



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

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TO: Mary Wakefield, PhD, RN
Administrator
Health Resources and Services Administration

FROM: /Michael J. Armstrong/
Regional Inspector General for Audit Services

SUBJECT: Community Health Center of Burlington, Inc., Generally Complied With Terms of the Recovery Act Grants and Federal Regulations (A-01-11-01501)

The attached final report provides the results of our review of Community Health Center of Burlington, Inc.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that the Office of Inspector General (OIG) post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact George Nedder, Audit Manager, at (617) 565-3463 or through email at George.Nedder@oig.hhs.gov. Please refer to report number A-01-11-01501 in all correspondence.

Attachment

cc:

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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**COMMUNITY HEALTH CENTER OF
BURLINGTON, INC., GENERALLY
COMPLIED WITH TERMS OF THE
RECOVERY ACT GRANTS AND FEDERAL
REGULATIONS**



**Daniel R. Levinson
Inspector General**

**January 2012
A-01-11-01501**

Office of Inspector General

<http://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

INTRODUCTION

BACKGROUND

Health Center Program

The Health Centers Consolidation Act of 1996 (P.L. No. 104–299) consolidated the Health Center Program under Section 330 of the Public Health Service Act, codified at 42 U.S.C. § 254(b). Within the U.S. Department of Health and Human Services, the Health Resources and Services Administration (HRSA) administers the Health Center Program to provide comprehensive primary health care services to medically underserved populations.

The Health Center Program provides grants to nonprofit private and public entities that serve designated medically underserved populations and areas and vulnerable populations composed of migrant and seasonal farm workers, the homeless, and residents of public housing. Health centers are community-based and patient-directed organizations that meet the “health center” definition under 42 U.S.C. § 254(b).

American Recovery and Reinvestment Act Grants

Under the American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (Recovery Act), enacted February 17, 2009, HRSA received \$2.5 billion, including \$2 billion to expand the Health Center Program to serve more patients, stimulate new jobs, and meet the significant increase in demand for primary health care services among the Nation’s uninsured and underserved.

HRSA made four types of grants available to health centers: (1) new access-points grants, (2) grants to meet increased demand for services (IDS), (3) facilities investment program (FIP) grants, and (4) capital improvement program (CIP) grants. HRSA provided grants to new and existing health centers; some health centers received more than one type of grant.

Requirements for Federal Grantees

Pursuant to 45 CFR § 74.21, grantees are required to maintain financial management systems that contain written procedures for determining the reasonableness, allocability, and allowability of costs. Grantees must maintain accounting records that are supported by source documentation and financial systems that provide for accurate and complete reporting of grant-related financial data. Grantees are also required to compare outlays with budget amounts for each award and may use grant funds only for authorized purposes.

Community Health Center of Burlington, Inc.

Community Health Center of Burlington, Inc. (the Health Center), is a nonprofit organization that provides health care to people of all ages, backgrounds, and life circumstances. The Health Center offers comprehensive services, such as primary and preventive health care, dental services, and mental health and substance abuse treatment. The Health Center serves the communities of Burlington, Colchester, Essex Junction, South Burlington, and Winooski, Vermont.

The Health Center is funded primarily through Medicare, Medicaid, Federal and State grants, and third-party reimbursements. During Federal fiscal years (FY) 2009 and 2010, HRSA awarded the Health Center three separate 2-year Recovery Act grants totaling \$11,960,033. The awards include the following:

- A FIP grant of \$10,964,476 funded a new energy efficient and environmentally friendly health care facility to expand access to primary care and dental care for Vermont's most densely populated and impoverished urban neighborhood. In addition, the FIP grant funding had contributed to the creation of approximately 72 jobs during the quarter ended on June 2011. HRSA extended the project period through December 31, 2012.
- A CIP grant of \$699,995 funded technology infrastructure improvements by upgrading support technology at all of the Health Center's locations. Additional CIP funding was used to perform renovations at two of its locations. These renovations contributed to the creation of approximately one job. HRSA extended the project period through March 31, 2012.
- An IDS grant of \$295,562 funded three jobs by the end of the grant period to enable the Health Center to provide additional services to approximately 7,300 new patients.

The Health Center expects the construction of the new health care facility to be completed by February 2012.

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

Our objective was to determine whether the Health Center claimed costs that met the terms of Recovery Act grants and applicable Federal requirements.

Scope

We reviewed Recovery Act grant expenditures totaling \$7,584,778 that the Health Center claimed for Federal reimbursement between August 4, 2009, and June 20, 2011. This review is part of a series of reviews by the Office of Inspector General to provide

oversight of Recovery Act. We did not perform an overall assessment of the Health Center's internal control structure. Rather, we reviewed only the internal controls that pertained directly to our objectives.

We performed our fieldwork from August through October 2011 at the Health Center's administrative office in Colchester, Vermont.

Methodology

To accomplish our objectives, we:

- reviewed relevant Federal laws, regulations, and guidance;
- reviewed the Health Center's HRSA grant applications and supporting documentation;
- reviewed the Health Center's fiscal policies and procedures related to accounting documentation and preparation of financial reports;
- reviewed the Health Center's audited financial statements and audits conducted pursuant to OMB Circular A-133 for FYs 2008 through 2010;
- reviewed the Health Center's Recovery Act expenditures;
- interviewed the Health Center's personnel to gain an understanding of the Health Center's operations; and
- discussed findings with the Health Center's officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

RESULTS OF REVIEW

The Health Center generally claimed costs that met the terms of Recovery Act grants and applicable Federal requirements. Accordingly, this report contains no recommendations.