



Charlie Crist  
Governor

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State Surgeon General

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## INTEROFFICE MEMORANDUM

**DATE:** February 26, 2010

**TO:** Michael L. Sentman, Assistant Deputy Secretary for Health

**THROUGH:** James D. Boyd, C.P.A., M.B.A., Inspector General

**THROUGH:** Michael J. Bennett, C.I.A., Director of Auditing

**FROM:** Mark H. Boehmer, C.P.A., Senior Management Analyst II

**SUBJECT:** Report No. R-0910DOH-001 – *Readiness Review of Osceola CHD's Increase Services to Health Centers and Capital Improvement Program American Recovery and Reinvestment Act of 2009 Funds*

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### **Introduction**

Section 20.055(2), *Florida Statutes*, charges each Office of the Inspector General responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

The purpose of this review engagement was to assess the status of the implementation of internal controls at DOH, which should help mitigate the risk of fraud, waste, or abuse in programs that will or have received American Recovery and Reinvestment Act of 2009 (ARRA) funds.

We reviewed controls as they relate to ARRA funds received by Osceola County Health Department (CHD). We obtained an understanding of selected controls at DOH and at Osceola CHD.

We conducted this review engagement in conformance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (January 2009), as provided by Section 20.055(5)(a), *Florida Statutes*, and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General, 2004 Green Book Revision).

Our fieldwork took place October through November 2009 at DOH headquarters in Tallahassee and at Osceola CHD, Kissimmee, FL. We made an on-site visit to Osceola CHD October 23, 2009. The engagement was conducted by Office of the Inspector General audit staff Mark H. Boehmer, Certified Public Accountant, Senior Management Analyst II, under the supervision of Michael J. Bennett, Certified Internal Auditor, Director of Auditing.

### **Background**

ARRA became law in February 2009. The three main goals of ARRA are to:

- Create and save jobs;
- Spur economic activity and invest in long-term economic growth; and,
- Foster unprecedented levels of accountability and transparency in government spending.

In the Summer 2009, the Executive Office of the Governor, Office of the Chief Inspector General's Florida American Recovery and Reinvestment Act Risk Assessment Committee (Committee) requested Department of Health (DOH) and other state agencies to have each of their respective programs and offices receiving ARRA funds complete a Risk Assessment Survey (Surveys). At the Committee's direction the scores of those Surveys influenced and were incorporated into our office's *Three Year Audit Plan Beginning with Fiscal Year 2009-2010*. Additionally, the Committee requested our office perform additional oversight activities based on the scores of the Surveys. Pursuant to that request, we used a review program prepared by the Committee to perform a review of selected controls and assess the implementation of internal controls.

As of the time of our review, Osceola CHD had been awarded two ARRA-funded grants. These funds are/will be received directly by Osceola CHD from HRSA<sup>1</sup>.

The *Increase Services to Health Centers* grant of \$391,192 is to be used to increase patient access eight hours each week. Four 100% full-time equivalent (FTE) positions are to be charged to the grant. Five other positions would have 20% of their salaries charged to the grant for the equivalent of another (or one) FTE. This use of the positions was proposed in the grant application and approved by HRSA. The grant is to provide primary care services over the two year period ended March 2011 by serving an additional 2,000 unduplicated clients, of whom approximately 1,200 would be uninsured. Osceola CHD reported expenditures of \$114,162 through December 2009 according to the FlaRecovery.com database.

The *Capital Improvement Program* grant of \$950,455 is to be used toward building a pre-fabricated modular building on an existing site owned by Osceola County. The project will allow Osceola CHD to expand medical capacity and add new dental services when completed. As of our on-site visit in October 2009, construction on the planned pre-fabricated modular building had not yet begun. No expenditures had been charged to this grant.

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<sup>1</sup> HRSA - Department of Health and Human Services Health Resources and Services Administration

### **What we observed**

There is an infrastructure of existing policies and procedures at DOH and Osceola CHD that we feel mitigates the risk of fraud, waste, or abuse of ARRA funds. As it relates to the areas we were able to develop conclusions on, nothing came to our attention during the review regarding internal controls at DOH and Osceola CHD that would adversely impact ARRA funds. Also, nothing came to our attention during the review to indicate the existence of fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse.

### **Follow-up work to be performed**

The Committee provided that follow-up work may be required where a program is in the early implementation stage or where there is not sufficient documentation to-date for us to review.

Because our project, to date, took place during the initial stages of receiving ARRA funding, we have not yet reviewed sufficient documentation to conclude:

- Whether new Requests for Proposal created under ARRA initiatives contain the necessary language to satisfy the requirements of ARRA;
- Whether ARRA contracts were awarded in a prompt, fair, and reasonable manner;
- Whether new contracts awarded using ARRA have the specific terms and clauses required by the grant document;
- Whether contracts awarded using ARRA funds are transparent to the public;
- Whether the public benefits of funds used under the contracts were reported clearly, accurately, and in a timely manner;
- Whether projects funded under the ARRA avoid unnecessary delays and cost overruns;
- Whether there are any performance issues identified with regards to a (potential) contractor;
- Whether there is an agency-wide methodology for measuring performance of ARRA projects;
- Whether there are any process metrics related to ARRA funds that are primarily outcome-oriented;
- Whether there are any open internal or external audit findings that would affect ARRA funds or programs;
- Whether reports published under ARRA were reviewed and approved;
- Whether reports issued were accurate and included the data elements required under ARRA;
- Whether reports informed agency management that projects are occurring on a timely basis;
- Whether issues identified through established reports were addressed on a timely basis;
- Whether reports on the effectiveness of risk management strategies and tactics were issued timely;
- Whether controls are in place to prevent *Increase Services to Health Centers* grant funds being commingled with or used for the *Capital Improvement Program* grant; and,
- Whether a letter of consent was obtained from the property landlord (Osceola County) for the *Capital Improvement Program* grant.

We will perform and report on such additional work once the grant has been substantially expended and more supporting documentation is available to review and conclude upon.

**Closing Remarks**

We would like to thank management and staff of Osceola CHD and the Division of Administration for providing their cooperation and assistance to us during the course of this review.

JDB/mhb

cc: Robert Sterling Whisenhunt,  
Statewide Services Administrator  
Belinda Johnson-Cornett, Administrator  
Osceola CHD  
Reinaldo Perez, Administrative Services Director  
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