

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



**PLANNED PARENTHOOD OF NORTHERN
NEW ENGLAND**

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

BEAS	Bureau of Elderly and Adult Services
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
MCHC	Manchester Community Health Center
OMB	Office of Management and Budget
PPNNE	Planned Parenthood of Northern New England
RSA	Revised Statute Annotated
SFY	State Fiscal Year
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 Planned Parenthood of Northern New England (PPNNE) 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 contracted agencies that receive federal awards passed through the State of New Hampshire to ensure compliance with allowable costs.

PPNNE provides multiple services to the residents of New Hampshire, but this review focused on the Family Planning Program. 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, cervical cancer screening and confidential services.

The project team consisted of two staff members from the Bureau of Program Integrity (BPI). PPNNE 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.

PPNNE contract includes non-salary budget lines such as telephone, postage, and occupancy. Upon review, it was found the cost allocation method is based on budgeted visits, which are projected using data analysis from historical data, and approved by the Board. Auditors were satisfied with the methodology, resulting in no related audit findings.

PPNNE advertises 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 PPNNE:

- The agency should create and maintain adequate controls to ensure that all costs submitted to DHHS are allowable under each contract budget line.

- The agency should create and maintain adequate controls to ensure that all costs submitted to DHHS are allowable and specific to the DHHS Family Planning contract.
- It is recommended that all costs be invoiced based on actual expenditures incurred.

PURPOSE, SCOPE AND METHODOLOGY OF REVIEW

DHHS staff conducted a grant-specific financial contract compliance review of PPNNE from July 29, 2021 – September 7, 2021. DHHS contracted general funds with this agency for the Family Planning 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 COMPLIANCE REVIEW SUMMARY

DATE OF REPORT: October 1, 2021

AGENCY MONITORED: Planned Parenthood of Northern New England
784 Hercules Drive, Suite 110
Colchester, VT 05446

FISCAL YEAR: 2021

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

CONTRACT NUMBER (S): #1069352

CONTRACT AMOUNT (S):

<u>Fiscal Year</u>	<u>Amount</u>	<u>Program</u>	<u>% Federal</u>	<u>% General</u>
FY2021	\$ 860,443.00	Family Planning Program Services		100%
	\$ 860,443.00	TOTAL FUNDING		

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

OBSERVATIONS AND RECOMMENDATIONS

SECTION I: FIDUCIARY ACTIVITIES

Requirement: In accordance with the Contract, the Budget Narrative for Subscription states, “Dues expense to include fees paid for organizational and individual memberships (i.e. Practitioner DEA and license fees).”

Observation: Upon review of the May 2021 Family Planning program, it was determined that the invoice for Get Real, a comprehensive sexual education curriculum, was unallowable under the budget line for subscriptions.

Recommendation: The agency should create and maintain adequate controls to ensure that all costs submitted to DHHS are allowable under each contract budget line.

To remedy the over payment, the agency must either submit a payment to the State in the amount of \$249.06 or resubmit allowable costs under the subscriptions budget line in the amount of \$249.06 for the month of May 2021.

Contract Agency Response:

PPNNE acknowledges the error in coding for the subscription expense. PPNNE will establish a control which may include additional approvals and/or employee training on future contracts to ensure the grant is not charged for unallowable charges. PPNNE will work with the Agency to communicate, test and implement the control by December 31st, 2021.

PPNNE will resubmit allowable costs under the subscriptions budget which exceeds the amount of \$249.06 to the Agency for review.

SECTION II: BEST PRACTICE RECOMMENDATIONS

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

Issue 1:

DHHS requested the details of payroll included in the invoice submitted for reimbursement. The agency submitted a payroll export file, which included a non-standard form of payment for “support hours” that were not directly related to the Family Planning program. These non-family planning hours were not invoiced for reimbursement.

Recommendation: PPNNE should establish a procedure for recording non-standard payments, should train payroll staff on the procedure, and should test the utilization of the procedure at the next opportunity. Additionally, PPNNE must review all expenses prior to submitting an invoice for reimbursement to ensure that it only includes the costs specific to the DHHS Family Planning contract.

Issue 2:

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 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.”