

Department of Public Health

Background

The Department of Public Health (Department) protects public health through a wide variety of activities. The Department monitors the quality of the Commonwealth's health care facilities and regulates the environment, health and sanitation of food, drugs and other consumer products. Through its hospitals, it provides direct care services, inpatient hospital care and education, with special emphasis on populations not adequately treated by the voluntary and private sectors.

Through its providers and various outreach programs, the Department provides a broad range of preventative and health promotion services. Environmental health education informs the public about hazardous substances in the workplace. The maternal and child health program offers specialized health care for high-risk infants to help curb infant mortality and prevent later health complications. Substance abuse services include education, counseling and youth intervention programs. The Childhood Lead Poisoning Prevention Program provides over 300,000 blood analyses annually to detect lead content. The AIDS Bureau provides AIDS testing, preventative education, and coordinates with the substance abuse services to raise public awareness of the relationship between AIDS and substance abuse. Other outreach operations provide blood pressure and cholesterol screening and nutritional information and training. They also immunize children and adults and monitor communicable diseases. Through the Special Supplemental Food Program for Women, Infants and Children, food supplements are made available to mothers and their children.

For fiscal year 1998, the Department administered approximately \$ 630 million. Of this amount, federal funds amounted to \$ 165 million.

The federal funding to this department is detailed in the accompanying Schedule of Expenditures of Federal Awards. The Department's major programs were:

CFDA # Federal Program Description

10.557 Special Supplemental Food Program for Women, Infants and Children

93.959 Block Grants for Prevention and Treatment of Substance Abuse

93.917 HIV Care Formula Grants

93.940 HIV Prevention Program

Findings on Compliance with Rules and Regulations

Finding Number 34: Payroll Certifications Not Performed

The Department of Public Health (Department) does not require employees who work solely on one federal program to file the required semi-annual certification.

The Department's policy when an employee is hired within a specific bureau or department is that the proper appropriation number that the employee's payroll will be charged to is determined at that time. The payroll department within the Department is not aware nor has been made aware by any other oversight agency that each employee charged entirely to a federal program is required by OMB Circular A-87 to sign a certification at least on a semi-annual basis.

OMB Circular A-87, Attachment B, Section 11(h)(3) requires that, "Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

We noted that all nine employees tested did not have signed certifications for the major programs; Substance Abuse Prevention and Treatment Block Grant (SAPT), HIV Prevention Program and HIV Care Formula Grant. Consequently, the Department was not in compliance with the payroll certifications under OMB Circular A-87. (*Department of Health and Human Services- Substance Abuse Prevention and Treatment Block Grant 93.959; HIV Prevention Activities – Health Department Based 93.940; HIV Care Formula Grants 93.917*)

Recommendation:

The Department should develop and implement a departmental policy requiring each employee who works entirely on one federal award to sign a certification that the employee did in fact work on the specific federal award during a semi-annual period. Certification should be conducted on at least a semi-annual basis to comply with OMB Circular A-87 requirement.

Department corrective action plan:

The Department will develop and implement a procedure implementing the certification requirements required by OMB Circular A-87. The DPH person responsible for implementation is Joan Sullivan, Director of Personnel/Payroll. Expected implementation is no later than May 15, 1999.

Finding Number 35: Inadequate Record Retention to Support Filed Financial Reports

The HIV Care Formula Grant award requires that a Financial Status Report (FSR-269A) be filed which indicates that the grant has obligated 75% of the award within the first 120 days of the grant award period. The AIDS Bureau within the Department of Public Health (Department) is responsible for the submission of this report and supports the obligated dollar amount in the FSR through a detailed list of service contracts including the organization code, document identification number, vendor name and line amount. The AIDS Bureau provided a warehouse query to support the reported contracts. However, the query did not support the encumbered amounts in the FSR filed with Grants Management nor did the Bureau provide a reconciliation. Therefore, we were unable to determine if the 75% obligation requirement was met.

A formal system should be in place that would enable the AIDS Bureau to maintain supporting accounting records for amounts and information reported to the Grants Management Branch in accordance with OMB Circular A-102 Common Rule [See §__.20 Standards for financial management systems]. The text states that "Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income." (*Department of Health and Human Services – HIV Care Formula Grants 93.917*)

Recommendation:

The Department should develop and implement written policies and procedures for reporting obligated amounts and retain accurate accounting information that supports the reports filed with the federal government.

Department corrective action:

The Department will develop and implement written policies and procedures for reporting obligated amounts and retain accurate accounting information that supports the Financial Status Report [FSR 269A] filed with the federal government. The DPH person responsible for implementation is Jean McGuire, Director, Aids Bureau. Expected implementation is no later than March 1, 1999.

Findings on Reportable Conditions

Finding Number 36: Program Monitoring Documentation Needs Improvement

The Department of Public Health (Department) under the Substance Abuse Prevention & Treatment (SAPT) Block Grant has not effectively monitored and documented their compliance with SAPT set aside requirements.

Federal regulation 42 USC 300x-22 of the SAPT Block Grant requires the Department to ensure that expenditures meet minimum set aside requirements. More specifically, the regulations state that thirty-five percent of expenditures must be for the treatment and prevention of alcohol abuse, thirty-five percent of expenditures must be for the treatment and prevention of drug abuse and twenty percent of expenditures must be for the prevention of substance abuse for individuals who do not already require treatment for drug or alcohol abuse. During testing of the primary prevention, alcohol and substance abuse set aside calculation prepared by the Bureau of Substance Abuse, it was noted that the calculation had not been reviewed for accuracy which would have detected errors in formulas and the ability to reconcile to supporting documents. Consequently, it appears that the primary prevention, alcohol and substance abuse set aside calculation for the SAPT Block Grant is only prepared for audit purposes rather than as a component of the administrative control to ensure compliance throughout the federal grant year. Despite these errors in the calculation, the Department remained in compliance with the set aside requirements.

The Bureau of Substance Abuse is required to monitor the set aside requirement on a regular basis including a review of the calculations in accordance with grant requirements and OMB Circular A-102 Common Rule [See §___40 Monitoring and reporting program performance]. The text states that "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity." (*Department of Health and Human Services - Substance Abuse Prevention and Treatment Block Grant 93.959*)

Recommendation:

The Department should develop and implement written procedures which document the set aside requirement calculation and the procedures for timely monitoring. The procedures should include a standard Department spreadsheet template to properly calculate the set aside requirements and require the Program Director's review and approval for accuracy.

Department corrective action plan:

The Department will develop and implement written procedures which document the set aside requirement calculation. The actual output will be required to be reviewed for accuracy by senior Bureau and DPH Accounting Division staff on a timely basis to ensure compliance. The DPH person responsible for implementation is Sara Bachrach, Director, Bureau of Substance Abuse Services. Expected implementation is no later than March 1, 1999.

Finding Number 37: Monitoring of Obligated Funds Needs Improvement

Federal regulation 42 U.S.C. Section 300x-62 of the Substance Abuse Prevention and Treatment Block Grant (SAPT) requires the state to obligate all the funds awarded during the first fiscal year

of the award. Amounts obligated by the Department of Public Health (the Department) which remain unexpended at the end of the first fiscal year for which the amounts were awarded shall remain available during the succeeding fiscal year to the State for carrying out the requirements of the grant.

The Bureau of Substance Abuse does not appear to have a system of written procedures which monitors the timely compliance with obligating funds as required by the grant award and OMB A-102 Common Rule [See § ____.40 Monitoring and reporting program performance]. The text states that "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity."

The Bureau of Substance Abuse Services within the Department prepared various revised schedules that summarized obligated funds relating to the federal fiscal year 1997 SAPT Block Grant Award as of September 30, 1997. Although the Department is in compliance, the schedules were prepared after June 30, 1998 and were issued three times. The first schedule included State Fiscal Year 1999 payroll expenditures for the period July 1, 1998 through June 30, 1999. It was determined that nine months of the State fiscal year 1999 payroll expenditures fall outside the grant period of availability of October 1, 1996 to September 30, 1998. The second schedule submitted included erroneous calculations and a listing of service contract commitments, which fell outside the period of availability. The third schedule included Executive Office of Health and Human Services (EOHHS) fees for the State fiscal year 1998 rather than the fees which only related to the Federal fiscal year 1997 grant award resulting in the fees being overstated by \$75,164. Despite these errors in the calculation, the Department remained in compliance with the obligated funds. (*Department of Health and Human Services – Substance Abuse Prevention and Treatment Block Grant 93.959*)

Recommendation:

The Department has the opportunity from the end of the State fiscal year June 30th to the federal fiscal year end September 30th to review obligated funds to ensure that the compliance requirement has been met. The Bureau needs to develop and implement written procedures that enable it to define and monitor obligated funds by analyzing the state plan in comparison to actual expenditures and encumbrances on a timely basis. The review of obligated funds should be performed prior to the federal fiscal year end of September 30th so as to ensure the Department is in compliance with the requirement.

Department corrective action plan:

The Department will develop and implement written procedures that will enable the Department to define and monitor obligated funds on a timely basis as required by the federal regulation 42 U.S.C. Section 300X-62 of the Substance Abuse Prevention and Treatment Block Grant. The DPH person responsible for implementation is Sara Bachrach, Director, Bureau of Substance Abuse Services.

Expected implementation is no later than May 1, 1999.

Finding Number 38: Inadequate Accounting Records

The HIV Care Formula Grant is not allowed to expend more than 5% of the award on administrative activities and 5% on planning activities both of which primarily consist of payroll costs. The AIDS Bureau provided the calculation for the earmarking requirement, however the supporting documentation did not agree in all instances. Specifically, information from warehouse queries were generated to support the amounts expended by personnel for the federal grant period April 1, 1997 through March 31, 1998. The total payroll expenditures per the query did not agree to the earmarking calculation for two of the employees.

The AIDS Bureau could not produce supporting accounting records for the amounts and information reported to Grants Management Branch relating to the two employees as required by the OMB Circular A-102 Common Rule [See § ____.20 Standards for financial management systems]. The text states that "Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income." (*Department of Health and Human Services – HIV Care Formula Grants 93.917*)

Recommendation:

The Department should develop and implement written policies and procedures to monitor earmarking requirements and record retention, which enable the Department to retain accurate accounting information, which supports compliance. Although the Department remained in compliance after the above changes were made, without proper supporting documentation the Department would not have noted the compliance issue.

Department corrective action:

The Department will develop and implement written policies and procedures to document specific earmarking requirements and retain accurate accounting information which support the specific compliance requirements. The DPH person responsible for implementation is Jean McGuire, Director, Aids Bureau. Expected implementation is no later than March 1, 1999.

Finding Number 39: Documentation Support Earmarking Compliance Needs Improvement

Federal regulation 42 U.S.C. Section 300ff-22(b), HIV Care Formula Grant requires that a state cannot use less than 15 percent of the funds awarded to provide health and support services to infants, children,

women, and families with HIV disease. The AIDS Bureau did not provide timely support that this earmarking requirement was being monitored on a regular basis. Further, the AIDS Bureau supported the compliance requirement by generating a warehouse query of expenditures of the drug assistance program for the period April 1, 1997 through March 31, 1998 relating to women only. While this single type of expenditure currently supports the earmarking requirement, spending patterns may change in future years causing the Department to revise its methodology for calculating compliance. This situation may cause the Department to change its calculation from year to year in order to maintain compliance.

The AIDS Bureau does not appear to have a formal system to monitor earmarking compliance as required by the grant and OMB Circular A-102 Common Rule [See §___.40 Monitoring and reporting program performance]. The text states that "Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity." (*Department of Health and Human Services – HIV Care Formula Grants 93.917*)

Recommendation:

The Department should develop and implement written policies and procedures to monitor earmarking compliance that enables the Bureau to consistently calculate compliance from year to year. These procedures should include the development of expense support to identify all categories of services noted in the earmarking requirement and be performed on a regular basis.

Department corrective action:

The Department will develop and implement written policies and procedures to document specific earmarking requirements and retain accurate accounting information which support the specific compliance requirements. The DPH person responsible for implementation is Jean McGuire, Director, Aids Bureau. Expected implementation is no later than March 1, 1999.

Finding Number 40: Inadequate Monitoring of Filing Deadlines

The Center for Disease Control (CDC) requires quarterly statistical reports of HIV-antibody counseling and testing activities be submitted to the CDC within 45 days after the end of each quarter. The AIDS Bureau within the Department of Public Health (Department) submits these reports quarterly. The AIDS Bureau submits these reports electronically and did not retain any confirmation that the data was received by the CDC for the grant year ended December 31, 1997 and had to request the CDC to confirm timely receipt of the reports.

The Department is responsible for monitoring statistical reports to ensure that quarterly reports are submitted within 45 days after the end of each quarter in accordance with the OMB Circular A-102 Common Rule [See (§___.40 Monitoring and reporting program performance)]. The text states that

"Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity." (*Department of Health and Human Services – HIV Prevention Activities – Health Department Based 93.940*)

Recommendation:

The Department should develop and implement written procedures which documents the filing date for each quarterly report submitted to the CDC. These procedures should describe the process to ensure timely delivery of the reports and confirmation that it has been received by the CDC.

Department corrective action plan:

The Department provided documentation from the Center for Disease Control [CDC] which clearly indicated that the quarterly statistical reports were all filed within 45 days after the end of each quarter as required. The Department will however develop a log which can further document the delivery and confirmation process. The DPH person responsible for implementation is Jean McGuire, Director, Aids Bureau. Expected implementation is no later than December 31, 1998.

Findings Not Repeated from Prior Years

1. The Department had inadequate monitoring procedures in place to monitor program providers. The Department established written procedures requiring CAPs and that related supporting documentation is required. (*Fiscal Year 1997 Single Audit Finding 35*)
2. The Department's WIC Program needed to establish written procedures for monitoring its subrecipients. The WIC Program included written procedures in its State Plan dated April 1998. (*Fiscal Year 1997 Single Audit Finding 36*)

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