

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



**COMMUNITY ACTION PROGRAM
BELKNAP-MERRIMACK COUNTIES, INC.**

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
BMCAP	Community Action Program Belknap-Merrimack Counties, Inc.
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 an in-office financial contract compliance review of Community Action Program Belknap-Merrimack Counties, Inc. (BMCAP) 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 contract agencies that receive federal awards passed through the State of New Hampshire.

BMCAP 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). BMCAP 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, BMCAP 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:

- The agency must use the approved indirect cost budget rate consistently throughout the fiscal year.

- The agency must submit their invoices to DHHS timely.
- The agency must submit a payment in the amount of \$133.76 to reimburse the State of NH.
- The agency must follow the verbiage on their certification form or revise it to be a monthly certification.

PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

DHHS staff conducted a financial contract compliance review of BMCAP 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, 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: Community Action Program Belknap-Merrimack Counties, Inc.
PO Box 1016
Concord, NH 03301

FISCAL YEAR: 2021

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

CONTRACT NUMBER (S): #1059189

CONTRACT AMOUNT (S):

Fiscal Year	Amount	Program	% Federal	% General
FY2021	\$ 125,649.00	Family Planning Program Services	0%	100%
FY2021	<u>\$ 45,314.00</u>	Temporary Assistance to Needy Families	100%	0%
	\$ 170,963.00	TOTAL FUNDING		

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

OBSERVATIONS AND RECOMMENDATIONS

SECTION I: FIDUCIARY ACTIVITIES

Observation 1:

Requirement: In accordance with 2 CFR § 200.414, (5)(f) Indirect (F&A) costs, “In addition to the procedures outlined in the appendices in paragraph (e) of this section, any non-Federal entity that has never received a negotiated indirect cost rate, except for those non-Federal entities described in Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph (d)(1)(B) may elect to charge a de minimis rate of) 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in § 200.403 Factors affecting allowability of costs, costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.”

Observation: Upon review of May 2021 Family Planning, it was noted that the indirect cost rate was 39.6% of the total direct charges.

Recommendation: The Indirect Cost Rate that was approved for the SFY21 Family Planning contract was 11%. BMCAP must use the approved indirect cost budget rate consistently throughout the fiscal year.

Contract Agency Response:

Community Action Program Belknap-Merrimack will apply the approved indirect cost rate in monthly billing statements throughout the fiscal year. Only the allowable indirect percentage will be applied to each monthly billing to ensure consistency throughout the program year.

Anticipated Completion Date: December 31, 2021

Observation 2:

Requirement: In accordance with Exhibit B, Section 5.1 the Contract states, “The Contractor shall submit monthly invoices in a form satisfactory to the State by the tenth (10th) day of each month. The State shall make payment to the Contractor within thirty (30) days of receipt of each accurate and correct invoice for Contractor services provided pursuant to this Agreement.”

In addition, Exhibit B, Section 7 the Contract states, “A final payment request shall be submitted not later than forty (40) days from the Contract completion date. Failure to submit monthly invoices, and accompanying documentation could result in nonpayment.”

Observation: Upon review of the May 2021 Family Planning invoice, it was noted that the agency submitted 11 out of 12 invoices untimely.

Recommendation: The agency must submit invoices from the months of July to May by the 10th of each month. In addition, June’s invoice must be received within 40 days of the contract completion date.

Contract Agency Response:

Community Action Program Belknap Merrimack will submit monthly invoices by the 10th of each month. June’s invoice will be submitted within the 40 days of the contract completion date.

Anticipated Completion Date: December 31, 2021

Observation 3:

Requirement: In accordance with Exhibit B, Section 3 the Contract states, “Payment shall be on a cost reimbursement basis for actual expenditures incurred in fulfillment of this agreement, and shall be in accordance with approved budget line item.”

Observation: Upon review of the May 2021 TANF salaries, it was determined that the agency included April 2021’s salaries in both the April and May 2021 invoices. This resulted in the agency overbilling by \$133.76.

Recommendation: BMCAP must submit a payment in the amount of \$133.76 to reimburse the State of NH. Please make the check payable to “Treasurer, State of NH” and mail it to Richelle Swanson, Financial Manager, DHHS DPHS, 29 Hazen Drive, Concord, NH 03301 to be deposited in the appropriate fund.

The agency should create a mitigating control to prevent overlapping invoices.

Contract Agency Response:

Community Action Program Belknap-Merrimack will issue a check in the amount of \$133.76 to reimburse the State of NH. To prevent overlapping invoices Belknap-Merrimack will utilize monthly checklist to ensure that no monthly billing are missed or overlooked in the future.

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.

Observation: Upon review of May 2021 Family Planning salaries, it was noted that the semi-annual certifications provided were for a 30 day period. According to language on the attestation form, certifications cover a six-month period and should reflect an “as-of” date.

Recommendation: The agency must follow the verbiage on their own form or revise the form to be a monthly certification. In addition, the agency must train their staff and perform periodic spot checks to ensure proper completion of the attestation form.