, unless

- (1) The recipient receives less than \$120,000 in federal awards per year.
- (2) The best reasonably available interest bearing account would not be expected to earn interest in excess of \$250 per year on cash balances.
- (3) The depository would require an average or minimum balance so high that it would not be feasible within the expected cash advance.

Earned interest will be reported quarterly. The Provider must keep documents such as bank statements to support interest earned amounts and make these documents available for audit or monitoring purposes.

Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.

Procurement Procedures

The Provider will establish and maintain written procurement procedures to ensure free and open competition, to the maximum extent possible, for the purchase of goods or services. 45 CFR §75.326-335 provide standards to assist Providers in the development of procurement procedures. In addition, procurement procedures will include a provision regarding verification of responsible vendors. The provider must follow all procurement procedures as outlined by their agency and retain copies of all contracts and payments associated with service.

Timesheets – Labor Activity Reports (LAR's)

Staff timesheets, or labor activity reports must reflect actual time worked, reflect total time worked (across all programs), be signed after completion of the work period by the employee and the employee's supervisor. 45 CFR §75.430(i) provides recordkeeping requirements related to compensation for personnel services. As personnel expenditures will comprise a significant portion of MIECHV funds, it is very important that the sub-recipient comply with these requirements and retain all documentation to support labor activity for positions that are split funded.

Single Audit Requirements

45 CFR §75.501-507 specify requirements related to federal single audit requirements. Beginning January 2015, the audit threshold for expenditure of federal funds increased to \$750,000. The sub recipient will submit a copy of required audit reports to the MIECHV Program Manager within 30 days of final audit report. All fiscal information must be retained for up to 5 years.

Site Visit Monitoring and Reporting Program Performance

The MIECHV program requires an annual fiscal and programmatic site review. ADHS will conduct visits for each sub-recipient and each sub-recipient must perform site visits for all local implementing agencies (Contractors) providing services. ADHS will be attending site visits that are completed by the sub-recipient to the LIAs. All MIECHV funded sites are responsible for compliance with federal, programmatic and fiscal requirements. Proper monitoring and tracking documentation must be maintained at each level. A contractor monitoring plan will be reviewed with each sub-recipient during the annual site visit. During the site visit, the MIECHV Program manager will review program deliverables as outlined in scope of work and review reconciliation of allowable, reasonable and necessary Arizona MIECHV Program expenditures and payments received; assess progress toward programmatic benchmarks, and ensure complete and accurate data has been reported. All reported expenditures and activities must have occurred within the agreement period. *Please refer to Attachment 1, Arizona Contract Monitoring Flow Chart for more information.* The awardee must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the awardee must cover each program, function or activity. ADHS follows [2 CFR 200.331](#) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Upon completion of the site visit, the program manager will complete a site visit monitoring report that will provide an overview of site review which outlines program compliance, strengths, weaknesses and recommendations for improvement if applicable. The sub-recipient is required to perform annual visits with local implementing agencies following a similar format and/or a format outlined by their agency.

- The reasons why established goals were not met, if appropriate.
- Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

For the most part, onsite technical inspections and certified percentage of completion data are relied on heavily by the Arizona Department of Health Services to monitor progress under Federal awards and the Arizona Department of Health Services may require additional performance reports only when considered necessary. The awardee must inform the Arizona Department of Health Services as soon as the following types of conditions become known:

- Problems, delays, or adverse conditions which will materially impair the ability to meet the objective of the Federal award. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation.
- Favorable developments which enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more or different beneficial results than originally planned.
- The Arizona Department of Health Services may make site visits as warranted by program needs.
- The Arizona Department of Health Services may waive any performance report required by this part if not needed.

ADHS Auditing Department also reserves the right to audit records up to 5 years related to and MIECHV fiscal findings.

Final Close-Out

With the close of each agreement period, the sub-recipient will submit the following documents by the close-out date specified in the Arizona MIECHV Program SOW.

1. Final Expenditures Report
2. General ledger

Within the close-out period, the sub-recipient will perform a final reconciliation of allowable Arizona MIECHV Program expenditures incurred and payments received. All reported and reconciled expenditures must have been incurred during the agreement period. Should a fiscal desk review result in questioned or disallowed costs; these review items must be reconciled with the final expenditures report. Should payments exceed allowable expenditures incurred; the sub-recipient will identify the balance of payments received.

Carry Forward Funds

A sub-recipient may not carry forward funds. Unused funds must be returned to Arizona Department of Health Services. MIECHV Program Managers will review program budgets quarterly and annually to assist sub-recipients with budget monitoring and spend down. A new budget and price sheet must be calculated each year.

Supports

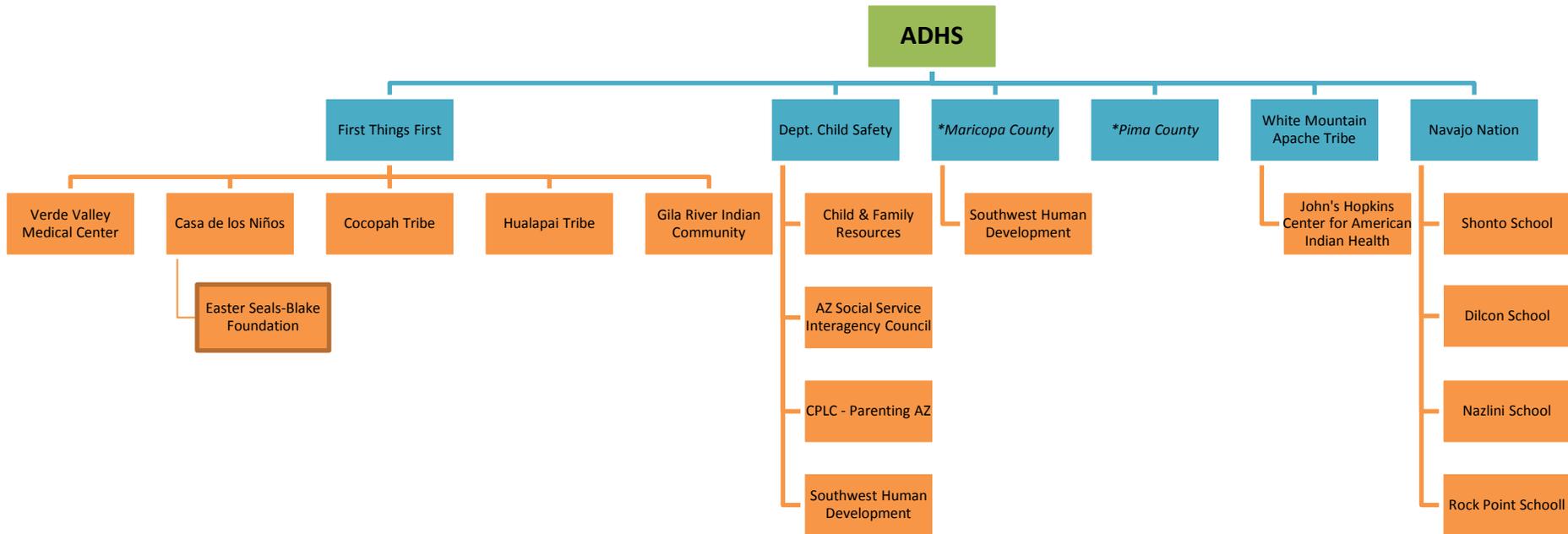
MIECHV has several provisions in place to support sub-recipients with programmatic and fiscal monitoring. Sub-recipients can email assigned MIECHV Program Manager to request technical assistance that will assist sub-recipients and/or LIA's to remain in compliance with state and federal requirements. Below are examples of some of the supports provided by MIECHV Program Managers.

- Monthly CER tracking
- Budget templates
- Technical Assistance Visits (On-site or conference call)
- Professional Development
- 6 month budget and spend down review (email)
- Annual Site Reviews
- 10% Budget Move Form
- Arizona Contract Monitoring Flow Chart
- Food Request Guidelines and Form
- ADHS Guidance for Federal Grant Award
- [State of Arizona Accounting Manual \(SAAM\)](#)

Resources

- Arizona MIECHV Program – AZ MIECHV Resource Manual
<http://azdhs.gov/prevention/womens-childrens-health/childrens-health/index.php#home-visiting>
- State of Arizona Accounting Manual
<https://gao.az.gov/publications/saam>
- Social Security Act Section 511 -MIECHV Legislation
http://www.ssa.gov/OP_Home/ssact/title05/0511.htm
- HRSA Maternal, Infant and Early Childhood Home Visiting
<http://mchb.hrsa.gov/programs/homevisiting/>
- 2 CFR Part 200
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- 45 CFR Part 75
<http://www.ecfr.gov/cgi-bin/text-idx?SID=fe0b41c4580a28aab0c2f6ce73ef1179&node=pt45.1.75&rgn=div5>

Arizona MIECHV Contract Monitoring Flow Chart
Maternal, Infant and Early Childhood Home Visiting Program
 (MIECHV)
 FY 10/1/2016-9/30/2019



**Indicates that the agency is both the Sub-recipient and LIA*

- ADHS will conduct annual site reviews at the sub-recipient level and will review all aspects outlined in scope of work.
- The Sub-recipients will establish and maintain contracts with each Local Implementing Agency (LIA) as well as conduct annual site reviews for each LIA that is funded by the sub-recipient. Sub-recipients will follow an internal site review process. Sub-recipients must maintain a site review schedule and files that document site review completion and findings.
- All MIECHV funded sites are responsible for compliance with federal, programmatic and fiscal requirements. Proper documentation must be maintained at each level.

Arizona Department of Health Services

Request for Food Guidelines - MIECHV

Request to Purchase Food is allowed within the following guidelines. Contractor shall submit a *Request for Food* form to their assigned MIECHV Program Manager for pre-approval when needing to purchase food for events that are within the following guidelines:

- A working meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information and is necessary and reasonable for successful performance under the grant. Related expenses must be reasonable, allocable, and allowable.
- For subjects and patients under study.
- Where specifically approved as part of the project or program activity, e.g., in programs providing children's services.
- Meals that would be considered "entertainment" would be unallowable.

Food request forms must be submitted using the following process:

- Requests submitted at minimum five (5) weeks prior to an event or five (5) weeks prior to an internal deadline needing to be met.
- Total food purchased throughout a fiscal year cannot exceed 2% of the total annual program budget.
- Meals or snacks purchased must follow ADHS state per diem rate.
- Working meetings or project-related meetings must be at minimum 6 hours or more. Do not end events with a meal.
- Food provided must be healthy items. Do not make alcohol available at the event.
- Requests that do not meet these requirements will not be approved.

MIECHV Program Managers will review the request and forward it to the ADHS Chief Financial Officer for final approval.

No food purchases shall be purchased and/or reimbursed until a Request for Purchase of Food document has been approved and signed by the ADHS Chief Financial Officer.

- Approval of an annual budget allocating costs for food is not an approval to purchase food.
 - All receipts related to meal expenses must be retained by contractors.

Request for Food Form

Date: _____

Agency Name: _____

Contract Number: _____

- A. A description of the event, including the public purpose of the meeting, the programmatic benefit of the meeting, how the benefit of the meals or refreshments exceeds the cost, and any alternatives that have been considered.**
- B. A description of the target audience.**
- C. An estimate of the number of participants and a breakout of the number of staff and the estimated number of participants.**
- D. A description of the meals or refreshments to be provided and the estimated cost.**
- E. The funding sources for the food.**
- F. A draft agenda or similar document with beginning and ending times of the meeting, and the activities planned to coincide with the meals/refreshments.**
- G. The name, title, contact number and email address of the contractor’s contact for the event.**
- H. The request and supporting documentation establish a clean a public purpose for this event. I certify that this event serves a valid public purpose and the meals or refreshments do not violate Article 9, Section 7, “Gift or Loan of credit; subsidies; stock ownership; joint ownership” of the Arizona Constitution.”**

Contractor Signature _____ **Date** _____

ADHS Program Manager Approval _____ **Date** _____

BWCH Office Chief Initial _____ **BWCH Bureau Chief Initial** _____

ADHS Chief Financial Officer Signature _____ **Date** _____

Approved _____ **Denied** _____