

Assessment of the Administrative Mechanism Report FY2020-2021

SEMHAC's support staff conducted the Assessment of the Administrative Mechanism for the period of FY2020 on behalf of the SEMHAC.

- i. Assessment of grant recipient activities ensured timely allocation/contracting of funds and payments to contractors** – The assessment found the administration functioned efficiently in several areas during FY2020. However, DHD continued to struggle with timely payment of providers and re-obligation of funds from providers not able to fully expend funds. Most of provider payments failed to meet the reimbursement standard; only 1% of providers were paid within 30 days of submitting a correct financial status report (FSR). Less than half (44%) of providers fully expended their funds. Challenges with reimbursement and expenditure of funds relate to the following:
 - a. Impact of Covid-19
 - i. In March 2020, the State of Michigan enacted the Stay Home Stay Safe orders, in which all Ryan White staff within DHD were assigned to remote work. As a result of this, several check requests and FSR procedures needed to be updated, causing a delay in the payment process. For example, the Recipient began to allow electronic signatures for FSRs during this time, which caused delays and loss of documents at the senior leadership level. Also, during the first three months of the fiscal year, the DHD experienced staffing changes that contributed to the delay in provider payments.
 - ii. Providers experienced difficulties fully expending their awards due to an inability to hire during the Stay Home Stay Safe order. Providers also lost staff to being reassigned to COVID-19 efforts, especially within large hospital systems (including MSWs, Case Managers, Physicians and Nurses). COVID-19 resulted in modifications to services provided. The implementation of these modifications contributed to some providers failing to fully expend their award.
 - b. The City of Detroit's (COD) complexity of the reimbursement process
 - i. In addition to the COD requiring check requests to be seen/signed by over five employees, during the months of May and October the COD added additional processes for approving provider and Recipient Office (RO) payments. The additional processes are as follows:
 1. Documentation Required with all Financial Status Reports beginning with May 2020:FSR Summary Page, Back Up Detail Page, CARE Ware Financial Report for Current Month and Year to Date and Documentation to support all charges being requested reimbursement
 2. For categories on the FSR that have non-payroll related expenses such as travel, supplies, equipment, other expenses, and contractual we will need: Invoices, Mileage Reports and/or Receipts
 3. For categories on the FSR that have payroll related expenses such as Salaries & Wages and Fringe Benefits, we will need:
 - a. Payroll journal (this should capture employee name, hours worked, pay for the period, check date, gross pay etc.)
 4. COD Grant Payment Processing Packets
 - a. Once signed check requests are submitted on a Southeastern Michigan Health Association (SEMHA) FSR,

all supporting documentation must be submitted to the City of Detroit for review (*Office of the Chief Financial Officer [OCFO]*). This review process adds at a minimum an additional 30-days to the provider payment process.

- c. Delays in Southeastern Michigan Health Association (SEMHA), the fiduciary agency responsible for disbursement of Part A funds to subcontracted agencies, releasing payments to the providers.
 - i. In prior years, upon receipt of payment from the COD, SEMHA met the 2-day standard of reimbursing providers on average of 98%. However, for FY20 10% of providers' checks were issued by the fiduciary within 2 business days of receiving funds from the COD. Once the fiduciary received payment from the COD, reimbursement to providers took an average of 29 days.

The assessment found that the program functioned more efficiently in areas where the DHD HIV/STI program had full control over administrative activities. For example, the RO received excellent scores for all criteria related to one of the four key tasks, i.e., aligning contracted service dollars with SEMHAC priorities.

This assessment recommends the RO continue to use practices that work well and to seek new opportunities to improve efficiency. The RO should continue to use systems for tracking and managing financial and administrative activities and foster communications between all partners involved in provider reimbursement and contracting. Suggestions for possible future improvements follow below:

- 1) **Continue to explore ways to improve the speed of provider reimbursement.** – During the first three months of the fiscal year, the RO experienced some difficulty in achieving the 10-day standard for processing FSRs. From April to June, the RO processed 7% of FSRs within the 10-day standard (*a result of Covid-19's impact as well as staffing changes*). However, from July to February, 93% of FSRs were processed within the 10-day standard. It is recommended that the RO monitors adherence to the established FSR process in times of change (staffing changes, working conditions, etc.)

The RO should continue to monitor COD payment processing and advocate for timely release of program funds and/or a drawdown of funds from the City of Detroit to the fiduciary at the start of the fiscal year (or once the NOA is received, whichever comes first).

It is recommended that the COD and the fiduciary improve its internal processes to ensure provider reimbursement takes place within 30-days of receiving correct FSRs. The COD's approval process for check requests and final FSRs is intricate, calling for documents to be seen/approved by more than five employees, as well as including an additional process, the OCFO review and approval process. Creating additional steps for approval of check requests/FSRs contributed to only 1% of providers being reimbursed within the 30-day standard. It is also recommended that the COD create a process that allows Ryan White funds to be drawn down and provided to the fiduciary at the start of the fiscal year (or receipt of NOA, whichever comes first). Instituting a process that allows drawdown of funds to the fiduciary immediately after the COD receives funds from HRSA will help to decrease the amount of time it takes for the fiduciary to reimburse providers. At this time the RO is working with the CoD's Office of Development and Grants to create a process for the City to drawdown funds at the start of the

fiscal year (or once the NOA is received, whichever comes first). Both parties are looking to implement the drawdown process beginning October 2021.