



**United States  
Department of  
Agriculture**

Food and  
Nutrition  
Service

Northeast Region

10 Causeway St.  
Room 501  
Boston, MA 02222

DEC 21 2018

Courtney Hawkins, Director  
RI Department of Human Services  
Louis Pasteur Building  
57 Howard Avenue  
Cranston, RI 02920

Dear Director Hawkins:

The Food and Nutrition Service (FNS) has completed its review of the Rhode Island Unified Health Infrastructure Project (UHIP)'s October 31, 2018 Implementation Advance Planning Document Update (IAPDU) As Needed submission and the State's responses to FNS questions on December 11, 2018 and December 21, 2018. The IAPDU-As Needed includes updates to the IAPDU budget, project plan, and cost allocation for Federal fiscal year (FFY) 2019.

FNS is conditionally approving RI's IAPDU-As Needed and providing funding for the project through the second quarter of FFY 2019 ending on March 31, 2019. However, FNS remains unable to approve funding for the rest of FFY 19 at this time.

Condition 1

The State must demonstrate progress in providing all outstanding Food Programs Reporting System (FPRS) reports and ensuring the accuracy and timely submission of future reports on an ongoing basis. This includes the FNS-46, FNS-388, and FNS-209, as well as the other reports identified in the Formal Warning corrective action response dated July 20, 2018. This condition must be met by January 31, 2019.

Condition 2

In order to reconcile the FFY 2018 SNAP-OP closeout report APD Dev and Op costs (columns 6 & 7, respectively), FNS is requesting the backup documentation related to applicable FFY 2018 Deloitte credits. Applicable credits should be reported on row "c. Less Program Income Credits". This report, and preliminary ADP-related supporting documentation, must be submitted by December 31, 2018, with final revisions no later than January 18, 2019.

Condition 3

To help facilitate FNS's ability to account for prior year costs associated with State's APD costs, Rhode Island must identify whether it anticipates any prior year obligations related to Deloitte and the other IT vendors working on the project, not already reported on the FNS-778. Prior year obligations would include any invoices to pay for costs incurred in FFY 2017 or FFY 2018 that have not already been accounted for on the FNS-778 either as outlays or unliquidated obligations. A written response outlining any potential prior year obligations must be submitted to FNS by

December 31, 2018. If no obligations exist, the State should provide a written response to that effect.

Condition 4

The State must respond to all outstanding questions included in the December 21, 2018 CMS and FNS comment spreadsheet by January 31, 2019.

Condition 5

As part of Rhode Island’s January 31, 2019 IAPDU submission, the State must provide a cost allocation methodology for Business Requirement Request (BRRs) that accurately reflects each participating program’s fair share of costs. Guidance on cost allocation principles and requirements for the Advance Planning Document process is contained in the FNS Handbook 901: <https://www.fns.usda.gov/apd/fns-handbook-901-v2-advance-planning-documents>. As part of this requirement, the State should propose the date to which it can retrospectively apply its new cost allocation methodology once approved by CMS and FNS.

As a reminder, the approval of RI’s IAPDU for FFY 19 Q2 does not constitute approval of contract or contract amendment costs for the performance of work under contracts that have not received FNS approval to date.

The total estimated project costs for Design, Development, and Implementation (DDI) for the second quarter of FFY 19 is \$19,165,044, of that amount \$17,242,595 include cost categories that include the use of SNAP funding. Beginning in FFY 19 Q2, the State’s cost allocation will adjust to account for the expiration of the A-87 cost allocation exception. SNAP’s share of the cost will rise from 1.40% of the project to 3.4%.

FFY DDI Costs	SNAP FNS Share FFY 19	SNAP FFP @ 50% (Does not include unapproved contract costs)	Actual or Estimate
2019 Q2 (Post A-87) @3.4%	\$586,248	\$293,124	Estimate

The State Agency (SA) is reminded to submit updates on an Annual or As Needed basis in accordance with guidance provided in FNS Handbook 901.

In accordance with guidance set forth in FNS Handbook 901, FNS will monitor the progress of the project using the IAPDU process, including regular conference calls, FNS site visits as needed. This monitoring approach supports the high degree of interaction expected between FNS and the State as the project moves forward. The State is responsible for having performance expectations, prescribed remedies, and penalties in place that protect the State in the event of a failure in performance by the vendors. Acquisitions and subsequent undertakings that fail to meet approved APD requirements may be subject to disallowance of costs.

Please ensure that your State agency’s annual request for SNAP administrative funding (FNS-366A Program and Budget Summary Statement) is updated to include

the funding approved for this project under the line item 50% Funding ADP Development.

The State's next IAPDU must be submitted for FNS review by March 31, 2019.

The update also included costs related to the KPMG, LLP contract amendment #4 originally submitted on November 27, 2018 and MWC contract amendment #5 originally submitted on November 21, 2018 for FNS review and approval. Responses to FNS's clarifying questions regarding these amendments were received on December 21, 2018. FNS has the following response on these submissions and their revisions as noted:

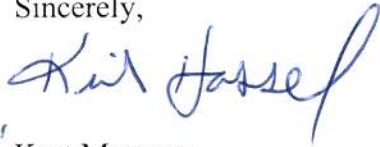
**KPMG, LLP Contract Amendment #4.** FNS is approving Amendment #4 between the State of Rhode Island and KPMG, LLP for the addition of QA testing support services as part of KPMG's Work Stream 1 scope of work. The original term for the contract's performance period remain, causing the contract to terminate on June 30, 2019. The contract control total value of \$32,043,340 is also unaffected by this agreement.

**MWC Consulting, LLC Amendment #5 and Sole Source Extension Request.** Amendment #5 extends the UHIP executive Information Technology (IT) leadership services provided by MWC. This amendment will increase the total contract value by \$286,000, for a total not to exceed value of \$1,463,740. The contract amendment exercises the second of four six month optional renewal periods and will extend the period of performance from execution to July 31, 2019. Along with this approval, FNS is also granting approval for the State's sole source requests for Amendments #4 and #5 submitted in conjunction with Amendment #5. Additionally, FNS considers its condition associated with its September 28, 2018 approval of Rhode Island's Amendment #4 with MWC Consulting, LCC to be met.

The State is reminded that ALL contract amendments must be submitted allowing for ample review time of sixty days. Contract amendments that exceed 20% of the base contract cost (cumulative) must be submitted to FNS for review and approval prior to any work starting or costs incurred. *Even contract amendments that do not exceed the FNS threshold for review and approval must be submitted for our records.*

We continue to work with the State with regard to RIBridges stability and are providing technical assistance as needed. Please contact either Bonnie Brathwaite, Northeast Regional SNAP Director, at 617-565-6397, or Dawn Bartolomeo of the FNS State Systems Office at 415-744-3774 or [dawn.bartolomeo@fns.usda.gov](mailto:dawn.bartolomeo@fns.usda.gov) with questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Kurt Messner". The signature is written in a cursive style with a large, sweeping "K" and "M".

for  
Kurt Messner  
Regional Administrator  
Northeast Region

cc: Matt Stark  
Iwona Ramian  
Ben Shaffer  
Kirk Hassel  
Karen Painter-Jaquess  
Miranda Miranda