



# Reassessment Report

## Financial Risk Management System

### Cycle 3

**Contractor Name:** Mesa County Public Health

**Site Visit Date:** April 12, 2017

**Invoice(s) Sampled:** WIC (MESA WIC12017, January 2017)  
EPR (MESAEPR0117, January 2017)

**CDPHE Staff:** Troy Prill, FRMS Assessor

**Contractor Staff:** Janette Haynie, Business Analyst  
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**Report Prepared By:** Troy Prill, FRMS Assessor

**Report Date:** June 28, 2017

#### **RISK RATING**

The assessment resulted in an overall financial RISK RATING of  
**LOW**

This report is intended to assess the local public health agency's financial compliance with federal and state requirements in conjunction with its current contracts with CDPHE.

#### **I. BACKGROUND**

The Financial Risk Management System (FRMS) was developed to improve the Colorado Department of Public Health and Environment's (CDPHE) fiscal contract monitoring practices and to resolve burdensome issues experienced by sub-recipients.

FRMS determines a sub-recipient's potential risk of noncompliance with fiscal contractual requirements through an assessment of the sub-recipient's financial management system. The results of the assessment are used to determine the resources needed for CDPHE to monitor the fiscal aspects of the entity's contracts.

FRMS is an administrative service of CDPHE and provides standardization and support for risk-based fiscal contract monitoring practices.

## II. FRMS ASSESSMENTS AND PERFORMANCE IMPROVEMENT PLANS

FRMS staff monitors the sub-recipient's level of risk using invoice sampling, Performance Improvement Plans, information provided by the contractor and information from CDPHE fiscal staff. Fiscal monitoring components allow us to identify and respond to changes to the sub-recipient's level of risk.

FRMS staff uses the following monitoring practices to oversee the sub-recipient's risk. Additional monitoring activities may be implemented as needed.

### Low Risk:

- Invoice Sampling Review - The sampling is based on at least 10 percent of current contracts and will occur once within the 12 months following the last assessment. The sampling will consist of a paid contract invoice and all supporting documentation. FRMS staff will determine which contract(s) will be sampled.

### Medium Risk:

- Invoice Sampling Review - The sampling is based on at least 10 percent of current contracts and will occur twice within the 12 months following the last assessment. The sampling will consist of a paid contract invoice and all supporting documentation. FRMS staff will determine which contract(s) will be sampled.
- An email documenting the area(s) of concern will be sent to the agency to inform staff of any issue which requires resolution. The FRMS staff will offer technical assistance and assess the progress towards resolution at the next scheduled monitoring activity. Once the documented areas of concern have been resolved and barring additional issues or areas of concern, the agency's risk rating may be lowered. The agency's risk rating may be elevated upon failure to address the area of concern.

### High Risk:

- Invoice Sampling Review - The sampling is based on at least 10 percent of current contracts and will occur four times within the 12 months following the last assessment. The sampling will consist of a paid contract invoice and all supporting documentation. FRMS staff will determine which contract(s) will be sampled.
- A Performance Improvement Plan will be implemented to address financial management system issues requiring improvement. The Performance Improvement Plan will be monitored to ensure progress is made. Upon completion, and barring additional issues discovered as a result of invoice sampling, the agency's risk rating may be lowered.

## III. REASSESSMENT

All local public health agencies (LPHAs), regardless of risk rating, will receive routine reassessments at intervals determined by the current risk rating. The reassessment process includes the completion of the Financial Risk Management System questionnaire and a reassessment site visit. The questionnaire is completed annually; site visits are scheduled based on risk rating as listed below:

**Low Risk** - Approximately 24 months following the last assessment

**Medium Risk** - Approximately 18 months following the last assessment

**High Risk** - Approximately 12 months following the last assessment

CDPHE may choose to conduct a reassessment outside of the above-referenced schedule when significant issues or concerns are raised regarding the sub-recipient's financial management system.

#### IV. PROGRAM MONITORING REQUIREMENTS

Fiscal staff from the programs contracting with an LPHA monitors the fiscal aspects (invoicing, allowable costs, etc.) of individual contracts and purchase orders at the program level. Monitoring activities are initially based on information provided by FRMS about the sub-recipient's level of risk and are in compliance with CDPHE's standardized practices.

Although LPHAs no longer provide routine supporting documentation when submitting invoices for reimbursement, there may be situations in which a sub-recipient will be asked to provide specific supporting documentation *after* an invoice has been submitted to resolve a particular issue.

**There are some exceptions to the elimination of supporting documentation. Some funding sources require supporting documentation as a requirement of the grant. CDPHE program staff will notify you if this situation applies.**

CDPHE's standardized monitoring practices reduce fiscal site visits from multiple programs for the purpose of assessing fiscal risk; however, a fiscal site visit by program staff may be scheduled for the purpose of resolving a specific fiscal issue or to meet funding source requirements.

Standardized monitoring includes the use of a standardized invoice form which will be used for most contracts and purchase orders within CDPHE. A limited number of non-standardized (custom) invoices have been approved for continued use for some unique contracts and, in some cases, to honor the proprietary formatting of the contractor's invoice.

#### V. LPHA FRMS ASSESSMENT HISTORY

CDPHE conducted a financial risk management assessment of Mesa County Public Health's financial management system at the agency's office approximately three years ago. The purpose of the reassessment is to:

- A) provide CDPHE with assurances that Mesa County Public Health's financial systems continue to provide internal controls, and accounting policies and/or procedures are in accordance with generally accepted accounting principles;
- B) examine Mesa County Public Health's financial compliance with contract obligations; and
- C) confirm the overall financial risk rating for Mesa County Public Health has not changed, or establish the rating that will be used throughout CDPHE for fiscal monitoring of contracts.

In August of 2012, FRMS staff conducted a site visit and reviewed two invoices for Mesa County Public Health Agency. The two invoices reviewed were the APCD (Oct - Dec 2011) invoice, and the NHVP (March 2012) invoice. FRMS staff found no areas of concern and rated the agency as low risk. In July of 2013 an invoice review of EPR (Mar. 2013) and Tobacco Cessation (Jan. 2013) took place and FRMS staff kept the agency rating at low. During February of 2014, an invoice review of the agency's WIC (Nov. 2013) invoice was conducted and assigned a low rating. During August of 2014, a site visit reviewing the IMM (May 2014) and WIC (May 2014) invoices was conducted by FRMS staff. A low rating was assigned to the agency. During December of 2015, an invoice review of the WIC (Sept 2015) invoice was conducted and the agency was assigned a low rating.

## VI. METHODOLOGY

Mesa County Public Health's financial risk management reassessment was conducted using the "CDPHE Financial Risk Management System Assessment Tool" as a guide. The tool was adopted by CDPHE when the system launched in 2012 and which was provided to the agency in advance of the site visit. The tool addresses various fiscal areas including prior fiscal monitoring issues, cost principles, cost allocation, cash management, accounting, budgets and cost limitations, coordination with county boards, travel, record retention and inventory control. The assessment emphasized, but was not limited to, compliance with state and federal laws; CDPHE contract terms and conditions; the entity's written policies and procedures and the Office of Management and Budget (OMB's) circulars on administrative requirements, cost principles and audit requirements for federal awards.

FRMS staff attempts to optimize the efficiency of the onsite review process by requesting certain documentation for review in advance of the site visit. This documentation includes, but is not limited to, accounting, travel and other various policies and procedures; Board of County Commissioners (BOCC) and/or Board of Health (BOH) meeting minutes and the invoice(s) (including supporting documentation) identified at the beginning of the report. The Site Visit Materials Checklist is part of the official file for this agency.

## VII. OBSERVATIONS

### A. COST PRINCIPLES AND COST ALLOCATION

#### 1. Purchasing

The agency's purchasing process starts with a staff member requesting to make a purchase. The staff member must receive a verbal confirmation from a direct supervisor that the purchase may be made. A requisition form must be filled out and approved by the supervisor. This requisition form is also used to pay the invoice. All direct levels of management sign off on the requisition form through the program director. Once all approvals have been met, the form is given to the administrative assistant for completion and purchase. Many vendors have accounts with the agency. This allows the administrative assistant to quickly submit orders to vendors online. The requisition forms are sent to the county accounts payable staff.

The agency holds several credit cards. All directors and program directors hold one. Limits vary per position. When purchasing with a purchase card (P-card), the transaction is made and the information is submitted directly into the county's accounting software, Eden. Every Thursday, the agency business analyst reconciles the credit card receipts to what has been entered into Eden.

Every Tuesday, the county finance Accounts Payable Department has a deadline for processing all purchase accounts payable. Accounts payable staff prepare all non-credit card transactions for Eden. All supplemental documents are scanned into the system as PDF documents. The staff members pass the weekly reconciled payments through the finance supervisors for approval. If a purchase is over \$25,000, it must be approved by the county purchasing agent. When all approvals have been met, the weeks' purchases are bundled in the system and downloaded as an EFT file. That file is sent from the accounts payable supervisor to the treasurer's office for verification and final payment.

All checks are kept locked by the accounts payable staff. The accounts payable supervisor prints checks when necessary.

## **2. Allocating General Expenses**

Rent is not charged to the agency, it is an expense absorbed by the county. All postage is charged to the administrative account of the agency. All copies are charged to the Information Technology Department.

No general expenses are allocated via general distribution to programs.

## **3. Time Tracking, Time Allocation, and Payroll**

As well as being an accounting software system, Eden acts as a time-tracking and payroll system. Every day employees track their hours worked and enter program hours on a monthly basis. At the end of the month-long payroll cycle (21<sup>st</sup> - 20<sup>th</sup>), employees and their supervisors must sign off on the employee's timesheet. After approval, the timesheet goes to the division director and business analyst to sign off. The Eden time sheets are then sent to the county payroll office. The payroll staff ensure reasonability for all employee entries and leave time. Taxes and fringe are added through the Eden system. Once the payroll supervisor approves the monthly transactions, the system connects to the county banking website and pays all employees via direct deposit.

## **4. CDPHE Invoicing**

Every month an expense report by program is produced by Eden. The business analyst goes through it line by line and inserts all applicable expenses into the CDPHE invoice template. The invoice is given to the public health administrative director for review and signature. Once the signature is received, the invoice is emailed to CDPHE and the physical copy is filed away.

**No recommendations.**

# **B. ACCOUNTING-CASH MANAGEMENT, DISBURSING, RECORDING, AND REPORTING**

## **1. Fees**

When a fee is to be paid by a client to the agency, the fee is paid to agency cashiers. Each cashier works at a stand-alone cash register system. Cash, checks and credit cards are all accepted forms of payment. Credit cards are accepted through Jetpay software. All cash, checks, and credit card receipts are stored in a locked cash bag, which is stored in a locked drawer at the agency's front desk. The front desk staff, managers, and accounting staff have access to the locked drawer. For every transaction made, the cashier issues the client a receipt, certificate, or other proof of payment depending on the type of transaction. All accepted checks, cash, and credit card receipts are stored in the locked cash bags. At the end of the day, cashiers reconcile the amount in the cash bags with the amount entered into their software program (i.e.: Decade, Allscripts, and Covis). Each morning, a business analyst collects the cash bags and reports from each software program, reconciles again, and enters the information into Tyler Cashiering. The fees are then given to a cash carrier company for transportation to the county finance department. When the cash carrier collects the funds, a sign-off sheet is initialed and given to the agency. Upon delivery to the county finance department, another receipt is generated and returned to the agency. The envelope used to deliver the funds is sent back with the final receipt to the agency. Agency business analysts store the receipt upon its arrival. The county finance staff reconcile and approve the amount once more and deposit the funds into the county Alpine Bank account.

## **2. Fees from CDPHE**

When a fee from CDPHE is received it is sent directly to the county finance department. The county finance department will update the accounts receivable balance in Eden upon depositing the funds into the county bank account. No receipt or notification is given to the agency unless specifically requested. The information is retrievable via lookup or report printout from Eden. The agency sees that the CDPHE fees have been deposited into the bank account when general ledger or other reconciliation reports are run periodically.

**Recommendation: Either ask for a receipt from the county finance office upon deposit of CDPHE fees, or run an Eden accounts receivable report monthly to check for CDPHE payments.**

## **C. BUDGETS AND COST LIMITATIONS**

### **1. Budget Setting Process**

On June 30th of every year, the agency extracts monthly data per program from the past 18 months. This data is combined with what remains of the current calendar year's budget. This data is used to project the next calendar year budget amounts, and any expected capital expenditures are included. The budgets projected are detailed down to general ledger item amounts. The county finance department provides agencies with a template budget tool to fill out with this data. The county finance department uses the data to create a master county budget. When new CDPHE grants and contracts are signed throughout the budget setting process, figures are updated to more accurately reflect the actual budget amounts. The county template budget tool is to be submitted to the budget manager in the county finance department by the end of August. The public health director and BOH must sign off on the draft budget. The county finance department is required to present a proposed budget to the BOCC no later than October 15.

### **2. Other Budgetary Commentary**

All budgetary information is formally relayed to agency staff monthly, and informally as needed.

**No recommendations.**

## **D. TRAVEL**

### **1. Travel Expense Policy**

Employees who are traveling for work are required to fill out travel expense forms. The form must have the exact mileage being traveled and duration of the time traveling. The form must be approved and signed by the employee and their supervisor. A "Nurse Home Visitor Database" helps calculate mileage for traveling nurses to patients' houses while keeping HIPAA information secure. The form is given to the business analyst for information transfer to Eden.

Out of county travel must have division director approval. Employees must fill out the form indicating which days and hours fall under travel. Per diem rates are based on the federal rate. The county puts a limit on per diem at \$51.00 per day.

The agency has a Fleet Management Division. Each department is assigned their own vehicles from the Fleet Management Division. The six agency vehicles are kept at the department and are meant to be used for shorter trips. If a traveling employee is unable

to use a fleet vehicle, they may use a rental car from Enterprise Rent-a-Car. The county has a long-standing relationship with Enterprise and receives discounted rates. If an employee must use their own vehicle, a mileage rate of \$0.535 per mile is applied to the travel expense. When a county or Enterprise vehicle is in use, the traveling employee checks out an agency gas card for fuel costs.

The Fleet Management Division charges travel fees per mileage to the agency. The agency does not allocate these costs to programs and takes on the cost in a general line item.

When employees are reimbursed for traveling, they are paid as a vendor; not through a wages expense.

**No recommendations.**

#### **E. RECORD RETENTION**

The agency follows the written county record retention policy. All records are kept for a standard "7+1" year period. All records are to be scanned to a virtual drive and never deleted. The county has a contract with Record Management System (RMS) in Grand Junction that functions as a physical archive. The agency gives all non-current records to RMS for holding and destruction after the 7+1 year term has expired. Before destruction of the documents, approval from the agency must be granted.

The county administrator's office backs up all county servers daily. The backup servers are locked at the county administrator's office. There is a transition in place to use Google drives for current documents.

**No recommendations.**

#### **F. BOARD OF COUNTY COMMISSIONERS/HEALTH**

##### **1. Board Structure and Meeting Times**

The Board of County Commissioners (BOCC) is made of three members from different geographic districts of the county. The BOCC elections are staggered 4-year terms with 2-term limits. The chairman of the BOCC has signature authority. The BOCC meets weekly. The BOCC appoints the five Board of Health (BOH) members. The BOH meets every other month and only requires financial reports semiannually, though full agency financial reports are available to them quarterly. The BOH also meets on an ad-hoc basis as needed.

**No recommendations.**

#### **G. INVENTORY CONTROL**

The county has possession of the inventory capitalization policy. Anything considered of value or has a value of over \$5,000 requires a county inventory tag to be tracked.

All immunizations are tracked with CIIS.

**No recommendations.**

**H. INVOICE REVIEW**


Two invoices were reviewed during this site visit. The two invoices reviewed were the January 2017 WIC invoice and the January 2017 EPR invoice. The personal services charges were supported by signed time sheets and payroll vouchers. Supplies and operating expenses were supported by receipts, county vouchers, and expense reports from the accounting system. The charges for the travel category were supported by county travel forms, vehicle mileage forms, and expense reports from the accounting system.

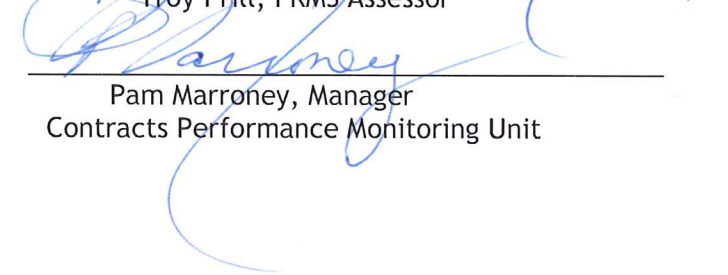
**No recommendations.**

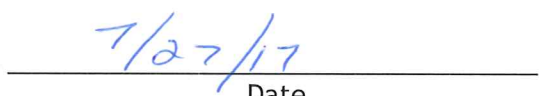
**VIII. ASSESSMENT SUMMARY**


The Mesa County Health Department provides appropriate oversight and management of the public health funds. The agency administrative staff perform the data entry for revenue and expenses in the Eden financial software system, and other accounting functions are performed by the Mesa County finance unit. Even with one informal recommendation to request receipts from the County Finance Department for CDPHE fees, the agency demonstrates strong internal controls. Mesa County Health Department requires multiple approvals for expenses, allocates expenses appropriately by using the chart of accounts, separates duties for financial operations, accurately tracks time, and is overseen by the county finance unit, BOH and BOCC. Based on the information from the site visit and the invoice reviews, FRMS did not observe any areas of concern.

A draft of this report was reviewed by Mesa County Public Health's staff and accepted as being factually accurate (or appropriately amended/edited).

  
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Troy Prill, FRMS Assessor

  
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Pam Marroney, Manager  
Contracts Performance Monitoring Unit

  
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