I.	**FISCAL SECTION**
700.	**Desk Reviews, Site Visits, and Program Compliance Reviews**

This Section Includes:

701. General Information

The *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 solid program and fiscal compliance.

702. Site Visits

Site visits will be conducted annually on *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 *Network* staff.

Site Visit Report and Cover Letter

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 *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 *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. 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 review program and administrative/fiscal functions. The PCT has been focusing their efforts on the Local Incentive Awardee contracts but the below information is being provided as they may be reviewing the *Regional Network* contracts within the term of the contract.

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 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.