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**MICHAEL POST, C.P.A., M.B.A.
HARRIS COUNTY AUDITOR**

March 17, 2023

Dear Barbie Robinson, Executive Director:

The Harris County Auditor's Office Audit Division has completed an audit of the Overdose Data to Action Grant. The results of our audit are included in the attached report.

We appreciate the time and attention provided by your team. Please expect an email request to complete our Post-Engagement Survey. We look forward to your feedback. If you have any questions, please contact Leslie Wilks Garcia, First Assistant, 832-927-4811 or me.

Sincerely,

A handwritten signature in blue ink that reads "Michael Post". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Michael Post
County Auditor

Report Copies:

District Judges
County Judge Lina Hidalgo

Commissioners:

Adrian Garcia
Lesley Briones
Rodney Ellis
Tom Ramsey

Christian Menefee
David Berry



INTERNAL AUDIT REPORT

OVERDOSE DATA TO ACTION GRANT AUDIT

March 17, 2023

Executive Summary

OVERALL CONCLUSION

The testing of controls related to the administration of the Overdose Data to Action (OD2A) Grant were found to be mostly effective. Opportunities were identified to strengthen controls related to Harris County Public Health Service's (PHS) compliance with Federal grant requirements for indirect costs and overall monitoring of the OD2A program. The issues were discussed with the PHS, and management action plans were developed to address the issues identified by September 18, 2023.

SCOPE AND OBJECTIVE

The audit scope included processes and records for the eighteen (18) months ended August 31, 2022. The objective was to evaluate compliance with the following Federal grant requirements for the OD2A program:

- Allowable activities and costs
- Procurement, suspension, and debarment
- Reporting
- Period of performance
- Sub-recipient and contractor monitoring

SUMMARY OF AUDIT ISSUES

Issues identified that impact compliance with Federal grant requirements are as follows:

- Monitoring of certain contractors was lacking
- Expenditures did not meet a grant objective
- Certain federal grant requirements were not included in sub-recipient agreements

The audit issues, management's action plans, and background information related to this audit are discussed in detail on the following pages. Each audit issue is ranked based on the likelihood and potential impact to PHS.

AUDIT ISSUES

ISSUE #1: Lack of Monitoring of Contractors [HIGH]

What is the Issue: PHS paid \$90,000 to two contractors for promoting and organizing four medication-assisted treatment (MAT) waiver trainings. These outreach efforts only resulted in 11 providers attending the trainings. Additionally, PHS paid the contractors although their invoices lacked sufficient details to validate the services performed.

Why it Happened: There was a lack of program management and oversight of the contractors' performance and of the review of the invoices submitted by the contractors.

Why it Matters: One of the purposes of OD2A grant funding is to enable providers in Harris County to meet the requirements for a waiver to prescribe and treat opioid use disorder. PHS renewed the contract with the two contractors despite low outreach performance. Failure to meet program objectives could result in the loss of future opportunities for federal funding.

What is Expected: Good stewardship of federal dollars entails setting benchmarks with contractors to maximize outreach efforts and holding the contractors accountable for their performance. The OD2A grant states PHS will work with the contractors to improve provider awareness and increase the number of MAT waived prescribers through education and training. Additionally, the contractor agreements state "the invoice shall at a minimum include a description of said services, the day or days and the time or times" of the contractor's performance.

What Actions are Suggested: PHS should define a set of performance metrics in the agreement and monitor the performance of the contractors. The renewal of the contract should be based on an annual performance evaluation. Additionally, PHS should review and approve the invoices to ensure all services per the agreement are provided and personnel performing this function should have adequate knowledge of the terms of the grant award and contractor agreements.

MANAGEMENT'S ACTION PLAN

Responsible Party: Barbie Robinson

[Insert MAP – should address cause and condition]

Objective: To implement a comprehensive management action plan to address the issue of lack of monitoring of contractors.

Cause: Lack of monitoring and evaluation of contractors' performance.

Condition: The absence of clear performance metrics and accountability in contractor agreements.

The below management action plan provides a clear and comprehensive approach to addressing the issue of lack of monitoring of contractors. By defining clear performance metrics, monitoring contractor performance, and ensuring accountability, PHS will ensure that contractors deliver high-quality services per the agreement. This, in turn, will help to improve the overall efficiency and effectiveness of the grant.



Management Action Plan

1. Both contracts referenced in this audit finding (Baylor: 22GEN4219 and Doctors for Change: 20GEN2103) will be terminated effective immediately. The OD2A grant will conclude on August 31, 2023.
2. Define a set of performance metrics for contractors in future agreements:
 - 2.1. On a go forward basis, PHS would insert specific performance metrics (i.e., number of participants enrolled in each class, number of classes offered, pre and post class surveys, etc.). The performance metrics would be reviewed and approved by PHS grant management team, PHS leadership, and the contractors. This action would help in establishing clear expectations from the contractors and providing PHS with a clear understanding of their performance.
 - 2.2. Steps:
 - 2.2.1. Develop a set of performance metrics that align with grant goals and objectives that are essential for measuring the contractor's performance.
 - 2.2.2. Incorporate performance metrics into the contract and communicate them to the contractors.
 - 2.2.3. Ensure that the monitoring process is consistent across all contractors and that it is aligned with the terms of the contract.
3. Monitor contractor performance:
 - 3.1. PHS grant management team would monitor contractor performance quarterly to assure that a reasonable corresponding percentage of the annual goal specified in the contract has been met and to evaluate the progress made towards meeting the performance metrics set out in the agreement. The monitoring process would be thorough, and records will be kept in accordance with Harris County Record Retention Policy to ensure accountability. If contract performance is not met, the contractor will provide PHS with a formal action plan to achieve compliance within 30 days. PHS would then monitor the contractor according to the agreed upon action plan. If contractor performance remains low at the following quarterly monitoring, PHS may seek termination of the contract.
 - 3.2. Steps:
 - 3.2.1. Develop a monitoring plan specific to the deliverables outlined in the contract including fiscal stewardship in reasonable alignment with the work effort invoiced, how often it will be monitored, and who will be responsible for monitoring.
 - 3.2.2. Collect data on performance metrics and track progress quarterly.
 - 3.2.3. Use performance data to identify areas of improvement and take corrective action to improve contractor performance.
4. Renew the contract based on annual performance evaluation:
 - 4.1. The renewal of the contract would be based on an annual performance evaluation. This evaluation would be conducted by PHS grant management team in collaboration with the PHS offices and/or division owner and the contractors would be given feedback on their performance. This action would provide PHS with a clear understanding of the contractor's performance and help in making informed decisions about renewing the contract with inclusion of specific performance metrics to achieve the grant goals.



4.2. Steps:

- 4.2.1. Utilize Harris County Purchasing Office evaluation process to conduct annual performance evaluations of contractors.
- 4.2.2. Evaluate the contractors against the performance metrics outlined in the contract.
- 4.2.3. Provide feedback to the contractors on their performance and address any issues that arise.
- 4.2.4. Use the performance evaluation results to inform decisions on renewing the contract.

5. Review and approve invoices:

5.1. PHS will review and approve invoices in a timely manner in accordance with prompt payment standards to ensure that all services provided are per the agreement. To avoid errors, fraud, and incorrect payments, a 3-way procurement match process has been implemented. The match process is a triple constraint whereby staff reviews purchase orders against receipts and invoices with a final validation of contract review prior to the approval of payment. It allows for the prompt identification of discrepancies and indication of grant fund misusages.

5.2. Steps:

- 5.2.1. Implement grant invoice approval checklist whereby all non-personnel items are filtered onto a pre-constructed form established by the constraints of the grant award and contract. Checklist will contain procurement rules as outlined in the statutes and regulations of the CDC Uniform Guidance the Public Health procurement process has been centralized and consolidated to provide augmented financial controls to ensure adherence of Federal, State, and local purchasing guidelines.
- 5.2.2. Establish requisite training courses for all personnel (procurement) responsible for post-award activities of a grant to ensure Federal, State, and local compliance with the terms and conditions of the award and procurement best practices. These courses will be administered during onboarding and renewed every fiscal/Federal year to accommodate regulatory changes.
- 5.2.3. Error resolution will begin at the point of discovery. The AP representative will contact the vendor to request revisions for data points out of compliance; incorrect price, shipment fees, taxes, missing support documentation or signature, and/or other contract requirements. Certain activities such as cancelled items or services, wrong department, fraud, and duplicate payments result in the rejection of an invoice.

Due Date: APRIL 1, 2023

ISSUE #2: Expenditures did not Meet a Grant Objective [MODERATE]

What is the Issue: PHS prepaid \$46,080 for a one-year subscription to a cloud-based survey program, but the intended survey was not completed. Additionally, \$5,000 in incentive gift cards were never disbursed.

Why it Happened: There was a lack of program management and oversight.

Why it Matters: Non-compliance with Federal allowable cost requirements by paying for services not rendered may result in failing to achieve program objectives and the claw back or loss of future Federal funding.



What is Expected: Data collection as required in the grant agreement would be performed.

What Actions are Suggested: Management should provide sufficient oversight to prevent or promptly identify if grant funds are not being spent as required. The surveys should be completed, reviewed, and disbursed using a cost-effective survey tool to meet OD2A's objectives. The gift cards should be properly managed and utilized.

MANAGEMENT'S ACTION PLAN

Responsible Party: Barbie Robinson
[Insert MAP – should address cause and condition]

Objective: To implement a comprehensive management action plan to address the issue of expenditures that did not meet a grant objective.

Cause: Lack of sufficient oversight to prevent or identify grant funds being spent as required.

Condition: Expenditures not being used on cost-effective tools or activities to meet OD2A's objectives.

The below management action plan provides a clear and comprehensive approach to addressing the issue of expenditures that did not meet a grant objective. By increasing oversight, using expenditures on cost-effective tools or activities to meet OD2A's objectives, and repurposing the use of gift cards, PHS can ensure that grant funds are being used in accordance with the grant agreement and aligned with the grant goals. This, in turn, will help to improve the overall efficiency and effectiveness of the grant.

Management Action Plan

1. Increase oversight to prevent or promptly identify misused grant funds:

1.1 PHS grant management and finance grant team will routinely review and approve all grant funding, expenses, contracts, and invoice activities. In the event a discrepancy or suspected misuse is identified, the occurrence will be reported to management, audit, and compliance with 24 hours of the finding.

1.2 Steps:

- 1.2.1 Develop a standardized grant scorecard for monthly budget tracking. The tool will be used to facilitate discussions and touch-base templates for monthly budget meetings. Scorecards will contain forecasts, input details to commit funds, procurement information, and budget to actual overviews. The primary intention of the scorecard is to provide finite oversight of financial grant activities and ensure the programs comprehend and understand correlates of goals, achievement, and budget.
- 1.2.2 Assign each grant a dedicated team member who will serve as a financial liaison, monitor expenditures regularly to identify any discrepancies or misuse of grant funds and facilitate monthly budget meeting to review financial performance.
- 1.2.3 Develop PHS grant funding, procurement, and pre/post-award policies and processes that define finance related steps to include those required in the event of misuse or non-compliance.
- 1.2.4 PHS grant management team would monitor contractor performance quarterly to assure that a reasonable corresponding percentage of the annual goal specified in the contract has been met and to evaluate the progress made towards meeting the performance



metrics set out in the agreement. The monitoring process would be thorough, and records will be kept in accordance with Harris County Record Retention Policy to ensure accountability. If contract performance is not met, the contractor will provide PHS with a formal action plan to achieve compliance within 30 days. PHS would then monitor the contractor according to the agreed upon action plan. If contractor performance remains low at the following quarterly monitoring, PHS may seek termination of the contract.

2 Repurpose the use of gift cards to meet OD2A's objectives:

2.1 Gift cards will be properly managed and utilized by repurposing their use to meet OD2A's objectives. This will be done by providing clear guidance and instruction on how the gift cards should be used and by whom.

2.2 Steps:

2.2.1 Establish clear guidelines on how gift cards should be used and by whom.

2.2.2 Develop a process for tracking the use of gift cards.

2.2.3 Monitoring the appropriate usage will be through gift card disbursement logs and attendance logs for Substance use prevention classes and Narcan administration education classes.

2.2.4 Address any issues that arise with the use of gift cards and document corrective actions taken.

2.2.5 PHS Finance team will develop a department wide Gift Card policy accompanied by program specific policies/procedures. the use of gift cards to ensure they are being used for OD2A's objectives.

Due Date: APRIL 1, 2023

ISSUE #3: Certain Federal Grant Requirements are Not Included in Sub-recipient Agreements [MODERATE]

What is the Issue: Testing identified one sub-recipient agreement that did not include all provisions required by 2 CFR 200.332 (a).

Why it Happened: There was a lack of management review in drafting the OD2A contracts to add the required provisions in sub-recipient agreements.

Why it Matters: A subaward is for the purpose of carrying out a portion of a federal award and creates a federal assistance relationship with the sub-recipient. Not providing the required information in the subaward agreement may impair the sub-recipient's ability to properly comply with all federal grant requirements.

What is Expected: Per 2 CFR 200.332 (a), pass-through entities must ensure that every subaward is clearly identified to the sub-recipient as a subaward and includes the required information at the time of the subaward and, if any of these data elements change, the changes should be included in a subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and sub-award.

What Actions are Suggested: PHS should consult with the Harris County Attorney's Office (HCAO) to determine if the sub-recipient agreement should be amended to reflect the required information. PHS should work with HCAO to ensure future sub-recipient agreements contain the required information.



Personnel involved in all stages of drafting and reviewing the sub-recipient agreements should be adequately trained in the Federal compliance requirements related to sub-recipient agreements.

MANAGEMENT'S ACTION PLAN

Responsible Party: Barbie Robinson

Objective: To implement a comprehensive management action plan to address the issue of certain Federal Grant Requirements that are not included in sub-recipient agreements.

Cause: Lack of consultation with the Harris County Attorney's Office (HCAO) and inadequate training of personnel involved in drafting and reviewing sub-recipient agreements.

Condition: Federal compliance requirements related to sub-recipient agreements are not being met.

The below management action plan provides a clear and comprehensive approach to addressing the issue of Certain Federal Grant Requirements that are not included in sub-recipient agreements. By consulting with HCAO to determine if sub-recipient agreements should be amended, ensuring future sub-recipient agreements contain the required information, and adequately training personnel involved in drafting and reviewing sub-recipient agreements, PHS can ensure that sub-recipient agreements meet Federal compliance requirements. This, in turn, will help to improve the overall efficiency and effectiveness of the grant management process.

Management Action Plan

1. Consult with HCAO to determine if sub-recipient agreements should be amended:

1.1. PHS contracting, PHS grants management team and PHS Compliance will consult with the Harris County Attorney's Office (HCAO) to determine if the sub-recipient agreement should be amended to reflect the required Federal compliance requirements. This will be done to ensure that sub-recipient agreements meet Federal compliance requirements as defined by 2 CFR 200.332 (a).

1.2. Steps:

1.2.1. Identify all sub-recipient agreements that need to be reviewed for Federal compliance requirements as defined by 2 CFR 200.332 (a).

1.2.2. Review all sub-recipient agreements to identify gaps in Federal compliance requirements as defined by 2 CFR 200.332 (a).

1.2.3. Consult with HCAO to determine the required information that needs to be included in the sub-recipient agreements as defined by 2 CFR 200.332 (a).

1.2.4. Amend all sub-recipient agreements to include the Federal compliance requirements as defined by 2 CFR 200.332 (a).

2. Ensure future sub-recipient agreements contain the required information:

2.1. PHS contracting, PHS grants management team and PHS Compliance will work with HCAO to ensure future sub-recipient agreements contain the required Federal compliance requirements as defined by 2 CFR 200.332 (a). This will be done by developing and implementing a standardized workflow for drafting and reviewing sub-recipient agreements to ensure Federal compliance requirements are included.

2.2. Steps:



- 2.2.1. Develop and implement a standardized workflow for drafting and reviewing sub-recipient agreements.
 - 2.2.2. Develop a checklist of Federal compliance requirements as defined by 2 CFR 200.332 (a) for sub-recipient agreements.
 - 2.2.3. Train personnel on the standardized workflow and the Federal requirement checklist as defined by 2 CFR 200.332 (a).
 - 2.2.4. Review and revise the checklist as necessary to ensure compliance with Federal grant requirements.
3. Adequately train personnel involved in drafting and reviewing sub-recipient agreements:
- 3.1. PHS personnel defined as Directors, Associate Directors, Program Managers/Supervisors and PHS grants administration staff involved in any stage of drafting and reviewing the sub-recipient agreements will be trained on the Federal compliance requirements as defined by 2 CFR 200.332 (a). These courses will be administered during onboarding and renewed every fiscal/Federal year to accommodate regulatory changes. This will be done to ensure that sub-recipient agreements meet Federal compliance requirements.
 - 3.2. Steps:
 - 3.2.1. Identify all personnel involved in drafting and reviewing sub-recipient agreements.
 - 3.2.2. Develop training materials on Federal compliance requirements related to sub-recipient agreements and standardized workflow.
 - 3.2.3. Provide training, continued education and awareness to all personnel involved in drafting and reviewing sub-recipient agreements.
 - 3.2.4. Monitor the effectiveness of the training and revise the training materials as necessary.
 - 3.2.5. Corrective action taken based on PHS Progressive Discipline Policy for personnel not adhering to the standardized workflow and including Federal compliance requirements.

Due Date: JUNE 30, 2023

BACKGROUND

The Centers for Disease Control of the U.S. Department of Health and Human Services (CDC) launched the multiyear OD2A program in 2019. The goal of the program is to help abate the opioid crisis by:

- Improving data collection and analysis around opioid misuse, abuse, and overdose,
- Increasing linkage to treatment for persons living with opioid addiction, and
- Partnering with agencies and key stakeholders to fund or enhance prevention activities.

PHS has managed the four-year OD2A program for Harris County since 2019. The grant period was extended to address the slower pace of the program that was attributed to the pandemic. PHS did not fully expend the allocated budget for GY2020 and GY2021, as a result the remaining balances carried forward to the following year.

Figure 1 – Grant Figures and Dates

Grant Year	Date of Agreement	Amount of Grant	Carryover
GY2020	9/1/2019-8/31/2020	\$ 2,079,506	\$ 1,825,390
GY2021	9/1/2020-8/31/2021	\$ 2,079,506	\$ 1,728,151
GY2022	9/1/2021-8/31/2022	\$ 1,349,350	N/A*
GY2023	9/1/2022-8/31/2023	\$ 854,506	N/A



* Note: PHS is working on Year 3 carryover amount. Once it is ready, PH will submit it to Commissioner Court for approval.

ACCOUNTABILITY

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing (Standards). The Standards require that we comply with the Code of Ethics and obtain reasonable assurance that significant risks to the activity are minimized to an acceptable level.

The engagement's scope did not include a detailed inspection of all transactions. There is a risk that fraud or errors were not detected during this engagement. Therefore, the official retains the responsibility for the accuracy and completeness of their financial records and for ensuring sufficient controls are in place to detect and prevent fraud, errors, or omissions.

