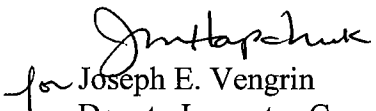




SEP 25 2008

TO: RADM W. Craig Vanderwagen, M.D.
Assistant Secretary for Preparedness and Response

Elizabeth M. Duke, Ph.D.
Administrator
Health Resources and Services Administration

FROM:  Joseph E. Vengrin
Deputy Inspector General for Audit Services

SUBJECT: Allowability of Costs Claimed for Reimbursement Under Florida's Bioterrorism Hospital Preparedness Program for the Period September 1, 2004, Through August 31, 2006 (A-04-07-01048)

Attached is an advance copy of our final report on the allowability of costs claimed for reimbursement under Florida's Bioterrorism Hospital Preparedness Program (the program) for the period September 1, 2004, through August 31, 2006. We will issue this report to the Florida Department of Health (the State agency) within 5 business days.

Under section 319 of the Public Health Service Act, the program provides funds to State, territorial, and municipal governments or health departments to upgrade the preparedness of hospitals and collaborating entities to respond to bioterrorism and other public health emergencies. From April 2002 to March 2007, the Health Resources and Services Administration (HRSA) administered the program. In March 2007, responsibility for the program was transferred to the Assistant Secretary for Preparedness and Response.

Our objective was to determine whether the costs that the State agency claimed for reimbursement under the program for the period September 1, 2004, through August 31, 2006, were allowable, allocable, and reasonable.

Of the \$53.4 million that the State agency claimed for reimbursement for the period September 1, 2004, through August 31, 2006, approximately \$52 million was allowable, allocable, and reasonable. However, the State agency claimed \$50,988 in unallowable costs that were improperly charged to the program. In addition, \$1,257,198 may be unallowable because the costs may not be authorized by Florida statutes. These deficiencies occurred because the State agency did not have adequate policies and procedures to ensure that all costs claimed for reimbursement complied with applicable laws, regulations, and program guidance.

We recommend that the State agency:

- refund \$50,988 for costs that were improperly charged to the program;
- determine, as a matter of law, whether the State agency’s initiation of staffing contracts bypassed the position limitations imposed by the Florida Legislature and, if so:
 - refund the \$1,257,198 in unallowable costs and
 - stop initiating staffing contracts; and
- improve policies and procedures to ensure that all costs claimed for reimbursement comply with applicable laws, regulations, and program guidance.

In written comments on our draft report, the State agency agreed with our findings regarding the \$50,988 in unallowable costs. With respect to the \$1,257,198 in potentially unallowable costs, the State agency said that it was pursuing this issue with the State’s Department of Management Services. We recognize that State entities other than the Attorney General’s office may be able to determine whether the State agency violated the number of authorized positions in the appropriations acts. Accordingly, we have modified the recommendation included in our draft report and no longer specify that a legal opinion be obtained from the Attorney General’s office.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Lori S. Pilcher, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at Lori.Pilcher@oig.hhs.gov or Peter J. Barbera, Regional Inspector General for Audit Services, Region IV, at (404) 562-7800 or through e-mail at Peter.Barbera@oig.hhs.gov. Please refer to report number A-04-07-01048.

Attachment



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General
Office of Audit Services

REGION IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, Georgia 30303

SEP 30 2008

Report Number: A-04-07-01048

Ana M. Viamonte Ros, M.D., M.P.H.
Surgeon General
Florida Department of Health
4052 Bald Cypress Way, Bin #B00
Tallahassee, Florida 32399-1728

Dear Dr. Viamonte Ros:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Allowability of Costs Claimed for Reimbursement Under Florida's Bioterrorism Hospital Preparedness Program for the Period September 1, 2004, Through August 31, 2006." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Mark Wimple, Audit Manager, at (919) 790-2765, extension 24, or through e-mail at Mark.Wimple@oig.hhs.gov. Please refer to report number A-04-07-01048 in all correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Peter J. Barbera".

Peter J. Barbera
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Team Leader, Compliance Team, OFAM/DFI
Health Resources and Services Administration
Parklawn Building, Room 11A-55
5600 Fishers Lane
Rockville, Maryland 20857

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**ALLOWABILITY OF COSTS
CLAIMED FOR REIMBURSEMENT
UNDER FLORIDA'S
BIOTERRORISM HOSPITAL
PREPAREDNESS PROGRAM FOR
THE PERIOD SEPTEMBER 1,
2004, THROUGH AUGUST 31,
2006**



Daniel R. Levinson
Inspector General

September 2008
A-04-07-01048

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

Office of Audit Services

The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

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The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5).

OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Under section 319 of the Public Health Service Act, the Bioterrorism Hospital Preparedness Program (the program) provides funds to State, territorial, and municipal governments or health departments to upgrade the preparedness of hospitals and collaborating entities to respond to bioterrorism and other public health emergencies. From April 2002 to March 2007, the Health Resources and Services Administration (HRSA) administered the program. In March 2007, the Pandemic and All-Hazards Preparedness Act (P.L. No. 109-417, December 19, 2006) transferred responsibility for the program from HRSA to the Assistant Secretary for Preparedness and Response.

In Florida, the Department of Health, Office of Public Health Preparedness (the State agency), administers the program. For the period September 1, 2004, through August 31, 2006, the State agency claimed program reimbursement totaling \$53.4 million.

OBJECTIVE

Our objective was to determine whether the costs that the State agency claimed for reimbursement under the program for the period September 1, 2004, through August 31, 2006, were allowable, allocable, and reasonable.

SUMMARY OF FINDINGS

Of the \$53.4 million that the State agency claimed for reimbursement for the period September 1, 2004, through August 31, 2006, approximately \$52 million was allowable, allocable, and reasonable. However, the State agency claimed \$50,988 in unallowable costs that were improperly charged to the program. In addition, \$1,257,198 may be unallowable because the costs may not be authorized by Florida statutes. These deficiencies occurred because the State agency did not have adequate policies and procedures to ensure that all costs claimed for reimbursement complied with applicable laws, regulations, and program guidance.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$50,988 for costs that were improperly charged to the program;
- determine, as a matter of law, whether the State agency's initiation of staffing contracts bypassed the position limitations imposed by the Florida Legislature and, if so:
 - refund the \$1,257,198 in unallowable costs and
 - stop initiating staffing contracts; and

- improve policies and procedures to ensure that all costs claimed for reimbursement comply with applicable laws, regulations, and program guidance.

AUDITEE COMMENTS

In written comments on our draft report, the State agency agreed with our findings regarding the \$50,988 in unallowable costs. With respect to the \$1,257,198 in potentially unallowable costs, the State agency said that it was pursuing this issue with the State's Department of Management Services.

The complete text of the State agency's comments is included as the Appendix.

OFFICE OF INSPECTOR GENERAL RESPONSE

We recognize that State entities other than the Attorney General's office may be able to determine whether the State agency violated the number of authorized positions in the appropriations acts. Accordingly, we have modified the recommendation included in our draft report and no longer specify that a legal opinion be obtained from the Attorney General's office.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Bioterrorism Hospital Preparedness Program.....	1
Florida Program Funding.....	1
OBJECTIVE, SCOPE, AND METHODOLOGY	2
Objective	2
Scope	2
Methodology.....	2
FINDINGS AND RECOMMENDATIONS	3
UNALLOWABLE PROGRAM COSTS	3
Federal Requirements	4
Unallocable Costs	4
Duplicated Costs	4
POTENTIALLY UNALLOWABLE PROGRAM COSTS	4
State and Federal Requirements.....	4
Costs for Staffing Contracts.....	5
INADEQUATE POLICIES AND PROCEDURES	5
RECOMMENDATIONS	6
AUDITEE COMMENTS	6
OFFICE OF INSPECTOR GENERAL RESPONSE	6
APPENDIX	
AUDITEE COMMENTS	

INTRODUCTION

BACKGROUND

Bioterrorism Hospital Preparedness Program

The Bioterrorism Hospital Preparedness Program (the program) provides funds to State, territorial, and municipal governments or health departments to upgrade the preparedness of hospitals and collaborating entities to respond to bioterrorism and other public health emergencies.¹ From April 2002 to March 2007, the Health Resources and Services Administration (HRSA) administered the program. In March 2007, the Pandemic and All-Hazards Preparedness Act (P.L. No. 109-417, December 19, 2006) transferred responsibility for the program from HRSA to the Assistant Secretary for Preparedness and Response.

HRSA elected to establish 12-month program years for 2003 through 2005 and then extended the years for up to 24 additional months.² HRSA issued a notice of award to each grantee to set forth the approved budget as well as the terms and conditions of the individual cooperative agreement.

To monitor the expenditure of these funds, HRSA required grantees to submit financial status reports (FSR) showing the amounts expended, obligated, and unobligated. Financial reporting requirements (45 CFR § 92.41(b)(3)) for Department of Health and Human Services (HHS) grants to State and local governments state: “If the Federal agency does not specify the frequency of the report, it will be submitted annually.” Because program guidance for 2003 was silent on the frequency of submission, annual FSRs were required for that year. Program guidance for 2004 and 2005 required quarterly interim FSRs and a final FSR 90 days after the end of the budget period, which we refer to in this report as a “program year.”

Florida Program Funding

In Florida, the Department of Health, Office of Public Health Preparedness (the State agency), administers the program and distributes funds to subrecipients to carry out program objectives. For the period September 1, 2004, through August 31, 2006, the State agency was awarded a total of \$52.3 million and expended \$53.4 million.³

¹Congress initially authorized funding for this program under the Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, 2002, P.L. No. 107-117, through the Public Health and Social Services Emergency Fund at section 319 of the Public Health Service Act (42 U.S.C. § 247d). In June 2002, Congress enacted section 319C-1 of the Public Health Service Act (42 U.S.C. § 247d-3a) to support efforts to counter potential terrorist threats and other public health emergencies.

²For Florida, program year 2003 was September 1, 2003, to February 28, 2006; program year 2004 was September 1, 2004, to August 31, 2006; and program year 2005 was September 1, 2005, to August 31, 2007.

³The expenditures exceeded the awarded amount because they included amounts awarded in prior program years.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the costs that the State agency claimed for reimbursement under the program for the period September 1, 2004, through August 31, 2006, were allowable, allocable, and reasonable.

Scope

Our audit covered the \$53.4 million in direct (\$53,181,859) and indirect (\$197,749) costs that the State agency claimed for program activities during the 2-year period September 1, 2004, through August 31, 2006, regardless of the program year to which the obligations and expenditures were related. We limited our review of direct costs to a nonstatistical sample of 90 program expenditures totaling \$9,557,540.

We did not review the overall internal control structure of the State agency or its subrecipients.⁴ We limited our review of internal controls to obtaining an understanding of (1) the procedures that the State agency and two subrecipients, Florida State University and Sacred Heart Hospital, used to account for program funds and (2) the State agency's subrecipient monitoring procedures.

We conducted our fieldwork at the State agency and Florida State University in Tallahassee, Florida, and at Sacred Heart Hospital in Pensacola, Florida, from December 2006 through January 2008.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, program guidance, and notices of award for 2004 and 2005;
- reviewed the State agency's accounting procedures and monitoring of subrecipients;
- tested FSRs for completeness and accuracy and reconciled the amounts reported on FSRs to the accounting records and notices of award;

⁴Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," defines a subrecipient as a non-Federal entity that expends Federal awards from a passthrough entity and sets forth certain Federal audit requirements. Payments to vendors for goods or services required for the conduct of a Federal program are not subject to the audit requirements. During the audit period, the State agency considered all recipients of program funds to be vendors rather than subrecipients. The State agency's judgment in making these determinations was outside the scope of our audit.

- verified that the State agency claimed indirect costs using the rate and base in its “State and Local Rate Agreement” approved by the HHS Division of Cost Allocation;⁵
- interviewed officials and employees from the Florida Department of Health and the Florida Office of Auditor General;
- reviewed 63 percent of the positions funded by the program during 2005 for evidence of supplanting;⁶
- selected and tested a nonstatistical sample of 90 expenditures to determine whether the State agency expended program funds for allowable, allocable, and reasonable costs; and
- reviewed two subrecipients’ procedures to account for funds expended and tested a total of 101 nonstatistically selected subrecipient expenditures for allowability.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

Of the \$53.4 million that the State agency claimed for reimbursement for the period September 1, 2004, through August 31, 2006, approximately \$52 million was allowable, allocable, and reasonable. However, the State agency claimed \$50,988 in unallowable costs that were improperly charged to the program. In addition, \$1,257,198 may be unallowable because the costs may not be authorized by Florida statutes. These deficiencies occurred because the State agency did not have adequate policies and procedures to ensure that all costs claimed for reimbursement complied with applicable laws, regulations, and program guidance.

UNALLOWABLE PROGRAM COSTS

Of the 90 sampled expenditures, 2 expenditures totaling \$50,988 were improperly charged to the program because they either were not allocable to the program or duplicated a prior payment. As a result, the State agency charged the Federal award \$50,988 for unallowable program costs.

⁵OMB has designated the Division of Cost Allocation as the cognizant Federal agency for reviewing and negotiating facility and administrative (indirect) cost rates that grantee institutions use to charge indirect costs associated with conducting Federal programs.

⁶Section 319C-1(j)(2) of the Public Health Service Act (42 U.S.C. § 247d-3a(j)(2)) states that program funds are meant to augment current funding and not to replace or supplant any other State and local funds provided for these activities.

Federal Requirements

Federal regulations (2 CFR part 225, “Cost Principles for State, Local, and Indian Tribal Governments”) (OMB Circular A-87, hereinafter referred to as “the Circular”) establish the standards for States to determine the allowability of costs. In general, the Circular provides that an allowable cost must be necessary to the performance of the Federal award, reasonable, consistently applied, allocable to the program, and adequately documented (2 CFR part 225, Appendix A, section C.1). A cost is allocable to the grant if the goods or services involved are chargeable or assignable to the grant in accordance with the relative benefits received (2 CFR part 225, Appendix A, section C.3.a).

Unallocable Costs

For one sampled expenditure, the State agency improperly charged \$26,004 to the Federal award for payroll and associated indirect costs that were not allocable to the program. Between September 2005 and February 2006, the State agency charged 100 percent of one employee’s salary to the program even though the employee spent half of his time on activities that were unrelated to the program. This improper charge occurred because the employee completed a certification report rather than a personnel activity report. Certification reports record time spent working on a single Federal award or cost objective. Personnel activity reports (or equivalent documentation), however, record the distribution of time spent working on multiple activities or cost objectives. The employee indicated on the certification report that he had worked on both the HRSA and Centers for Disease Control and Prevention bioterrorism programs. Although the State agency had allocation procedures, it did not detect the error.

The State agency acknowledged that it had not equitably charged the \$26,004 (\$20,803 for payroll and \$5,201 for associated indirect costs) to the program and that it should have distributed the costs among the benefiting activities.

Duplicated Costs

For one sampled expenditure, the State agency improperly charged \$24,984 to the Federal award for costs that it had already charged. The State agency paid a vendor twice, citing the same invoice for air purifier units and filters, and charged the program both times. As a result, the \$24,984 was unallowable.

POTENTIALLY UNALLOWABLE PROGRAM COSTS

Expenditures totaling \$1,257,198 may not be authorized under Florida statutes; therefore, these costs may be unallowable under Federal awards.

State and Federal Requirements

Florida law limits the number of authorized positions for a Florida State agency to the total number of positions provided in the appropriations acts, unless otherwise expressly provided by law (Florida Statutes, Title XIV, section 216.262(1)(a)). Exceptions to this limitation for the

State agency apply to positions funded by the County Health Department Trust Fund or the United States Trust Fund (Florida Statutes, Title XIV, section 216.2625(2)). Florida law also describes a process for requesting and receiving approval to increase the number of authorized positions (Florida Statutes, Title XIV, section 216.262(1)(a)).

The Circular (2 CFR part 225, Appendix A, section C) provides basic standards governing the allowability of costs claimed for reimbursement under Federal awards to State and local governments. Among these standards, section C.1.c. specifies that to be allowable under Federal awards, costs must “be authorized or not prohibited under State or local laws or regulations.”

Costs for Staffing Contracts

The State agency claimed costs of \$1,257,198 related to contracts with other organizations, i.e., State universities, a local community college, and a private entity. The contracts were used to acquire staff (contracted employees) to perform grant-related activities in lieu of using agency-authorized positions or outsourcing the services.

In previous audit reports,⁷ which were supported by a legal opinion from its counsel, the Florida Office of Auditor General reported that the State agency had:

- bypassed the position limitations imposed by the Florida Legislature by initiating staffing contracts with other governmental organizations,
- used Federal funds to procure more positions than permitted under State law, and
- used another governmental agency to acquire staffing services from a private organization on the State agency’s behalf without the express statutory authority to do so.

The Florida Department of Health’s Office of General Counsel (the General Counsel) maintained that the State agency was authorized to enter into contracts for services that otherwise would be performed by agency employees. Although we do not dispute the General Counsel’s position that the State agency may enter into contracts for services, the General Counsel did not address the Office of Auditor General’s position that the State agency used Federal funds to procure more positions than permitted under State law.

Absent some provision of law that permits the State agency to exceed the total number of authorized positions that are provided in the State’s appropriations acts, the \$1,257,198 expended for the costs of acquiring staff through contracting may be unallowable.

INADEQUATE POLICIES AND PROCEDURES

The State agency claimed unallowable and potentially unallowable costs because it did not have adequate policies and procedures to ensure that all costs claimed for reimbursement complied with applicable laws, regulations, and program guidance.

⁷Report No. 2005-158, dated March 2005, and Report No. 2006-152, dated March 2006, for the fiscal years ended June 30, 2004, and 2005, respectively.

RECOMMENDATIONS

We recommend that the State agency:

- refund \$50,988 for costs that were improperly charged to the program;
- determine, as a matter of law, whether the State agency's initiation of staffing contracts bypassed the position limitations imposed by the Florida Legislature and, if so:
 - refund the \$1,257,198 in unallowable costs and
 - stop initiating staffing contracts; and
- improve policies and procedures to ensure that all costs claimed for reimbursement comply with applicable laws, regulations, and program guidance.

AUDITEE COMMENTS

In written comments on our draft report, the State agency agreed with our findings regarding the \$50,988 in unallowable costs. The State agency said that it would update and reinforce its policies and procedures to prevent future violations of grant requirements and work with HRSA to revise its financial reports.

With respect to the \$1,257,198 in potentially unallowable costs, the State agency said that the Florida Department of Health's Office of General Counsel and a lawyer for the Executive Office of the Governor had concluded that an Attorney General opinion was not warranted at this time. The State agency also said that it was pursuing this issue with the Department of Management Services, the agency that oversees the administration of State contract procurement and statutes.

The complete text of the State agency's comments is included as the Appendix.

OFFICE OF INSPECTOR GENERAL RESPONSE

Our expectation is that the State agency will definitively resolve the question of whether State law, including Florida Statutes, Title XIV, section 216, limits the total number of staff positions that the State agency was authorized to procure using Federal funds. We recognize that State entities other than the Attorney General's office may be able to issue such a decision. Accordingly, we have modified the recommendation included in our draft report and no longer specify that a legal opinion be obtained from the Attorney General's office.

APPENDIX



Charlie Crist
Governor

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General

September 4, 2008

Peter J. Barbera
Regional Inspector General
for Audit Services, Region IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, GA 30303

Dear Mr. Barbera:

We are pleased to respond to the preliminary and tentative audit findings and recommendations concerning the draft report entitled:

**Allowability of Costs Claimed for Reimbursement Under Florida's
Bioterrorism Hospital Preparedness Program for the Period
September 1, 2004, Through August 31, 2006
CIN-A-04-07-01048**

Pursuant to Florida Department of Health Inspector General Policy please find attached our response to your draft findings.

We appreciate the effort of you and your staff in assisting to improve our operations. If you have any questions, please contact our Director of Auditing, Lynn Riley at 245-4444 extension 2146.

Sincerely,

A handwritten signature in cursive script that reads "Ana M. Viamonte Ros".

Ana M. Viamonte Ros, M.D., M.P.H.
State Surgeon General

AMVR/kir

Attachment

cc: James D. Boyd, C.P.A., M.B.A.
Inspector General
Lynn H. Riley, C.P.A.
Director of Auditing
Karen Zeiler
Chief of Staff

Allowability of Costs Claimed for Reimbursement Under Florida's Bioterrorism Hospital Preparedness Program for the Period September 1, 2004, Through August 31, 2006

Para. # Finding: **Recommendation:** **Management Response:** **Corrective Action Plan:**

<p>1</p> <p>Of the \$53.4 million that the State agency claimed for reimbursement for the period September 1, 2004, through August 31, 2006, approximately \$52 million was allowable, allocable, and reasonable. However, the State agency claimed \$0.988 in unallowable costs that were improperly charged to the program. In addition, \$1,257,198 may be unallowable because the costs may not be authorized by Florida statutes. These deficiencies occurred because the State agency did not have adequate policies and procedures to ensure that all costs claimed for reimbursement complied with applicable laws, regulations, and program guidance.</p>	<p>We recommend that the State agency:</p> <ul style="list-style-type: none"> -- refund \$50,988 for costs that were improperly charged to the program; -- resolve the \$1,257,198 in potentially unallowable costs by soliciting an advisory opinion from Florida's Office of the Attorney General regarding whether the State agency's initiation of staffing contracts bypassed the position limitations imposed by the Florida Legislature and, if so: <ul style="list-style-type: none"> --- stop initiating staffing contracts and --- work with HRSA to determine whether any financial adjustment should be made; and -- improve policies and procedures to ensure that all costs claimed for reimbursement comply with applicable laws, regulations, and program guidance. 	<p>1. The department agrees with the finding and will work with HRSA to come up with a satisfactory resolution. As evident in the finding, the audit uncovered one oversight in the administration of timekeeping and a rare instance of a duplicate payment on the Bioterrorism Hospital Preparedness program. While there was a delay in the administrative of timekeeping for the involved employee, the finding highlights the department's efforts to maximize productivity at the same time reducing cost among the CDC and HRSA grant programs. The Division of Emergency Medical Operations has corrected the oversight and made the appropriate accounting entries to split the salary changes between the CDC grant and the HRSA Hospital Preparedness grants for the involved period. To further strengthen the administrative procedures and recordkeeping, the Office of Public Health Preparedness program has made the following changes:</p> <ul style="list-style-type: none"> --100% timekeeping rules are being followed as outlined in the department policy (DOHP 57-03-07) for employees paid from more than one federal grant. --Administrative Services Unit in the Division of Emergency Medical Operations is responsible for gathering bi-weekly timesheets and the preparation of all accounting adjustment entries on a quarterly basis. These adjustments are then submitted to the Division of Administration, Bureau of Budget Management, for approval and processing in the State Accounting System (FLAIR). --Certifications are being completed as outlined in DOHP 57-03-07. The certifications are completed semi-annually for employees 100% funded by the grants. The completed forms reside with the Office of Public Health Preparedness for recordkeeping. With respect to the overpayment, the Division of Emergency Medical Operations is pursuing all legal action to recover the overpayment as required by state statute from the vendor. The program will be credited for the overpayment. As a result, the following steps are now 	<p>a. Update and re-enforce DOH policies and administrative procedures to prevent any future violation of the Bioterrorism Hospital Preparedness grant Program requirements.</p> <p>b. Work with CDC/HRSA at the conclusion of this finding to revise the SF-269 Financial Status Reports (FSRs) and the PMS-272 for the related question of \$50,988.00.</p> <p>2. Wait on interpretation of law from DMS and then determine course of action.</p>
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Para. # Finding: Recommendation: Management Response: Corrective Action Plan:

being re-enforced at the Bioterrorism Hospital Preparedness Program Office:
 --Each division budget liaison that is responsible for a project within the Bioterrorism Hospital Preparedness grant program maintains a checkbook to monitor expenditures on a daily basis.
 --The Division of Emergency Medical Operations (DEMO) developed and maintains the monthly grant Encumbrance and Expenditure Report to improve the efficiency in timeliness of charges, budget adjustments, the liquidation of obligations or any possibility of processing an invoice more than once.
 --Improve the communication between the Bioterrorism Hospital Preparedness Grant Management Team and the Division of Administration budget analyst and grant analyst. The Bureau of Revenue Management will work with DEMO to emphasize the use of 45CFR92 and the Grant Policy Directives issued by the Department of Health and Human Services (HHS).

2. The DOH General Counsel and lawyer for the Executive Office of the Governor have concluded that an Attorney General opinion is not warranted at this time. The DOH is pursuing this issue with the Department of Management Services (DMS), the agency that oversees the administration of state contract procurement and statutes. The attorney for the Auditor General has been advised of the conclusion regarding an Attorney General opinion and the DOH request for DMS clarification of this issue. The DOH General Counsel's office anticipates updating the DOH Division of Administration on the results of DMS' review within the next 90 days.