

**Illinois Department of Human Services  
Bureau of Community Support Services  
Fiscal Contract Compliance Review Confirmation Letter Addendum**

Purpose: The purpose of the Fiscal Contract Compliance Review Confirmation Letter Addendum is to provide information about areas of the contract, that your agency as a grantee, should be able to demonstrate competency. The Fiscal Contract Compliance Review Process will evaluate a grantee's competency in the following areas: Grant Administration and Fiscal Documentation.

The results of the Fiscal Contract Compliance Review will enable grantees to meet contractual requirements based on Title 2, Part 200 of the Code of Federal Regulations (2 CFR 200) and Illinois State Statutes and/or Codes. It is important for a grantee to read the Unified Grant Agreement (UGA), which is also referred to as the Program Contract, and ensure that processes are in place to meet contractual requirements.

**Grant Administration (includes Programmatic Service Delivery)**

Grant Administration is divided into following four areas of competency:

- **Fiscal Competency** – The grantee's general ability to manage award funds will be reviewed. The review process will include **assessing the grantee's policies and procedures** in the following areas: cost allocation, fiscal controls, compliance with fiscal reporting and management of equipment purchased with grant funds.

**Following are questions in this section:**

1. Does the grantee have a clear process for allocating expenses across IDHS grants and other funding sources?
2. Is documentation available to support that the grantee will meet the match requirement?
3. Does the accounting system have adequate controls to prevent improper payments, duplicate payments and insufficient documentation?
4. Does the grantee have a policy regarding separation of fiscal duties, which prohibits the person who purchases and receives goods from being the person who approves the purchase?
5. Are adequate controls in place to ensure necessary budget revisions receive prior approval from the grantor?
6. Are adequate controls in place to ensure that all costs charged to the grant award meets the criteria of being necessary, reasonable and allowable?
7. Are all fiscal reports submitted timely by the established due date?
8. Does the grantee keep physical inventory of items purchased with grant funds?
9. If Question #8 is yes, does the grantee reconcile inventory at least every two years?
10. Does the grantee have a policy regarding the disposal of items purchased with grant funds?

**Please Review the following Codes of Federal Regulation (2 CFR 200) and Uniform Grant Agreement (UGA):**  
200.27, 200.400, 200.403-405, 200.416, 200.306, 200.29, 200.61, 200.31, 200.53, 200.49, 200.302, 200.303, 200.308, 200.84, 200.328, 200.313, 200.313 d1-3, UGA Article VI Parts 6.2 and 6.3, and UGA Article XXII Part 22.4

- **Subrecipient Competency** – The grantee's general ability to manage subrecipient(s) grant funds. A subrecipient is a sub-contractor with whom the grantee has entered into a contract, whereby the subrecipient is delivering direct service as outlined in the contract deliverables and directly affect program outcomes. It is the expectation of IDHS that the grantee is monitoring subrecipient(s) and ensuring that they are meeting all contract requirements. Subrecipients of grant funds should be clearly identified in approved budgets.

If this area is not applicable to your program it will not be addressed. If you are unsure if you have a subrecipient then please contact the DHS contact identified in your contract for assistance.

**Following are some sample questions:**

11. Does the grantee utilize subrecipients?
12. Does the grantee have prior approval from DHS to have a subrecipient(s) for any portion of the grant?
13. Does the subrecipient have an approved contract with the grantee?
14. Does the grantee monitor (e.g., on-site review, audit or other means) to ensure that contract requirements are met?
15. Does the grantee have process to complete timely follow-up on all identified deficiencies detected through a subrecipient monitoring process?

**Please Review the following Codes of Federal Regulation (2 CFR 200 and UGA):**

200.331 and UGA Article XVII Part 17.1

- **Personnel Competency** – The grantee’s general ability to maintain staffing levels necessary for service delivery identified in the budget will be reviewed. The grantee will also be reviewed to ensure identified personnel are actively working in the program providing direct, indirect or administrative services.

**Following are some sample questions:**

16. Does the current FTE staffing for the grant match the budgeted amount?
17. Does the grantee have a policy/process in place for assuring a reasonable approximation (for employees on salary) of work activity actually performed that is consistent with the funds allocated?
18. Does the grantee have a time and effort system in place for recording all times worked (for hourly employees), including time not charged to this grant?

**Please Review the following Unified Grant Agreement and Program Requirements**

200.302, 200.430 (8)(i) – Standards for Documentation of Personnel Expenses

**Fiscal Documentation**

The grantee’s ability to appropriately claim program costs and maintain sufficient source documentation of costs claimed will be reviewed. **The Fiscal Contract Compliance Review Process will review costs claimed based the programs fiscal reporting requirements and compare them to the approved budget. If the grantee submits program costs monthly, two (2) months will be reviewed. If the grantee submits program costs quarterly, then one (1) quarter will be reviewed.**

The review process will use the cost claiming methodology as identified in the contract. Following are examples of cost claiming forms/reports: Periodic Financial Report (PFR) or Program Reporting Portal Cost Claim Report. **The Confirmation Letter will contain details of months and/or quarter to be reviewed as well as cost claiming forms/reports**

To prepare for the review, the grantee will need to gather all Supporting (Back-up) Documentation for identified months and/or quarter identified in the letter. The documentation should support costs submitted on cost claiming forms or the program reporting portal. All cost claiming forms, reports and/or reporting portal data entry certifies that the expenses claimed are accurate, necessary, reasonable and allowable. The grantee should have no variance between what has been submitted and supporting documentation to substantiate the costs. If there is a slight variance it should only be attributed to rounding. A grantee’s rounding practices are required to be meet general accepted accounting principles.