



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor-Controller-Treasurer- Tax Collector		(2) MEETING DATE 8/10/2021		(3) CONTACT/PHONE Mark Maier (805) 781-4267	
(4) SUBJECT Request to receive, review, and file an audit report of the County's grant agreement with SLO Noor Foundation for Fiscal Year (FY) 2019-20. All Districts.					
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the attached audit report of the County's grant agreement with SLO Noor Foundation for FY 2019-20.					
(6) FUNDING SOURCE(S) N/A		(7) CURRENT YEAR FINANCIAL IMPACT \$0.00		(8) ANNUAL FINANCIAL IMPACT \$0.00	
(9) BUDGETED? Yes					
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)					
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A					
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A				(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A		(15) BUSINESS IMPACT STATEMENT? No		(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>10/1/2019</u> , Item # <u>5</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Zachary A. Lute					
(18) SUPERVISOR DISTRICT(S) All Districts					



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James W. Hamilton, CPA, Auditor-Controller-Treasurer-Tax Collector

DATE: 8/10/2021

SUBJECT: Request to receive, review, and file an audit report of the County's grant agreement with SLO Noor Foundation for Fiscal Year (FY) 2019-20. All Districts.

RECOMMENDATION

It is recommended that the Board receive, review, and file the attached audit report of the County's grant agreement with SLO Noor Foundation for FY 2019-20.

DISCUSSION

As part of the Community Based Organization (CBO) Grant Program the County awarded a total of \$1.1 million in FY 2019-20 to non-profit agencies and community-based organizations to offer a variety of services not provided directly by the County. As a condition of their awards, recipients agree to audits of their financial and operational records.

SLO Noor Foundation (SLO Noor) received the largest of these CBO grants and was awarded \$185,000 to provide free comprehensive medical, vision, and dental services to uninsured county residents.

Our audit objectives were to:

1. Determine if SLO Noor verified the individuals receiving healthcare services were uninsured County residents.
2. Determine if SLO Noor's annually reported program metrics are supported and accurately reported.
3. Determine if SLO Noor's expenditures are supported by invoices and accurately reported.

Our audit concluded:

1. SLO Noor does verify patients' eligibility for services via self-attestation. However, while all individuals attested during initial patient intake, 33% of the tested self-attestation forms were signed by the patients more than 12 months prior to the day treatment services were provided. We recommended having patients self-attest annually going forward.
2. Support documentation for the metrics provided in the annual report were not retained. Attempts to recalculate the metric totals were unsuccessful primarily because unique patient count and chronic condition

count reports could not be regenerated due to a change in the electronic health record system. We recommended system reports be retained to substantiate the metrics figures reported.

3. Expenditures were supported by invoices and accurately reported.

Our results and recommendations have been discussed with the SLO Noor and they have agreed to take corrective action based on our recommendations.

OTHER AGENCY INVOLVEMENT/IMPACT

Community Based Organization and Preventative Health Grant applications are submitted by organizations to the Grant Review Committee. The Grant Review Committee is made up of representatives appointed by the Adult Policy Council, the Behavioral Health Advisory Board, the Health Commission, and the Children's Services Network. The Grant Review Committee then makes recommendations to the Administrative Office for grant awards.

FINANCIAL CONSIDERATIONS

The FY 2019-20 grant awarded to SLO Noor Foundation was for \$185,000. Internal audits are supported by the General Fund through the Auditor-Controller-Treasurer-Tax Collector's adopted budget.

RESULTS

Audits of grants improve compliance and support monitoring consistent with the County's vision of a livable and well governed community.

ATTACHMENTS

- 1 SLO Noor Audit Report FY 2019-20



COUNTY OF SAN LUIS OBISPO
AUDITOR - CONTROLLER • TREASURER – TAX COLLECTOR

SLO Noor Foundation
FY 2019-20 Grant Agreement Audit

Administrative Office

July 2021

JAMES W. HAMILTON, CPA
Auditor-Controller • Treasurer-Tax Collector



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

James W. Hamilton, CPA Auditor-Controller • Treasurer-Tax Collector

Lydia J. Corr, CPA Assistant Auditor-Controller • Treasurer-Tax Collector

TO: WADE HORTON, COUNTY ADMINISTRATIVE OFFICER

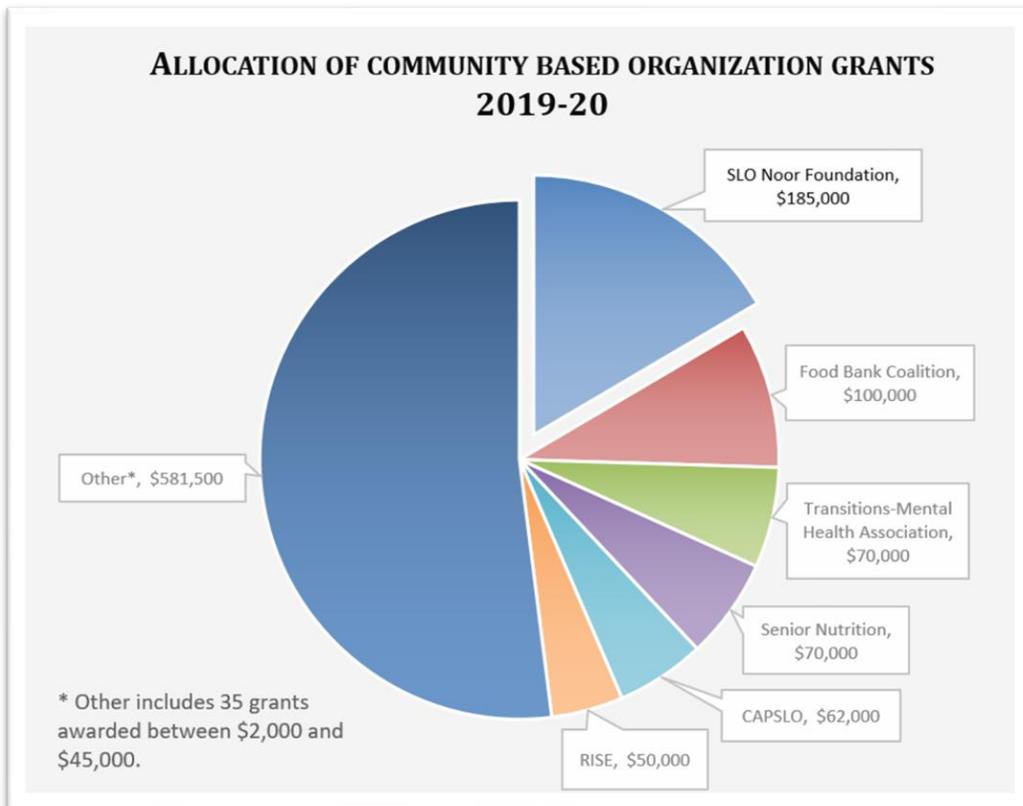
FROM: JAMES W. HAMILTON, CPA, AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

DATE: JULY 7, 2021

SUBJECT: AUDIT OF THE COUNTY'S FY 2019-20 GRANT AGREEMENT WITH SLO NOOR FOUNDATION

As part of the Community Based Organization (CBO) Grant Program the County awarded a total of \$1.1 million in FY 2019-20 to non-profit agencies and community-based organizations to offer a variety of services not provided directly by the County. As a condition of their awards, recipients agree to audits of their financial and operational records.

SLO Noor received the largest of these CBO grants and was awarded \$185,000 to provide free comprehensive medical, vision, and dental services to uninsured county residents.



SLO Noor has received similar grant awards since 2012 and has received \$185,000 in each of the previous 3 years. This report details the results of our audit, which resulted in 3 findings and 3 recommendations. SLO Noor has agreed with our recommendations and their responses to our recommendations are included in the Audit Findings and Recommendations section.

Audit Objectives

The objectives of our audit were to:

1. Eligibility for Treatment Services:
Determine if SLO Noor verified the individuals receiving healthcare services were uninsured County residents.
2. Annual Metric Reporting:
Determine if SLO Noor's annually reported program metrics are supported and accurately reported.
3. Financial Reporting:
Determine if SLO Noor's expenditures are supported by invoices and accurately reported.

Audit Scope

The scope of our audit included SLO Noor Foundation's records and operations as they relate to the grant funding agreement for Fiscal Year 2019-20.

Auditing Standards

We conducted our audit in conformance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* require that the internal audit activity be independent and internal auditors be objective in performing their work. The *Standards* also require that internal auditors perform their engagements with proficiency and due professional care; that the internal audit function be subject to a program of quality assurance; and that the results of engagements are communicated.

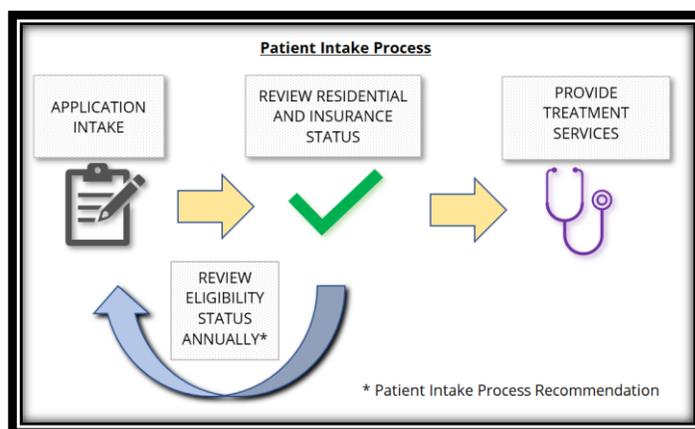
Audit Procedures and Results

Objective 1 – Eligibility for Treatment Services

In order to receive treatment services, individuals must meet two eligibility requirements. They must a.) be a county resident and b.) not have another form of insurance coverage for the services received. Included in the patient intake process, patients must complete an application form indicating their residential address and self-attest to not having another form of insurance coverage for the treatment received. Additionally, patients receiving dental treatment services must also present to SLO Noor a letter of denial for treatment services through Medi-Cal.

Our audit procedures included obtaining a list of patients receiving treatment services from SLO Noor's electronic healthcare record systems and testing a sample of 45 application forms to verify the individuals receiving treatment were uninsured County residents. SLO Noor provided the tested application forms, and our office reviewed the address information and verified that the individual self-attested to not having insurance.

Of the 45 application forms reviewed, all individuals met the county resident requirement and all applicants attested to not having another form of insurance. However, 15 of the application forms were signed by the applicant more than 12 months prior to the day treatment services were provided. While the grant agreement does not specify how often an individual must self-attest to not having insurance, we recommend having patients attest annually. SLO Noor agrees with this recommendation and will verify insurance status annually going forward.



Additionally, SLO Noor did not retain a copy of the Medi-Cal denial letter presented to them by applicants for dental treatment services. We recommend a copy of the denial letter be retained. SLO Noor agrees with our recommendation and they had already updated their dental patient intake process in February 2021 to retain the denial letters.

Objective 2 – Annual Metric Reporting

The grant agreement specifies several goals and objectives SLO Noor intends to accomplish during the given agreement period. To track progress toward these goals and objectives, SLO Noor reports metrics on the services provided during the prior year.

Our audit procedures included selecting five of the treatment services metrics reported in the annual report. The five metrics selected were:

1. Total Patients
2. Total Patient Encounters
3. Dental Clinic Patient Waitlist
4. Treatment Services Provided by Chronic Condition
5. Treatment Services Provided by Volunteers in Terms of Hours

For each figure provided in the annual report, reports from SLO Noor’s electronic healthcare record systems were requested. The totals from the provided reports were then compared to the annual report figures.

Of the five metrics tested, none could be substantiated due to the system records’ reports not being retained. We attempted to recalculate the reported metrics using the currently available system reports, however a change in the electronic health record system occurring after the annual report was prepared prevented identical reports from being obtained. Using the best systems’ report figures available, three of the metrics were recalculated within a 6% variance. However, our recalculation of total patients served and chronically ill patients served were significantly greater than the figure reported. We recommend SLO Noor retain the specific system reports used to create the annual report and they substantiate the metrics. SLO Noor agrees with this recommendation and will implement it for the FY 2020-21 annual report.

Metric Reported	Annual Report	Support Documentation	Difference	Variance
Total Patients	2,165	2,716	551	25%
Total Patient Encounters	4,879	4,682	(197)	(4%)
Dental Clinic Waitlist	423	449	26	6%
Chronic Conditions Tested	1,373	2,207	834	61%
Volunteer Provider Hours	2,722	2,579	(143)	(5%)

Objective 3 – Financial Reporting

SLO Noor utilizes a financial system to record transactions. Our audit procedures included requesting the general ledger from SLO Noor’s financial system and comparing the expense amounts listed in the annual report to the expense account totals in the financial system. Further, we tested 10 invoices and verified the invoice amount matched the general ledger, and the purchases supported the grant objectives.

After review of the financial system accounting records, we determined the financial system’s expense balances equaled the expense amounts reported in the annual report and were supported by invoices.

Expense	Annual Report	Financial System	Difference
Personnel	\$ 618,943	\$ 618,943	\$ -
Direct Patient	180,284	180,284	-
Operational	220,978	220,978	-
Total	\$ 1,020,205	\$ 1,020,205	\$ -

Additional details on the exceptions and SLO Noor’s response to each recommendation can be found in the Audit Findings & Recommendations section below.

Audit Findings & Recommendations

1. Patient Eligibility Status Not Attested Timely

Of the 45 applications forms tested, 15 of the forms were signed by the applicant more than 12 months prior to treatment services being received. The grant agreement indicates that treatment services must be provided to uninsured county residents. At the time of the audit, SLO Noor did not have a process in place to periodically verify an individual's eligibility. When the eligibility status is not verified timely the risk of non-residents or insured individuals receiving treatment ahead of, or in place of, individuals in need of treatment services increases, reducing the likelihood that the grant's goal is achieved.

Recommendation

We recommend all patients confirm eligibility status at least every 12 months.

SLO Noor Response to Recommendation

The SLO Noor Foundation agrees with the recommendation and beginning in 2021, the SLO Noor Foundation has begun to confirm patient eligibility status every 12 months, which will be stored in patient intake files.

2. Medi-Cal Denial Letters Not Retained for Dental Treatment Services

SLO Noor does not retain the Medi-Cal denial letter an applicant presents to them prior to receiving dental treatment services. During the period audited, SLO Noor's dental patient admittance process only required visual inspection of the denial letter without retaining a copy and therefore eligibility could only be verified using the self-attestation form. Since the grant's objective is to provide dental treatment services to uninsured SLO County residents, all documentation used to determine eligibility should be retained. When the denial letters are not retained only the self-attestation form, which is completed by the applicant, can be used to externally validate an applicant's eligibility.

Recommendation

We recommend SLO Noor retain a copy of the Medi-Cal denial letter for patients receiving dental treatment services.

SLO Noor Response to Recommendation

The SLO Noor Foundation agrees with the recommendation, and beginning in 2021, the SLO Noor Foundation has begun to retain Medi-Cal denial letters, which will be stored in patient intake files and will require Medi-Cal denial letters for patients to be eligible for program re-enrollment on a 12-month basis.

3. Support Documentation for Annually Reported Metrics Not Retained

The electronic health record systems' reports used to prepare the metrics provided in the annual report were not retained or did not substantiate the data provided in the annual report. Our attempts to recalculate the reported figures were limited due to a change in the medical and vision electronic health record system used, which occurred between the time of the annual report and the audit. Consequently, the reports used to prepare the annual report metrics could not be reproduced and the data that was saved from the prior electronic health record system was insufficient to substantiate the reported metrics. When the support documentation to substantiate the reported metrics are not retained it prevents, or limits, external validation of the data used to track progress toward the grant's goals and objectives.

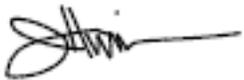
Recommendation

We recommend the support documentation for the annually reported metrics be retained to substantiate the reported figures.

SLO Noor Response to Recommendation

The SLO Noor Foundation agrees with the recommendation. Due to changes in staffing and a transition to an updated Electronic Health Record (EHR) system, the SLO Noor Foundation was unable to replicate the metrics reports used. The SLO Noor Foundation intends to retain metrics reports for grant-specific timelines in addition to standard quarterly and yearly metrics reports. With the updated EHR system, the SLO Noor Foundation will be enabled to input and retrieve data more efficiently and based on additional criteria, and in the case that metrics reports are not retained, the SLO Noor Foundation will be able to recreate reports effectively.

We would like to thank SLO Noor's management and staff for their courteous attitude and cooperation we received during our audit.



James W. Hamilton, CPA
Auditor-Controller-Treasurer-Tax Collector

Cc: David Parro, Executive Director, SLO Noor Foundation
Rebecca Brogdon, Grants Coordinator, SLO Noor Foundation
Nikki Schmidt, SLO County Administrative Analyst