

## **Assessment of the Administrative Mechanism Report FY2022-2023**

During the months of March through July, SEMHAC's support staff conducted the Assessment of the Administrative Mechanism for the period of FY2022-23 on behalf of the SEMHAC.

- i. Assessment of grant recipient activities ensured timely allocation/contracting of funds and payments to contractors** –Sub-recipients were surveyed to gain a more in-depth view of how timely the Recipient contracts with and allocates funds to Sub-recipients.

The Sub-recipient survey assessed four areas, which are the Contract Management Process, Sub-recipient Reimbursement & Financial Oversight Process, Program Support/Technical Assistance/Communication, and Quality Improvement. The following are the survey findings for each area:

- a. Contract Management Process**

- i. Recipient's Office does a good job of providing Sub-recipients (10 out of 13 sub-recipients) with their contract within 30-days of the start of the fiscal year (March 1-31<sup>st</sup>)
- ii. The Sub-recipients are pleased with the RO office's contract management process (very timely, communicate well, helpful).

- b. Sub-recipient Reimbursement & Financial Oversight Process**

- i. Most Sub-recipients (9 out of 13) were reimbursed 8-28 weeks after submitting their FSR (standard is 4 weeks).
- ii. Failure to reimburse in a timely manner did not interfere with Sub-recipients providing services.
- iii. Sub-recipients stated the RO is helpful and very responsive to questions.

- c. Program Support/Technical Assistance/Communication**

- i. Recipient did a good job responding to Sub-recipients and providing technical assistance in a timely manner
- ii. Sub-recipients are satisfied with the mandatory Ryan White meetings and stated they are beneficial.
- iii. Sub-recipients are satisfied with the program support provided by the RO.

- d. Quality Improvement**

- i. Most helpful activities: Sub-recipient meetings, RO staff (supportive, timely, easy to talk to, quick communication)
- ii. Least helpful activities: funding delays, extensive backup documentation
- iii. How RO can be more helpful: share new processes for grant application system, remove the burden of submitting backup documentation for FSRs, continue to work on quick payment turnaround time

The assessment found the administration functioned efficiently in several areas during FY2022-23. However, The Recipient continued to struggle with timely payment of Sub-recipients. Most sub-recipient payments failed to meet the reimbursement standard; only 0% of providers were paid within 30 days of submitting a correct financial status report (FSR). Challenges with reimbursement relate to the following:

- a. 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 more than five employees, the COD continues to require additional processes for approving Sub-recipient and Recipient Office (RO) payments. The additional processes are as follows:
    - 1. Documentation Required with all Financial Status Reports beginning with FSR Summary Page, Back Up Detail Page, and Documentation to support all charges being requested for 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.

This assessment recommends the following suggestions for possible future improvements follow below:

- 1) **Continue to explore ways to improve the speed of provider reimbursement.**
  - i. In FY23-24, all Sub-recipient contracts moved to the COD for processing. The change in contract processing may help with faster payment processing.
  - ii. The RO should continue to monitor COD payment processing and advocate for timely to providers at the start of the fiscal year (or once the NOA is received, whichever comes first).
  - iii. It is recommended that the COD 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. Applying additional steps for approval of check requests/FSRs contributed to 0% of providers being reimbursed within the 30-day standard.