



DIVISION OF HEALTHCARE ACCESS

Communications | EMS/Trauma | Health Information Technology
Public Health Preparedness & Response | Rural Health

January 16, 2024

South Dakota Health Care Coalition
Attn: Greg Santa Maria
310 W 18th St. Ste 2
Sioux Falls, SD 57104

Dear Mr. Santa Maria:

The Department of Health has received a copy of your June 30, 2022, audit report which includes audit findings pertinent to the National Bioterrorism Hospital Preparedness Program Federal Financial Assistance Listing 93.889 administered through our department on contract 22SC091990. Federal Register 2 CFR Chapter I, Chapter II, part 200 section 200.521 (c) requires that Department of Health “issue a management decision on audit findings that relate to Federal award it makes to subrecipients”. To assess the impact of these findings and issue a management decision, we request the following information be provided by March 1, 2024.

Finding 2022-001 Activities Allowed and Allowable Costs, Period of Performance, Cash Management and Reporting 2 CFR 200.303(a)

No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing, and approving information. Additionally, internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.

Finding 2022-002 Equipment and Real Property Management Material Weakness in Internal Control over Compliance 2 CFR 200.303(a); 2 CFR 200.313 (d)(1); 2 CFR 200.313(d)(2)

- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing, and approving information. Additionally, internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.
- b) Property records lack descriptive elements as required by 2CFR 200.313(d)(1), including source of funding, acquisition date and cost.
- c) A physical inventory of equipment has not been performed within the last two years.

Finding 2022-003 Procurement, Suspension and Debarment Material Weakness in Internal Control over Compliance 2 CFR 200.303(a); 2 CFR 200.318; 2 CFR 180



- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing, and approving information. Additionally, internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.
- b) 15 instances identified in our sample of expenditures in which the transaction exceeded the Coalition's micro-purchase threshold, required a price analysis, however, the price analysis was not documented or completed.
- c) The Coalition's procurement policy does not include all the required elements as outlined in the Uniform Guidance.
- d) Five vendors were not verified against the central contractor registry prior to the expenses being incurred to ensure that the vendor was not suspended or debarred.

Finding 2022-004 Earmarking Material Weakness in Internal Control over Compliance 2 CFR 200.303(a)

- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing, and approving information.
- b) No ongoing analysis is completed over comparison of actual expenditures to earmarked expenditures.

Your corrective action plan for 2022-001 indicates The SDHCC has updated its invoicing process to include an internal review of all invoices prior to submission for reimbursement by the state. Per the new process, the executive director reviews, prepares and completes the initial invoicing process. Once complete, the invoice is forwarded to the SDHCC treasurer for final review and approval prior to final submission to SD DOH. The review process is formally documented by treasurer signature on face document prior to submission to DOH
Grant management policy is currently in revision. With an anticipated completion date of April 7, 2023.

Your correction action plan for 2022-002 indicates the SDHCC Executive has updated the SDHCC fixed asset listing to include recommended components listed in the findings above. This includes an updated physical inventory of all listed equipment. Anticipated completion date March 16, 2023.

Your corrective action plan for 2022-003 indicates The SDHCC Executive Director is currently revising the Coalition procurement policy to ensure that it appropriately reflects all elements required by the Uniform Guidance.

The SDHCC Executive Director is updating the current review process to ensure that moving forward, all transactions that will exceed the Coalition's micro purchase threshold include a documented price analysis. This will be reflected in the revised procurement policy.

In an effort to ensure full compliance with vendor regulations. All outside vendors will be verified against the central contractor database before the SDHCC enters into any purchase agreements. This will be reflected in the revised SDHCC procurement policy. With an anticipated completion date of April 7, 2023



DIVISION OF HEALTHCARE ACCESS

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Your corrective action plan for 2022-004 indicates the SDHCC is working with its accounting firm to synchronize line-item coding to better ensure that expenditures are correctly coded and do not exceed maximums per line items outlined in grant contracts. The budget to actual grant expenditure comparisons will be provided to the SDHCC treasurer for review and comparison to the grant earmarking maximums. With an anticipated completion date of April 28, 2023.

Please provide a copy of your policies and procedures and any additional information you have on these audit findings to our office by March 1, 2024.

Sincerely,

A handwritten signature in blue ink that reads 'Emily Kiel'.

Emily Kiel
Division Director Healthcare Access



427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE, SD 57501-5070
(605) 773-3595

RUSSELL A. OLSON
AUDITOR GENERAL

Date: October 12, 2023

To: SD Board of Internal Control (State Agency - SD Department of Health)

Re: Program Specific Audit Report on – South Dakota Health Care Coalition
As of and for the year ended June 30, 2022

By: EideBailly CPAs Business Advisors

We have accepted the final report on the program specific audit of the above-named entity conducted under the requirements of OMB Uniform Guidance.

OMB Uniform Guidance requires the State of South Dakota, as a direct recipient of federal assistance who provides federal awards to a subrecipient, to:

1. Ensure that subrecipients expending \$750,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Uniform Guidance for that fiscal year.
2. Ensure that the subrecipient takes timely and appropriate corrective action when the audit report discloses instances of noncompliance with federal laws and regulations.
3. Consider whether this subrecipient audit necessitates adjustment of your program records.

The accompanying program specific audit report is submitted to you to help fulfill these requirements.

The program specific report does identify audit findings and/or questioned costs pertaining to federal award programs administered by a State agency/department that are required to be reported in accordance with OMB Uniform Guidance, §200.516(a). See page 7.

Please contact us if you have any questions.

Sincerely,

Russell A. Olson
Auditor General

Enclosure



Schedule of Expenditures of Federal Awards and Reports
Required by Government Auditing Standards and the
Uniform Guidance
National Bioterrorism Hospital Preparedness Program
June 30, 2022

South Dakota Health Care Coalition

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Independent Auditor's Report

To the Board of Directors
South Dakota Health Care Coalition
Sioux Falls, South Dakota

Report on the Audit of the Schedule of Expenditures of Federal Awards

Opinion

We have audited the schedule of expenditures of federal awards for the National Bioterrorism Hospital Preparedness Program of South Dakota Health Care Coalition (the Coalition) for the year ended June 30, 2022, and the related notes (the schedule).

In our opinion, the accompanying schedule presents fairly, in all material respects, the expenditures of federal awards for the National Bioterrorism Hospital Preparedness Program received by the Coalition. for the year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Coalition. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Eide Bailly LLP

Sioux Falls, South Dakota
March 20, 2023



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
South Dakota Health Care Coalition
Sioux Falls, South Dakota

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited South Dakota Health Care Coalition’s (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Coalition’s major federal program for the year ended June 30, 2022. The Coalition’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Company’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Coalition's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Coalition's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003 and 2022-004 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Coalition's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Coalition's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Sioux Falls, South Dakota
March 20, 2023

South Dakota Health Care Coalition
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through from State of South Dakota Department of Health Division of Health Systems Development and Regulation National Bioterrorism Hospital Preparedness Program	93.889	22SC091990	\$ 877,016
Total Expenditures of Federal Awards			<u>\$ 877,016</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of South Dakota Health Care Coalition (the Coalition) under the National Bioterrorism Hospital Preparedness Program for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Coalition.

Subsequent Events

The Coalition has evaluated subsequent events through March 20, 2023, the date which the schedule were available to be issued.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Coalition has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

Financial Statement

Type of auditor's report issued	Unmodified
Noncompliance material to financial statement noted	No

Federal Awards

Internal control over major program: Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of Major Program

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
National Bioterrorism Hospital Preparedness Program	93.889
Dollar threshold used to distinguish between Type A and Type B programs	N/A - program-specific audit
Auditee qualified as low-risk auditee	No

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

**2022-001 Department of Health and Human Services
Federal Financial Assistance Listing #93.889, 22SC091990
National Bioterrorism Hospital Preparedness Program**

**Activities Allowed and Allowable Costs, Period of Performance, Cash Management and Reporting
Material Weakness in Internal Control over Compliance**

Criteria: 2CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

Condition: No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing and approving information. Additionally, internal control procedures documented within Coalition’s Grant Management Policy have not been updated since departure of the Grant Management Director.

Cause: The Coalition hasn’t formally adopted and implemented updated internal control procedures since departure of the Grant Management Director.

Effect: Without established controls over activities allowed and allowable costs, period of performance, cash management and reporting, there is a reasonable possibility that the Coalition would not detect noncompliance in the normal course of performing duties and correct them in a timely manner.

Questioned Costs: None reported.

Context: Testing was performed over the compliance requirements as follows:

- Activities Allowed, Allowable Costs and Period of Performance – A non-statistical sample of 60 non-payroll transactions were selected for testing, accounting for approximately \$379,111 of \$749,012 total non-payroll costs charged to the federal award. Additionally, all Executive Director wages charged to the federal award were tested.
- Cash Management – A non-statistical sample of 13 out of 64 draw requests were selected for testing.
- Reporting – the close-out report required to be filed in the fiscal year was tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend that management implement procedures and control processes to incorporate and document an independent review and approval.

Views of Responsible Officials: Management agrees with the finding.

**2022-002 Department of Health and Human Services
Federal Financial Assistance Listing #93.889, 22SC091990
National Bioterrorism Hospital Preparedness Program**

**Equipment and Real Property Management
Material Weakness in Internal Control over Compliance**

Criteria: 2CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award. 2CFR 200.313(d)(1) requires property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. 2CFR 200.313(d)(2) requires a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

Condition: The following matters were identified during testing:

- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing and approving information. Additionally, internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.
- b) Property records lack descriptive elements as required by 2CFR 200.313(d)(1), including source of funding, acquisition date and cost.
- c) A physical inventory of equipment has not been performed within the last two years.

Cause: The Coalition hasn't formally adopted and implemented updated internal control procedures since departure of the Grant Management Director. Additionally, the Coalition was unaware of federal requirements pertaining to the descriptive elements of property records required and the completion of a physical inventory of property every two years.

Effect: Without established controls over equipment and real property management, there is risk that equipment could be misappropriated, unallowable equipment purchases could be charged to the federal award and an increased risk federal agency wouldn't be reimbursed if federal-funded equipment was disposed of.

Questioned Costs: None reported.

Context: There were three fixed asset purchases charged to the federal award within the fiscal year of which all were tested.

Repeat Finding from Prior Year: No

Recommendation: We recommend that management implement procedures and control processes to incorporate and document an independent review and approval over equipment compliance requirements, comply with property record requirements, and perform a bi-annual physical inventory of the equipment.

Views of Responsible Officials: Management agrees with the finding.

**2022-003 Department of Health and Human Services
Federal Financial Assistance Listing #93.889, 22SC091990
National Bioterrorism Hospital Preparedness Program**

**Procurement, Suspension and Debarment
Material Weakness in Internal Control over Compliance**

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award. 2 CFR 200.318 requires documentation to be retained to detail the history of procurements. In addition, as outlined in 2 CFR 180, recipients must not utilize any vendor which is suspended or debarred or is otherwise excluded from the central contractor registry.

Condition: The following matters were identified during testing:

- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing and approving information. Additionally, internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.
- b) 15 instances identified in our sample of expenditures in which the transaction exceeded the Coalition's micro-purchase threshold, required a price analysis, however, the price analysis was not documented or completed.
- c) The Coalition's procurement policy does not include all the required elements as outlined in the Uniform Guidance.
- d) Five vendors were not verified against the central contractor registry prior to the expenses being incurred to ensure that the vendor was not suspended or debarred.

Cause: The Coalition hasn't formally adopted and implemented updated internal control procedures since departure of the Grant Management Director. Additionally, the Coalition did not retain documentation to support the history of procurement in accordance with Uniform Guidance. Lastly, the internal control process ensuring vendors are verified against the central contractor registry was not followed.

Effect: Without established controls over procurement, suspension and debarment, there is a reasonable possibility that the Coalition would not detect errors in the normal course of performing duties and correct them in a timely manner. Without retaining supporting documentation detailing the history of procurement, demonstrating that the program complies with laws, regulations, and other compliance requirements is difficult. Lastly, failing to verify vendors against the central contractor registry may result in the Coalition contracting for services with ineligible parties.

Questioned Costs: None reported.

Context: Testing was performed over the compliance requirements as follows;

- Procurement - A non-statistical sample of 60 non-payroll transactions were selected for testing, accounting for approximately \$379,111 of \$749,012 total non-payroll costs charged to the federal award.
- Suspension and Debarment - all five vendors with transactions equaling or exceeding \$25,000 were selected for suspension and debarment testing.

Repeat Finding from Prior Year: No

Recommendation: We recommend that management implement procedures and control processes to incorporate and document an independent review and approval over procurement, suspension and debarment, update the procurement policy to include Uniform Guidance elements, retain documentation on price analysis for transactions over the micro-purchase threshold and verification of vendors against the central contractor registry.

Views of Responsible Officials: Management agrees with the finding.

**2022-004 Department of Health and Human Services
Federal Financial Assistance Listing #93.889, 22SC091990
National Bioterrorism Hospital Preparedness Program**

**Earmarking
Material Weakness in Internal Control over Compliance**

Criteria: 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

Condition: The following matters were identified during testing:

- a) No independent secondary level of review or approval is performed. One employee is involved in preparing, reviewing and approving information.
- b) No ongoing analysis is completed over comparison of actual expenditures to earmarked expenditures.

Cause: The Coalition hasn't formally adopted and implemented updated internal control procedures to track actual costs to earmarked expenditure thresholds.

Effect: Without established controls over earmarking, there is a reasonable possibility that the Coalition would not detect errors in the normal course of performing duties and correct them in a timely manner. Lack of an ongoing analysis of budgeted expenses to actual could result in the Coalition expending more funds than originally earmarked within the grant agreement.

Questioned Costs: None reported.

Context: Testing was performed over each of the three earmarking requirements identified within the grant agreement.

Repeat Finding from Prior Year: No

Recommendation: We recommend that management implement procedures and control processes to incorporate and document an independent review and approval over earmarking, including a periodic analysis of actual expenditures to earmarked expenditures.

Views of Responsible Officials: Management agrees with the finding.



South Dakota Health Care Coalition
310 West 18th Street
Suite 2
Sioux Falls, SD 57104

South Dakota Health Care Coalition
Corrective Action Plan in response to Federal Audit Findings for FY ending June 30, 2022

Program Specific Audit

Finding: 2022-001

Federal Agency Name: Department of Health and Human Services

Program Name: National Bioterrorism Hospital Preparedness Program

*Federal Financial Assistance Listing #*93.889

Compliance Requirement: Activities Allowed and Allowable Costs, Period of Performance, Cash Management and Reporting

Finding Summary: No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing and approving information. Additionally, Internal control procedures documented within Coalition's Grant Management Policy have not been updated since departure of the Grant Management Director.

Responsible Individuals: Greg Santa Maria, Executive Director

Corrective Action Plan:

The SDHCC has updated its invoicing process to include an internal review of all invoices prior to submission for reimbursement by the state. Per the new process, the executive director reviews, prepares and completes the initial invoicing process. Once complete, the invoice is forwarded to the SDHCC treasurer for final review and approval prior to final submission to SD DOH. The review process is formally documented by treasurer signature on face document prior to submission to DOH

Grant management policy is currently in revision.

Anticipated Completion Date:

For Invoicing Process, practice was changed to reflect final review by SDHCC treasurer on January 10, 2023, beginning with BP4 Invoice number 227.

Projected Grant Management policy revision first draft to Board is Friday April 7, 2023

Finding: 2022-002

Federal Agency Name: Department of Health and Human Services

Program Name: National Bioterrorism Hospital Preparedness Program

*Federal Financial Assistance Listing #*93.889

Compliance Requirement: Equipment and Real Property Management

Finding Summary: No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing and approving information. Additionally, property records lack descriptive elements as required by 2CFR 200.313(d)(1), including source of funding, acquisition date and cost. Lastly, a physical inventory of equipment has not been performed within the last two years.

Responsible Individuals: Greg Santa Maria, Executive Director

Corrective Action Plan:

The SDHCC Executive has updated the SDHCC fixed asset listing to include recommended components listed in the findings above. This includes an updated physical inventory of all listed equipment.

Anticipated Completion Date:

March 16, 2023

Finding: 2022-003

Federal Agency Name: Department of Health and Human Services

Program Name: National Bioterrorism Hospital Preparedness Program

*Federal Financial Assistance Listing #*93.889

Compliance Requirement: Procurement, Suspension and Debarment

Finding Summary: No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing and approving information. Additionally, 15 instances identified in our sample of expenditures in which the transaction exceeded the Coalition's micro-purchase threshold, requiring a price analysis, however, the price analysis was not documented or completed. Further, the Coalition's procurement policy does not include all the required elements as outlined in the Uniform Guidance. Lastly, five vendors were not verified against the central contractor registry prior to the expenses being incurred to ensure that the vendor was not suspended or debarred.

Responsible Individuals: Greg Santa Maria, Executive Director

Corrective Action Plan:

The SDHCC Executive Director is currently revising the Coalition procurement policy to ensure that it appropriately reflects all elements required by the Uniform Guidance.

The SDHCC Executive Director is updating the current review process to ensure that moving forward, all transactions that will exceed the Coalition's micro purchase threshold include a documented price analysis. This will be reflected in the revised procurement policy.

In an effort to ensure full compliance with vendor regulations. All outside vendors will be verified against the central contractor database before the SDHCC enters into any purchase agreements. This will be reflected in the revised SDHCC procurement policy.

Anticipated Completion Date:

Projected completion of procurement policy revision first draft to Board is Friday April 7, 2023

Finding: 2022-004

Federal Agency Name: Department of Health and Human Services

Program Name: National Bioterrorism Hospital Preparedness Program

*Federal Financial Assistance Listing #*93.889

Compliance Requirement: Earmarking

Finding Summary: No independent secondary level of review or approval is performed relating to compliance. One employee is involved in preparing, reviewing and approving information. Additionally, no ongoing analysis is completed over comparison of actual expenditures to earmarked expenditures

Responsible Individuals: Greg Santa Maria, Executive Director

Corrective Action Plan:

The SDHCC is working with its accounting firm to synchronize line-item coding to better ensure that expenditures are correctly coded and do not exceed maximums per line items outlined in grant contracts. The budget to actual grant expenditure comparisons will be provided to the SDHCC treasurer for review and comparison to the grant earmarking maximums.

Anticipated Completion Date

This is projected to be completed prior to Friday 4/28/23.

End of Document
