

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF PROGRAM INTEGRITY
FINANCIAL COMPLIANCE UNIT



CONCORD HOSPITAL FAMILY HEALTH CENTER

FINANCIAL CONTRACT COMPLIANCE REVIEW

October 1, 2021

STATE OF NEW HAMPSHIRE
DEPARTMENT OF HEALTH AND HUMAN SERVICES
BUREAU OF PROGRAM INTEGRITY
FINANCIAL COMPLIANCE UNIT

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ACRONYMS AND DEFINITIONS

Acronyms

Definitions

BOD	Board of Directors
BPI	Bureau of Program Integrity
CFDA	Catalog of Federal Domestic Assistance
DHHS	Department of Health and Human Services
DPHS	Division of Public Health Services
FCU	Financial Compliance Unit
FFY	Federal Fiscal Year
OMB	Office of Management and Budget
RSA	Revised Statute Annotated
SFY	State Fiscal Year
TANF	Temporary Assistance to Needy Families
YTD	Year to Date

EXECUTIVE SUMMARY

The Department of Health and Human Services (DHHS) Financial Compliance Unit (FCU) staff conducted a financial contract compliance review of Concord Hospital Family Health Center from July 29, 2021 – September 7, 2021. The financial contract compliance review is one element of an ongoing monitoring process for the departments contracted vendors.

The purpose of the review is to ensure all invoiced amounts are supported with documentary evidence for the contracted services. In accordance with *2 CFR Chapter I, Chapter II, Part 200, et al., Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule, 200.331(d)* <https://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.pdf>, the State of New Hampshire is required to monitor the financial expenditures of contract agencies that receive federal awards passed through the State of New Hampshire.

Concord Hospital Family Health Center provides multiple services to the residents of New Hampshire, but this review focused on the Family Planning Program and the Temporary Assistance to Needy Families (TANF) funding. Family Planning funding provides individuals with access to high quality reproductive, sexual and preventative health care services. These services are intended to help individuals maintain their sexual and reproductive health, determine if and when to have children, and to prevent unintended pregnancy. Family Planning services are available to all individuals, regardless of income and residency status, at designated health care clinics across the state. Services include birth control, annual exams, pregnancy testing and linkage to prenatal care, STI/HIV testing and treatment, breast cancer screening, and cervical cancer screening.

TANF funding is used to support family planning program outreach, promotional activities or events that support the knowledge of and access to family planning services by populations in need throughout the state.

The project team consisted of two staff members from the Bureau of Program Integrity (BPI). Concord Hospital Family Health Center was notified of the review in advance and sent a detailed letter on July 28, 2021 describing the review and requesting financial information. This review focused primarily on Uniform Guidance, general financial internal controls and a contract specific financial review.

The review found that no State funds were used to subsidize abortion either directly or indirectly. Additionally, Concord Hospital Family Health Center attested to the Department that they do not provide abortion services and the review found no evidence of such services being provided.

The following recommendations are included in the report for Concord Hospital Family Health Center:

- The agency must develop personnel activity reports for all employees working on multiple programs.
- The agency must report all expenses incurred on the budget workbook.

PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

DHHS staff conducted a financial contract compliance review of Concord Hospital Family Health Center from July 29, 2021 – September 15, 2021. DHHS contracted general funds with this agency for the Family Planning program as well as federal funds for the TANF Outreach program.

The purpose of the review was to:

- Assess compliance with Uniform Guidance, state administrative rules and DHHS contracts.
- Review documentation supporting claims submitted to DHHS for reimbursement
- Identify opportunities for technical assistance from DHHS
- Identify best practices

The scope included the review of:

- Source documentation (invoices, purchase orders, payroll registers, timesheets, etc.) supporting selected expenses from specific grants;
- Employee descriptions;
- Agency personnel manual/fiscal manual/policy and procedures;
- Completed Financial Monitoring Questionnaire;
- Specific contract(s) with DHHS; and
- Specific written policies required by OMB Uniform Guidance.

FINANCIAL CONTRACT COMPLIANCE REVIEW SUMMARY

DATE OF REPORT: October 1, 2021

AGENCY MONITORED: Concord Hospital Family Health Center
250 Pleasant Street
Concord, NH 03301

FISCAL YEARS: 2021

CONTRACT PERIOD: July 1, 2020 – June 30, 2021

CONTRACT NUMBER (S): #1059188

CONTRACT AMOUNT (S):

Fiscal Year	Amount	Program	% Federal	% General
FY2021	\$ 96,064.00	Family Planning Program Services		100%
FY2021	<u>\$ 33,032.00</u>	Temporary Assistance for Needy Families	100%	
	\$ 129,096.00	TOTAL FUNDING		

DATE(s) MONITORED: July 29, 2021 – September 15, 2021

OBSERVATIONS AND RECOMMENDATIONS

SECTION I: FIDUCIARY ACTIVITIES

Observation 1:

Requirement: According to Title 2 CFR Part 230 Appendix B – Selected Items of Cost, 8.m. Support of salaries and wages, “(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports. (2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. [...] Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:

- (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.
- (b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.
- (c) The reports must be signed by the individual employee, or by a responsible supervisory official having firsthand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.
- (d) The reports must be prepared at least monthly and must coincide with one or more pay periods.”

Observation: Upon review of the May 2021 Family Planning salaries, it was noted that the agency does not complete personnel activity reports for any employees working on the Family Planning and TANF programs.

Recommendation: Though the agency has attested they do not provide abortions and the Department found no evidence that the Family Health Center provides abortions, the agency must develop personnel activity reports for all employees working on multiple programs. Employees will utilize these reports to document actual hours worked for each program in order to properly charge salaries to the grants. Additionally, personnel activity reports must meet the following standard:

- They must be signed by the employee or a supervisor who has first-hand knowledge of the activities performed by the employee.

Contract Agency Response:

Management is developing a process to implement activity reporting on all employees working for these programs. The personnel activity sheets will be signed by the Practice Manager on a monthly basis, indicating times spent for these programs by individual. Once Management has drafted the process, we will meet with the Site Review team to review the process, and ensure that this process is acceptable and sufficient prior to implementation.

Anticipated Completion Date: December 31, 2021

SECTION II: BEST PRACTICE RECOMMENDATIONS

The information and recommendation in the following section are for technical assistance and best practices.

Requirement: Maintenance of Records: In addition to the eligibility records specified above, the Contractor covenants and agrees to maintain the following records during the Contract period: Exhibit C, Provision 8, Maintenance of Records, [...] the Contractor covenants and agrees to maintain the following records during the contract period:

Exhibit C 8.1 Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.

Observation 1: Upon review of the May 2021 Family Planning invoice, it was noted that the agency invoiced 1/12 of the budget for all budget lines. Auditors determined that because the agency expends more on the Family Planning and TANF program than what is reimbursed by the DHHS contract, in a prior period DHHS recommended the agency invoice 1/12 of the contract budget each billing period.

By reducing the amount of expenditures reimbursed in each invoice, agencies are ensured consistent cash flow and the Department is ensured continued service delivery. However, without a complete reflection of program costs in each month the Department cannot evenly tie invoices to expenditures, and also cannot maintain oversight of gaps between State payments for services and total services delivered.

Recommendation: It is recommended that all costs be invoiced based on actual expenditures incurred. This will allow the agency to see the actual costs pertaining to each of the programs and make appropriate changes to help defray excess costs. This information is essential to agency staff, Board of Directors (BOD) and DPHS.

In order for the agency to request a lower amount than expended, an additional column must be added on the budget workbook. One column will be titled "Actual Expenses Incurred" and the other will be titled "Requested Expenses This Period."