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NEWS RELEASE

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FOR RELEASE February 22, 2024

Auditor of State Rob Sand today released a report on a special investigation of Webster County Public Health Department (Department) for the period July 1, 2016 through May 31, 2022. The special investigation was requested by County officials as a result of concerns regarding certain financial transactions processed by the former Public Health Director, Kari Prescott.

Sand reported the special investigation identified \$24,436.00 of undeposited collections, \$32,663.85 of questioned costs charged to the Federal Family Planning Grant, and \$1,611.13 of unsupported disbursements. The \$24,436.00 of undeposited collections includes \$16,456.00 of fees for immunizations and \$7,980.00 of fees for tuberculosis tests administered by the Department. Because sufficient records were not available, it was not possible to determine if funds were not collected, collected but not deposited, or split between uncollected and undeposited. Sand also reported it was not possible to determine if additional fees for other services were not properly deposited because adequate documentation was not available.

Sand also reported the procedures performed identified \$32,663.85 of questioned costs related to payroll being improperly charged to the Family Planning Grant and \$1,611.13 of unsupported mileage reimbursements issued to the former Public Health Director, Kari Prescott

Sand further reported that the Department received COVID-19 Response grant funding for the period of January 1, 2021 through May 31, 2022. The grant allows for grantees to submit claims for reimbursement of administrative costs, or bill insurance companies for the administrative costs. The County cannot bill both the Grant and the insurance companies of the same administrative costs. An allegation was made the County double billed for these administrative costs. However, because of the lack of supporting documentation, we could not reconcile the amounts which should

have been billed to the grant and insurance companies for administrative costs under the COVID 19 grant. As a result, we cannot determine if administrative costs were double billed.

The report includes recommendations to strengthen the Department's internal controls and operations, such as improving segregation of duties, maintaining supporting documentation, and maintaining adequate financial records, including ledgers and receipt books. The report also includes a recommendation regarding proper oversight of Department operations by Webster County officials and Public Health Board members.

Copies of this report have been filed with the Webster County Attorney's Office, the Attorney General's Office, and the Division of Criminal Investigation. A copy of the report is available for review on the Auditor of State's website at [Special Interest Reports](#).

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**REPORT ON SPECIAL INVESTIGATION
OF THE
WEBSTER COUNTY PUBLIC HEALTH DEPARTMENT
FOR THE PERIOD
JULY 1, 2016 THROUGH MAY 31, 2022**

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Auditor of State's Report

To the Webster County Board of Supervisors and
the Webster County Board of Health:

As a result of concerns regarding certain financial transactions and at the request of County officials, we conducted a special investigation of the Webster County Public Health Department (Department). We have applied certain tests and procedures to selected financial transactions of the Department for the period July 1, 2016 through May 31, 2022, unless otherwise specified. Based on a review of relevant information and discussions with County officials and personnel, we performed the following procedures.

- (1) Evaluated the Department's internal controls over collections and administration of certain vaccinations to determine if policies and procedures in place were operating effectively.
- (2) Interviewed County officials and Department personnel to obtain an understanding of the procedures used for immunization clinics and certain collections for services provided by the Department.
- (3) Examined reimbursements made to the former Public Health Director, Kari Prescott, to determine propriety of the payments for the period February 1, 2016 through May 31, 2022.
- (4) Calculated and compared the amounts which should have been collected and deposited with the County for immunizations and tuberculosis test fees to the amounts recorded in the Department's accounting system to determine if they were properly remitted to the County Treasurer's Office.
- (5) Examined the Covid-19 Response grant agreements to determine the services to be provided and how the Department was to administer the grant. Reconciled grant revenue amounts with services performed and determined what collections, if any, were to be offset against the grant award for the period March 1, 2020 through March 31, 2022.
- (6) Examined the Family Planning Grant agreement to determine the services provided and how the Department was to administer the grant. We reconciled grant revenue amounts to services performed. Also, determined if actual expenses from administering the grant were appropriate, reasonable and properly supported for the period October 1, 2021 through March 30, 2022.

These procedures identified \$24,436.00 of immunizations and TB tests not properly deposited, \$32,663.85 of unsupported grant reimbursement requests which are also considered questioned costs, and \$1,611.13 of unsupported mileage reimbursements to Ms. Prescott. We were unable to determine if any additional collections were not properly deposited during the period reviewed because adequate records were not available. Several internal control weaknesses were also identified. Our detailed findings and recommendations are presented in the Investigative Summary this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U.S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of the Webster County Public Health Department, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Webster County Attorney's Office, the Attorney General's Office, and the Division of Criminal Investigation.

We would like to acknowledge the assistance extended to us by County officials and staff during the course of our investigation.

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and "S".

Rob Sand
Auditor of State

February 5, 2024

Report on Special Investigation of the
Webster County Public Health Department

Investigative Summary

Background Information

The Webster County Public Health Department (Department) is a division of the County. The Department is governed by a 5-member local Board of Health (BOH) as well as the County Board of Supervisors. According to the Department's website, the Department prepares for public health emergencies, aids in the prevention of epidemics and the spread of disease and promotes healthy behaviors through agency programs. The Department provides services to Webster County residents including:

- Skilled nursing services
- Covid-19 Vaccination.
- Child, adolescent, and adult immunizations.
- Tuberculosis (TB) testing and follow up.
- Communicable disease teaching and follow up.
- Family Planning Services.
- Tobacco prevention.
- Family Support To Experience Parenting Success (STEPS).
- Community education on health topics and prevention.
- Safe sharps (syringes and needles) program.

The Department employs home care aides, nurses, social workers, and administrative staff members, including the Director, and the Chief Financial Officer (CFO). The Director oversees the operations of the Department, while the CFO is responsible for the Department's accounting and financial transactions.

Kari Prescott began employment with the Department as an Accounting clerk on January 28, 1997. Ms. Prescott became the Director of the Department on September 1, 2008. As the Director, Ms. Prescott was responsible for the oversight of all grants and employees at the Department. In addition, Ms. Prescott attended meetings for the agency, communicated with County Supervisors, and other departments as needed. Ms. Prescott was also responsible for approving contracts, such as the Family Planning Grant and the Covid-19 Grant Response Grant.

The Department's primary revenue sources include grants from the State of Iowa and property tax collected by Webster County and budgeted for the Department. Revenue is also received for providing services such as immunization and TB tests, from individuals who receive services (private pays) and payments from Medicare, Medicaid, Veterans Affairs, and private insurance for services provided. As the Director, Ms. Prescott was responsible for assuring proper internal controls were administered and maintained.

On May 18, 2022, a Physician submitted a freedom of information act (FOIA) request to the County, specifically due to concerns of potential double billings for the Family Planning and COVID-19 Response grants. The FOIA request was received by the Webster County Attorney who conducted an internal investigation of concerns identified.

During the County's internal investigation, a former Bookkeeper stated they were instructed by Ms. Prescott that when cash was received for immunizations, the cash receipt was not to be recorded

or deposited with the County Treasurer, but rather placed in a cash bank bag located in Ms. Prescott's desk drawer which was against Department policy.

As a result of the internal investigation. Ms. Prescott was placed on administrative leave on May 19, 2022. Subsequently on May 25, 2022, Ms. Prescott's employment was terminated effective immediately by the Webster County Board of Supervisors. Because of the concerns identified, the County Attorney contacted the Office of Auditor of State about the possible misappropriation of funds from the Department.

As a result of the concerns identified, County officials requested the Office of Auditor of State to review the Department's financial records. We performed the procedures detailed in the Auditor of State's Report for the period July 1, 2016 through May 31, 2022.

Detailed Findings

The procedures performed identified \$24,436.00 fees recorded as collected for immunizations and TB tests administered but not properly deposited with the County Treasurer, \$32,663.85 of questioned costs related to the Family Planning Grant, and \$1,611.13 of unsupported disbursements for the period of July 1, 2016 through May 31, 2022. Because sufficient records were not available, we were not able to determine if these funds were not collected, collected but not deposited, or split between uncollected and undeposited. **Table 1** summarizes the collections not properly deposited, questioned costs related to a federal grant, unsupported disbursements, and the total.

Table 1

Description	Table/Page	Undeposited	Questioned Costs	Unsupported Disbursement	Total
Immunizations administered but not recorded	Table 2	\$ 16,456.00	-	-	16,456.00
TB tests administered but not recorded	Table 2	7,980.00	-	-	7,980.00
Family Planning Grant	Page 11	-	32,663.85	-	32,663.85
Reimbursements to Ms. Prescott	Page 12	-	-	1,611.13	1,611.13
Totals		\$ 24,436.00	32,663.85	1,611.13	58,710.98

As illustrated by the **Table**, the procedures performed identified \$32,663.85 of questioned cost which related to payroll being improperly charged to a federal grant. Also as illustrated by the **Table**, procedures performed identified \$1,611.13 of unsupported mileage reimbursements issued to the former Public Health Director, Kari Prescott. Because the mileage reimbursements were not supported by sufficient documentation to determine the location and reason for the travel, it was not possible to determine if the payments were for Department operations or personal in nature.

During the investigation, an allegation was made the County may have double billed for administrative expenses for administering the COVID-19 vaccine. Because the County did not maintain adequate supporting documentation for all administrative expense billed and collected, we cannot determine if the County billed insurance companies and the COVID-19 grant for the same administrative costs.

We contacted Ms. Prescott through her attorney to obtain an understanding of her job duties and certain transactions; however, Ms. Prescott declined our request to meet. A detailed explanation of each finding follows.

UNDEPOSITED COLLECTIONS

As previously stated, Ms. Prescott was responsible for assuring the proper collection and recording of payments received from individuals at the clinics held in the Department's office at least twice each month where immunizations and TB tests were administered to adults and children. On the day of each clinic, an inventory count of the immunizations and TB tests on hand was performed by one nurse and one administrative staff.

Patients completed an immunization clinic form when they arrived which included the immunization and/or test received at the clinic. Department staff entered the information from the form into the Champs system. Prior to administering the immunization and/or test, Department staff asked the patient for their insurance information or if they would be paying the fees themselves (Private Payors). All this information was to be recorded in the Champs system. The information entered in the Champs system included the patient's name, their insurance provider, the immunization or test they were receiving, and the cost of the immunization or test. The cost of each immunization and TB tests were listed on the back of the consent form completed by the patient for the staff working the clinic to know the amount to bill.

If the patient was over 19 years of age, they were expected to pay the full price of the immunization or test they were receiving plus the administrative fee. If the patient was under the age of 19, the fee for an immunization was \$14.00 for one or \$25.00 for two or more immunizations. The cost for TB test was \$15.00 per test regardless of age or if multiple TB tests were being administered. The Department did not collect copays for those claiming insurance.

Individuals who were on the State's Title V program were expected to pay for the service either by cash or check at the time of their immunization or TB tests. Individuals who were on the State's Title V program were billed at the rate of \$14.00 for one immunization or \$25.00 for two or more immunizations.

For patients who were not claiming insurance, the staff collected the required payment at the time of service. Payment could be made by cash or check. The County did not accept debit or credit cards for payments. Staff were to enter the amount paid and method of payment, cash or check into the Champs system. If payment was made by check, the check number was to be entered into the Champs system.

According to Department staff, all immunizations and tests administered to adults and children were to be paid for at the time of services, unless covered by insurance. After the clinic staff received the patient's insurance information or received payment, the patient was administered the immunization or test. All staff members working at the clinics were authorized to collect payments from patients. According to Department staff we spoke with, receipts were to be issued for all payments received but were rarely issued to the patient, unless asked for by the individual.

After the clinic, the Department billing staff prepared the bills for those patients with insurance. The billings to insurance providers were prepared in batches and were for the cost of the immunization or test received. The insurance providers were not billed for the administrative fees. For example, if there were 10 individuals who had Blue Cross Blue Shield, they were all included in one billing to Blue Cross Blue Shield. Once the billings were prepared, they were sent out to the various insurance providers. When checks were received from the insurance providers, they were stapled to a receipt and turned into the County Treasurer for deposit.

If an insurance provider denied a claim, the denial was noted in the Champs system and the Department billing staff prepared an invoice for the cost of the immunization or test to be sent out to the individual for payment. The Department did not add an administrative fee to these bills. Individuals billed were expected to pay the bill via cash or check.

According to Department staff, the immunization clinic forms, cash, and checks received were paperclipped together with a post-it note, listing the total cash/check payments received and turned into the Department's bookkeeping staff at the end of the day. These forms and receipts were maintained in a bank bag located at the bookkeeper's desk. The bookkeeper was responsible for preparing the receipts and for remitting the collections to the County Treasurer's Office to be deposited. The amounts remitted to the County Treasurer for cash/check payments received were not reconciled to entries made on the Champs system.

The Department's policy states collections are to be remitted to the County Treasurer weekly with dual endorsement signatures on all checks received. The County Treasurer's Office would prepare a receipt which listed out the date, the amount received, whether the collections were cash or check, and for who or what the payment was for. The receipts were provided to the bookkeeper at the time they were turned in and maintained in the Department's records.

According to the Department's former bookkeeper, the Department did collect all cash and checks at the end of each clinic. The former bookkeeper also stated they would remove the cash that was collected and gave it directly to Ms. Prescott per instructions given by Ms. Prescott. The former bookkeeper also stated, that in some instances, Ms. Prescott would get the cash collected out of the bank bag herself. The former bookkeeper would then take the Department's immunization receipt documentation and any cash and/or checks to the County Treasurer's Office to be recorded in the County's accounting system and deposited in the County's bank account.

Immunizations and Tuberculosis (TB) Tests Administered – In order to determine if all tests administered were billed and the funds deposited, we obtained reports from the State for the period July 1, 2013 to May 31, 2022. The reports listed the immunizations and TB tests the Department received, administered, and any adjustments made to inventory balances. In addition, we obtained immunization rate sheets for the same period. However, because the Department did not have records prior to July 1, 2016, we were unable to review information prior to this date.

In addition, we obtained the immunization logs from the Department's Champs system for the period July 1, 2016 to May 31, 2022. Logs from the Champs system were not available or were incomplete prior to July 1, 2016. As previously stated, the logs list the immunizations and TB tests billed by the Department. In addition, the logs identified which individuals had their insurance billed and who were private payors.

As previously stated, private payors were expected to pay for the immunization or test at the time of service. The Department accepted either cash or check. Individuals on Title V were also expected to pay their portion at the time of service. Patients whose insurance denied their claim, were billed for the immunization or test received minus the administration fee. The County did not accept debit or credit cards.

To determine the completeness of the Champs system, we compared the information recorded in the Champs system to the IRIS system to determine if the individuals listed in the Champs system were documented as receiving an immunization in the IRIS system. In addition, with the assistance of Department staff, we also matched the appropriate billing rate to each type of vaccine and test administered by the Department to determine if the proper rates were billed.

Using the Champs system, we selected those individuals who were private payors, covered by Title V, and anyone whose insurance was billed but subsequently denied. These individuals were required to pay all, or a portion, of the cost of the vaccine at the time it was received. The County accepts cash or check for payment of fees. These payments were to be recorded in the Champs system and deposited with the County Treasurer.

Based on the procedures performed, we identified 21 instances where physical receipts were issued but not recorded in the Champs system. When we asked Department officials what these 21 receipts were for, Department officials were unable to explain why the receipts were not recorded or could not

determine what these receipts were for. The 21 receipts totaled \$626.00. Because we could not determine if these were related to immunizations or TB tests, we did not include the 21 receipts in our comparison.

Using the receipts provided by the Department, which included the individuals name, service provided, amount paid, and payment type, we verified the information included on the receipts to the information recorded in the Champs system. We then traced the payments received by the Department for these individuals to a deposit with the County Treasurer’s Office to determine if all collections were properly deposited.

In addition, we compared the total amount expected to be billed and collected by month based on information recorded in the Champs system, excluding the 21 receipts noted above, to the amounts deposited with the County Treasurer. **Table 2** summarizes the amount expected to be collected to the amount deposited with the County for fiscal years 2016 through May 2022.

Table 2

Fiscal Year	Immunization Collections			Tuberculosis Collections			Total Undeposited
	Amount Expected to be Collected	Deposited With the County Treasurer	Undeposited	Amount Expected to be Collected	Deposited with the County Treasurer	Undeposited	
2017	\$ 3,338.00	414.00	\$ 2,924.00	1,950.00	-	\$ 1,950.00	4,874.00
2018	3,856.00	1,777.00	2,079.00	1,860.00	135.00	1,725.00	3,804.00
2019	3,285.00	592.00	2,693.00	1,770.00	225.00	1,545.00	4,238.00
2020	3,669.00	75.00	3,594.00	585.00	-	585.00	4,179.00
2021	3,728.00	139.00	3,589.00	1,530.00	120.00	1,410.00	4,999.00
2022^	1,677.00	100.00	1,577.00	945.00	180.00	765.00	2,342.00
Total			\$ 16,456.00			\$ 7,980.00	24,436.00

^ – Immunization and TB test collections for the period July 1, 2021 through May 31, 2022 and deposited prior to June 30, 2022.

As illustrated by the **Table**, we determined \$24,436.00 was not deposited with the County. Of the \$24,436.00 of undeposited collections, \$16,456.00 were for immunizations and \$7,980.00 were for TB tests.

As previously stated, Department staff were told not to turnover cash to the County Treasurer but instead give it to Ms. Prescott per instructions given by Ms. Prescott. As previously stated, we contacted Ms. Prescott through her attorney to obtain an understanding of her job duties and certain transactions; however, Ms. Prescott declined our request to meet.

Because the collections were entered into the Champs system as collected but not deposited with the County Treasurer, the \$24,436.00 is included in **Table 1** as undeposited collections.

GRANT BILLINGS

As previously stated, Ms. Prescott was responsible for oversight of all grants received by the Department. During discussions, Department officials stated they were concerned with the administration of the Family Planning and COVID-19 Response grants. As a result, we reviewed all grant applications, contracts, amendments, budgets, funds requests, and supporting documentation for the Department’s Family Planning grant for the period October 1, 2021 to March 30, 2022 and the COVID-19 Response grants for the period March 1, 2020 to March 31, 2022. Findings related to the grants are discussed below.

Family Planning Grant – The Family Planning Grant is administered by the U.S. Office of Population Affairs (OPA) through the Family Planning Council of Iowa (FPCI). This program is dedicated solely to the provision of family planning and related preventive health services. The family planning program offers a broad range of acceptable and effective family planning methods and services including natural family planning methods, infertility services, and services for adolescents.

During our review of the Department’s Family Planning Grant applications, contracts, budgets, and fund requests, we determined the grant allows only individuals who have completed specific training sessions to have their time billed to the grant. According to the grant’s requirements, it is the responsibility of the Department to maintain supporting documentation for individuals who have time billed to the grant. Supporting documentation includes items such as, timesheets, training certificates, attendance records, or similar supporting documentation.

Current and former staff we spoke with stated they had concerns regarding an individual who charged time to a grant but did not have the required training necessary to provide services in accordance with the terms of the grant. As a result of these concerns, we reviewed the supporting documentation maintained by the Department for grant reimbursement requests submitted by the Department to the FPCI. Supporting documentation provided by the Department included timesheets for all Department staff, forms completed by the Department, monthly revenue and expenditure reports for the grant, and monthly activity logs of services rendered as part of the grant. In addition, we obtained each of the individual’s personnel files, as well as training logs maintained by the Department and training certifications to determine if each of the individuals who had time billed to the grant had completed the required Family Planning training sessions.

For the employees who charged time to the grant, we reviewed their personal file for evidence the employee had the required training and the hours charged to the grant. Based on this review, we determined an employee who had hours billed to the Family Planning Grant for five months did not have the required training. As a result, their time should not have been billed to the grant.

According to Department staff and officials we spoke with, the employee should not have had any hours billed to the grant in December 2021. **Table 3** summarizes the employee’s hours billed to the grant, their hourly pay rate, and the total gross payroll for the five months.

Description	Hours Recorded	Amount
November 2021	54.50	
December 2021	80.25	
January 2022	23.25	
February 2022	52.50	
March 2022	31.60	
Total Hours	242.10	
Hourly Pay Rate	\$ 102.00	
Total Gross Pay		\$ 24,694.20

As illustrated by the **Table**, the employee charged 242.10 hours to the grant totaling \$24,694.20. In addition, the County share of FICA and IPERS charged to the grant for the improper payroll totaled \$1,889.11 and \$2,331.13, respectively. Because the Department did not properly maintain supporting documentation to show the employee had completed the required training for their time to be charged to the Family Planning, the employee’s time totaling \$24,694.20 and the \$4,220.24 of FICA and IPERS are considered a questioned cost.

Based on a review of supporting documentation, we determined the March 2022 reimbursement request for \$18,588.18 of Title X Supplemental Contraceptives funds under the Family Planning Grant only included supporting documentation for \$14,838.77 of the \$18,588.18 requested. Because supporting documentation was not available for the entire reimbursement request, the difference of \$3,749.41 is considered questioned costs.

As a result, the \$3,749.41 of unsupported Supplemental Contraceptive funds and the \$28,914.44 of unsupported employee time billed to the Family Planning grant are included in **Table 1** as questioned costs.

COVID-19 Response Grant – The U.S. Department of Health and Human Services (HSRA) COVID-19 Response grant was established to expand, and sustain a public health workforce to prevent, prepare for, and respond to COVID-19. The program aims to mobilize community outreach workers to educate and assist individuals in accessing and receiving COVID-19 Vaccinations. The grant was awarded and administered by the Iowa Department of Public Health. IDPH allocated funds to each county.

During our review of the Department’s COVID-19 Response grant general conditions and amendments, we identified the grant allows for Public Health departments to bill for administrative expenses. The Department can either submit claims to the State or submit a claim to an individual’s insurance provider for a COVID-19 vaccinations administered.

As previously stated, Department officials we spoke with had concerns regarding the administration of the COVID-19 Response Grant and the possibility the County billed the COVID-19 Grant and insurance providers for the same administrative costs (double billing).

According to Department officials, the County originally billed \$30 for administering the vaccine; however, this was increased to \$40 at some point. Each month that the Department submitted a claim under the grant for reimbursement of the administrative expenses. In addition, they would bill insurance providers for the administrative fee at the time the vaccine was administered.

Using the available records for the period March 2021 through March 2022, we attempted to compare the number of vaccines administered to the amount requested from the COVID-19 Grant and the amount billed to the insurance providers for administrative fees in order to determine if any double billing for administrative fees occurred.

Information provided by the Iowa Department of Public Health showed the County administered 26,733 COVID-19 vaccinations for the period March 2019 to May 2022. However, the immunization logs from the Department’s Champs system, show 26,637 COVID-19 vaccines were administered. The data provided by the County showed total administrative costs billed of \$988,742.32.

According to information proved by the State, the County requested and received \$224,017.65 for administrative costs under the grant. The remaining \$764,724.67 would have been billed to insurance companies. However, each insurance company is allowed to set the maximum amount they will reimburse for each vaccine. Based in the information provided by the Department the amounts ranged from \$4.00 to \$40.00.

We requested a detailed list of claims submitted to the insurance companies and the amount the companies remitted to the County. The County was unable to provide a complete listing. The records provided by the County also showed insurance companies sometimes submitted 1 check to the County which may cover more than just the COVID-19 administrative fees.

Because the Department did not maintain adequate supporting documentation and did not have an adequate tracking system in place for the administration of these grant funds, we are unable to determine if the County double billed for administrative costs.

UNSUPPORTED DISBURSEMENTS TO FORMER DIRECTOR

As previously stated, Ms. Prescott began employment with the Department in January 1997 and was promoted to the Director of the Department in September 2008. Ms. Prescott was eligible for reimbursement of expenses related to Department operations, specifically mileage. Reimbursements were to be in accordance with County policies and procedures. The County has a travel reimbursement policy addressing mileage rates, limits on meals and lodging, and the required supporting documentation to be submitted along with the travel reimbursement form submitted to the County.

We obtained a listing from the Department for all non-payroll checks issued to Ms. Prescott for the period January 1, 2013 to May 31, 2022. We determined that Ms. Prescott received 82 reimbursement checks totaling \$18,332.63 during this period. Due to the Department's retention policy, the Department could not provide supporting documentation for reimbursement claims prior to January 31, 2015.

We reviewed the available supporting documentation for the remaining 55 reimbursement checks issued to Ms. Prescott for the period February 1, 2015 through May 31, 2022 to determine the propriety of the reimbursements.

The Department was able to provide adequate supporting documentation for all but 9 of the 55 reimbursements. The remaining nine reimbursements total \$1,945.18 and are include in **Exhibit A**. The Department was able to provide limited supporting documentation to support \$333.65 of the \$1,945.18. Based on the description included on the memo line of the check, the nine reimbursements totaling \$1,611.53 were for mileage. There was no additional supporting documentation provided for these nine disbursements.

Because the Department could not provide supporting documentation to determine if the remaining \$1,611.53 of reimbursements were personal in nature or for Department operations, the \$1,611.53 are included in **Table 1** as unsupported disbursements.

OTHER ADMINISTRATIVE ISSUES

Oversight – County officials have a fiduciary responsibility to exercise authority over its funds, efficiently and effectively achieve its mission, provide oversight of the County's operations and maintain public trust. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity. Based on review, we determined the County officials did not provide sufficient oversight of the County's financial transactions and did not:

- Require and review reconciliations of immunization and TB test collections to deposits with the County Treasurer.
- Require and maintain original, itemized receipts for all disbursements, including employee reimbursements, and review the supporting documentation to ensure the public purpose of the disbursements.
- Review the Department's grant and grant requirements. Properly ensure that all grant reimbursement requests are properly supported.

Recommended Control Procedures

As part of our investigation, we reviewed the procedures used by the Webster County Public Health Department to ensure all collections are properly deposited. An important aspect of internal control is to establish procedures which provide accountability for assets susceptible to loss from errors and irregularities. These procedures provide the actions of one individual will act as a check on those of another and provide a level of assurance errors or irregularities will be noted within a reasonable time during the course of normal operations. Based on our findings and observations detailed below, the following recommendations are made to strengthen the Department's internal controls.

- A. Segregation of Duties – An important aspect of internal control is the segregation of duties among individuals to prevent one person from handling duties which are incompatible. The former Director of the Health Department had control over each of the following areas:
- (1) Receipts – opening mail, and preparing bank deposits,
 - (2) Cash – handling, reconciling bank accounts, and recording, and
 - (3) Recording transactions – performing all general accounting functions.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, the duties within each function listed above should be segregated between the administration staff and other Department officials. In addition, Department and County officials should review financial records, perform reconciliations, and examine supporting documentation for accounting records on a periodic basis.

- B. Receipts – During our review of available records related to collections, the following concerns were identified:
- (1) The Department did not maintain detailed collection records to document amounts collected from immunizations, tuberculosis tests, and other private pay services collected.
 - (2) Reconciliations were not prepared reconciling collections received for administering immunization and TB test to the amount deposited with the County Treasurer.
 - (3) We identified \$23,445.29 of immunizations and TB tests administered were not properly deposited Prenumbered receipts were not issued for all collections.

Recommendation – Department and County officials should ensure they have a complete listing of all events for which deposits should be expected, require preparation of an initial receipts listing and/or receipts, ensure deposits are made in a timely manner. In addition, County officials should ensure reconciliations are performed in a timely manner to ensure all expected collections are properly deposited with the County Treasurer. Additionally, County officials should review the reconciliation to ensure accuracy and completeness. The review should be documented by the signature or initials of the reviewer and date of the review.

C. Grant Compliance – During our review of available records related to the Family Planning Grant and COVID-19 Response Grant, the following concerns were identified:

- (1) Family Planning Grant – The Department claimed \$28,914.44 for reimbursement for payroll and related payroll costs for an employee who did not have the required training to be charged to the grant. In addition, the County could not support \$3,749.41 of costs charged to the Title X Supplemental Contraceptives grant under the Family Planning grant. As a result, the \$32,663.85 is a questioned cost.
- (2) The Department did not maintain adequate supporting documentation or have an adequate tracking system in place to track the amount billed and collected for administrative costs related to providing the COVID-19 vaccine. As a result, we were unable to determine if the County double billed for administrative costs.

Recommendation – County officials should work with their cognizant agency to repay the \$32,663.85 of questioned costs related to the Family Planning Grant. County officials should develop policies and procedures to ensure the County complies with grants requirements as outlined in the grant agreements and maintains any required supporting documentation. Additionally, County officials should periodically review requests for reimbursement submitted by the Department to ensure the reimbursement requests are supported by adequate documentation and comply with the terms of the grant(s).

D. Oversight by County Officials – County officials have a fiduciary responsibility to provide oversight of the County’s operations and financial transaction. Oversight is typically defined as the “watchful and responsible care” a governing body exercises in its fiduciary capacity.

Recommendation – Oversight by County officials is essential and should be an ongoing effort. County officials should exercise due care and review all pertinent information. County officials should also ensure sufficient information is prepared and provided to them for making decisions and appropriate policies and procedures are adopted, implemented, and monitored to ensure compliance.

Exhibit

Report on Special Investigation
of the Webster County Public Health

Unsupported Reimbursement Payments Issued to Kari Prescott
For the Period July 1, 2016 through May 31, 2022

Check Date	Check Number	Check Amount	Description Per Support or Check Stub	Unsupported	Reasonable
10/28/15	544397	\$ 288.75	Mileage	\$ 136.50	152.25
12/15/15	545503	309.75	Mileage	309.75	-
02/09/16	546495	196.00	JANUARY MILEAGE 400@.49	196.00	-
04/19/16	547737	428.26	MARCH MILEAGE 874@.49 \$7 PARKING	428.26	-
07/12/16	549393	236.67	JUNE - 483 @ .49	236.67	-
08/08/17	556701	266.75	JULY MILEAGE - 550 MILES	174.60	92.15
01/22/19	607602	24.75	BOH DEC MILEAGE	24.75	-
03/17/20	615108	141.75	WIC - FEB MILEAGE (70)	52.50	89.25
12/22/20	619585	52.50	BOH - NOV MILEAGE (100)	52.50	-
Total		<u>\$ 1,945.18</u>		<u>\$ 1,611.53</u>	<u>333.65</u>

Report on Special Investigation of the
Webster County Public Health Department

Staff

This special investigation was performed by:

Melissa J. Finestead, CFE, Director
Ryan T. Jelsma, CFE, Manager
Mark C. Moglestad, CPA, Senior Auditor II
Julius O. Cooper, Staff Auditor
Gono Quaye, Staff Auditor

A handwritten signature in black ink, appearing to read 'James S. Cunningham', with a long horizontal flourish extending to the right.

James S. Cunningham, CPA
Deputy Auditor of State