

<b>I. FISCAL SECTION</b>
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<b>700. Desk Reviews, Site Visits, and Contract Compliance Reviews</b>
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### **701. General Information**

The State *Network* will conduct programmatic and fiscal reviews of *Network* contracts on an annual basis to ensure compliance with USDA Guidance and to ensure the continued funding from USDA based on both program and fiscal compliance.

### **702. Site Visits**

Site visits will be conducted annually on *Regional Network* contracts. 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, invoice 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 Manager and Fruit, Vegetable, and Physical Activity (FVPA) Campaign and Program staff. It is the responsibility of each contractor to maintain accurate and verifiable records in order to support all expenses and document activities claimed under the *Network* program.

#### **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 State *Network* staff.

## Site Visit Report and Cover Letter

State *Network* 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.

### 703. Desk Review

Desk reviews are to be conducted annually on one quarterly invoice period for each *Regional Network* contract. This may be done independently or coordinated with any 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 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 Invoice 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 202, 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 State *Network* contract. Also, the expenditure source documentation provided for the items purchased or encumbered must be dated within the quarter the reimbursement was requested.

### 704. Contract Compliance Monitoring Review

A Contract Compliance Monitoring Unit (CCMU) Review consists of an overall review of fiscal and administrative functions, policies, and procedures by an independent unit, the CCMU.

**Contract Compliance Monitoring Unit Procedures:** Each contractor will receive a CCMU Review Notification Packet eight weeks prior to an onsite or desk review, confirming the date, time, location, and providing instructions on how to prepare the necessary documentation. The CCMU 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, CCMU will issue a written report and, if appropriate, a Program Improvement Plan (PIP) template to address any findings. A teleconference may be scheduled, if requested, by the contractor, assigned CM, PM, or CCMU to discuss the report and any findings. If the report contains findings, the contractor will have approximately three weeks from the date the report is issued to develop a PIP that addresses each finding(s).

Once a PIP is approved, the contractor will have six months from the date of the PIP Approval letter to fully implement their PIP and to have a follow-up desk review or site visit conducted to validate improved compliance. If the report contains no findings, the contractor will have approximately one-to-two years before the next CCMU Review site visit will be conducted.

The *Network* and CCMU will address the recommendations and corrective actions from the 2006 USDA review, or any subsequent USDA review, and will prepare contractors for any future compliance reviews or audits by USDA. The CCMU will not take the place of communication and reporting to the assigned CM and PM.

#### **Contract Compliance Monitoring Unit Goals:**

1. Provide quality Contract and Administrative Compliance Reviews and advisory services to *Network* contractors in order to enhance fiscal and administrative integrity and to ensure compliance to USDA Guidance and the USDA Administrative Review findings of June, 2006, and any subsequent USDA Administrative Reviews conducted of the *Network*.
2. Establish and implement quality control measures (baseline data) for fiscal administrative management of local projects for benchmarks and standards.
3. Establish and monitor reporting criteria for fiscal-administrative management of *Network* contracts.
4. Streamline system enhancements to reduce costs and to increase efficiencies related to oversight and management of *Network* contracts. 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 *Network* management team.
6. Assist the *Network* with training and incorporate into instructional administrative findings, conclusions and recommendations from the CCMU Review site visits and the USDA Administrative Review.
7. Provide Summary reports by channel to management outlining findings, trends, progress, challenges, and recommendations.