

**Kentucky Cabinet for Health & Family Services
Oral Health Improvement through Sustainable
Local Coalitions Grants**

OIG Report Number: 16-03

Grants: KY-16468-I & C1

**Review Period: October 1, 2009 –
September 30, 2014**

Appalachian Regional Commission
1666 Connecticut Avenue, N.W.
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Washington, DC 20009-1068

Mr. Hubert N. Sparks
Inspector General

Transmitted herewith is a report of CohnReznick LLP (assignee from Watkins Meegan LLC pending novation), a Performance Review of the Kentucky Cabinet for Health & Family Services Oral Health Improvement through Sustainable Local Coalitions Grants KY-16468-I and C1. The report is in response to Contract No. BPA 11-01-B.

Watkins Meegan LLC (Watkins Meegan) combined with CohnReznick LLP (CohnReznick) in November 2014. As a result, a request to novate GSA contract #GS-00F-0031M from Watkins Meegan to CohnReznick was submitted to the U.S. federal government and is currently under consideration. The combination and pending novation have been appropriately communicated to the Appalachian Regional Commission Office of Inspector General in relation to continued performance of this engagement by CohnReznick pending formal approval of the novation by the U.S. federal government.

CohnReznick LLP

Tysons, Virginia
November 13, 2015

Kentucky Cabinet for Health & Family Services

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Background

The Appalachian Regional Commission (ARC) is a regional economic development agency that represents a partnership of federal, state and local governments. Established by an act of Congress in 1965, ARC is composed of the governors of the 13 Appalachian states and a federal co-chair who is appointed by the President. Local participation is provided through multi-county local development districts ("LDDs"). Each year, ARC provides funding for several hundred projects in the Appalachian Region, in areas such as business development, education and job training, telecommunications, infrastructure, community development, housing and transportation. These projects help create new jobs; improve local water and sewer systems; increase school readiness; expand access to health care; assist local communities with strategic planning; and provide technical and managerial assistance to emerging businesses.

The Cabinet for Health and Family Services ("CHFS" or "Grantee") is home to most of Kentucky's human services and health care programs, including the Department for Public Health, Medicaid, and the Department for Community Based Services. The Oral Health Improvement initiative is managed by the Department for Public Health whose mission is to improve the health and safety of citizens of Kentucky and visitors through prevention of negative health outcomes, promotion of healthy lifestyles and protection from diseases, injury and environmental health impacts.

On September 30, 2009, ARC approved the Oral Health Improvement through Sustainable Local Coalitions Grant, number KY-16468-I ("Grant I"), in the amount of \$593,978, to the Kentucky Cabinet for Health & Family Services for a period of October 1, 2009 to September 30, 2011. Matching funds were to be provided by the Grantee in the amount of \$164,872, for a total funding amount of \$758,850. In August 2010, ARC approved an amendment to Grant I to shift approximately \$9,675 in costs between existing line items, and in September 2012, ARC approved an amendment to extend the period of performance through September 30, 2012.

On September 25, 2012, ARC approved the Oral Health Improvement through Sustainable Local Coalitions Grant, number KY-16468-C1 ("Grant C1"), in the amount of \$452,954, to the Kentucky Cabinet for Health & Family Services for a period of October 1, 2012 to September 30, 2014. Matching funds were to be provided by the Grantee in the amount of \$112,738 for a total funding amount of \$565,692.

The purpose of Grants I and C1 was to address oral health disparities in the Appalachian region through the work of local health coalitions in distressed counties. Members of the health coalitions were trained and supported by Kentucky Oral Health Program staff to select strategies for improving oral health in their communities and to implement outcome-oriented community based projects.

The sources of funding and amounts noted in the ARC Grant agreements are shown in Tables 1 and 2 below:

Table 1: Analysis of Budgeted Project Funding Sources (Grant I)

Funding Sources – Grant I	Amount	Percentage
Appalachian Regional Commission (ARC)	\$ 593,978	78%
Kentucky Cabinet for Health & Family Services	\$ 164,872	22%
Total	\$ 758,850	100%

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Table 2: Analysis of Budgeted Project Funding Sources (Grant C1)

Funding Sources – Grant C1	Amount	Percentage
Appalachian Regional Commission (ARC)	\$ 452,954	80%
Kentucky Cabinet for Health & Family Services	\$ 112,738	20%
Total	\$ 565,692	100%

Executive Summary

ARC Grant funds were to be used to establish and sustain local health coalitions, purchase portable dental equipment units and supplies, provide training technical assistance to all health coalitions and cover other administrative costs for the Grantee. In total, ARC reimbursed \$388,917 of Grant related expenses during the period of Grant I. The remaining balance of \$205,061 of the \$593,978 ARC Grant funds was de-obligated after the submission of the final report by the Grantee. For Grant C1, ARC reimbursed \$315,258 of Grant related expenses during the period of the Grant. The remaining balance of \$137,696 of the \$452,954 ARC Grant funds was de-obligated after the submission of the final report by the Grantee. Both Grants were closed out by ARC on May 15, 2015. Matching funds contributed by the Grantee totaled \$164,872 and \$79,782 for Grants I and C1, respectively.

We were unable to review contractual costs and other expenses during our inspection because the Grantee did not have adequate supporting documentation. As such, we are unable to determine whether Grant expenses were valid and in direct relation to supporting the Grants and their objectives. We noted findings with regard to the lack of documentation retained by the Grantee in support of the expenses charged to the Grants. In addition, we determined that non-Federal matching costs could not be fully substantiated.

Lastly, we determined the Grantee achieved all outputs but did not achieve the outcomes as stated in the Grant approval memos.

Reference the Results section below for further details regarding the findings and additional observation.

Objective

CohnReznick LLP was engaged to conduct a performance review of the Kentucky Cabinet for Health & Family Services Oral Health Improvements through Sustainable Local Coalitions Grants for the period October 2009 to September 2014. The purpose of our performance review was to determine the following:

- Funds expended and claimed for reimbursement from ARC and matching funds reported to ARC were valid program expenses and in accordance with the ARC Grant requirements;
- Internal controls were in place to ensure compliance with the Grant requirements; and
- Outputs and outcomes of the Grants had been, or would be, achieved.

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Scope

We completed a performance review of the Grants, including fieldwork at the Grantee office in Frankfort, Kentucky from June 30 – July 2, 2015, as described under this section and under the review methodology section. Our review was based on the terms of the Grant agreements and on the application of procedures in the modified ARC Audit Program.

Review Methodology

Our procedures were based on the guidelines provided by the ARC Office of the Inspector General and included suggested procedures over the Grantee's accounting and internal control systems affecting the grants. We met with the Department of Public Health's Oral Health Department Dental Director and other members of the Grantee's administrative staff to obtain an understanding of the overall structure and processes around Grant administration and monitoring.

Our review of background material included the Grant applications, ARC Grant approval memos, and Grant agreements between the Grantee and ARC. In addition, we reviewed related documentation and information from ARC's Grant management system and the Grantee's audited financial statement for the Fiscal Year Ended June 30, 2013.

We reviewed controls in place for recording, accumulating and reporting costs under the Grants. We also performed a high-level reconciliation of the activity on the Grants between the General Ledger support provided by the Grantee and funds received from ARC.

For a sample of expenses across both Grants, we attempted to review invoices and accompanying support to determine whether the associated costs were recorded correctly, allowable to the Grant, and recorded in the appropriate reporting period.

We verified the salary of the Oral Health Department Dental Director ("OHDDD" or "employee"), the only employee charging time to the ARC Grant, and recalculated the employee's pay period salary for accuracy. We made inquiries regarding how the employee's payroll and fringe benefit charges were recorded and allocated. We also observed the online timekeeping program to understand the process for recording and approving the employee's time.

Lastly, we made inquiries with the Grantee and reviewed supporting documentation to determine if the outputs and outcomes of the Grants were achieved.

Results

Compliance with Grant Provisions

The final reports for Grants I and C1 were filed by the Grantee on December 31, 2012 and 2014, respectively. ARC funded \$388,917 for Grant I with the Grantee reporting \$164,872 in matching funds, for total funding of \$553,789. ARC funded \$315,258 for Grant C1 with \$79,782 of matching funds reported by the Grantee, for total funding of \$395,040. We noted the final reports were not filed in a timely manner as required, within one month end of the period of performance.

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Grant funds were used to cover contractual costs to establish and sustain local health coalitions, purchase portable dental equipment units and supplies, allow the Grantee to provide technical assistance and training to all health coalitions as well as cover other administrative costs. We were unable to test Grant related expenses because the Grantee did not have adequate supporting documentation. As a result, we were not able to determine whether the expenses were valid and in direct relation to supporting the Grants and their objectives.

We also reviewed and tested the non-Federal matching funds reported by the Grantee which was covered 100% through In-Kind services funded by the Kentucky Cabinet for Health and Family Services. Through our review, we determined the In-Kind contributions related primarily to salaries and fringe benefits but also included supplies, indirect expenses and travel costs. We were unable to validate the allocation of salary and related fringe benefits charged to the Grant for the Oral Health Department Dental Director.

Through inquiry and review, we sought to validate the outputs and outcomes expected from the Grant awards as detailed in the Grant approval memos. The outputs and outcomes for each Grant are shown in Table 3 below:

Table 3: Overview of Outputs and Outcomes

	Grant I	Grant C1
Outputs	Distribute readiness assessments to distressed counties	Distribute readiness assessments to 28 distressed counties
	Form 12 Oral Health coalitions	Form 10 Oral Health coalitions
	Award portable dental equipment to two communities	Award portable dental equipment to one community
Outcomes	Determine whether Coalitions implemented local oral health initiatives	Same as Grant I
	Determine whether hundreds of patients were treated that would otherwise not receive services	Same as Grant I

Based on inquiries and our review of selected supporting details, we determined the Grantee successfully achieved the aforementioned outputs but failed to achieve any of the outcomes.

At the conclusion of our review, we noted and discussed the following items with Management, who generally agreed with the findings as described below:

Finding 1: Monitoring and Supporting Documentation for Grant Expenses

Part II, Article 11 - Method of Payment, of the Appalachian Regional Commission Grant Agreement: General Provisions states "(4) Disbursements. All disbursements shall be for obligations incurred, after the effective date, in the performance of this Agreement, and shall be supported by contracts, invoices, vouchers and other data, as appropriate, evidencing the disbursements."

Article 14 – Records / Audit, of the Appalachian Regional Commission Grant Agreement: General Provisions states "(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The documentation in support of each action in the accounting records shall be filed in such a

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manner that it can be readily located. Grantee shall maintain custody of time records, payrolls, and other data, as appropriate, to substantiate all services reported to the Commission as Contributed Services under this Agreement. (2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit.”

The Grantee was unable to provide and did not have adequate supporting documentation to substantiate expenses incurred by the health coalitions. The Grantee reimbursed the health coalitions upon review of monthly financial statements submitted to the Grantee but without any detailed evidence or underlying invoices. Upon inquiry, the Grantee stated they had never requested detailed evidence or underlying invoices from the coalitions and had never thought to do so. As a result, there is a risk the ARC may have reimbursed the Grantee for expenses that would have otherwise not been allowable to the Grant.

Recommendation:

We recommend the Grantee perform a review of all reimbursed expenses by requesting detailed evidence or underlying invoices and validate them against the monthly financial statements received from all health coalitions. Going forward, the Grantee should establish and maintain sufficient records in accordance with the Grant agreement(s) and best practices and require all health coalitions to provide appropriate supporting documentation with all future expense reimbursement requests.

Grantee Response:

The Grantee indicated The Department for Public Health has procedures in place to ensure that all records pertaining to costs, expenses, and funds related to the Agreement are kept in a manner which is consistent with GAAP. In addition, the Grantee also indicated all receipts are maintained and retained as back up by each local health department within their bookkeeping system and The Department for Public Health does not retain expenditure reports and receipts. The State Oral Health director offered to contact local health departments who received the grant funds to collect their invoices related to the grants, but the auditor did not request this be done. Going forward, the Dental Director will more carefully analyze the Articles of Agreement to closely align the intent of the Agreement with the grant activities that require supporting documentation. (See Attachment A for the Grantee's response in its entirety.)

Auditor Response:

We believe there was a misunderstanding relating to the Grantee's offering to collect supporting invoices. ARC should make a determination to the adequacy of the Grantee's response and whether additional follow-up work is necessary.

Finding 2: In-Kind Services

Part II, Article 14 – Records / Audit, of the Appalachian Regional Commission Grant Agreement: General Provisions states “(4) If Grantee has not provided either cash or contributed services of a value determined by the Commission to be sufficient to support the payments made by the Commission, or has failed to obligate or disburse any such sums for the purpose of this Agreement, the final payment shall be reduced, or the Grantee shall make an appropriate refund.”

Through our review of In-Kind contributions charged to the Grants, we validated the accuracy of the salary of the one employee whose salary was charged to the Grant, made inquiries to understand the process used by the

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bookkeeper for recording and allocating salary and fringe benefits, and reviewed the timekeeping process used by the employee. These costs were reported as non-Federal matching funds.

Per discussion with the bookkeeper she indicated she would allocate the Oral Health Department Dental Director's semi-monthly salary and fringe benefits based on the OHDDD's estimate of percent of time spent performing services related to or managing the Grant in any given month. Time was not allocated within the payroll system. Our review of the General Ledger indicated that the Grantee charged approximately 40 and 22 percent of the employee's salary and approximately 34 and 30 percent of fringe benefits over the course of the periods of performance for Grants I and C1, respectively. The frequency of the salary and fringe benefit amounts recorded to the General Ledger were adjusted to meet the matching requirements.

To independently assess the allocation, we met with the Oral Health Department Dental Director who indicated that she spent, on average, 10 percent of her time performing services related to or managing the Grants. Without documentation maintained at the time the work was performed, we were unable to validate the salary and fringe benefits charged to non-Federal Matching. The tables below detail the actual employee salary and the amount of salary and fringe benefits charged to the grant. Fringe benefits included retirement funding, health and life insurance allocation and payroll taxes.

Table 4: Overview of Salary and Fringe Benefits Charged to non-Federal Matching (Grant I)

Grant I – Salaries and Wages				
Grant Fiscal Year	OHDDD's Salary	Salary \$ Amount Charged to G/L	OHDDD's Fringe Benefits ¹	Fringe Benefit \$ Amount Charged to G/L
2010	\$106,218	\$91,454	\$35,730	\$26,763
2011	\$106,218	\$30,818	\$35,730	\$8,588
2012	\$106,218	\$3,567	\$36,690	\$1,387
TOTAL	\$318,654	\$125,839	\$108,150	\$36,738
% of TOTAL		40%		34%

Table 5: Overview of Salary and Fringe Benefits Charged to non-Federal Matching (Grant C1)

Grant C1 – Salaries and Wages				
Grant Fiscal Year	OHDDD's Salary	Salary \$ Amount Charged to G/L	OHDDD's Fringe Benefits	Fringe Benefit \$ Amount Charged to G/L
2013	\$106,218	\$45,917	\$40,671	\$25,770
2014	\$106,218	\$0	\$46,248	\$0
TOTAL	\$212,436	\$45,917	\$86,919	\$25,770
% of TOTAL		22%		30%

¹ The amount for Grant FY2010 is an estimate based on the OHDDD's fringe benefit data for FY2011. We were unable to obtain the OHDDD's fringe benefit data for FY2010.

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Recommendation:

We recommend the Grantee enhance procedures to ensure supporting documentation for In-Kind payroll and fringe benefits charged to accurately reflect actual time spent in support of the Grant. This should be evidenced in time keeping records maintained contemporaneously with the work being performed. The Grantee should work with ARC to assess the allowability of the matching funds.

Grantee Response:

The Grantee indicated that for a now current ARC Grant and going forward, the Dental Director will work with the assigned budget analyst to determine effective reporting of the director's and program coordinator's time that will reflect actual time spent in support of the Grant and copies of their timesheets will be available as backup documentation. (See Attachment A for the Grantee's response in its entirety.)

Auditor Response:

Based on the Grantee response we believe the enhanced measures the Grantee is to implement going forward will be sufficient. We recommend ARC make a determination to the adequacy of the Grantee's response and whether additional follow-up work is necessary for these Grants (I & C1).

Finding 3: Monitoring and Reporting on Grant Outputs and Outcomes

Through inquiry and review, we observed evidence and determined that the Grantee successfully achieved all expected outputs as noted in the Grant approval memos. However, we noted for both Grants that the Grantee had not achieved the outcomes of determining whether the health coalitions implemented local oral health initiatives and whether hundreds of patients were treated that would otherwise not have received dental services. This information was also omitted from the Grantee's final reports for both Grants. The Grantee did not appear to have procedures in place to monitor work funded by the Grant or to measure achievement of proposed outcomes. We believe that, absent any guidance from ARC to the contrary, the Grantee should be working towards achieving specific outcomes and should have measures in place to quantify performance against these targets.

Recommendation:

We recommend that for future grants, the Grantee identify quantitative and/or qualitative goals related to the funded initiatives and expected number of patients to be treated and obtain relevant feedback from the health coalitions. We also recommend that the Grantee include in future Final Reports whether or not its outputs and outcomes were successfully achieved and, if not, appropriately address the underlying reasons.

Grantee Response:

The Grantee indicated that there was no specific expectation in the Grant relative to numbers of patients seen, but the Grant was consistent in explaining that the portable equipment would be in place to increase access to those in the respective communities. The Grantee has now documented (after the Grant period closed), year-to-date, that over 9500 patients have received services from three portable equipment complements in the ARC region. Moving forward, the program now has a coordinator that is dedicated to the success of the now current Grant whom will be working closely with the Dental Director to assure that the outcomes are met in addition to the outputs. (See Attachment A for the Grantee's response in its entirety.)

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Auditor Response:

Based on the Grantee response we do not believe any additional action is necessary.

Observation 1: Reporting Requirements

Per our inquiry of the Grantee and review of the final reports, the Grantee did not submit timely final reports to ARC as required. The Grantee is to submit final reports within one month upon completion of the Grant period of performance. As previously discussed, final reports for Grant I and Grant C1 were filed on December 31, 2012 and 2014, respectively which otherwise should have been submitted no later than October 31, 2012 and 2014, respectively.

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RE: Response to findings. ARC Grant KY-16468

Finding 1: Monitoring and Supporting Documentation for Grant Expenses

Part II, Article 11 - Method of Payment, of the Appalachian Regional Commission Grant Agreement: General Provisions states "(4) Disbursements. All disbursements shall be for obligations incurred, after the effective date, in the performance of this Agreement, and shall be supported by contracts, invoices, vouchers and other data, as appropriate, evidencing the disbursements."

Article 14 – Records / Audit, of the Appalachian Regional Commission Grant Agreement: General Provisions states "(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The documentation in support of each action in the accounting records shall be filed in such a manner that it can be readily located. Grantee shall maintain custody of time records, payrolls, and other data, as appropriate, to substantiate all services reported to the Commission as Contributed Services under this Agreement. (2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit."

The Grantee was unable to provide and did not have adequate supporting documentation to substantiate expenses incurred by the health coalitions. The Grantee reimbursed the health coalitions upon review of monthly financial statements submitted to the Grantee but without any detailed evidence or underlying invoices. Upon inquiry, the Grantee stated they had never requested detailed evidence or underlying invoices from the coalitions and had never thought to do so. As a result, there is a risk the ARC may have reimbursed the Grantee for expenses that would have otherwise not been allowable to the Grant.

Recommendation:

We recommend the Grantee perform a review of all reimbursed expenses by requesting detailed evidence or underlying invoices and validate them against the monthly financial statements received from all health coalitions.

Going forward, the Grantee should establish and maintain sufficient records in accordance with the Grant agreement(s) and best practices and require all health coalitions to provide appropriate supporting documentation with all future expense reimbursement requests.

RESPONSE: *(1) Grantee shall establish procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The Department for Public Health has procedures to ensure that all records pertaining to costs, expenses, and funds related to the Agreement shall be kept in a manner which is consistent with generally accepted accounting procedures. The Department for Public Health works with local health departments as sub recipients of grant funding. The financial structure of the public health system provides for the expenditures that happen at the local level to be reviewed locally and then submitted and approved by the state program to assure they are within the criteria for the funding. When the state staff have approved and verified the appropriateness to the grant requirements, the expense is posted in the state's financial management system for payment from the grant fund. All receipts are maintained and retained as back up by the local health department within their bookkeeping system. The State Oral Health director offered to contact local health departments who received the grant funds to collect their invoices related to the grants, but the auditor did not request this be done.*

(2) All invoices, vouchers, statements of costs, and reports of disbursements of funds are subject to audit. Each health department is required by state regulation to have an annual audit. 902 KAR 8:165 states that: "(2) Each local health department shall be audited by a certified public accountant after the close of every fiscal year. The nature of audit services required is as follows: (a) The objectives of the audit is to assure that receipts and expenditures have been properly authorized, recorded, and reported. (b) The following items shall be audited: 1. Federal, state, and local funds and fees received and expended; and 2. Books, accounts, and other financial documentation, by cost center." This grant had a specific cost center assigned to it for just this purpose. The Financial Management Reference underscores the necessity of the audit several times: Page 3 states that: "The Department for Public Health (DPH) has

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established uniform procedures to be used by all Local Health Departments (LHDs)." Page 4 makes direct reference to the need follow the state regulation: "Local Health Department Accounting And Auditing Requirements: LHDs will adhere to the requirements outlined in Administrative Regulation 902 KAR 8:165." And "Audits shall be in accordance with Section 2 of 902 KAR 8:165." The Department for Public Health does not retain expenditure reports and receipts; but partnered health departments do, under their uniform procedures outlined financial management requirements.

Going forward, the KY Oral Health Program has one current grant (CO-18281) funded by ARC. Based on the findings in this audit, the Dental Director will more carefully analyze the Articles of Agreement (and in this case, Part II, Article 11) to closely align the intent of the Agreement with the grant activities that require supporting documentation.

Finding 2: In-Kind Services

Part II, Article 14 – Records / Audit, of the Appalachian Regional Commission Grant Agreement: General Provisions states "(4) If Grantee has not provided either cash or contributed services of a value determined by the Commission to be sufficient to support the payments made by the Commission, or has failed to obligate or disburse any such sums for the purpose of this Agreement, the final payment shall be reduced, or the Grantee shall make an appropriate refund."

Through our review of In-Kind contributions charged to the Grants, we validated the accuracy of the salary of the one employee whose salary was charged to the Grant, made inquiries to understand the process used by the bookkeeper for recording and allocating salary and fringe benefits, and reviewed the timekeeping process used by the employee. These costs were reported as non-Federal matching funds. Per discussion with the bookkeeper she indicated she would allocate the OHDDD's semi-monthly salary and fringe benefits based on the OHDDD's estimate of percent of time spent performing services related to or managing the Grant in any given month. Time was not allocated within the payroll system. Our review of the General Ledger indicated that the Grantee charged approximately 40 and 22 percent of the employee's salary and approximately 34 and 30 percent of fringe benefits over the course of the periods of performance for Grants I and C1, respectively. The frequency of the salary and fringe benefit amounts recorded to the General Ledger were adjusted to meet the matching requirements. To independently assess the allocation, we met with the OHDDD who indicated that she spent, on average, 10 percent of her time performing services related to or managing the Grants. Without documentation maintained at the time the work was performed, we were unable to validate the salary and fringe benefits charged to non-Federal Matching. The tables below detail the actual employee salary and the amount of salary and fringe benefits charged to the grant. Fringe benefits included retirement funding, health and life insurance allocation and payroll taxes.

Recommendation:

We recommend the Grantee enhance procedures to ensure supporting documentation for In-Kind payroll and fringe benefits charged to accurately reflect actual time spent in support of the Grant. This should be evidenced in time keeping records maintained contemporaneously with the work being performed. The Grantee should work with ARC to assess the allowability of the matching funds.

RESPONSE: Although other staff in the oral health program assisted with coalition activities, they did not keep time sheets that broke out their time by specific funding sources so their efforts could not be documented as in-kind for the grant. Since the director was the primary contact for the Coalition grants, a percentage of her salary was used to meet the match requirements. For the current ARC Grant and going forward, the Dental Director will work with the assigned budget analyst to determine effective reporting of the director's and program coordinator's time that will reflect actual time spent in support of this grant and copies of their timesheets will be available as backup documentation. This method of time recording will be in compliance with the Cabinet's payroll policies and expectations. Additionally, a separate sub-function has been established in order to identify match expenses accurately.

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Finding 3: Monitoring and Reporting on Grant Outputs and Outcomes

Through inquiry and review, we observed evidence and determined that the Grantee successfully achieved all expected outputs as noted in the Grant approval memos. However, we noted for both Grants that the Grantee had not achieved the outcomes of determining whether the health coalitions implemented local oral health initiatives and whether hundreds of patients were treated that would otherwise not have received dental services.

This information was also omitted from the Grantee's final reports for both Grants. The Grantee did not appear to have procedures in place to monitor work funded by the Grant or to measure achievement of proposed outcomes. We believe that, absent any guidance from ARC to the contrary, the Grantee should be working towards achieving specific outcomes and should have measures in place to quantify performance against these targets.

Recommendation:

We recommend that for future grants, the Grantee identify quantitative and/or qualitative goals related to the funded initiatives and expected number of patients to be treated and obtain relevant feedback from the health coalitions. We also recommend that the Grantee include in future Final Reports whether or not its outputs and outcomes were successfully achieved and, if not, appropriately address the underlying reasons.

RESPONSE: The awards for portable dental equipment were not made until late in the coalition development, after the coalitions had time to engage the community and develop a plan. The time from awarding the funding to implementing services through use of the portable equipment extended beyond the closing of the grant period. However, services were provided from this investment; this was discussed with the auditor. There was no specific expectation in the grant relative to numbers of patients seen, but the grant was consistent in explaining that the portable equipment would be in place to increase access to those in the respective communities. In Section 3, 2), 4., of the application, we state that:

“Through the support of the ARC Project, portable dental units will be placed in areas of the distressed counties in order to increase access and utilization of regular dental services by the area’s population.”

In Section 3, 2) 4., d (ii) are phrases that continue the intent of increasing access to people in need.:

“Although the overriding target of this grant is the youth of the area, people of all ages will have better access dental services with properly utilized portable equipment “

“Through the placement of portable dental equipment, comprehensive oral health care can be provided to populations that have difficulty gaining access to the traditional dental office or clinic. These groups of individuals have special needs such as being in residential facilities or homebound; or they live in isolated areas where there are no dental offices; or are children who do not have access to regular preventive oral health services.”

We now have documented, year-to-date, that **over 9500 patients have received services from the three portable equipment complements in the ARC region.** These numbers occurred after the grant period closed.

Moving forward, the program now has a coordinator that is dedicated to the success of the current grant. They are working closely with the dental director to assure that the outcomes are met in addition to the outputs. Also, in the new grant, the program is contracting with a university dental school for quantitative evaluation of that project.