



November 9, 2022

Russel Thomas, Board Chair
Big Country Regional Advisory Council
3902 College Ave,
Snyder, Texas 79549

Dear Mr. Thomas:

The Texas Department of State Health Services (DSHS), Independent Fiscal Support and Oversight has completed its fiscal monitoring review of the Emergency Medical Services/County Regional Advisory Council grant. The review covered the period of March 2022 to May 2022. The primary objective of this review was to determine if your agency is in compliance with the fiscal requirements of federal and state regulations, DSHS policies and procedures, and the contract provisions.

The review of your organization resulted in questioned costs of \$918.30. After an analysis of your management responses with documentation of the adjusting journal entries, the questioned costs have been resolved.

A follow-up review team will contact you regarding the implementation of the corrective action plans.

We appreciate the cooperation extended to us by the management and staff of your organization during this review. Please contact David Lupercio, Audit Manager, at 512-217-3085 or me at 512-776-6991 if you have any questions.

Sincerely,

Ann H. Duncan

Ann H. Duncan, CPA, MPA, CFE
Director, Independent Fiscal Support and Oversight

Enclosure

cc: Marlee Puckett, Executive Coordinator



**Independent Fiscal Support and Oversight
Fiscal Compliance Review Report
Big Country Regional Advisory Council
November 9, 2022**

Objective:

To determine whether the amounts paid for the contracts referenced below were in compliance with the terms of the contract, Department of State Health Services (DSHS) rules, and applicable state and federal regulations.

Contract and Period Reviewed:

Contract Number	Program ID	Contract Term	Contract Amount	Review Period
HHS000124600013	EMS/CO-RAC	5/1/2018-08/31/2023	\$1,865,772.00	3/1/2022-5/31/2022

Legend for Program Abbreviations:

EMS/CO-RAC - Emergency Medical Services/County-Regional Advisory Council

Scope: The scope of this review encompassed an analysis of policies, procedures, and supporting documentation for:

- Payroll - Two pay periods, ending March 25 and April 1, 2022, were tested for one employee (1099) with time charged to DSHS grants
- Other contract expenditures - A total of 30 expenditure transactions were tested, including travel expenses and program supplies
- Cost Allocation Plan - 100% DSHS charges
- General compliance with rules, regulations, and contract provisions

Fieldwork Conducted: September 19 through September 23, 2022

The DSHS fiscal monitoring team reviewed the agency's accounting policies and procedures to determine whether they were adequate to ensure accurate, current, and complete disclosure of the financial results of grant activities. The

monitoring team examined the documentation to verify the source and application of contract funds. We also reviewed documentation and interviewed agency staff to determine whether the agency complied with applicable federal and state regulations, DSHS policies and procedures, and contract provisions. In some instances, the results of the independent audit were relied on to determine grant compliance with specific provisions.

Detailed Findings and Recommendations

Finding #1 DSHS Expenditures - Unallowable

Condition: One of the 30 expenditures selected for testing included a \$37.33 purchase for coffee supplies. This amount was charged to the EMS/CO-RAC grant. This is an unallowable expense that cannot be charged to the DSHS grant.

The expense was removed from the DSHS general ledger, and the grantee made a billing adjustment to resolve the questioned cost.

Criteria: Uniform Grant Management Standards, Attachment A, C. Basic Guidelines, states in part, *"1. Factors affecting allowability of costs. To be allowable under Federal or state awards, costs must meet the following general criteria: b. Be allocable to Federal or state awards under the provisions of this Circular. i. Be the net of all applicable credits."* and *"3. Allocable costs. a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."*

Questioned Cost: \$37.33 (resolved by adjustment)

Recommendation: To resolve this finding, submit a corrective action plan that specifically details the policies and procedures that will be implemented, to ensure that effective internal controls are in place to prevent unallowable expenses charges to DSHS grants.

Management Response: *"As of the Fiscal Compliance Review, no expenses related to food products will be charged to a DSHS grant unless prior authorization has been received from DSHS. The only exception RACD may encounter is a Medical Directors Dinner. DSHS has already approved such expenditure as it pertains to "attending meetings or conferences that relate to the EMS/County Grant Program and technical information is being disseminated"*

Responsible Party: *Marlee Puckett, Executive Director*

Implementation Date: *9/20/2022*

DSHS Reply: The management response was reviewed and accepted.

Disallowed Cost: \$0.00

Finding #2 DSHS Expenditures – Unallowable

Condition: One of the 30 expenditures tested for the EMS/CO-RAC grant for postage included sales tax. The sales tax of \$0.10 is an unallowable charge to the grant. The expense was removed from the DSHS general ledger, and the grantee made a billing adjustment, which resolves the questioned cost.

Criteria: Uniform Grant Management Standards (UGMS), ATTACHMENT B-Selected Items of Cost, 41. Taxes, states in part, *"a. Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that disproportionately affect Federal programs."*

Questioned Cost: \$0.10 (Resolved with adjustment)

Recommendation: To resolve this finding, submit a corrective action plan that specifically details the policies and procedures that will be implemented to ensure that, in the future, sales tax will not be charged to DSHS grants.

Management Response: *On Sept 20, 2022, BCRAC Executive Director contacted Stamps.com and submitted the Texas Sales and Use Tax Exemption Certification to Stamps.com. As of 9/21/2022 Stamps.com has responded by email that future charges will not be charged tax.*

Responsible Party: *Marlee Puckett, Executive Director*

Implementation Date: *9/21/2022*

DSHS Reply: The management response was reviewed and accepted.

Disallowed Cost: \$0.00

Finding #3 DSHS Expenditures - Unallowable

Condition: Three of the 30 expenditures selected for testing included coverages that benefit a 12-month period. These costs were expensed entirely in one month, rather than each month of the benefitting period. The benefitting period included months outside of the grant budget year, which was September 1, 2021 – August 31, 2022. The amounts paid for periods outside the grant budget year are unallowable charges to the grant. The details of the three expenses are as follows:

- The Business Personal Property Insurance Policy, for April 17, 2022, through April 17, 2023, was expensed in April 2022. The grant charge benefitted seven and a half months outside the grant budget year. The unallowable cost totaled \$614.96.
- An annual website expense, for June 1, 2022, through May 31, 2023, was expensed in April 2022. The grant charge benefitted nine months outside of the grant budget year. The unallowable cost totaled \$178.01.
- A web hosting subscription for April 12, 2022, through April 12, 2023, was expensed in April 2022. The grant charge benefitted seven months and 12 days outside of the grant budget year. The unallowable cost totaled \$87.90.

The grantee removed these expenses from the DSHS general ledger and made a billing adjustment. As a result, there are no questioned costs associated with this finding.

Criteria: Uniform Grant Management Standards, Part III., Subpart C, __.23, states in part, "(a)General. Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period".

Questioned Cost: \$880.87 (resolved by adjustment)

Recommendation: To resolve this finding, submit a corrective action plan that specifically details the policies and procedures that will be implemented to ensure that annual expenses are charged monthly to the DSHS grant.

Management Response: *"As of the Fiscal Compliance Review, annual expenses will either be expensed monthly or only applicable charges will be expensed for the specific time frame of the grant. BCRAC will make every effort to expense annual charges monthly and only if there is not an option to expense monthly will BCRAC then allocate the specific charge for the exact dates of the contract."*

*Example: Annual charge of \$1200 due on January 1
If possible, the annual charge will be paid monthly
If the charge cannot be paid monthly because BCRAC is "cash basis"
January through August will be charged to the current grant and
September through December will be charged to the next grant."*

Responsible Party: *Marlee Puckett, Executive Director*


Implementation Date: 9/21/2022

DSHS Reply: The management response was reviewed and accepted.

Disallowed Cost: \$0.00

14. Signatories. This Agreement shall be signed by Big Country Regional Advisory Council on behalf of Big Country Regional Advisory Council and by Marlee Puckett. This Agreement is effective as of the date first above written.

The Recipient:
Big Country Regional Advisory Council
Chair, Russel Thomas

By: 
Big Country Regional Advisory Council
Chair, Russel Thomas

Date: 11/08/2023

The Contractor:
Marlee Puckett

By:  Date: 11-8-2023
Marlee Puckett