Luther Speight & Company
Certified Public Accountants and Consultants

COMMON GROUND HEALTH CLINIC, INC.
(A Nonprofit Organization)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2018

TABLE OF CONTENTS

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Common Ground Health Clinic, Inc.
New Orleans, Louisiana

Report on the Financial Statements
We have audited the accompanying financial statements of Common Ground Health Clinic, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/(504)561-8600
Memphis Office: 119 S. Main Street, Suite 500/Memphis, TN 38103/(901)322-4238
Atlanta Office: Five Concourse Pkwy, Suite 3000/Atlanta, GA 30328/(770)399-8808

Basis for Qualified Opinion
The Clinic did not maintain sufficient financial records during the audit period in support of patient revenues and the related receivables. Accordingly, we were unable to determine that the net patient revenues and related receivables reported at \$388,239 and \$74,709 respectively were free of material misstatements.

Qualified Opinion
In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Common Ground Health Clinic, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter
We draw attention to the *Independent Auditor's Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance* for which we issued an adverse opinion based on the Clinic's material non-compliance with requirements mandated by the *OMB Uniform Guidance*. This non-compliance could adversely affect the Clinic's future funding and/or recovery of amounts funded by the Grantor. In addition, as discussed in Note 2 of the financial statements, during the year ended December 31, 2018, the Clinic adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters
Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* is required by Louisiana Revised Statue 24:513(A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of the Common Ground Health Clinic, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Common Ground Health Clinic, Inc.'s internal control over financial reporting and compliance.

Luther Speight & Company CPAs
New Orleans, Louisiana
January 30, 2020

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS		
Cash and Cash Equivalents	$	317,741
Accounts Receivable, Net		74,709
Fixed Assets, net		25,422
Total Assets		417,872
LIABILITIES & NET ASSETS		
Liabilities		
Accounts Payable and Accrued Liabilities		36,973
Accrued Salaries		35,076
Payroll Tax Liabilities		13,485
Total Liabilities		85,534
Net Assets		
Without Donor Restrictions		332,338
Total Net Assets		332,338
TOTAL LIABILITIES & NET ASSETS	$	417,872

The accompanying notes are an integral part of these financial statements.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Grants - Governmental	$ 1,859,181	$ -	$ 1,859,181
Patient Revenue, Net	388,239	-	388,239
Miscellaneous Revenue	32,980	-	32,980
Grants - foundation, trust, and non-profit	150	-	150
Total Revenues and Other Support	2,280,550	-	2,280,550
EXPENSES			
Health Care	1,350,984	-	1,350,984
Management and General	998,236	-	998,236
Total Expenses	2,349,220	-	2,349,220
Change in Net Assets	(68,670)	-	(68,670)
Prior Period Adjustment	(3,105)	-	(3,105)
Net assets, beginning of year	404,113	-	404,113
Net assets, end of year	$ 332,338	$ -	$ 332,338

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018

		2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$	(68,670)
Prior Period Adjustment		(3,105)
Adjustments to reconcile net income to net cash:		
Depreciation Expense		5,787
Changes in assets and liabilities		
Increase in Receivables		(56,455)
Decrease in Prepaid Expenses		3,105
Decrease in Accounts Payable		11,812
Increase in Accrued Salaries		35,076
Increase in Payroll Liabilities		13,485
Net Cash Used by Operating Activities		(58,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchases of Fixed Assets		(42)
Net Cash Used by Financing Activities		(42)
Net change in cash and cash equivalents		(59,007)
Cash and cash equivalents - beginning of period		376,748
Cash and cash equivalents - end of period	$	317,741

The accompanying notes are an integral part to these financial statements.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMEBER 31, 2018

	Health Care	Management and General	Total
Salaries & related expenses	$ 963,909	$ 301,928	$ 1,265,837
Professional services and fees	-	361,389	361,389
Bad Debt Expense	94,049	-	94,049
Rent Expense	92,750	1,250	94,000
Repairs & maintenance	-	93,367	93,367
Office Expense	10,531	43,982	54,513
Travel, Conferences, and Staff Development	8,558	45,325	53,883
Insurance	19,665	45,577	65,242
Advertising	43,190	-	43,190
Medical Supplies	41,166	-	41,166
Utilities	-	34,657	34,657
Security	-	34,555	34,555
Medical Expenses	27,592	-	27,592
Training and Development	21,647	-	21,647
Licenses and Membership dues	9,280	11,139	20,419
Biohazard and Trash Removal	10,393	-	10,393
Equipment Lease/ Rental	-	7,829	7,829
Program Development and Outreach	7,073	-	7,073
Miscellaneous	1,181	5,229	6,410
Postage & delivery	-	6,222	6,222
Depreciation	-	5,787	5,787
	$ 1,350,984	$ 998,236	$ 2,349,220

The accompanying notes are an integral part of these financial statements.

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

1. Nature of Activities

Common Ground Health Clinic (CGHC, or the Clinic) is a 501(c) (3) tax exempt organization. CGHC started in 2005 in New Orleans, Louisiana. CGHC serves to provide quality health care for the greater New Orleans community, as well as develop programs to address community health care needs through collaborative partnerships. In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic relies primarily on federal, state, and city programs as well as private sources and various grants for on-going financial support for their operations.

The Clinic was founded on September 9, 2005, just days after Hurricane Katrina. The Clinic became a registered 501(c) (3) tax exempt organization in April 2006. During 2018, the Clinic lost their 501(c) (3) tax exempt status due to late filing of the 2015, 2016 and 2017 Form 990 filings required by the Internal Revenue Service. The Clinic subsequently filed the 990s and requested retroactive reinstatement of their 501(c) (3) tax exempt status.

In 2013, the Clinic launched the Old Algiers Harvest Fresh Market in collaboration with several partnering organizations and was awarded Federally Qualified Health Center (FQHC) status.

The clinic is governed by a Board of Directors, all of whom serve a term of one, two, or thee years.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recorded when incurred. Contributions are recognized when received or unconditionally promised. In-kind donations are recognized at their fair market value when received.

2. Summary of Significant Accounting Policies (continued)

Basis of presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the organization classifies resources for accounting and reporting purposes into two net asset categories which are with donor restrictions and without donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Clinic are included in this category. The Clinic has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Clinic and therefore, their policy is to record those net assets as unrestricted.
- Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

At December 31, 2018, the Clinic did not have any net assets with donor restrictions.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

For the purposes of reporting cash flows, cash consists of cash and cash equivalents. The Clinic considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable, net

Patient receivables are recorded net of contractual allowance and bad debt allowances. Management estimates contractual allowances in accordance with the reimbursement rates in the contractual arrangements. Management estimates bad debt allowances based upon management's assessment of historical and expected net collections, business and economic conditions, and other collection indicators. The primary uncertainty lies within uninsured patient receivables and deductibles, co-payments, and other amounts due from individual patients. Patient receivables are written off when deemed uncollectible and recoveries of receivables previously written off are recorded when received.

Property and equipment

Leasehold improvements, furniture, and equipment are recorded as assets and are stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Leasehold improvements, furniture, and equipment are depreciated over the shorter of the estimated useful life of the asset or the lease term. Depreciation is provided using the straight line method over the estimated useful lives of the assets as follows: leasehold improvements: 5-7 years; furniture and equipment: 3 to 10 years.

Revenue Recognition

Medicare, Medicaid, and patient revenues are reported at the estimated net realizable vale amounts for services rendered. Revenues received under government grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

2. Summary of Significant Accounting Policies (continued)

Donated Services and Medical Supplies

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets of (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. Donated medical supplies are recorded as received and include medications and related medical supplies donated to the Clinic.

Incentive Revenue

The Clinic receives incentive payments from various pharmacies for the treatment of patients with particular health conditions. Payments are remitted to the Clinic by the pharmacy. The Clinic records the revenue at the time of receipt as that is when they become aware that the patient qualifies for the incentive. Incentive revenues for the year ended December 31, 2018 included in miscellaneous revenue totaled $17,892.

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on actual amounts or management's best estimate.

Compensated Absences

The Clinic allows three months compensated sick leave to carry over from any prior fiscal year, Unused compensated absences are paid out to employees on a case-by-case basis solely on management's discretion, and thus are not estimable for financial statement reporting purposes.

Income Taxes

The Clinic is a non-profit corporation that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509 (a) of the Code. It is exempt from Louisiana income tax under the Section 121(5) of Title 47 of the Louisiana Revised Statues. The Clinic paid no federal income tax for the year ended December 31, 2018.

2. Summary of Significant Accounting Policies (continued)

Recently Issued Financial Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14, Not-For-Profit Entities (Topic 958) to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendment is effective for fiscal years beginning after December 15, 2017. The Clinic has adopted the new ASU, which effects the presentation of the financial statements and the disclosures in the footnotes. Management has implemented the changes and adjusted the presentation in the financial statements and footnotes accordingly.

In June 2018, the FASB issued Accounting Standards Update No. 2018, Not-For-Profit Entities (Topic 958) to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendment is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted, but the Clinic has elected not to early adopt this standard. Management is reviewing the impact that this standard will have on the financial statements and related disclosures.

Note 3: Cash and Cash Equivalents

The Clinic maintains its cash in a bank deposit account at a financial institution. The current balance covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC) is $250,000 for interest bearing accounts and non-interest bearing accounts alike.

The bank balances for the Clinic, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe the Clinic is exposed to a significant amount of credit risk. The Clinic had $57,381 in uninsured funds as of December 31, 2018.

Note 4: Property and Equipment

Property and equipment consisted of the following at December 31, 2018

Asset Category	
Land	$ 12,000
Leasehold Improvements	31,621
Furniture and Equipement	91,785
Donated Equipment	103,055
Subtotal	238,461
Accumulated Depreciation	(213,039)
Net Property and Equipment	$ 25,422

Depreciation expense for fiscal year ended December 31, 2018 was $5,787.

Note 5: Line of Credit

On May 30, 2013, the Clinic executed a $20,00 line of credit agreement with a bank that matured June 1, 2018 bearing an interest rate of 2.0% the U.S. prime rate, which was 7.5% at December 31, 2018. There was no outstanding balance at December 31, 2018. No interest was paid during 2018.

Note 6: Grants and Federal Awards

In order to assist in meeting its goals and mission of providing services as a primary care clinic, the Clinic has applied for and has been awarded various grants from both governmental and private programs as described below.

Health Resources and Services Administration (HRSA) Grant – In November 2013, the Clinic was awarded a HRSA grant totaling $758,333 for the project period November 1, 2013 through December 31, 2018 administered by the U.S. Department of Health and Human Services, which reimburses specified operational expenses associated with the care of the Medicare, Medicaid, and uninsured populations. On August 4, 2014, this grant was increased to $810,931. On November 27, 2015, this grant was increased to $1,774,350. On December 15, 2016, this grant was increased to $1,780,517. On May 24, 2018, this grant was increased to $1,989,040.

Note 7: Patient Revenues

The Clinic provides medical assistance to eligible Medicaid and Medicare recipients and receives reimbursements from the State if Louisiana's Department of Health and Hospitals and the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (SMS) for claims submitted in conjunction with those services provided.

As an FQHC, the Clinic receives a fixed rate per encounter for its Medicare, Medicaid, and the Medicaid Greater New Orleans Community Health Connection (GNOCHC) waiver program (see additional information in Note 10 regarding GNOCHC). The Clinic also has agreements with other third-party payors that provide for payments to the Clinic at amounts different from its established billing rates.

The Medicare intermediary for Medicare patients reimburses for services rendered to Medicare program beneficiaries under an all-inclusive rate for each visit that is subject to audit and retroactive adjustments. Management does not believe that the ultimate outcome of any cost report audit will have a significant impact on the Clinic's financial statements.

Most of the Clinic's patients are Greater New Orleans residents insured under third party payer agreements. The mix of revenues from third-party payers for the years ended December 31, 2018 was as follows:

Medicaid	65%
Medicare	3%
Other Insurance	2%
Self Pay	30%
Total	100%

In addition to Medicare, Medicaid, and grant programs, the Clinic also provides healthcare to patients who do not qualify for these programs at a discounted cost. For the year ended December 31, 2018 the Clinic recognized $4,641 in net patient revenues related to these patients.

Note 8: Leases

The Clinic leases office space and had rent and leasing expense related to its medical and administrative space of $94,000 as of December 31, 2018.

The Clinic leases various types of equipment for its operations, which are included in office expenses. The lease agreements expire between December 2018 and December 2020.

Future minimum lease obligations are as follows for the years ending December 31:

2019	$ 94,465
2020	1,385
Total	$ 95,850

Note 9: Commitments and Contingencies

The Clinic is a recipient of several grants and awards of federal, state, and private foundation funds. These grants and awards are governed by various federal, state, and private foundation guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under the contract and administration of the Clinic and is subject to audit and review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

The Clinic participates in the State of Louisiana Patient Compensation Fund (the Fund). The Fund provides for malpractice coverage to the Clinic for claims in excess of $100,000 and up to $500,000 per claim. According to state law, medical malpractice liability (exclusive of future medical care awards and litigation expenses) is limited to $500,000 per occurrence. The Clinic purchased commercial insurance that provides coverage for medical malpractice up to $2,000,000 in the aggregate in excess of the Fund limits. There were no medical malpractice cases outstanding as of December 31, 2018.

Note 10: Economic Dependency

The primary source of revenue for the Clinic is federal, state, and local grants and contracts provided through various funding agencies. The continued success of the Clinic is dependent upon the renewal of contracts from current funding sources as well as the Clinic's ability to obtain new funding. The state Medicaid program (GNOCHC) was originally scheduled to end on December 31, 2013 but was extended through June 30, 2016. Starting on July 1, 2016, the State of Louisiana expanded Medicaid which would provide service to the GNOCHC population under the traditional Medicaid model. During the year ended December 31, 2018, the Clinic received less than 1% of its revenue from the GNOCHC program.

Note 11: Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	$ 317,741
Accounts Receivable, Net	74,709
Total	$ 392,450

Note 12: Defined Contribution Plan

All full-time employees meeting the minimum age and years of service requirements are covered by a defined contribution plan under the provisions of the Internal Revenue Code Section 401(k). Eligible employees who wish to participate are allowed to contribute up to maximum limits imposed by law of their annual compensation. The Clinic makes matching contributions of the employees' contribution up to the first 6% contributed for each participating employee. The Clinic incurred $45,193 during the year ended December 31, 2018 for administrative costs and matching contributions.

Note 13: Prior Year Adjustment

Management determined that a prior year adjustment was not recorded and an unreconciled difference existed. This prior year item resulted in an overstatement of beginning net assets. As a result, management recorded an adjustment of $3,105 during 2018 to reflect the effect to the prior period.

Note 14: Subsequent Events

In preparing these financial statements, the Clinic has evaluated events and transactions for potential recognition or disclosure through January 30, 2020, the date the financial statements were available to be issued. No additional disclosures are considered necessary.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD(S)
FOR THE YEARS ENDED DECEMBER 31, 2018

	Agency Head:
Purpose	**Carleetha Smith Chief Executive Officer**
Salary	$ 103,672
Severance	-
Benefits- Insurance	-
Benefits- Retirement	5,151
Benefits- Medicare	1,205
Benefits - Worker's Comp	-
Benefits- Unemployment	-
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	-
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-

See Independent Auditors' Report for Disclaimer of Opinion.

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Common Ground Health Clinic, Inc.
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Common Ground Health Clinic (a nonprofit organization) (the Clinic), which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2020. Our report expresses a qualified opinion on such financial statements because were unable to obtain necessary support to reconcile and audit net patient revenues and receivables due to the Clinic's failure to record patient receivables or maintain sufficient records during the year ended December 31, 2018. We were unable to obtain sufficient appropriate audit evidence about the areas mentioned above through application of other auditing procedures.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Common Ground Health Clinic's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clinic's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163/(504)561-8600
Memphis Office: 119 S. Main Street, Suite 500/Memphis, TN 38103/(901)322-4238
Atlanta Office: Five Concourse Pkwy, Suite 3000/Atlanta, GA 30328/(770)399-8808

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-05, and 2018-09 that we consider to be material weaknesses.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the Clinic, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-03, 2018-04, 2018-06, 2018-07, and 2018-08.

Common Ground Health Clinic, Inc.'s Response to Findings

The Clinic's response to the findings identified in our engagement is described in the accompanying views of responsible officials and planned corrective actions starting on page 48. The Clinic's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinic's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clinic's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
January 30, 2020

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Common Ground Health Clinic, Inc.
New Orleans, LA

Report on Compliance for the Major Federal Programs

We have audited Common Ground Health Clinic, Inc.'s (the Clinic) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Clinic's major federal program for the year ended December 31, 2018. The Clinic's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal award applicable to its federal program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Clinic's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Clinic's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our adverse opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Clinic's compliance.

Basis for Adverse Opinion on the Health Center Program Cluster

As described in the accompanying schedule of findings and questioned costs, Common Ground Health Clinic, Inc. did not comply with requirements regarding CFDA #93.224, Health Center Program Cluster, as described in finding numbers 2018-003, 2018-007, and 2018-008 for Program Income, 2018-004 for Allowable Activities and Costs, 2018-005 and 2018-006 for Reporting, and 2018-008 for Cash Management, Period Performance, and Procurement/Supervision/Debarment. Compliance with such requirements is necessary, in our opinion, for Common Ground Health Clinic, Inc. to comply with the requirements applicable to the program.

Adverse Opinion on the Health Center Program Cluster

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, Common Ground Health Clinic, Inc. did not comply, in all material respects, with the types compliance requirements referred to above that could have a direct and material effect on the Health Centers Program for the year ended December 31, 2018.

The Clinic's responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan starting on page 48. The Clinic's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Management of the Clinic is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Clinic's internal control over compliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Clinic's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-005 and 2018-009 to be material weaknesses.

The Clinic's response to the internal control findings identified in our audit are described in the accompanying corrective action plan starting on page 48. The Clinic's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose

Luther Speight & Co

Luther Speight & Company CPAs
New Orleans, Louisiana
January 30, 2020

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF EXPENDITURES OF FEDDERAL AWARDS
FOR THE YEARS ENDED DECEMBER 31. 2018

Federal Grantor	Pass-through Grantor	CFDA Number	Pass-through Enntity Identifying Number	Federal Expenditures	Amount Passed through to Subrecipient	Total Federal Expenditures
Department of Health and Human Services Direct Pograms						
Health Center Program Cluster						
Consolidated Health Centers (Community Health Centers, Migrant Health Centers. Health Care for the Homeless, and Public Housing Primary Care Centers)		93.224		$ 1,859,181	$ -	$ 1,859,181
TOTAL FEDERAL EXPENDITURES				$ 1,859,181	$ -	$ 1,859,181

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

COMMON GROUND HEALTH CLINIC, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018

NOTE 1 – GENERAL

The companying Schedule of Expenditures of Federal Awards presents the expenditures from federal awards of Common Ground Health Clinic, Inc. All federal awards were received directly from Federal agencies.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Clinic and is presented on the accrual basis of accounting.

NOTE 3 – DE MINIMUS COST RATE

During the year ended December 31, 2018, the Clinic did not elect to use the 10% de minimis cost rate.

NOTE 4 – LOAN AND LOAN GUARANTEES

The Clinic did not expend federal awards related to loans or loan guarantees during the year ended December 31, 2018. The Clinic had no loans outstanding at the year ended December 31, 2018.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The Clinic has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The Clinic did not receive any federal noncash assistance for the year ended December 31, 2018.

NOTE 7 – RECONCILIATION

The federal grant revenues included in the SEFA of the Clinic, are included on the Statements of Activities for the year end December 31, 2018 under the caption Grants – governmental. The Clinic did not receive other state or local grants during the year ended December 31, 2018.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

PART I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

A modified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified?	_X_ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes _X_ no

Noncompliance material to financial statements noted?	_X_ yes ____ no

Federal Awards

An Adverse opinion was issued on compliance.

Internal control over major programs:

Material weaknesses identified?	_X_ yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes _X_ no
Other matters or instances on noncompliance required to be reported in accordance with the Uniform Guidance?	_X_ yes ____ no

The major programs for the year ended December 31, 2018 were as follows:

Health Center Program Cluster, CFDA #93.224

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee did not qualify as a low-risk auditee.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

PART II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2018-001 – Material Weakness: Inaccurate Financial Close and Reporting Process (Originated in 2013)

CRITERIA:	The Clinic should have a system of internal control over financial reporting to ensure accurate financial reporting, including reporting on the schedule of expenditures of federal awards.
CONDITION:	The Clinic has undergone numerous changes in management and accounting personnel since 2013. These changes have resulted in inconsistencies in controls over several accounting processes including payroll, financial reporting, grant reimbursement reporting and the preparation of the schedule of expenditures of federal awards.
CAUSE:	New management was in place during 2018 but did not fully implement the policies and procedures adopted to ensure proper recording, monitoring, and maintenance of support for critical accounting processes.
EFFECT:	Several employees at the Clinic took paid time off in excess of the allowable limits due to lack of monitoring of compensated absence balances. Additionally, without adequate internal controls over financial reporting, including compilation of the schedule of expenditures of federal awards, the Clinic's financial information may contain material misstatements.
RECOMMENDATION:	The Clinic should implement the policies, procedures, and internal controls sufficient to ensure accurate financial reporting, including reporting on the schedule of expenditures of federal awards.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

<u>2018-002 – Timely Submission of Annual Audit Report (Originated in 2015)</u>

CRITERIA:	Louisiana state statue 2:511 – 2:559, Louisiana Audit Law, states that quasi-public entities with more than $500,000 in revenue must submit their audited annual financial reports to the Louisiana Legislative Auditor within six (6) months of the close of the auditee's fiscal year.
CONDITION:	The Clinic did not remit the annual audited financial statement to the Louisiana Legislative Auditor within 6 months after year-end as required by Louisiana state statue 24:511 – 24:559.
CAUSE:	The Clinic experienced high turnover of several key management positions in prior years' which caused a delay in the performance, completion and submission of the annual audit report.
EFFECT:	Late submission causes the auditee to be put on the non-compliance list and can result in withholding of state and/or federal pass-through funding to the auditee.
RECOMMENDATION:	The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-003 – Failure to Correctly Apply Sliding Fee Scale (Originated in 2014)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	42 USC 254b(k)(3)(G)(i) requires the Clinic to utilize a sliding fee scale and apply it uniformly to all eligible patients.
CONDITION:	Patients whose income is at or below 100% of the federal poverty guidelines pay a nominal fee of \$20 to \$40 based on household size. The Clinic has not ensured that the scale is applied equally to all eligible patients. The Clinic had not implemented procedures to ensure that all eligible patients are given the appropriate sliding fee discount.
CAUSE:	The Clinic has not implemented procedures to ensure that the sliding fee scale is applied to all eligible patients uniformly.
EFFECT:	This could result in improper application of sliding fee scale and improper program income.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic should implement procedures to ensure the sliding fee scale is applied uniformly to all patients in accordance with 42 USC 254b(k)(3)(G)(i).
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-004 – Failure to Provide Required Primary Health Services (Originated in 2014)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	42 USC 254b(b)(1)(A)(i)(I) requires that the Clinic provide all required services which include basic health services related to family medicine, internal medicine, and pediatrics. The Clinic is also required to provide preventive health services which include prenatal and perinatal services, appropriate cancer screening, well-child services, and immunizations and dental screening, well-child services, and immunizations and dental screenings under 42 USC 254b(b)(1)(A)(i)(III) and diagnostic laboratory and radiological services under 42 USC 254b(b)(1)(A)(i)(II).
CONDITION:	In 2018, the Clinic did not provide pediatric care, diagnostic laboratory/radiology, immunizations, well child services, obstetrical care, or preventive dental as required for the entire period.
CAUSE:	The Clinic did not formalize memoranda of agreements (MOAs) and did not have credentialed providers for the services not offered.
EFFECT:	Inability to provide these services could result in possible recapture of grant awards.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic should develop a plan to ensure all required activities under 42 USC 254b(b)(1)(A)(i)(I), 42 USC 254b(b)(1)(A)(i)(II) and 42 USC 254b(b)(1)(A)(i)(III) are provided by the Clinic or that MOAs are in place for those activities not able to be provided by the Clinic.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-005 – Material Weakness: Lack of Appropriate Monitoring of Federal Disbursements (Originated in 2014)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	2 CFR 200.303 requires that a non-Federal entity "establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."
CONDITION:	The Clinic did not adequately establish and maintain effective internal controls as required by 2 CFR 200.303.
CAUSE:	New management was in place during 2018 but did not fully implement the policies and procedures adopted to ensure proper maintenance of effective system of internal controls.
EFFECT:	Lack of effective internal controls could cause federal funds to be used for unallowable activities and/or costs.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic should comply with 2 CFR 200.303 and establish and maintain effective internal controls over Federal award programs.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-006 – Timely Submission of Federal Audit Clearinghouse Filing and Required UDS Universal Report and SF-425 Report (Originated in 2015)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	2 CFR requires that non-Federal entities that expend $750,000 or more in a year in Federal awards must submit their audited annual financial reports and the data collection form to the Federal Audit Clearinghouse within thirty (30) days after receipt of the auditor's report, or nine (9) months of the close of the auditee's fiscal year. The Uniform Data System Reporting Instructions for 2016 Health Center Data requires the Clinic to submit the UDS Universal Report by February 15, and the SF-425 Federal Financial Report Instructions requires the Clinic to submit the SF-425 Report no later than 90 days after the end of each reporting period.
CONDITION:	The Clinic did not remit the annual audited financial statements and the data collection form to the Federal Audit Clearinghouse within 9 months after year-end as required by the Uniform Guidance. The Clinic did not remit the UDS Universal Report by February 15 and the SF-425 Federal Financial Report within 90 days after year-end.
CAUSE:	Significant changes in management caused the submission of the annual audit report and data collection form to be filled late.
EFFECT:	Late submission causes the Clinic to be put on the non-compliance list and can result in withholding of federal pass-through funding.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-007 – Lack of Reasonable Collection Efforts (Originated in 2016)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	42 USC 254b(k)(3)(F) and (G)(ii)(II) requires the Clinic to make every reasonable effort to collect appropriate reimbursement for their costs in providing health services to persons eligible for medical assistance.
CONDITION:	The Clinic could not provide records of billings or receivable postings for the entire twelve months during the period.
CAUSE:	New management was in place during 2018 but did not fully implement the policies and procedures adopted to ensure proper recording and monitoring of patient receivables during the period.
EFFECT:	Inability to comply with significant requirements of the grant could result in possible recapture of grant awards.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic implement policies and procedures to ensure timely billing and related monitoring of receivables for health services.
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-008 – Material Noncompliance: Lack of Retention of Records (Originated in 2016)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA:	2 CFR 200.333 requires that "financial records, supporting documents, statistical records, & all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report." Additionally, "if any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken." Also, 2 CFR 200.403(g) requires costs charged to federal programs to be adequately documented.
CONDITION:	The Clinic could not provide significant supporting documentation for patient revenue and net patient receivables pertinent to the performance of audit procedures for an audit started before the expiration of the 3-year period.
CAUSE:	Significant changes to the Clinic's billing system made during January 2018 caused a loss/misplacement of significant records pertinent to performance of the audit procedures.
EFFECT:	Inability to comply with significant requirements of 2 CFR 200 could result in possible recapture of grant awards.
QUESTIONED COSTS:	Unknown.
RECOMMENDATION:	The Clinic should implement policies and procedures to ensure appropriate retention of pertinent records in accordance with 2 CFR 200.333 and 2 CFR 200.403(g).
RESPONSE:	See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

2018-009 – Material Weakness: Payroll and Human Resource Procedures Not Adequate (Originated in 2017)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

CRITERIA: Best practices for governmental entities published by the Louisiana Legislative Auditor relating to proper internal controls over payroll and personnel files state the following:

Payroll Documentation: Effective controls could consist of (1) including in the individual personnel files the approved salary or rate of pay amount; (2) requiring all employees to complete simple time reports to document hours worked; (3) requiring the time reports be approved by the appropriate supervisor; and (4) maintaining simple records to account for vacation and sick leave earned and taken by employees.

Employee Personnel Records: A personnel file should be maintained for each employee that contains, at a minimum, (1) the employment application form that includes background information (employee's name, address, date of birth, emergency contact) & work experience of the employee; (2) the approved starting salary or rate of pay amount; (3) the Federal Employee's Withholding Allowance Certificate Form W-4 & Louisiana Employee Withholding Exemption Certificate Form L-4; (4) approved salary or hourly pay rate increases/decreases; (5) employee authorized deductions (e.g., insurance, deferred compensation plan); (6) performance appraisals; (7) promotions; & (8) disciplinary actions.

CONDITION: The Clinic's payroll processing procedures were not adequate and did not include sufficient documentation to support payroll disbursements. During our examination we noted the following:

2018-009 – Payroll and Human Resource Procedures Not Adequate (Continued)

Title and CFDA Number of Federal Program: CFDA 93.224 – Health Center Program Cluster

Federal Award Identification Number and Year: 6 H80CS26580 / 2018

Name of Federal Agency: Department of Health and Human Services

We examined a sample of sixty (60) payroll transactions and twenty three (23) personnel files and noted the following:

a) The authorized pay rates per personnel files did not agree with the gross pay computations for one (1) of the twenty three (23) personnel files reviewed.

b) Authorized pay rate information was missing from five (5) of the twenty three (23) personnel files reviewed.

c) Employee's hours worked per timecard did not agree to hours worked per the payroll register for one (1) of the transactions.

d) Human resource files were not consistently documented and did not include all required documentation in many instances. Some of the more vital records, such as employment contracts, documentation of change in pay, sick and vacation leave documentation, experience verification forms and background check information were missing from multiple personnel files.

CAUSE: New management was in place during 2018 but did not fully implement the policies and procedures related to payroll.

EFFECT: The internal control environment over payroll was not adequate.

RECOMMENDATION: We recommend that the Organization delegate the coordination of payroll policies and procedures to a specific staff person. Policies should include approval of daily staff timesheets and leave records.

RESPONSE: See corrective action plan starting on page 48.

COMMON GROUND HEALTH CLINIC, INC.
STATUS OF PRIOR FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2018

Finding #	Description	Resolved/Unresolved
2017-001	Inaccurate Financial Close and Reporting Process	Unresolved
2017-002	Timely Submission of Annual audit Report	Unresolved
2017-003	Failure to Correctly Apply Sliding Fee Scale	Unresolved
2017-004	Failure to Provide Required Primary Health Services	Unresolved
2017-005	Lack of Appropriate Monitoring of Federal Disbursements	Unresolved
2017-006	Timely Submission of Federal Audit Clearinghouse Filing	Unresolved
2017-007	Lack of Reasonable Collection Efforts	Unresolved
2017-008	Lack of Retention of Records	Unresolved
2017-009	Failure for Bonus Payment to Meet Reasonableness Test	Resolved
2017-010	Payroll and Human Resource Procedures Not Adequate	Unresolved

Luther Speight & Company
Certified Public Accountants and Consultants

Celebrating 30 Years

COMMON GROUND HEALTH CLINIC, INC.

AGREED UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

Luther Speight & Company
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Common Ground Health Clinic, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Common Ground Health Clinic, Inc. (entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

Results: We noted no findings in this section for the year ended December 31, 2017. Therefore, we determined this section was not necessary for the year ended December 31, 2018.

Board or Finance Committee

Results: We noted no findings in this section for the year ended December 31, 2017. Therefore, we determined this section was not necessary for the year ended December 31, 2018.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

      ***Results**: We reviewed the Organization's four bank accounts and noted one of the accounts' bank reconciliations were not prepared within 2 months of the fiscal year end.*

      ***Management's Response**: This was an obvious oversight and total abnormally. Moving forward, all bank accounts and bank reconciliations will be approved by both CFO and CEO to avoid mishaps such as this in the future.*

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

      ***Results** No evidence of review by a member of management or a board member was noted on the reconciliations.*

      ***Management's Response**: Documenting bank reconciliations was not a processed employed in 2018. The current CFO initiated this process in late 2018 upon discovery and has continued to verify all bank reconciliations in 2019 with accountants completing all bank reconciliations.*

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

      ***Results:** No reconciling items were noted as being outstanding for more than 12 months.*

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   Results: *Listing of deposit sites was obtained from management.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

      Results: *Organization appears to have adequate segregation of duties for cash collections. No findings noted.*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

   Results: *It was noted that employees who have access to cash are not bonded or covered by an insurance policy for theft.*

   Management's Response: *Management is confident that adequate safeguards and segregation of duties are presently in place regarding receipts.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      Results: *No exceptions noted.*

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

      Results: *No exceptions noted.*

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      Results: *Deposits were traced to the bank statement without exception.*

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

      Results: *Deposits were received within 1 day of receipt.*

   e) Trace the actual deposit per the bank statement to the general ledger.

      Results: *Deposits were traced to the general ledger without exception.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Results: *We noted only one location that processes payments (main office).*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      Results: *All purchases require a purchase request form, which must be approved by management. No findings noted.*

   b) At least two employees are involved in processing and approving payments to vendors.

      Results: *All payments are approved by an employee other than the one processing the payments. For payments over a certain dollar amount, more than one member of management or the Board has to approve of the transaction. No findings noted.*

   c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

      Results: *The policy states that the CEO or CFO are the only employees able to make changes to the approved vendor list.*

   d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

      Results: *We noted that the employee responsible for processing payments does not mail the checks to the vendors.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

    Results: *We noted the disbursements in the sample matched the supporting invoices. No findings noted.*

    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

    Results: *All five disbursements over 3,000 had board approval and two signatures on the checks as per company policy.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

    Results: *List and management's representation was obtained.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

    Results: *There was no evidence of the monthly statement being reviewed and approved by someone other than the authorized card holder, in this case the CFO.*

    Management's Response: *Moving forward, all accounts will be verified by CFO and CEO and a member of the board of directors if necessary.*

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *We noted that no finance charges and late fees were assessed on the selected statement.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: *Management was unable to provide supporting documentation for one (1) of the ten (10) transactions selected for testing.*

Management's Response*: Management will make a more conservative effort to ensure all supporting documents are issued to the appropriate accounting personnel to maintain supporting documents for ALL purchases. Moving forward, a hard copy as well as an electronic copy will be made available for support.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Results: *List of travel expense reimbursements and management's representation was obtained.*

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Results: *For one of the five transactions selected for testing the employee's reimbursement surpassed the allowable per diem rate.*

Management's Response: *Per diem policies and procedures have been updated in 2019 to ensure processes are followed and adhered to for every occurrence. These policies and procedures are reviewed annually for best practices. The incident of the employee per diem rate surpassing the allowable rate will be reviewed for any inconsistencies that may have occurred outside of the company's policy in order to correct and avoid in future discrepancies.*

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: *No exceptions noted.*

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Results: *All five transactions selected for testing included the required travel request & authorization form.*

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *No exceptions noted.*

Contracts

Results: We noted no findings in this section for the year ended December 31, 2017. Therefore, we determined this section was not necessary for the year ended December 31, 2018.

Payroll and Personnel

15. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

    Results: *Listing of employees and management's representation were obtained.*

16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Results: *We noted that daily attendance and leave was documented for the 5 employees selected. No findings noted.*

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Results: *We noted that attendance and leave approval was not formally documented.*

Management's Response: *Management has noted this deficiency and has put policies and procedures in place to correct inefficient behavior noted above. Management will make aggressive efforts to record and document attendance and leave approval moving forward.*

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: *We noted accrued leave is reflected in the entity's cumulative leave records.*

17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: *We noted no exceptions in Management's calculation of termination pay.*

18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *Management's representation was obtained.*

Ethics

Results: *Section is not applicable, as the Organization is a non-profit.*

Debt Service

Results: *Section is not applicable, as the Organization is a non-profit.*

Other

19. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    Results: *No misappropriation of public funds or assets were noted.*

20. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    Results: *We noted the required notice is not posted on the Organization's premises or on their website.*

    Management's Response*: Management has represented they are making efforts to post the required notice on premise at their two locations and on their website.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures other maters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Luther Speight & Company CPAs
New Orleans, Louisiana
January 30, 2020

COMMON GROUND HEALTH CLINIC, INC.
NEW ORLEANS, LOUISIANA
CORRECTIVE ACTION PLAN
DECEMBER 31, 2018

Common Ground Health Clinic respectfully submits the following corrective action plan for the year ended December 31, 2018.

Name and address of independent public accounting firm:

Luther Speight & Co, CPAs
1100 Poydras Street, STE 1225
New Orleans, LA 70163

Audit period:

Fiscal Year January 1, 2018 – December 31, 2018.

The findings from the January 30, 2020 Schedule of Findings and questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and questioned costs.

2018-001 – Material Weakness: Inaccurate Financial Close and Reporting Process (Originated in 2013)

Recommendation: The Clinic should implement the policies, procedures, and internal controls sufficient to ensure accurate financial reporting, including reporting on the schedule of expenditures of federal awards.

Action Taken: The Board of Directors quickly identified an Executive Director in October 2016 and hired a reputable third party CPA to review internal controls and implement recommendations to strengthen internal controls over the financial close and reporting process. Common Ground Health Clinic created and implemented policies and procedures in 2016, 2017 and has continued to do so in 2018. Each year these policies and procedures are reviewed for relevance and amended or updated if necessary

Responsible Party:	Bryant Williams, CFO
Estimated Completion Date:	June 2020

2018-002 – Timely Submission of Annual Audit Report (Originated in 2015)

Recommendation:	The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.
Action Taken:	The Clinic is taking this recommendation into consideration and has begun the process of building a policy and procedure for completing and submitting the Clinic's annual audit report. As stated above, beginning October 2016, the Clinic on boarded a new CEO and CFO who are working with the external CPA to complete and file all past due audits. Resolving finding 2018-001 above is expected to resolve this finding as well for 2019's audit.
Responsible Party:	Bryant Williams, CFO
Estimated Completion Date:	June 2020

2018-003 – Failure to Correctly Apply Sliding Fee Scale (Originated in 2014)

Recommendation:	The Clinic should implement procedures to ensure the sliding fee scale is applied uniformly to all patients in accordance with 42 USC 254b(k)(3)(G)(i).
Action Taken:	Upon the indication of failure to correctly apply the sliding fee scale as per grant requirement, the patient financial assessment and sliding fee scale eligibility policy and procedure has been implemented since January 2016. The sliding fee scale has been posted in the Clinic in English as well as Spanish, and all eligible patients are given the sliding fee discount. The policy was amended in 2018 to comply with the federal guidelines for sliding fee scale. The policy was reconstructed by an outside consultant for CGHC.
Responsible Party:	Carleetha Smith, CEO Bryant Williams, CFO

Estimated Completion Date:	Action was taken during fiscal 2018 and will be fully implemented for the year ended December 31, 2019.

2018-004 – Failure to Provide Required Primary Health Services (Originated in 2014)

Recommendation:	The Clinic should develop a plan to ensure all required activities under 42 USC 254b(b)(1)(A)(i)(I), 42 USC 254b(b)(1)(A)(i)(II) and 42 USC 254b(b)(1)(A)(i)(III) are provided by the Clinic or that MOAs are in place for those activities not able to be provided by the Clinic.
Action Taken:	The Clinic added these services in 2017. A GYN provider was added in 2017 and a family provider and pediatrician was added in 2018 to comply with these HRSA requirements. During the September 2017 HRSA site visit, the program requirement of provision of required primary health services was not met due to not having the proper contractual relationships in place for provision of services or referral for services when the Clinic did not provide the services itself. Common Ground Health Clinic either directly provides required services, has contracted with another provider to provide them, or has written referral arrangements in place that conform to the requirements of the grant. This compliance has been demonstrated with HRSA.
Responsible Party:	Carleetha Smith, CEO Dr. Michele Kautzman, CMO
Estimated Completion Date:	Action was taken during fiscal 2018 and will be fully implemented for the year ended December 31, 2019.

2018-005 – Material Weakness: Lack of Appropriate Monitoring of Federal Disbursements (Originated in 2014)

Recommendation:	The Clinic should comply with 2 CFR 200.303 and establish and maintain effective internal controls over Federal award programs.
Action Taken:	The Clinic completed the financial policies and procedures manual in 2016 to assure proper control and compliance regarding federal awards. According to the general accounting section of the financial policies and procedures manual, the financial close is performed on a monthly basis before the monthly board meeting. Since October 2016, with the onboarding

	of the new CEO and CFO, we have maintained and presented the financials in a timely manner to the Board of Directors. This policy was reviewed and amended in July 2019.
Responsible Party:	Bryant Williams, CFO
Estimated Completion Date:	Action was taken during fiscal 2018 and will be fully implemented for the year ended December 31, 2019.

2018-006 – Timely Submission of Federal Audit Clearinghouse Filing and Required UDS Universal Report and SF-425 Report (Originated in 2015)

Recommendation:	The Clinic should implement policies and procedures to ensure timely filing of any and all required reports.
Action Taken:	The Clinic is taking this recommendation into consideration and has begun the process of building a policy and procedure for completing and submitting the Clinic's annual audit report to the Federal Audit Clearinghouse. The Clinic implemented the policies, procedures, and controls that were drafted in late 2014 and implemented in 2015 under the general accounting section of properly tracking and monitoring grant expenditures. As stated above, beginning October 2016, the Clinic on boarded a new CEO and CFO who are working with the external CPA to complete and file all past due audits. Resolving finding 2018-006 is expected for 2019's audit.
Responsible Party:	Bryant Williams, CFO
Estimated Completion Date:	June 2020

2018-007 – Lack of Reasonable Collection Efforts (Originated in 2016)

Recommendation:	The Clinic implement policies and procedures to ensure timely billing and related monitoring of receivables for health services.
Action Taken:	In April 2016, the CEO and CFO were terminated. The Clinic's biller took FMLA shortly thereafter. Due to the drastic transition in 2016, the Clinic underwent several changes, implemented several policies in 2016 and 2017, and continued to update those policies in 2018. One of those policies was a current and efficient sliding fee scale policy. The Clinic outsourced most of the billing

in 2017 and later transitioned to an experienced in-house biller in November 2017. Since the onboarding of the in-house biller, the Clinic's collection efforts have improved drastically.

Responsible Party: Carleetha Smith, CEO
Bryant Williams, CFO

Estimated Completion Date: Action was taken during fiscal 2018 with continued monitoring for best practices and policy updates by HRSA and will be fully implemented for the year ended December 31, 2019.

2018-008 – Material Noncompliance: Lack of Retention of Records (Originated in 2016)

Recommendation: The Clinic should implement policies and procedures to ensure appropriate retention of pertinent records in accordance with 2 CFR 200.333 and 2 CFR 200.403(g).

Action Taken: In 2018, the Clinic contracted its IT support contractor to implement a back-up server to store and secure files. The Clinic has also implemented a policy to utilize a shared drive to store all pertinent files. These files are shared through a cloud-based system. All essential staff and personnel are granted access to these files as necessary. The Clinic is still working on installing an in-house back-up server.

Responsible Party: Bryant Williams, CFO
Carleetha Smith, CEO

Estimated Completion Date: Action was taken during fiscal 2018 and will be fully implemented for the year ended December 31, 2019.

2018-009 – Payroll and Human Resource Procedures Not Adequate

Recommendation: We recommend that the Organization delegate the coordination of payroll policies and procedures to a specific staff person. Policies should include approval of daily staff timesheets and leave records.

Action Taken: A new CFO was hired in April 2018 and some of the payroll deficiencies identified were addressed by segregating accounting duties. One of the deficiencies addressed was assigning a new accountant to process and manage payroll. The current CFO along with the current payroll accountant implemented new payroll processes and will continue to revisit all payroll policies and procedure (P&P) to further eliminate payroll discrepancies. The current payroll policies and procedures were amended again in July 2019 to conform with the Health Resources & Services Administration standards. Management has significantly enhanced and continues to approve its practice regarding payroll processes and has already substantially addressed the auditor's recommendation.

Responsible Party: Bryant Williams, CFO

Estimated Completion Date: Action was taken during fiscal 2018 and will be fully implemented for the year ended December 31, 2019.