

Municipality
of
Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4438

Rick Mystrom, Mayor

OFFICE OF THE INTERNAL AUDITOR

June 30, 1995

Internal Audit Report 95-11
Anchorage Neighborhood Health Center
Health and Human Services

Introduction. Health and Human Services (H&HS) provides partial funding through a grant agreement to the Anchorage Neighborhood Health Center, Inc. (Health Center) to provide primary health care, including prenatal care and deliveries, dental services and case management, especially to individuals who lack access to services because of financial barriers, language barriers, life-style barriers or cultural barriers. The Municipal grant for fiscal year 1995 was \$225,160.

Scope. Our objective was to determine whether the Health Center performed services in compliance with the Municipal grant agreement for fiscal year 1995. The audit included tests of accounting records and such other procedures as we considered necessary under the circumstances. This audit was requested by H&HS as a result of problems identified during monitoring visits to the Health Center.

Overall Evaluation. The Health Center performed services generally in compliance with the Municipal grant agreement. However, the financial management system

was not in compliance with the grant requirements and grant reports for expenditures and program performance were not always accurate.

FINDINGS AND RECOMMENDATIONS

1. The Financial Management System Was Not in Compliance With Grant Requirements.

- a. **Finding.** The financial management system maintained by the Health Center was not in compliance with the grant requirements. The grant agreement required separate accounts by source of funds for all revenues and expenditures. However, the Health Center did not maintain the financial records by fund source and thus did not have separate accounts for Municipal funds.
- b. **Recommendation.** H&HS personnel should require the Health Center to maintain separate accounts by source of funds as required by the grant agreement.
- c. **Management Comments.** Management stated, "This finding substantiates the DHHS monitoring which indicated this might be an area of non-compliance. DHHS will work with the Agency to insure that an accounting system that is in compliance with grant requirements is in place prior to the execution of any FY 96 grant."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

2. **Expenditures Not Reported as Required by the Grant Agreement.**

- a. **Finding.** Actual or accrued expenditures were not reported as required by the grant agreement. Instead, grant expenditures were reported on an allocated basis. However, we found that actual expenditures met or exceeded the grant requirements. See Attachment A for a breakdown of the expenditures.
- b. **Recommendation.** H&HS personnel should require Health Center personnel to report actual grant expenditures as required by the grant agreement.
- c. **Management Comments.** Management stated, "DHHS staff suspended payments to this agency when this non-compliance was discovered during a field monitoring visit. Agency has now revised all financial reports for the FY 95 grant period to be in compliance and DHHS staff has resumed making payments to this agency. This area will be closely monitored during FY-96."

- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

3. **Activity Reports Were Not Always Accurate.**

- a. **Finding.** Activity reports for the dental and homeless programs were not accurate. Hours of dental service were allocated each quarter and actual hours of service were not reported. The homeless program reported on the prior year's activity requirements rather than the current. However, we found that the actual activity met or exceeded the performance requirements of the grant.
- b. **Recommendation.** H&HS personnel should require that the Health Center prepare activity reports as required by the grant agreement.
- c. **Management Comments.** Management stated, "Activity reports will be more closely monitored in the future."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

4. Length of Residency Information Not Collected.

- a. **Finding.** Length of residency information was not collected as required by the grant. Length of residency information was not collected for the first quarter and information for only one day was collected for the 2nd quarter. As a result, the requirements of the grant were not met.
- b. **Recommendation.** H&HS personnel should require that length of residency information is collected and reported as required by the grant agreement.
- c. **Management Comments.** Management stated, "This was the first year that this information was required of grant agencies and problems developed which resulted in DHHS staff allowing alternate data collection methods not allowed by the grant agreements. All future grant agreements will allow alternate methods of data collection when approved by DHHS staff."
- d. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendation.

Internal Audit Report 95-11
Anchorage Neighborhood Health Center
Health and Human Services
June 30, 1995

Discussions With Responsible Officials. The results of this audit were discussed with the appropriate personnel on June 07, 1995.



Peter Raiskums, CIA
Director, Internal Audit

Audit Staff:
Jane Harper

Attachment

Internal Audit Report 95-11
 Anchorage Neighborhood Health Center
 Health and Human Services
 June 30, 1995

EXPENSE CATEGORY	TOTAL MOA GRANT BUDGET	AMOUNTS INVOICED* FOR 1st & 2nd QTRS	TOTAL EXPENSES INCURRED 1st & 2nd QTRS
SALARIES			
Family Physician	\$43,911	\$21,956	\$45,328
Internist Physician	\$4,118	\$2,060	\$20,026
Nurse	\$21,366	\$10,684	\$14,965
Nurse	\$21,366	\$10,684	\$16,121
Dental Coordinator	\$20,409	\$10,204	\$11,763
Dental Assistant	\$18,608	\$9,304	\$10,529
Dental Assistant	<u>\$18,608</u>	<u>\$9,304</u>	<u>\$14,986</u>
TOTAL SALARIES	\$148,386	\$74,196	\$133,718
FRINGE BENEFITS			
	\$32,718	\$16,360	\$29,471
PROFESSIONAL FEES			
Mammogram	\$5,250	\$2,626	\$6,940
Dental	<u>\$3,675</u>	<u>\$1,838</u>	<u>\$4,049</u>
TOTAL PROFESSIONAL FEES	\$8,925	\$4,464	\$10,989
OTHER			
Program Supplies	\$26,250	\$13,126	\$15,053
Utilities	\$2,581	\$1,290	\$18,028
Equipment Maintenance	<u>\$6,300</u>	<u>\$3,150</u>	<u>\$3,280</u>
TOTAL OTHER	\$35,131	\$17,566	\$36,361
TOTAL	<u>\$225,160</u>	<u>\$112,586</u>	<u>\$210,539</u>

*Based on Allocation of Expenses