

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



EQUALITY 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

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

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 Equality 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.

Equality 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). Equality 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 contract, and a financial contract specific review.

The Equality 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 Equality Health Center:

- The agency shall update their policy for Cash Management.

- The agency shall create policies for Conflict of Interest, Procurement and Time and Effort Reporting.
- The agency must update their personnel activity reports within their timesheets to include HIV and TANF Outreach hours on separate line.
- The agency shall invoice based on actual expenditures incurred.

PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

DHHS staff conducted a grant specific financial contract compliance review of Equality Health Center from July 28, 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 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 COMPLAINT REVIEW SUMMARY

DATE OF REPORT: October 1, 2021

AGENCY MONITORED: Equality Health Care
38 South Main Street
Concord, NH 03301

FISCAL YEAR: 2021

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

CONTRACT NUMBER (S): #1074791

CONTRACT AMOUNT (S):

Fiscal Year	Amount	Program	% Federal	% General
FY2021	\$ 77,781.00	Family Planning Program Services	0%	100%
FY2021	<u>\$ 11,500.00</u>	TANF Outreach Program	100%	0%
	\$ 77,781.00	TOTAL FUNDING		

DATE(s) MONITORED: July 28, 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 policies provided relating to Cash Management appeared to be more procedural than a documented policy. In addition, the information provided contained minimal language pertaining to the overall cash management process.

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

Recommendation: The agency shall update their policy for Cash Management. In addition, they must create policies for Procurement, 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: Equality Health Center agrees to update our policy for Cash Management. In addition, we will develop policies for Procurement, Time and Effort Reporting and Conflict of Interest. All staff shall be trained in each of the policies. Policies and proof of training will be submitted to DHHS by December 31, 2021.

Anticipated Completion Date: December 31, 2021

Observation 2:

Requirement: According to Title 2 CFR Part 230 Appendix B – Selected Items of cost #8m 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. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). 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 November 2020 Family Planning salaries, it was noted that the agency’s staff complete personnel activity reports within their timesheet (reporting time worked directly on each program by hour). However, family planning hours for each pay period were reported in the same column as HIV and TANF Outreach hours.

Recommendation: The agency must revise their personnel activity reports within their timesheets to include a separate line for HIV and an additional line for TANF Outreach hours. This will ensure that the actual hours worked on each program are properly documented and billed to the appropriate grant.

Contract Agency Response: Equality Health Center agrees to revise our personnel activity reports within our timesheets to include additional separate lines for programs that are under contract with DHHS including TANF. I believe that EHC did comply with the separate line item for HIV but it may have been overlooked as it appears as ‘EIS’ on our time sheets. “EIS” was used an abbreviation for the HIV grant EHC previously had which was called Early Interventions Services (EIS) for HIV. Time sheets will be revised to reflect all State contracts (including the TANF portion), and all staff will be trained by December 31, 2021.

Anticipated Completion Date: December 31, 2021

SECTION II: BEST PRACTICES

The following information and recommendation is offered for technical assistance and best practices.

Upon review of May 2021 Family Planning and TANF salaries, it was noted that the agency's actual expenses incurred exceeds the amount billed to the State.

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, 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."