

Appendix B Grant Agreement Monitoring Provisions

All vendors must complete and return pages 4 & 5, Management Questionnaire, and the required financial information as specified in Section 2.4, unless exempt.

1. Definitions

- 1.1. Department – NH Department of Health and Human Services (DHHS).
- 1.2. Vendors – non-state agency external entities with which the Department intends to enter into a legal agreement. Component units of the State shall be considered vendors (e.g., University of New Hampshire, Community College System of New Hampshire).
- 1.3. Subrecipients – vendors issued funds to provide goods or services on behalf of the Department to the public. In accordance with [2 CFR 200.331](#), characteristics which support the classification of a subrecipient include when the non-Federal entity:
 - 1.3.1. Determines who is eligible to receive what Federal assistance;
 - 1.3.2. Has its performance measured in relation to whether objectives of a Federal program were met;
 - 1.3.3. Has responsibility for programmatic decision making;
 - 1.3.4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - 1.3.5. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the Department.
- 1.4. Contractors – vendors issued funds to provide goods or services to the Department. In accordance with [2 CFR 200.331](#), characteristics indicative of a contractor are when the vendor:
 - 1.4.1. Provides the goods and services within normal business operations;
 - 1.4.2. Provides similar goods or services to many different purchasers;
 - 1.4.3. Normally operates in a competitive environment;
 - 1.4.4. Provides goods or services that are ancillary to the operation of the Federal program; and
 - 1.4.5. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

2. Vendor Identification and Risk Assessment

- 2.1. The Department shall identify **ALL** vendors receiving federal, general, or other funds as either a Subrecipient or a Contractor, as defined in Section 1, above and in 2 CFR 200.331.
- 2.2. The Department shall complete a risk assessment of Subrecipients to evaluate their risk of non-compliance with Federal and State statutes and regulations, as well as the terms and conditions of the contract.
- 2.3. The Department shall assess vendor programmatic risk utilizing the Management Questionnaire which addresses multiple factors that include, but are not limited to:
 - 2.3.1. Grant management experience.
 - 2.3.2. Documented history of non-performance or non-compliance.
 - 2.3.3. Audit findings.
 - 2.3.4. Recent personnel or system changes.

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- 2.3.5. Adequacy of internal controls.
- 2.4. The Department shall also assess vendor risk of financial solvency using the following Statement of Vendor's Financial Condition:
 - 2.4.1. The vendor's ability to demonstrate adequate financial resources for performance of the contract or the ability to obtain such resources as required during performance under this contract will be considered by the Department as part of the risk assessment to determine if enhanced contract monitoring is required if a contract is awarded.
 - 2.4.2. Each vendor must submit audited financial statements for the four (4) most recently completed fiscal years. If your organization has not been established long enough to have four (4) audited financial statements, please send the total number of statements generated since the inception of your organization. Statements must include a report by an independent auditor that expresses an unqualified or qualified opinion as to whether the accompanying financial statements are presented fairly in accordance with generally accepted accounting principles.
 - 2.4.3. Complete financial statements must include the following:
 - 2.4.3.1. Opinion of Certified Public Accountant;
 - 2.4.3.2. Balance Sheet;
 - 2.4.3.3. Income Statement;
 - 2.4.3.4. Statement of Cash Flow;
 - 2.4.3.5. Statement of Stockholder's Equity of Fund Balance;
 - 2.4.3.6. Complete Financial Notes; and
 - 2.4.3.7. Consolidating and Supplemental Financial Schedules.
 - 2.4.4. A vendor, which is part of a consolidated financial statement, may file the audited consolidated financial statements if it includes the consolidating schedules as supplemental information. A vendor, which is part of a consolidated financial statement, but whose certified consolidated financial statements do not contain the consolidating schedules as supplemental information, shall, in addition to the audited consolidated financial statements, file unaudited financial statements for the vendor alone accompanied by a certificate of authenticity signed by an officer of the corporation, partner, or owner under penalty of unsworn falsification which attests that the financial statements are correct in all material respects.
 - 2.4.5. If a vendor is not otherwise required by either state or federal statute to obtain a certification of audit of its financial statements, and thereby elects not to obtain such certification of audit, the vendor shall submit the following as part of its proposal:
 - 2.4.5.1. Uncertified financial statements; and
 - 2.4.5.2. A certificate of authenticity which attests that the financial statements are correct in all material respects and is signed by an officer of the corporation, partner, or owner under penalty of unsworn falsification.
 - 2.4.6. Exemptions: The Department will not request audited financial statements from or perform Financial Risk Analyses for the following organizations:

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- 2.4.6.1. The University and Community College Systems of NH. These organizations are component units of the State which is ultimately financially liable for them.
- 2.4.6.2. Political Subdivisions, which includes counties and municipalities.

3. Contract Monitoring

- 3.1. The Department shall determine if enhanced monitoring is necessary to address any risks identified through the risk assessment referenced in Section 2, above.
- 3.2. The Department shall incorporate contract monitoring procedures and activities into final contracts to address identified risks, which may include but are not limited to:
 - 3.2.1. Requesting vendors to provide fiscal reports and documentation behind reports to the Department for review.
 - 3.2.2. Reviewing vendor reporting processes and systems for data integrity.
 - 3.2.3. Performing file reviews to ensure vendor compliance with state and federal laws and rules in the administration of the contract.
 - 3.2.4. Conducting site visits to assess vendor compliance with applicable contract objectives and requirements.
 - 3.2.5. Reviewing vendor expenditure details to ensure all expenditures are allowable and in compliance with Federal and State laws and other applicable policies or rules.
 - 3.2.6. Providing targeted training or technical assistance to vendors.
 - 3.2.7. Reviewing monthly financial data to assess vendor financial solvency.
- 3.3. The Department shall conduct contract monitoring activities as specified in resulting contracts.

4. Vendor Disqualification

- 4.1. The Department reserves the right to disqualify vendors who refuse to complete and return the Management Questionnaire on Page 4 and 5 of Appendix B, Contract Monitoring or the financial information as specified in Section 2.4.
- 4.2. In the event that the Department disqualifies a vendor from selection, the vendor shall have no right to appeal the Department's decision. Any review shall be in accordance with NH. RSA 21-G:37, IV.

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Management Questionnaire for _____ (Vendor Name)

All vendors must complete and return this Management Questionnaire along with the required financial information in Section 2.4, unless exempt.

| | Question | YES | NO | N/A |
|------------|--|------------------------------|-----------------------------|------------------------------|
| 1. | Was your organization established more than two years ago? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 2. | During the past 18 months, have you experienced staff turnover in positions that will be involved in the administration of the contract? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 3. | Have you managed the same or a similar contract or program during one of the last five (5) calendar years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 4. | Have you received federal funds from the Department through a contract during one of the last five (5) calendar years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 5. | Were you ever provided formal written notification from the Department that you were in non-compliance or failed to perform in accordance with contract provisions or requirements? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 6. | If you had a Single Audit performed in accordance with the Federal Uniform Guidance (2 CFR 200 subpart F (200.500)) by an external entity or an audit performed by a state or federal agency during the most recently completed fiscal year, did the audit include any findings? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 7. | Have you ever been required to return payments to the Department as a result of an audit, unallowable expenditure or any other reason? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 8. | Has your organization implemented a new accounting, financial, or programmatic IT system within the last two years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 9. | Are you aware of any ongoing or pending lawsuits filed against your organization or any investigations or inspections of your organization by any state or federal regulatory agency within the last two years? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 10. | With Department approval, if you intend to subcontract a portion of the work under the resulting contract to another entity, do you have competitive bid procedures for purchases and personal services contracts compliant with state and federal regulations, laws, and rules? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 11. | With Department approval, if you intend to subcontract a portion of the work under the resulting contract to another entity, do you have written policies and procedures for subrecipient/contractor determinations, risk assessments, and subrecipient monitoring as required under Federal Uniform Guidance (2 CFR subpart D (200.300))? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

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| | Question | YES | NO | N/A |
|-----|--|------------------------------|-----------------------------|------------------------------|
| 12. | Does your accounting system identify the receipt and expenditure of program funds separately by each contract or grant, and by line item categories? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 13. | Does your organization maintain a formal system of segregation of duties for procurement, time keeping, and bank statement reconciliation activities? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 14. | Do you have procedures to ensure expenditures are reviewed by an independent person* to determine that all expenditures are allowable under the terms of the contract as well as federal and state regulations, laws and rules?* | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 15. | Are time distribution records maintained for each employee performing contracted services that account for time spent working on the contract versus time spent on all other activities? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 16. | Does your financial system compare amounts spent to date with budgeted amounts for each award? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 17. | Does your accounting or financial system include budgetary controls to prevent incurring obligations in excess of total funds available for a grant or a cost category (e.g., personnel costs, equipment, travel)? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |
| 18. | Do you maintain written policy and procedures for all aspects of financial transactions and accounting related to time keeping, a record retention, procurement, and asset management that are compliant with Federal Uniform Guidance requirements (2 CFR subpart D (200.300))? | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A |

*An independent person can be any individual within an organization or an outside third party, who verifies that an expenditure made by another person, is appropriate and in accordance with the terms of the contract. For example, one person would be responsible for making a purchase or authorizing payment and a second independent person verifies that funds were spent appropriately. If you do not have an independent person, please mark "No" for Question 14.

Marking No or N/A for any question on the Management Questionnaire does not preclude a Vendor from being selected.

I hereby declare that the answers provided in this Management Questionnaire are accurate and true to the best of my knowledge.

Signature

Printed Name and Job Title

Date