II	FISCAL SECTION
1500	Site Visits, Desk Reviews, Program Compliance Reviews, and Audits

The *Network* will conduct programmatic and fiscal reviews of LIA, NIA and Special Project contracts on an annual basis to ensure compliance with USDA Guidance and to ensure the continued funding from USDA based on both solid program and fiscal compliance. These annual reviews may be conducted using any of the following four methods:

1. Site Visit
2. Desk Review
3. Program Compliance Review (PCR)
4. Audit

1501 Site Visits

Site Visits will be conducted on at least half (50%) of the current LIA and Special Project contracts during each fiscal year.

The purpose of a site visit is to:

1. Monitor and evaluate progress in completing contract deliverables.
2. Ensure compliance with USDA guidelines (cost allocation, State and Federal Share documentation, identify changes in budgets and scopes of work).
3. Provide programmatic and administrative technical assistance.
4. Observe and collect information on innovative strategies.
5. Observe programmatic activities.
6. Build partnerships.

Site Visits are conducted by assigned Contract and Program Management staff and, in the case of schools, in conjunction with the assigned Nutrition Education Consultant (NEC). It is the responsibility of each Contract Agency to maintain accurate and verifiable records in order to support all expenses and document activities claimed under the *Network* program.

Site Visit Procedure:

1. A Site Visit list will be generated at the beginning of each FFY to identify Contractors for site visit scheduling and to meet the CPNS goal of at least 50% of Contractors visited each fiscal year. An effort is made to coordinate with your assigned CM/PM/NEC for any site visits, desk reviews, PCR and Audits so that your agency receives no more than one review per fiscal year.
2. A *Site Visit Log* will be maintained by CPNS staff summarizing site visits scheduled and conducted for each fiscal year.
3. Site visits will be scheduled based on the priorities listed below and upon the request of Contractors.
4. Site visits will be scheduled in writing with at least two weeks advance notice.
5. A *Site Visit Report* will be issued summarizing findings and recommendations. The report will be provided to the Contractor within 30 days of the site visit. A timeline for follow-up and additional site-visits, if necessary, will be stipulated in the *Site Visit Report*.

Priority List for Scheduling Site Visit:

1. 1st year contractors, contractors who have never been site visited, or contractors requiring specific technical assistance as identified by CPNS staff.
2. Contractors who have not received a site visit in two to three years.
3. Contractors recommended for follow-up site visits in previous years.
4. Contracts with budgets exceeding $500,000 per fiscal year.

5. Contractors requesting general technical assistance.
6. Newly-funded channels or pilot programs.

Documentation of Site Visits
For each site visit the CM and PM are required to complete the following:

1. *Site Visit Confirmation Letter*. A Site Visit Confirmation Letter will be sent to the Contractor at least two weeks in advance, confirming the date, time and location of the site visit. The letter will include the primary areas to be discussed, an agenda and will indicate what type of documentation and records should be available for review by CPNS staff.
2. *Site Visit Report and Cover Letter*. CPNS staff will generate a Site Visit Report and Cover Letter summarizing site visit issues, key findings and recommendations. A Site Visit Report will be sent to the contractor within 30 calendar days of conducting a site visit. The report will summarize findings and recommendations. If necessary, the report will include a follow-up plan addressing concerns or issues identified during the site visit or desk review.

1502 Desk Review
Desk Reviews are to be conducted once in a contract term, on one quarterly invoice period for each LIA, NIA and Special Project. This may be done independently or coordinated with any PCR or site visit scheduled for the year. The Desk Review documentation requested should match the quarterly invoice billed with back-up documentation for each line item in the approved budget and budget justification. If a discrepancy is found, the Contractor will need to provide a justification for the discrepancy.

The purpose of the Desk Review is to ascertain your agency adherences to the fiscal documentation requirements outlined in your contract and the Local Incentive Award (LIA) Program Guidelines Manual.

Desk Review Procedure: All expenditure documentation that is batched for each line item must equal the total amount reflected for that line item on the official Federal Share Invoice and State Share Documentation Report being reviewed. The expenditure documentation will need to be separated, batched, and labeled according to the line item in which the expenses were claimed. A summary spreadsheet of the expenses for the specific line items requested is required on top of each batch, and the amount of the summary spreadsheet should reflect the amount claimed for that line item for the period (quarter) being reviewed. If your accounting system is capable of generating reports that contain detailed expenditure object codes which track expenditures to specific line items, you may use these reports as the required summary spreadsheets. Please provide a key for the expenditure object codes that have been designated for the report to assist with the review.

The documentation you must maintain includes, but is not limited to the items listed in Section 702, Required Supporting Documentation. For instance, agency records (including timesheets and agency purchase orders), where appropriate, should include signatures of authorized agency officials and the dates of expenses. Invoices, bills, or receipts from outside vendors/businesses should identify the vendor name, vendor location (e.g., address and/or phone number), item of expense, amount, and date. If your agency prorates their expenses among several projects, please provide an explanation of how you arrived at the percentage charged to the *Network* contract. Also, the expenditure source documentation provided for the items purchased or encumbered must be dated within the quarter the reimbursement was requested.

1503 Program Compliance Review

Program Compliance Review (PCR) consists of an overall review of your fiscal and administrative functions by an independent Unit, the Program Compliance Team (PCT). The PCT will include a review of both your State and Federal Share programs and administrative/fiscal functions. The primary focus will be a review of your State Share activities.

Program Compliance Review Procedures: Each contractor will receive a PCR Notification Packet at least eight weeks in advance, confirming the date, time and instructions on how to prepare all of the necessary documents to have available for review with the PCT. PCT staff will meet with the Contractor's assigned CM and PM prior to the visit to be given a status on the contract. After the review, the PCT will provide recommendations to the CM and PM team and to the Contractor regarding any compliance issues, as well as provide recommendations on best practices that can be shared with other *Network* partners. A written report and Program Improvement Plan (PIP) will be issued to the Contractor and the assigned CM and PM within 30 days from the PCR. A teleconference may be scheduled if requested between the Contractor and the assigned CM and PM to discuss the report and any priority findings. If the report does contain priority findings, the Contractor, along with the assistance of the CM and PM, will have approximately 60 days from the date of the PCR to develop the Program Improvement Plan (PIP) that addresses each of the priority findings. Once a PIP is approved, the Contractor will have one year from the date of the closure letter to fully implement their PIP and have a follow-up desk review or site visit conducted. If the report contains no priority findings, the Contractor will have eighteen months before a follow-up desk review or site visit will be conducted.

The *Network* and the PCT will address the recommendations and corrective actions from the 2006 USDA review and will prepare contractors for any future compliance reviews. The PCR team will not take the place of your normal communication and reporting to your assigned CM and PM.

Program Compliance Team Goals:

1. Provide quality Program Compliance Reviews and advisory services to local contractors in order to enhance program integrity and ensure compliance to USDA Guidance and the USDA Administrative Review findings (June 2006).
2. Establish and implement quality control measures (baseline data) for fiscal and programmatic management of local projects for benchmarks and standards.
3. Establish and monitor reporting criteria (GIFTS database) for fiscal administrative/programmatic management of local projects.
4. Streamline system enhancements to reduce costs and increase efficiencies related to oversight and management of local projects. Match the workload needs to staff resources, the CM and PM and the *Network* Contractors.
5. Identify best practices and patterns in USDA Guidance compliance issues and make recommendations to the CPNS management team for eventual system-wide implementation resulting in measurable, improved compliance.
6. Assist the *Network* with training and incorporate into instructional program findings, conclusions and recommendations from the PCR site visits and the USDA Administrative Review.

1504 Program Audit

At any time during the term of a *Network* funded contract, and at any time within three years after termination of that contract, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the LIA, NIA or Special Project contract. In the event of an audit, an agency or organization's nutrition program records must be sufficient and clear enough to support all claims.

Procedures:

1. The Auditing Agency will send out a notification letter to the selected LIA, NIA, or Special Project Contractors at least one month prior to the scheduled review. The review may look at financial activity for all financial periods not previously audited to the most current financial period.
2. The Auditor will also send out a brief questionnaire to be completed by the LIA, NIA, or Special Project Contractors prior to the financial review. Completion of the questionnaire will expedite the actual review process.
3. The LIA, NIA or Special Project Contractors will have available during the audit all proper fiscal and program staff, as well as all records necessary to respond to questions.
4. The Auditor will give an exit interview to make suggestions and comments regarding the preliminary findings of the financial review. A formal report will be sent within three months of the visit.