

## **Financial Status and Audit briefing for Health Care for the Homeless Network Governance Council**

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### ***Financial Management***

As an agency of King County government, Seattle – King County Department of Public Health (SKCDPH) is required to maintain strong financial management and controls, which ensure careful oversight of the use of HCH Program funds. Specific policies and procedures are in place for procurement, contracting, budgeting, financial payments processing, accounting functions, and safeguarding assets and their authorized use. Program and Department financial management was reviewed thoroughly at the June 2019 HRSA Operational Site Visit and found to be largely compliant. Two minor issues identified were remedied within 30 days, which were adding references to the Federal Cost Principles (45 CFR Part 75 Subpart E: Cost Principles) into the Department's financial management and procurement policy documents.

The County budgets and accounts for its operations under principles set forth by the Government Accounting Standards Board (GASB), using the Oracle E-Business Suite (EBS) financial management system. Each year King County is required by law to balance its budget. King County has a full-time staff member dedicated to assuring federal grants compliance and training. HCH Program staff attend monthly grants management trainings and participate in internal accountability reviews.

### ***Monitoring Financial Status***

The EBS system gives King County the capability to produce financial status reports for meeting a wide variety of program needs. All SKCDPH federal awards are tracked in the EBS Project and Awards module which generates reports used to meet federal grant requirements. The HCH Program Managers, as well as other program and grant managers across the Community Health Services (CHS) Division, utilize such reports to support budget monitoring, decision-making and compliance monitoring.

The HCH Program has strong internal controls. The full HCHN project budget contained in the annual HRSA grant application is reflected in the larger SKCDPH budget. The program has procedures for assuring compliance with federal requirements, including routine subrecipient and contractor monitoring and site visits. HCH finance and administrative staff conduct regular site visits for program and fiscal reviews. The last round of fiscal site visits was conducted in September 2019, and contract agencies found to be in compliance. Program site visits are planned for early 2020. As part of those reviews, eligibility for homeless status, as defined by HRSA, is tested for compliance, along with other health center requirements. In addition, HCH Program staff conducts ongoing program and fiscal desk monitoring. This includes review of monthly contractor invoices to ensure that billed expenses are allowable in accordance with the terms and conditions of the federal award, the contract budget, and general cost principles. Program staff also conduct routine pre-award risk assessments of subrecipients, as well as post-award assessments for all contractors.

### ***Audit Results***

The County produces financial statements generated by the EBS system that are audited annually by independent auditors. In addition, the County's Comprehensive Annual Financial Report (CAFR) is submitted to and evaluated by the Government Finance Officers Association (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting.

The Washington State Auditor's Office (SAO) conducts the annual single audit of federal funds received by King County government, including SKCDPH. In 2019, the Healthcare for the Homeless Health Center grant (CFDA# 93.224) was not among the federal grant programs selected for the 2018 audit. However other SKCDPH programs received findings that we are actively reviewing to ensure our program's continued compliance. Our 330h grant will be selected again soon and we anticipate the SAO will heavily scrutinize any activities related to any previous findings. In particular, Health Care for the Homeless Network staff are reviewing these findings to guide the planning underway for our large procurement to be released in March 2020.

Within SKCDPH two programs, CFDA Number and Title: 93.898 Cancer Prevention and Territorial and Tribal Organizations Control Programs for State and CFDA Number and Title: 93.914 HIV Emergency Relief Project Grant, were selected in the 2018 audit. The SAO found that the County could not provide documentation to demonstrate it competitively procured the contracts and did not have documentation to demonstrate that it performed a cost or price analysis, as required. SAO states that without proper controls, the County cannot ensure it received the best price possible for the services purchased. They considered this deficiency of internal controls to be a material weakness.

As a result, the County is following all SAO recommendations and is now working to:

- strengthen its controls to ensure all purchases paid with federal funds are procured in accordance with federal requirements,
- provide trainings to staff involved in procuring federally funded contracts, and
- establish monitoring controls to ensure the County's procurement policy is followed.

Finally, the Department has been notified of a HRSA-initiated Legislative Mandate Review for our 330h grant. This is due to the grant being excluded from the annual single audit for 2019 and requires submission of policies and procedures addressing the HRSA Legislative Mandates. The Department-level policy is being shared with the Governance Council and will be submitted in the required 30 days. The Governance Council will be updated about the outcome of this review once it is complete.