



**Follow-Up Review Report
Performance Audit at the Department of
Health and Human Services**

January 2024

City of Springfield
Office of Internal Audit
Springfield, MA 01103

Yong Ju No, CPA
Director of Internal Audit
(413) 784-4844
yno@springfieldcityhall.com



THE CITY OF SPRINGFIELD, MASSACHUSETTS

January 30, 2024

Councilor Jose Delgado, Chairman
Councilor Timothy C. Allen
Councilor Zaida Govan

Re: Audit Recommendation Follow- Up Review Report related to the Performance
Audit at the Department of Health and Human Services

Honorable Members of the Audit Committee,

Please find enclosed the Office of Internal Audit's Audit Recommendation Follow-Up Review Report related to the Performance Audit at the Springfield Department of Health and Human Services (SDHHS). This report provides the status of open recommendations as of January 31, 2023 related to this audit. The intent of this report is to keep the Audit Committee informed about the implementation status of recommendations made by the Office of Internal Audit.

We would like to thank all the staff from the SDHHS that provided us with information for this report. All of their time and efforts are greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Yong Ju No'. The signature is stylized and includes a long, sweeping flourish at the end.

Enclosure

**STATUS OF AUDIT RECOMMENDATIONS AS OF JANUARY 31, 2023
PERFORMANCE AUDIT AT THE SPRINGFIELD DEPARTMENT HEALTH AND HUMAN SERVICES**

BACKGROUND

This report summarizes the status of eight recommendations from the Performance Audit at Springfield Department of Health and Human Services (SDHHS), which was completed in May 2019.

The attached report (Attachment A) includes the audit findings, recommendations, Management’s response, and the current status. When possible, we verified the status of recommendations shown as “implemented” and or “Partially Implemented” through interviews with appropriate staff and reviews of relevant supporting documentation. The results of work are documented under the heading “Office of Internal Audit Comments.”

CATEGORIES OF IMPLEMENTATION STATUS

We contacted the staff at the respective departments to gather recommendations status, reviewed all recommendations, and placed the recommendations into the following categories:

Implemented	The department/program provided sufficient and appropriate evidence to support all elements of implementing the recommendation,
In Process	The department/program indicated they agree with the recommendation and are in the process of implementing.
Will Not Implement	The department/program disagreed with the recommendation, did not intend to implement, and no further action will be reported; and
Not Implemented – N/A	Circumstances changed to make the recommendation not applicable.

**STATUS OF AUDIT RECOMMENDATIONS AS OF JANUARY 31, 2023
PERFORMANCE AUDITS AT THE SPRINGFIELD DEPARTMENT HEALTH AND HUMAN SERVICES**

Attachment A

Finding	Recommendation	Management Response	Status	Office of Internal Audit Comments
Findings from the Performance Audit at the SDHHS				
1. Adherence to the City's procurement policy needs improvement.	Attend procurement training, which is offered by the Office of Procurement and Comptroller Office and the Massachusetts Office of Inspector General, to better understand the City's procurement policy, including but not limited to: <ul style="list-style-type: none"> • Procurement standards, • Adequate and complete invoice processing, and • Legal contract execution requirements. 	To avoid having services rendered prior to their requisitions, SDHHS, unless approved by City Hall, will not make emergency purchases. SDHHS agrees to attend training on procurement standards and best practices.	Implemented	We confirmed that employees attended the procurement training presented by the Office of Procurement and the City Comptroller.
2. Certain expenditures were made on donations to various public charities.	SDHHS comply with state regulations by not making donations to public charities. If a state granting agency allows for donations, then the SDHHS should have such provisions memorialized in the grant agreement. Also, if the SDHHS desires to continue working with a public charity, a contract should be in place to specify the terms and conditions of the services provided by the public charity.	SDHHS understands OIA's issue and will seek advice of City Law Department regarding the legality of sponsorships and donations to agencies working with SDHHS programming. Community Outreach and Engagement are essential tools in bringing exposure to programs offered by SDHHS. Support also creates visibility for SDHHS programming.	Implemented	Based upon our retest of expenditures in FY22, we did not note any donations.

STATUS OF AUDIT RECOMMENDATIONS AS OF JANUARY 31, 2023
PERFORMANCE AUDITS AT THE SPRINGFIELD DEPARTMENT HEALTH AND HUMAN SERVICES

Attachment A

<p>3. The SDHHS may be understating its indirect costs charged to grants.</p>	<p>SDHHS work with the Office of Management and Budget to obtain a formal indirect administrative cost allocation study, and once obtained, the SDHHS seek approval from the granting agencies for the new allocation methodology.</p>	<p>Indirect charges were set by City Comptroller's office at 3.49%.</p> <p>SDHHS has worked and will continue to work with OMB to obtain a formal indirect administrative cost allocation study (ongoing process).</p>	<p>Implemented</p>	<p>We confirmed the indirect rate used by the SDHHS.</p>
<p>4. Expired grants were unreconciled in MUNIS.</p>	<p>The SDHHS should review grants on a regular basis and ensure all necessary reconciliations are performed In MUNIS prior to the close out of a grant.</p>	<p>SDHHS agrees with the findings and will seek help of OMB with reconciliation of accounts (ongoing process).</p>	<p>In Process</p>	<p>We noted that there were 7 grants that had expired in FY2022 which were unreconciled.</p> <p>The SDHHS plans on fully implementing this recommendation</p>
<p>5. A third party information technology vendor was unmonitored.</p>	<p>SDHHS implement a process to perform vendor oversight activities, at least annually, including the review of the vendor's Service Organization's Control (SOC) report.</p>	<p>SDHHS will implement a quarterly process to perform vendor oversight activities. This review process will include review of:</p> <ul style="list-style-type: none"> • System Uptime • System Performance • System Backups and storage • Firewall access logs • Network perimeter security • Configuration. 	<p>Implemented</p>	<p>We confirmed that SDHHS has implemented an IT vendor oversight process.</p>

STATUS OF AUDIT RECOMMENDATIONS AS OF JANUARY 31, 2023
PERFORMANCE AUDITS AT THE SPRINGFIELD DEPARTMENT HEALTH AND HUMAN SERVICES

Attachment A

		SOC report will be requested and reviewed annually at the beginning of each calendar year versus fiscal year.		
6a. Service fees generated at the dental and homeless clinics were misclassified as grant revenue.	SDHHS work with the Office of Management and Budget to establish a revolving account for its service revenues generated at its health and dental clinics.	DHHS will confer with City Comptrollers and OMB to set up a revolving account to collect revenue from Health Services for the Homeless clinics.	In Process	We noted that service fees generated at the dental and homeless clinics continue to be classified as grant revenue. SDHHS indicated that are in the process of establishing a revolving account with assistance of the Comptroller's Office.
6b. Cost reimbursements receive by the SDHHS were misclassified private grant revenue.	Reimbursements and other revenue received by SDHHS be recorded as General Fund revenues.	SDHHS will work with City Comptrollers and OMB to implement OIA's recommendation.	Implemented	We confirmed that cost reimbursements were properly recorded as General Fund revenues in FY22.
7. The SDHHS lacks environmental permit reconciliation procedures.	SDHHS regularly reconcile the number of permits (by permit number) issued to the payments received and identify any missing permit numbers or gaps in sequence numbers for management to investigate.	As of February 2019, OIA's recommendation was implemented.	Implemented	We confirmed that the SDHHS has implemented a reconciliation process for environmental permits.