

DHHS POLICIES AND PROCEDURES

Section IV:	General Administration
Title:	Subrecipient Monitoring Manual
Chapter:	Program Income
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Program Income

Program Income refers to the gross income received by the subrecipient agency on activities, services, or goods purchased with state or federal funds. Absent specific authorization to the contrary, program income must be used to reduce the draw of state or federal funds. With approval from the state or federal agency, program income may be used to increase the program budget or to provide matching funds. Examples of program income include registration fees received for a workshop funded by state or federal funds or a client's sliding fee paid for a service paid for by state or federal funds.

The purpose of monitoring program income is to obtain reasonable assurance that program income is being used appropriately.

Suggested Monitoring Procedures:

For subrecipients assessed as low risk:

1. Review grant awards, funding authorization, contracts or other documents to determine if program income has been approved to be used to expand the program or as matching funds.
2. Review the internal control information to verify that the agency has indicated that it has controls in place to track and expend program income appropriately.

For subrecipients assessed as medium risk:

In addition to the procedures outlined above for low risk subrecipients:

1. Review the subrecipient's activity reports to determine if any activities appear to generate program income.
2. Review the subrecipient's requests for funds and expenditure reports to determine if program income has been deducted from requests for funds.

For subrecipients assessed as high risk:

In addition to the procedures outlined above for low and medium risk subrecipients:

1. Review the receipts journal or general ledger to determine if receipts have been recorded that should be counted as program income and, if so, if they have been coded in a manner to allow them to be easily identified as such.
2. If the subrecipient has received approval to use program income to expand the program or as matching funds, verify through a comparison of prior year expenditure reports to current year activities that the program has been expanded or that matching has occurred as approved.

Documentation:

Monitoring Tool/Instrument
Working Papers
Summaries
Monitoring Results Report

For questions or clarification on any of the information contained in this policy, please contact [Office of the Controller](#). For general questions about department-wide policies and procedures, contact the [DHHS Policy Coordinator](#).