HSD Provider Conference
June 16, 2026

Notes from Session: Essentials of Fiscal Contract Compliance

Presenters: Cora Bell, Deputy CFO, Luke Donaldson, Sr Accountant
Moderators:Katie DeSantis
Notetaker: Anna Pendas

Main Points from Session Overview/Presentation (high level):

- "Fiscal Compliance" (FC) team in Multnomah County, within the County CFO's office monitors fiscal compliance for contracted services. Contractual requirement for monitoring via HSD contracts. Monitoring activities vary and can include annual financial statement review, on site fiscal compliance review, risk assessment, or other activities.
- FC compliance reviews are scheduled and coordinated between the FC team and the provider until things are fully finalized. HSD is unaware that a FC review is in progress or what preliminary findings may be named. Only when the final FC letter and response from the provider have been completed and no active disputes are happening will HSD be looped in.

Questions/Answers (summarization):

- Q: Have contracts as an IGA, not a regular services contract. What does FC look like in the context of an IGA?
    - A: Generally speaking, we have left IGAs alone and not monitored those. There's a financial statement analysis and risk assessment. It doesn't mean that we *can't* but that we normally don't. Doing one on Home Forward right now.
- Q: You mentioned outdated documents, I'm curious about what the process looks like internally at the County to change those documents or make those improvements? Will that be part of this big change?
    - A: Cora loves change! But most people don't and the gears of government can be really slow. Making change across 13 departments can make changes take a really long time. We believe that the transition to shared services will make this a little more efficient. Email the FC team to help provide that feedback about changes that you'd like to see. Cora.Bell@multco.us or Luke.Donaldson@multco.us or HSD@multco.us
- Q: You mentioned collecting information ahead of the audit. Does that change based on previous audits?

    - A: There's a standard boilerplate but depending on some situations, we might expand that.
- Q: What are some of the more common findings that you've come across lately? How can providers be more prepared?
    - A: Lots of things around indirect and cost allocation plans. They're inherently weird and how orgs are allocating actual costs can be really tough. An example might be how an organization splits the rent on the building that they use to support multiple programs. The review will actually look at the cost of space that the program utilizes and allocates based on square footage and determine the way that the organization allocates that cost.
    - Direct and indirect costs - there's a clear allocation method that's based on actual programmatic need and not just allocated based on the budget available. You can reach out to the fiscal compliance team for guidance and support if you need help figuring out how to be compliant with County rules and regulations.
- Q: if an upper management staff person is working directly in a program for some portion of their time, we're being told that the position should be captured in the indirect. Who do we argue with about this?
    - A: Lean on your org chart and better explain what someone does and the function of their role.
- Q: What exactly is the difference between direct and indirect?
    - A: Direct means something that directly supports the program. Indirect is the opposite. Example: if you're running a shelter in a tiny village model and you have an admin building that's separate. Does the admin building have a direct impact on the village? No but it can be included in the indirect rate.
    - Indirect and direct determinations are not necessarily related to cost allowability
- Q: My program has funding for the program but we don't have adequate funds for the administrative costs of the program. Why is that?
    - A: A good question for your contract manager
- Q: For FC reviews happening every 3-4 years, you're reviewing what period of time?
    - A: We look backwards at the prior fiscal year, looking at one quarter. We try to schedule our reviews when providers are in their annual audit period or year end closeout so we don't start in the year until December/January.
- Q: We have nice relationships with our contract managers at the department. What will that look like with this transition happening in the next year?

    - A: 90% the same. There might be small transitions but the centralization will still maintain some departmental portfolios.

Main Discussion Points not captured above:

- Reviews include reviewing fiscal policies and procedures, internal controls, regulatory compliance aspects, accounting systems, ledgers, etc. to confirm alignment with GAAP
- Does the organization have policies and procedures that are required per County policy? Are those policies and procedures being followed?
- FC review happens once every 3-4 years on a rotational basis.
- Scoring:
    - 1 - fully compliant
    - 2 - substantially compliant
    - 3 - passably compliant
    - 4 - minimally compliant
    - 5 - non-compliant
    - 6 - not rateable
- Reviews provide “findings” and “recommendations”. A response is required within 30 days which can include a disagreement of the findings. In the “confidential draft phase” (communication between FC and provider only), no information is shared with HSD until the final FC report letter is sent and the response has been received.
- Examples of opportunities to ensure that there are no findings:
    - Submitting audited financial statements within the timeframe required (within 9 months of the end of the audit)
    - Audit requirements in alignment with the contract thresholds
    - Fully documented internal policies and controls
    - Bank reconciliations performed in a timely manner and variances are reconciled
    - Invoicing against actuals only - not billing against the budget (1/12th of the budget in each invoice)
    - Cost allocation plans and a standard and documented methodology
    - Completed personnel records (I-9s, W2s, etc)
- Best practices for budget preparation:
    - Staffing should include staff titles and names and org chart
    - Indirect vs indirect roles
    - Give enough detail to justify expenses. Not vague and expenditures can be tied to the line item in the budget. This allows for a streamlined budget review process.

- Best practice for invoice preparation:
  - Applying indirect rate: needs to be based on actuals. This might be split between lines but indirect should be related to actual costs.
  - Bill actual costs only
  - Include supporting documentation
  - Seek prior approval if you need to bill for an unexpected, unbudgeted expense or if allowability is unclear. Having email documentation of those requests and approval is helping in the FC review process.
  - Avoiding duplicate billing - if it's been billed to one program, shouldn't be billed to the other. Also applies to something that could be covered by the indirect rate AND the direct portion of the budget
- Public website for FC: https://multco.us/info/fiscal-compliance
- Contact for FC team: fiscal.compliance@multco.us
- County finance and HR divisions transitioning to a centralized shared services model in progress. This time next year, those transitions will be complete. In relation to HSD contracted services, contracts and AP contacts who currently sit in HSD will be centralized and not within the department anymore. This will also mean that a provider who works with HSD and other County departments can have one single contract with funding from multiple departments. Unclear exactly what that will look like in practice (e.g. where to send your invoices) but more to come soon.

<u>Takeaways or Follow-Ups for HSD (expectations/priorities/recommendations/etc):</u>

- County should revamp the invoice and budget template and processes.
- Expect changes in the financial and contracting support from the County in the coming year
- Get excited to hear more about the transition to shared services in the coming year!