

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



JOAN G. LOVERING 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

TABLE OF CONTENTS

	<u>Page</u>
I. ACRONYMS AND DEFINITIONS	2
II. EXECUTIVE SUMMARY	3
III. SCOPE OF REVIEW	5
IV. FINANCIAL CONTRACT COMPLIANCE REVIEW SUMMARY	6
V. OBSERVATIONS AND RECOMMENDATIONS	7

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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 Joan G. Lovering Health Center from July 29, 2021 – September 7, 2021. The financial contract compliance review is one element of an ongoing monitoring process for the department's 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 contracted agencies that receive federal awards passed through the State of New Hampshire to ensure compliance with allowable costs.

Joan G. Lovering 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). Joan G. Lovering 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 Joan G. Lovering Health Center advertises that they perform abortion services. The review found that no State funds were used to subsidize abortion either directly or indirectly.

The following recommendations are included in the report for Joan G. Lovering Health Center:

- The agency shall update their policies for Cash Management and Procurement. In

addition, they must create policies for Time and Effort Reporting and Conflict of Interest.

- The agency shall develop a policy that ensures that all invoices are reviewed and approved prior to payment.
- It is recommended that all costs be invoiced based on actual expenditures incurred.

PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

DHHS staff conducted a financial contract compliance review of Joan G. Lovering Health Center from July 29, 2021 – September 7, 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, DHHS contracts, and general internal controls.
- 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 job 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: Joan G. Lovering Health Center
PO Box 456
Greenland, NH 03840

FISCAL YEARS: 2021

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

CONTRACT NUMBER (S): #1069133

CONTRACT AMOUNT (S):

<u>Fiscal Year</u>	<u>Amount</u>	<u>Program</u>	<u>% Federal</u>	<u>% General</u>
FY2021	\$ 99,846.00	Family Planning Program Services		100%
FY2021	<u>\$ 11,500.00</u>	Temporary Assistance to Needy Families	100%	
	\$ 111,346.00	TOTAL FUNDING		

DATE(s) MONITORED: July 29, 2021 – September 7, 2021

OBSERVATIONS AND RECOMMENDATIONS

SECTION I: FIDUCIARY ACTIVITIES

Observation 1:

Requirement: Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) stipulates that federal award recipients must document their policies and procedures over financial and program management.

Observation 1a: The Cash Management and Procurement policies provided were nonspecific and contained minimal language pertaining to cash management and procurement.

Observation 1b: Policies were not provided for Time and Effort Reporting or Conflict of Interest.

Recommendation: The agency shall update their policies for Cash Management and Procurement. In addition, they must create policies for Time and Effort Reporting and Conflict of Interest. Staff shall be trained on each of these policies. The Agency must submit the policies and proof of training to the State of NH, DHHS, BPI by December 31, 2021.

Contract Agency Response:

Joan G. Lovering Health Center will update our policy for Cash Management and Procurement. We will also develop policies for Time and Effort Reporting and Conflict of Interest.

We will provide the policies with proof of training to the State of NH, DHHS, BPI by December 31, 2021.

Anticipated Completion Date: December 31, 2021

Observation 2:

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 Provisions 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 Contracted 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 included, 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

Observation: Upon review of the May 2021 Family Planning & TANF expenses, it was noted that invoices were missing evidence of an approval process.

Recommendation: The agency shall develop a policy that ensures that all invoices are reviewed and approved prior to payment. This policy should outline the staff member responsible for approving payments and appropriate documentation of staff member approval. Documentation must clearly verify that invoices have been reviewed and approved. The agency must train staff on the policy and, post-implementation, test invoices to ensure the policy is serving as the intended internal control.

Contract Agency Response:

Joan G. Lovering Health Center will develop a policy that ensures that all invoices are reviewed and approved prior to payment. We will supply the policy, staff training documentation, and post-implementation test outcome by December 31, 2021.

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.

Upon review of the May 2021 TANF salaries, it was noted that the agency invoiced 1/12 of the budget even though the total salaries exceeded this amount by \$2,076.42 for the month. Auditors determined that because the agency expends more on the Family Planning program than is reimbursed by the DHHS contract, DHHS had previously 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, even when costs are higher than the available budget. This will allow the agency and DPHS 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, 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.”