# THE BOSTON PUBLIC HEALTH COMMISSION
(A Component Unit of the City of Boston)

Financial Statements, Required Supplementary Information,
and Supplementary Schedule

June 30, 2012

(With Independent Auditors' Report Thereon)

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

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**KPMG LLP**
Two Financial Center
60 South Street
Boston, MA 02111

# Independent Auditors' Report

Board Chairperson and Executive Director of the
Boston Public Health Commission:

We have audited the accompanying statement of net assets of the Boston Public Health Commission (the Commission), a component unit of the City of Boston, as of June 30, 2012, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 2012, and the changes in its financial position and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the Commission'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* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the schedule of OPEB funding progress on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic

financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the Commission's basic financial statements taken as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required 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 basic financial statements. The supplemental schedule listed in the table of contents has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 supplemental schedule listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

November 16, 2012

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

Statement of Net Assets

June 30, 2012

(In thousands)

| | | |
|---|---|---|
| Assets: | | |
| Current: | | |
| Cash and cash equivalents (note 3) | $ | 25,563 |
| Accounts receivable: | | |
| Billed and unbilled receivables: | | |
| EMS and other third party billings (note 4) | | 33,459 |
| Grantors (note 4) | | 15,219 |
| Other | | 6,766 |
| Allowance for uncollectible amounts | | (24,851) |
| Net accounts receivable | | 30,593 |
| Prepaid other | | 337 |
| Net investment in capital lease (note 6) | | 631 |
| Due from BMC | | 6,134 |
| Due from City of Boston | | 4 |
| Total current assets | | 63,262 |
| Noncurrent: | | |
| Net investment in capital lease (note 6) | | 974 |
| Notes receivable (note 8) | | 6,032 |
| Capital assets (note 9): | | |
| Nondepreciable | | 13,785 |
| Depreciable, net | | 16,381 |
| Total noncurrent assets | | 37,172 |
| Total assets | | 100,434 |
| Liabilities: | | |
| Current: | | |
| Accounts payable and accrued expenses | | 17,910 |
| Due to City of Boston | | 2,054 |
| Current portion of due to City of Boston (note 11) | | 1,122 |
| Current portion of capital leases (note 12(b)) | | 301 |
| Deferred revenue | | 6,574 |
| Other current liabilities | | 2,831 |
| Total current liabilities | | 30,792 |
| Noncurrent: | | |
| Due to City of Boston (note 11) | | 1,347 |
| Long term portion of capital leases (note 12(b)) | | 363 |
| Other postemployment benefits obligation (note 13) | | 63,036 |
| Deferred revenue (notes 7 and 8) | | 7,147 |
| Other | | 3,638 |
| Total noncurrent liabilities | | 75,531 |
| Total liabilities | | 106,323 |
| Net assets (deficit): | | |
| Invested in capital assets, net of related debt | | 28,640 |
| Deficit | | (34,529) |
| Commitments (notes 12, 16, and 18) | | |
| Total net assets | $ | (5,889) |

See accompanying notes to financial statements.

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

Statement of Revenues, Expenses, and Changes in Net Assets (Deficit)

Year ended June 30, 2012

(In thousands)

| | | |
|---|---|---|
| Operating revenue: | | |
| Grants | $ | 48,082 |
| EMS and other third party revenue, net (note 5) | | 43,188 |
| Lease receipts | | 2,162 |
| Rent | | 5,246 |
| Other | | 8,799 |
| Total operating revenue | | 107,477 |
| Operating expenditures: | | |
| Public health programs | | 136,079 |
| Property operations | | 7,587 |
| Public health service centers | | 17,004 |
| Administration | | 10,569 |
| Other postemployment benefit expense (note 13) | | 13,267 |
| Depreciation expense | | 3,979 |
| Total operating expenses | | 188,485 |
| Operating loss | | (81,008) |
| Nonoperating income (expense): | | |
| City appropriation | | 71,111 |
| Interest income | | 58 |
| Assistance grant to BMC (note 10) | | (8,958) |
| Interest expense | | (2,214) |
| Total nonoperating income, net | | 59,997 |
| Loss before capital contributions | | (21,011) |
| Capital contributions | | 1,036 |
| Decrease in net assets | | (19,975) |
| Net assets, beginning of year | | 14,086 |
| Net assets (deficit), end of year | $ | (5,889) |

See accompanying notes to financial statements.

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

Statement of Cash Flows

Year ended June 30, 2012

(In thousands)

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Receipts from grantors | $ | 59,140 |
| Receipts from EMS and other third party billings | | 34,167 |
| Receipts from rent | | 8,020 |
| Receipts from other | | 3,879 |
| Payments to vendors | | (90,670) |
| Payments to employees | | (68,282) |
| Payments to retirement plans | | (3,103) |
| Net cash used in operating activities | | (56,849) |
| Cash flows from noncapital financing activities: | | |
| Receipts from City appropriation | | 72,903 |
| Assistance grant | | (8,958) |
| Net cash provided by noncapital financing activities | | 63,945 |
| Cash flows from capital and related financing activities: | | |
| Receipts for leases | | 7,829 |
| Payments on lease commitments | | (274) |
| Purchases and construction of capital assets | | (2,971) |
| Principal payments on notes payable | | (8,148) |
| Interest paid on notes payable | | (2,214) |
| Receipts from City for capital improvements | | 1,036 |
| Net cash used in capital and related financing activities | | (4,742) |
| Cash flows from investing activities: | | |
| Interest income | | 58 |
| Net cash provided by investing activities | | 58 |
| Net increase in cash and cash equivalents | | 2,412 |
| Cash and cash equivalents, beginning of year | | 23,151 |
| Cash and cash equivalents, end of year | $ | 25,563 |
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | $ | (81,008) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | | 3,979 |
| Changes in assets and liabilities: | | |
| Receivables, net | | 15,867 |
| Prepaids | | 859 |
| Accounts payable and accrued expenses | | (604) |
| Due to/from BMC | | (8,234) |
| Due to/from City of Boston | | 1,367 |
| Other postemployment benefit expense | | 10,321 |
| Deferred revenue | | 671 |
| Other | | (67) |
| Net cash used in operating activities | $ | (56,849) |

See accompanying notes to financial statements.

## (1) Reporting Entity

The Boston Public Health Commission (Commission), a body politic and corporate and public instrumentality of the Commonwealth of Massachusetts, was established by Chapter 147 of the Acts of 1995. The Commission was created to assume, and have transferred to, all rights and obligations of the Trustees of Health and Hospitals (THH) and the Department of Health and Hospitals of the City of Boston (DHH), which under separate charter, were abolished by the same Act, as part of the merger of the Boston City Hospital (BCH) with the Boston University Medical Center Hospital. The Commission is governed by a seven-member board, six of which are appointed by the Mayor of Boston and confirmed by the City Council and one of whom is the Chief Executive Officer of the Boston Medical Center (BMC). Some members of the board work with or for organizations that receive funding from the Commission.

The Commission is responsible for the implementation of public health programs in the City of Boston (City). The Commission offers a variety of specialized services such as operating a homeless shelter, public health nursing, drug rehabilitation programs and health services for children in various neighborhood locations. The Commission is also responsible for the development of public policy for public health initiatives and emergency medical service (EMS) in the City.

The Commission receives the majority of its funding from a City appropriation, EMS and other third party billings, and federal and state grants. The Commission expects that the City will continue to provide support for the public health programs of the Commission.

In 2001, the BPHC Mattapan Development Corp., Inc. was created for benevolent, civic, or charitable purposes within the meaning of Section 4 of Chapter 180 of the Massachusetts General Laws, more specifically to assist in the development, redevelopment, financing, operation, and management related to the revitalization of the Boston Specialty and Rehabilitation Hospital Campus located in the Mattapan section of the City of Boston, Massachusetts. The activities of this corporation are presented as a blended component unit in the accompanying financial statements due to its financial dependency on the Commission.

For financial reporting purposes, the Commission is considered a component unit of the City of Boston and its financial statements are included as part of the City's financial statements.

## (2) Summary of Significant Accounting Policies

### *(a) Measurement Focus, Basis of Accounting, and Basis of Presentation*

The Commission's financial statements are reported on an accrual basis of accounting as specified by the Governmental Accounting Standards Board (GASB) requirements for an enterprise fund. The accrual basis of accounting recognizes revenues when earned and recognizes expenses when the related liability is incurred, regardless of when the related cash flow takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission considers the lease receipts from BMC, rent, grants, EMS program revenue and other fees for services as operating revenues. Other revenues not meeting this definition are considered nonoperating items. Operating expenses are those expenses related to grants and

City-funded expenses. Nonoperating expenses are those not meeting this definition except for the annual assistance payment to BMC.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Commission has adopted the option to apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

### *(b) Budget*

Under the legislation of the Commonwealth of Massachusetts that established the Commission, the Board Chairperson and Executive Director of the Commission must adopt its public health services budget for the ensuing fiscal year by the second Wednesday in June.

### *(c) Cash and Cash Equivalents*

The Commission considers cash and cash equivalents to be cash on hand and investments with a maturity date of three months or less from the date of purchase. The fair values of the investments do not differ from their carrying value.

### *(d) Capital Assets*

Capital assets are defined by the Commission as assets with an initial, individual cost of 1) more than $25,000 for buildings and building improvements or 2) more than $5,000 for assets other than buildings and building improvements; and an estimated useful life in excess of one year. Capital assets are stated at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

On July 1, 1996, the merger date, various capital assets of the former THH and the former DHH were transferred to the Commission at their depreciated values. These assets included the Boston Specialty and Rehabilitation Hospital (BSRH) and Northampton Square. On July 1, 1996, title to the property, plant, and equipment of the former BCH was transferred to the Commission, which was in turn leased to the BMC.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset class | Estimated useful lives |
|---|---|
| Buildings | 30 |
| Buildings and leasehold improvements | 10 – 30 |
| Furniture and fixtures | 10 |
| Computers and technology | 3 – 5 |
| Vehicles | 3 |
| Equipment | 3 |


(Continued)

### *(e) Compensated Absences*

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation leave (subject to certain limitations) at their current rates of pay. The cost of vacation leave for an employee is recorded as earned. The liability for vacation leave is based on the amount earned but not used and is calculated based on the pay or salary rates in effect at the balance sheet date.

### *(f) Net EMS and Other Third Party Revenue*

Net EMS and other third party revenue is recorded at standard billable rates from individuals (self-pay), third-party payers and others for services rendered. Contractual adjustments, which represent the difference between the standard billable rate and the allowable third party payer rate, are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined and are reflected in the financial statements as a contra-revenue adjustment and an increase in the allowance for uncollectible accounts. A provision for uncollectible accounts is recorded to reflect accounts receivable at its estimated net realizable value and the corresponding charge is recorded as bad debt in the financial statements.

### *(g) 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## (3) Deposits and Investments

### *(a) Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Commission will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Commission does not have a policy for custodial credit risk.

At June 30, 2012, cash and cash equivalents with a carrying value of $25,562,987 included bank and money market deposits. Bank deposits of $1,490,180 and money market deposits of $24,072,807 were covered by federal depository insurance of $500,000. The remaining bank and money market deposits in excess of federal depository insurance were collateralized by United States government and agency obligations.

### *(b) Interest Rate Risk*

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The Commission does not have a policy for interest rate risk on debt securities.


(Continued)

## (4) Billed and Unbilled Accounts Receivable

### *(a) Emergency Medical Services*

The Commission provides services primarily to the residents of the City of Boston. An allowance for uncollectible accounts is provided in an amount equal to the estimated losses to be incurred in collection of the receivables. The allowance is based on historical collection experiences and a review of the current status of the existing receivables. The mix of receivables from patients and third-party payors at June 30, 2012 is as follows:

| | | |
|---|---|---|
| Individuals | $ | 9,335 |
| Third-party payors | | 11,827 |
| Medicare | | 5,144 |
| Medicaid | | 7,153 |
| Total EMS and other third party accounts receivable | | 33,459 |
| Less allowance for uncollectible amounts | | (22,890) |
| EMS and other third party accounts receivable, net | $ | 10,569 |

### *(b) Grantors*

The Commission receives grants from federal, state, city governments and private parties. The types of grants include fee for service, income, advance, and letter of credit. The mix of receivables from grantors at June 30, 2012 is as follows:

| | | |
|---|---|---|
| Federal billed | $ | 7,251 |
| State billed | | 1,173 |
| City billed | | 2,040 |
| Unbilled | | 4,755 |
| Total grant accounts receivable | | 15,219 |
| Less allowance for uncollectible amounts | | (714) |
| Grant accounts receivable, net | $ | 14,505 |


(Continued)

## (5) EMS and Other Third Party Revenue

EMS and other third party revenue includes a provision for adjustments to reflect the differences between billed charges and amounts recovered.

Components of EMS and other third party revenue for the year ended June 30, 2012 is as follows:

| | | |
|---|---|---|
| Gross EMS and other third party revenue: | | |
| Medicare | $ | 23,707 |
| Medicaid | | 28,976 |
| Individuals | | 6,012 |
| Other third-party payors | | 29,015 |
| Total gross EMS and other third party revenue | | 87,710 |
| Contractual adjustments | | (44,522) |
| EMS and other third party revenue, net | $ | 43,188 |

## (6) Net Investment in Capital Lease

As part of the merger described in note 1, the Commission retained title to all real property formerly held by THH and DHH, except for the Long Island Campus, which was transferred to the City's Public Facilities Department but continues to be operated by the Boston Public Health Commission. On July 1, 1996, the Commission leased the former BCH campus, except for certain identified sites, to BMC for an initial period of 50 years with four 10-year renewal options.

In accordance with the July 1, 1996 agreement, as amended, the payments received by the Commission under the lease were equal to (i) the debt service costs (principal, interest) on the note dated August 1, 2002 that secures the City's 2002 Special Obligation Refunding Bonds, Boston City Hospital issue (2002 Bonds), and (ii) the debt service on all City general obligation bonds allocable to BCH outstanding at June 30, 1996.

Effective May 1, 2012, the Commission and the Boston Medical Center Corporation amended the lease dated July 1, 1996, as amended, to reflect the City of Boston's issuance of the 2012 Series C General Obligation Bonds, the proceeds of which were used to refund the 2002 Bonds. Upon issuance of the 2012 Bonds, the Commission and the Boston Medical Center Corporation amended the existing lease to reflect the refunding of the 2002 Bonds. The amended lease dated May 1, 2012 stipulates that the rent payments to be made to the Commission will be equal to the debt service on the City's general obligation bonds allocable to BCH.

On or after July 1, 2016, the lease provides for the Commission and BMC to set lease payments at fair market value for the property for the remainder of the lease term.

Future minimum lease payments to be received under the capital lease at June 30, 2012 are as follows (amounts in thousands):

| | BCH debt |
|---|---|
| 2013 | $ 703 |
| 2014 | 375 |
| 2015 | 351 |
| 2016 | 328 |
| | 1,757 |
| Less amount representing interest | (152) |
| Net investment in capital lease | $ 1,605 |

## (7) Other Leasing Activity

On December 7, 2006 the Commission (lessor) entered into a lease agreement with the Boston Health Care for the Homeless Program, Inc. (lessee) which allowed the lessee to renovate the Mallory Building (located at 774 Albany Street) for the sole purpose of operating a health care facility for the homeless. The lease agreement provides for an initial term of forty-two years with two (2) twenty-four year options. Base rent for the initial term is $1.6 million payable in installments of $160,000 upon execution, $640,000 received in June 2008; and $800,000 on the first anniversary of occupancy. Base rent for each option is $1 per year. The Commission is accounting for the lease as an operating lease and is recognizing prepaid rental income over the lease term of 90 years at approximately $18,000 per year. The cash received to date has been deferred. Deferred revenue associated with the lease is $1,500,738 of which $17,778 is reflected as current.

## (8) Notes Receivable

During fiscal 2002, the BPHC Mattapan Development Corp., a fully controlled nonprofit entity of the Commission, sold the Foley and E Buildings on the Mattapan Campus to a developer for $2,955,000. The BPHC Development Corp. holds two notes receivable for the entire purchase price of the buildings – $2,805,000 at 5.5% interest and $150,000 at 0.01% interest. The principal of the notes and the accrued unpaid interest are payable in a balloon payment in fiscal 2040. The accrued unpaid interest is $2,162,028 as of June 30, 2012.

During fiscal 2005, the Commission and the BPHC Mattapan Development Corp. completed Phase II by selling Mattapan buildings A, B, C, D, and I to Trinity Mattapan Heights Limited Partnership for $582,000. The Commission holds a note receivable of $162,000 with simple interest of 0.01% per annum with principal and interest payable in 40 years. BPHC Mattapan Development Corp. holds a note receivable of $420,000 with interest compounding annually at 5.21%. The principal of the note and the accrued unpaid interest are payable in a balloon payment in fiscal 2040. The accrued unpaid interest is $207,928 as of June 30, 2012. Because of the structure of these transactions, including the fact that the building was fully depreciated at the time of lease execution, the Commission has deferred gains until certain criteria for income recognition are met.

## (9) Capital Assets

The following is a summary of the activity in capital assets for the years ended June 30, 2012 (in thousands):

| | Balance, June 30, 2011 | Additions | Disposals or reclasses | Balance, June 30, 2012 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 11,741 | — | — | 11,741 |
| Construction in progress | 1,707 | 2,044 | (1,707) | 2,044 |
| Total capital assets not being depreciated | 13,448 | 2,044 | (1,707) | 13,785 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 36,960 | 1,195 | — | 38,155 |
| Leasehold improvements | 8,693 | — | — | 8,693 |
| Vehicles | 13,904 | 1,413 | (173) | 15,144 |
| Computers and technology | 7,159 | 14 | — | 7,173 |
| Equipment | 1,963 | 12 | — | 1,975 |
| Furniture and fixtures | 425 | — | — | 425 |
| Total capital assets being depreciated | 69,104 | 2,634 | (173) | 71,565 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 27,864 | 1,451 | — | 29,315 |
| Leasehold improvements | 3,085 | 844 | (173) | 3,756 |
| Vehicles | 12,391 | 1,183 | — | 13,574 |
| Computers and technology | 5,777 | 437 | — | 6,214 |
| Equipment | 1,863 | 61 | — | 1,924 |
| Furniture and fixtures | 399 | 2 | — | 401 |
| Total accumulated depreciation | 51,379 | 3,978 | (173) | 55,184 |
| Total capital assets being depreciated, net | 17,725 | (1,344) | — | 16,381 |
| Total capital assets, net | $ 31,173 | 700 | (1,707) | 30,166 |

## (10) Note Payable to Trustee

On August 1, 2002, the City of Boston issued $127,800,000 Special Obligation Refunding Bonds, Boston City Hospital (the Corporation). The City issued the Bonds and applied the proceeds and other moneys available to the City under the Prior Trust Agreement as provided in Section 503 of the Bond Indenture to refund the Series B Bonds and to defease the lien of the Prior Trust that the Commission had assumed on July 1, 1996.


(Continued)

In consideration of the issuance of the Bonds by the City and the application of the proceeds thereof, the Commission agreed to issue the note to the City in the aggregate original principal amount of $127,800,000. The Commission issued the note Payment Trust Agreement dated August 2002, to secure the 2002 Bonds among the City, the Commission, BMC, and Wachovia Bank, N.A., as note Trustee. The 2002 note replaced the FHA Insured Mortgage note that had secured the 1993 Bonds.

On May 4, 2012, the City of Boston issued $26,945,000 General Obligation Bonds, 2012 Series C (the 2012 Bonds), which together with other available funds of the City, were used to refund and retire the 2002 Bonds and thereby discharge the Note and the Note Payment Trust Agreement. Upon issuance of the 2012 Bonds the Boston Public Health Commission and the Corporation amended the lease reflecting the reduction in the Monthly Lease Payments otherwise required there under to pay the Note (See note 6).

As a result of the Cancellation of Note and Note Payment Trust Agreement, the Boston Public Health Commission is no longer committed to make Base Assistance Grants payments to BMC. No gain or loss on the note cancellation has been recorded.

In addition, included in the final budgeted appropriations per the Statement of Revenue and Expenditures-Budgetary Basis (see page 22) of $72,902,815 are the 12 contractual payments to BMC. The amended lease agreement terminated the Base Assistance Grant payments to BMC effective May 1, 2012. As a result of the new agreement, the actual City appropriations received to fund the required Base Assistance Grant payments were reduced by the May and June 2012 Base Assistance Grant pass-through funds of $1,791,666 to $71,111,148. The $1,791,666 is reflected on the Statement of Net Assets under other current liabilities.

## (11) Due to City of Boston

The Commission is responsible for reimbursing the City for the principal and interest on portions of the General Obligation (G.O.) Bonds of the City that relate to the property and operations of the Boston City Hospital Campus, Northampton Square, Mattapan Campus (BSRH), Emergency Medical Service (EMS) Operations and the Long Island Campus. This obligation relates to G.O. Bonds issued by the City between December 1967 and October 1995, with interest rates ranging from 3.75% to 10.0%.

The future principal and interest payments to be made by the Commission to the City for this debt as of June 30, 2012 are as follows:

| | BCH | | G.O. | |
|---|---|---|---|---|
| | Principal | Interest | Principal | Interest |
| | (In thousands) | | | |
| 2013 | $ 631 | 72 | 491 | 37 |
| 2014 | 331 | 45 | 196 | 16 |
| 2015 | 324 | 26 | 177 | 5 |
| 2016 | 319 | 9 | — | — |
| | $ 1,605 | 152 | 864 | 58 |


(Continued)

## (12) Leases

### *(a) Operating Leases*

The Commission leases building space to house its operations as a tenant at will. The Commission also has lease commitments with various vendors to lease equipment used in its operations. These leases are treated as operating leases with related rents charged to operations as incurred. The lease between the City of Boston and the Commission for the space at 1010 Massachusetts Avenue expired on December 31, 2009. Both parties continue to honor the expired agreement.

The following is a schedule, by year, of future minimum lease payments under operating leases as of June 30, 2012 (in thousands):

| | Real estate | Equipment | Total |
|---|---|---|---|
| 2013 | $ 420 | 340 | 760 |
| 2014 | 199 | 135 | 334 |
| 2015 | 70 | 69 | 139 |
| 2016 | 27 | 18 | 45 |
| 2017 | 27 | — | 27 |
| 2018 – 2022 | 115 | — | 115 |
| | $ 858 | 562 | 1,420 |

Total rent expense for the year ended June 30, 2012 was $1,535,221 and $509,755 for Real Estate and Equipment, respectively.

### *(b) Capital Leases*

The Commission entered into two capital lease arrangements in fiscal 2012. The following is a schedule by year, of future minimum lease payments under capital leases as of June 30, 2012 (amounts in thousands):

| | |
|---|---|
| 2013 | $ 381 |
| 2014 | 381 |
| 2015 | 27 |
| | 789 |
| Less amount representing interest | (125) |
| | $ 664 |

## (13) Other Postemployment Benefit (OPEB) Disclosures

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits, primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the statement of revenues, expenses and changes in net

assets when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that an entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the statement of net assets over time.

In addition to the pension benefits described in note 14, the Commission provides postemployment health care and life insurance benefits, in accordance with State statute and City ordinance, to participating retirees and their beneficiaries under the City of Boston's health insurance plan. As of June 30, 2011, the valuation date, approximately 128 retirees, beneficiaries and dependents and 998 active members meet the eligibility requirements as put forth in Chapter 32B of MGL. The Commission participates in an agent multi-employer defined benefit OPEB plan (Plan) sponsored by the City of Boston (the City). The Plan is administered by the City and does not issue a stand-alone financial report.

In addition to the pension benefits described in note 14, the Commission provides postemployment health care and life insurance benefits, in accordance with State statute and City ordinance, to participating retirees and their beneficiaries under the City of Boston's health insurance plan. As of June 30, 2011, the valuation date, approximately 128 retirees, beneficiaries and dependents and 998 active members meet the eligibility requirements as put forth in Chapter 32B of MGL. The Commission participates in an agent multi-employer defined benefit OPEB plan (Plan) sponsored by the City of Boston (the City). The Plan is administered by the City and does not issue a stand-alone financial report.

Medical and prescription drug benefits are provided to all eligible retirees not enrolled in Medicare through a variety of plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Neighborhood Health Plan. Medical and prescription drug benefits are provided to retirees enrolled in Medicare through supplemental and Medicare Advantage plans offered by Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim HealthCare, and Tufts Health Plan.

Groups 1 and 2 retirees, including teachers, with at least 10 years or 20 years of creditable service are eligible at age 55 or any age, respectively. Group 4 retirees with at least 10 years or 20 years of creditable service are eligible at age 45 or any age, respectively. Retirees on ordinary or accidental disability retirement are eligible at any age while ordinary disability requires 10 years of creditable service. The surviving spouse is eligible to receive both pre– and post-retirement death benefits, as well as medical and prescription drug coverage.

***(a) Funding Policy***

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The Commission provides health insurance to its employees under the City's health insurance plans. The City currently funds the Plan on a pay-as-you-go basis. The City and plan members share the cost of benefits. As of June 30, 2011, the valuation date, the plan members contribute 10% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The Commission contributes the balance of the premium cost.

***(b) Annual OPEB Cost and Net OPEB Obligation***

The Commission's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period of thirty years. The following table shows the components of the Commission's annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the Plan, and the change in the Commission's net OPEB obligation based on an actuarial valuation as of June 30, 2011 (in thousands):

| | | |
|---|---|---|
| Annual Required Contribution (ARC) | $ | 12,313 |
| Interest on net OPEB obligation | | 3,031 |
| Adjustment to ARC | | (2,077) |
| Annual OPEB cost | | 13,267 |
| Contributions | | (2,947) |
| Increase in net OPEB obligation | | 10,320 |
| Net OPEB obligation – beginning of year | | 52,716 |
| Net OPEB obligation – end of year | $ | 63,036 |

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation were as follows (in thousands):

| Fiscal year ended | | Annual OPEB cost | Percentage of OPEB cost contributed | | Net OPEB obligation |
|---|---|---|---|---|---|
| 2012 | $ | 13,267 | 22.20% | $ | 63,036 |
| 2011 | | 12,828 | 22.30 | | 52,716 |
| 2010 | | 11,891 | 11.10 | | 42,748 |


(Continued)

### *(c) Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2012, based on an actuarial valuation as of June 30, 2011, was as follows (in thousands):

| | | |
|---|---|---|
| Actuarially accrued liability (AAL) | $ | 153,418 |
| Actuarial value of plan assets | | 1,302 |
| Unfunded actuarial accrued liability (UAAL) | $ | 152,116 |
| Funded ratio (actuarial value of plan assets/AAL) | | 0.85% |
| Covered payroll (active plan members) | $ | 56,914 |
| UAAL as a percentage of covered payroll | | 267.3% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Commission are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In January 2009, the Commonwealth adopted Chapter 479, which amends Chapter 32B and allows local municipalities to establish an OPEB liability trust fund and a funding schedule for the trust fund. On October 1, 2009, the City Council approved the establishment of an irrevocable OPEB trust fund and the Commission contributed $1,250,000 to the Plan.

### *(d) Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commission and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5.75% investment rate of return and an annual health care cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5.0% after 8 years. The health care cost trend rate differs between the master medical and other healthcare plans. The actuarial value of assets was determined using the market value of investments. The Commission's unfunded actuarial accrued liability is being amortized based on payments increasing at 4.50% per year on an open basis. The remaining amortization period at June 30, 2012 was 29 years.


(Continued)

For fiscal year 2012, the blended investment rate of return was 5.75% and the annual health care cost trend rate was approximately 6%-9%.

## (14) Employee Benefit Plans

Most Commission employees are eligible to participate in the State-Boston Retirement System (SBRS). Commission employees predominately funded by external grants or contracts are eligible to participate in the defined contribution plan.

### *(a) State-Boston Retirement System (SBRS)*

Benefit eligible employees must participate in the State-Boston Retirement System (the System), a cost-sharing multiple-employer, defined benefit pension plan. The System provides for retirement allowance benefits up to a maximum of 80% of an employee's highest three-year average annual rate of regular compensation. Benefit payments are based upon an employee's age, length of service, level of compensation and group classification. Employees become vested after 10 years of creditable service. A retirement allowance may be received upon completion of 20 years of service or upon reaching the age of 55 with 10 years of service. The System issues a publicly available financial report that can be obtained from the State-Boston Retirement System, Boston City Hall, Boston, Massachusetts 02201.

Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Employees hired on or after January 1, 1979 pay an additional 2% of salary in excess of $577 per week. The Commonwealth of Massachusetts reimburses the System for a portion of benefit payments for cost of living increases. The Commission is required to pay into the System its share of the remaining system-wide actuarially determined contribution. The contribution of plan members, the Commission and the Commonwealth are governed by Chapter 32 of the Massachusetts General Laws. The Commission was billed $13.0 million, $9.4 million, and $9.4 million for contributions by the System for the years ended June 30, 2012, 2011 and 2010, respectively, and paid those amounts during the respective years.

### *(b) Defined Contribution Retirement Plan*

The Commission has a closed defined contribution retirement plan. Employer contributions are 4% of the gross wages of participating employees. Employees may make additional voluntary contributions. Payments made by the Commission under this plan amounted to $115,011 during the year ended June 30, 2012.

### *(c) Deferred Compensation Plan*

Benefit eligible employees of the Commission are eligible to participate in a deferred compensation plan. All contributions to the plan are made by the employees as pre-taxed and subject to a $16,500 maximum.

## (15) Medicaid Managed Care Agreement

The Commission is a party to a Medicaid Managed Care Agreement (MCO Agreement) with the Commonwealth of Massachusetts to provide MassHealth services to members of the Boston Medical

Center HealthNet Plan (the Plan). The Commission has a subcontract agreement with Boston Medical Center Health Plan Inc. to operate the Plan and to contract with providers to provide MassHealth services to Plan Members (the Subcontract). The MCO Agreement pays the Plan capitation rates which are appropriated by the Legislature. These payments are subject to conditions that may be imposed by appropriations and to the availability of full federal financial participation (FFP). These conditions require the Commission to make specified payments to the Commonwealth.

For the year ending June 30, 2012, the Commission received such payments in the amount of $1.0 billion from the Commonwealth. The Commission (acting as the sponsor of the Boston Medical Center HealthNet Plan) transferred all payments received from the Commonwealth to the Boston Medical Center HealthNet Plan.

## (16) Related-Party Transactions

### *(a) Leases*

The Commission leases space (tenant-at-will) from the City of Boston to house its operations at 1010 Massachusetts Avenue. Fiscal 2012 rent expense was $749,681 for this location.

### *(b) Grant Administration Agreement*

On May 31, 2011, the Commission entered into a new agreement with the BMC. Under the terms of the new agreement, the Commission assumed responsibility for all fiscal, grant management and management operations of the Commission including Boston EMS. The agreement provided for final payment for all services provided by BMC during the life of the previous agreement. The parties further agreed that BMC would continue to provide certain services to the Commission regarding the TB clinic, School Based Health Centers, Occupational Health Services, certain professional staffing provided through Boston University's Faculty Practice Foundation, utilities to the Woods Mullen, Finland and 727 Massachusetts Avenue properties and pharmaceutical supplies and services to Boston EMS. The Commission will reimburse BMC for the actual cost of goods and services provided under the terms of the new agreement.

## (17) Risk Management

The Commission receives management services from the City for health and life insurance, workers' compensation, and unemployment claims.

Although the City pays for these claims on behalf of the Commission, the City charges back the Commission for these costs. Therefore, the claims cost ultimately resides with the Commission. However, the liability associated with these claims is recorded by the City. The Commission provides its own legal defense for legal claims.

The Commission is self-insured for its property and casualty losses. The City appropriates annual operating funds and assists the Commission in financing unexpected costs over multiple years.

## (18) Commitments and Contingencies

Various federal and state programs and research activities administered by the Commission are subject to post-performance review and adjustment. The Commission currently records adjustments to reflect costs incurred in excess of grant funds available and differences between provisional and final indirect cost reimbursement rates. Other adjustments resulting from grantor reviews are recorded during the period in which they occur.

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

Schedule of OPEB Funding Progress
Required Supplementary Information

June 30, 2012

Unaudited

(Dollars in thousands)

| Actuarial valuation date | Actuarial value of plan assets (a) | Actuarial accrued liability (AAL) (b) | (Overfunded) unfunded AAL (UAALS) (b – a) | Funded ratio (a/b) | Covered payroll (c) | UAAL as a percentage of covered payroll ((b-a)/c) |
|---|---|---|---|---|---|---|
| June 30, 2011 | $ 1,302 | 153,418 | 152,116 | 0.85% | $ 56,914 | 267.3% |
| June 30, 2009 | — | 131,156 | 131,156 | — | 52,915 | 247.9 |
| June 30, 2007 | — | 163,981 | 163,981 | — | 47,922 | 342.2 |

See accompanying independent auditors' report.

**THE BOSTON PUBLIC HEALTH COMMISSION**
(A Component Unit of the City of Boston)

Supplementary Schedule of Revenues and Expenditures – Budgetary Basis

Year ended June 30, 2012

(In thousands)

| | Original budget | Supplemental and reallocations | Final budget | Actual | Variance favorable (unfavorable) to final budget |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Rent | $ 5,489 | — | 5,489 | 4,956 | (533) |
| Interest | 60 | — | 60 | 58 | (2) |
| City appropriation | 72,903 | — | 72,903 | 71,111 | (1,792) |
| Other | 41,876 | — | 41,876 | 41,508 | (368) |
| Total revenues | 120,328 | — | 120,328 | 117,633 | (2,695) |
| Expenditures: | | | | | |
| Administration | 11,684 | — | 11,684 | 10,939 | 745 |
| Public health program | 75,413 | — | 75,413 | 73,910 | 1,503 |
| Property operations | 7,744 | — | 7,744 | 7,822 | (78) |
| Public health service centers | 12,826 | — | 12,826 | 13,413 | (587) |
| OPEB expense | 1,250 | — | 1,250 | 1,250 | — |
| Debt service | 661 | — | 661 | 661 | — |
| Assistance grant to BMC | 10,750 | — | 10,750 | 8,958 | 1,792 |
| Total expenditures | 120,328 | — | 120,328 | 116,953 | 3,375 |
| Excess revenues over expenditures | $ — | — | — | 680 | 680 |

See accompanying independent auditors' report.

# BOSTON PUBLIC HEALTH COMMISSION

Auditors' Report as Required by Office of
Management and Budget (OMB) Circular A-133 and
*Government Auditing Standards* and Related Information

Year ended June 30, 2012

(With Independent Auditors' Report Thereon)

**BOSTON PUBLIC HEALTH COMMISSION**

Auditors' Report as Required by Office of
Management and Budget (OMB) Circular A-133 and
*Government Auditing Standards* and Related Information

**Table of Contents**

**KPMG LLP**
Two Financial Center
60 South Street
Boston, MA 02111

**Exhibit I**

## Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Board Chairperson and Executive Director
Boston Public Health Commission:

### Compliance

We have audited the Boston Public Health Commission's (the Commission) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended June 30, 2012. The Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs (Exhibit IV). Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

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 of America; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 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 Commission'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 opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012 – 6 and 2012 – 7.

### Internal Control over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Commission's internal control over compliance.

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012 – 6, and 2012 – 7. A significant deficiency in internal control over compliance 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.

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commission's responses and, accordingly, we express no opinion on the responses.

**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Commission as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012 which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 16, 2012. The accompanying schedule of expenditures of federal awards (Exhibit II) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Exhibit I**

This report is intended solely for the information of management, the Board Chairperson and Executive Director, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 25, 2013
(except for schedule of expenditures of
federal awards, which is as of November 16, 2012)

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

| | Federal CFDA number | Pass-through number | Federal expenditures |
|---|---|---|---|
| U.S. Department of Health and Human Services: | | | |
| Direct awards: | | | |
| Postal Model for Medical Countermeasure | 93.016 | | $ 8,617 |
| Bilingual/Bicultural Service Demonstration Grants | 93.105 | | 35,511 |
| Injury Prevention and Control Research | 93.136 | | 16,101 |
| Substance Abuse and Mental Health Services – Projects of Regional and National Significance | 93.243 | | 2,166,883 |
| Centers for Disease Control and Prevention – Investigations and Technical Assistance | 93.283 | | 1,040,805 |
| Affordable Care Act (ACA) Grant for School | 93.501 | | 107,644 |
| The Patient Protection and Affordable Care Act | 93.541 | | 417,294 |
| ARRA – Prevention and Wellness Communities Putting Prevention to Work Funding Opportunities Announcement | 93.724 | | 7,378,852 |
| HIV Emergency Relief Project Grants | 93.914 | | 13,485,739 |
| Healthy Start Initiative | 93.926 | | 2,137,414 |
| Special Projects of National Significance | 93.928 | | 93,350 |
| Passed-through the Commonwealth of Massachusetts: | | | |
| Public Health Emergency Preparedness | 93.069 | INTF6208M04903418062 | 1,745,041 |
| Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) | 93.104 | CTEHSOBOSTONPUBLISAMHSALC | 1,679,431 |
| Substance Abuse and Mental Health Services – Projects of Regional and National Significance | 93.243 | INTF2354MM3900913001; INTF2354MM3900913002; INTF2354MM3900913004, INTF2354MM39011115018; INTF2354M04W01315008 | 806,737 |
| Immunization Cooperative Agreements | 93.268 | MEDICALSERVICESM2M00 | 64,925 |
| ARRA – Trans-NIH Recovery Act Research Support | 93.701 | INTF3056J50205715019; INTF3056J50ARRA03012 | 63,103 |
| National Bioterrorism Hospital Preparedness | 93.889 | INTF6207PP1206514445 | 49,334 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | INTF7900MM3701516136 | 248,928 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | INTF2354MM3900913003; INTF2354MM3901115015; INTF2354MM3901115016; INTF2354MM3901115017; INTF2354MM3100119033; SCDPH231853620220000; SCDPH234853570190000 | 2,845,349 |
| Passed-through Boston University: | | | |
| Centers for Research and Demonstration for Health Promotion and Disease Prevention | 93.135 | Not Applicable | 27,654 |
| Special Projects of National Significance | 93.928 | 4500000748 | 18,749 |
| Passed-through the University of Massachusetts: | | | |
| Area Health Education Centers Point of Service Maintenance and Enhancement Awards | 93.107 | 6135133 | 106,884 |
| AIDS Education and Training Centers | 93.145 | 6136291ETC-16 | 15,000 |
| Health Care Opportunities Program | 93.822 | 6134882 | 47,809 |
| Passed-through Harvard School of Public Health: | | | |
| Assistance Programs for Chronic Disease and Control | 93.945 | Not Applicable | 1,275 |
| Passed-through Boston Medical Center: | | | |
| Substance Abuse and Mental Health Services – Projects of Regional and National Significance | 93.243 | 1210 | 2,153 |
| HIV Care Formula Grants | 93.917 | INTF4943MM3200120045 | 168,657 |
| Passed-through ABCD: | | | |
| Family Planning Services | 93.217 | PO69108 | 28,233 |
| ARRA-Community Services Block Grant | 93.710 | 6980 | 20,494 |
| Passed-through Childrens' Hospital | | | |
| ARRA – Trans-NIH Recovery Act Research Support | 93.701 | 87908 | 103,200 |
| Adolescent Family Life – Demonstration Projects | 93.995 | COX72671 | 21,949 |
| Total U.S. Department of Health and Human Services | | | 34,953,115 |



(Continued)

**Exhibit II**

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

| | Federal CFDA number | Pass-through number | Federal expenditures |
|---|---|---|---|
| U.S. Department of Labor: | | | |
| Direct awards: | | | |
| Lead Hazard Reduction Demonstration Grant | 14.905 | | $ 261,962 |
| Healthy Homes Technical Study | 14.906 | | 223,377 |
| Passed-through the Commonwealth of Massachusetts: | | | |
| ARRA-Homeless Prevention and Rapid Re-Housing Program Technical Assistance | 14.262 | CTOCDFY10ARRAHPRP-BHHI0010 | 35,307 |
| Passed-through the City of Boston: | | | |
| Community Development Block Grant/Entitlement Grant | 14.218 | C-31322-11 | 26,076 |
| Emergency Solutions Grant Program | 14.231 | C-31322-11 | 34,645 |
| Supportive Housing Program | 14.235 | 32247-11;32310-11;35585-11 | 892,049 |
| Housing Opportunities for Persons with AIDS | 14.241 | 30904-11 | 71,848 |
| Total U.S. Department of Labor | | | 1,545,264 |
| U.S. Department of Justice: | | | |
| Direct: | | | |
| Engaging Men in Preventing Sexual Assault | 16.014 | | 89,963 |
| Reduction and Prevention of Children's Exposure to Violence | 16.730 | | 74,571 |
| Second Chance Act Prisoner Reentry Initiative | 16.812 | | 315,912 |
| Passed-through the City of Boston: | | | |
| Part E – Developing, Testing and Demonstrating Promising New Programs | 16.541 | 2009-JL-FX-0192 | 249,986 |
| Reduction and Prevention of Children's Exposure to Violence | 16.730 | 2011-MU-MU-K003 | 68,596 |
| ARRA – Edward Byrne Memorial Competitive Grant Program | 16.808 | 2009-SC-B9-0069 | 286,311 |
| Total U.S. Department of Justice | | | 1,085,339 |
| Environmental Protection Agency: | | | |
| Direct awards: | | | |
| Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act | 66.034 | | 164,302 |
| Environmental Justice Small Grants Programs | 66.604 | | 824 |
| Total Environmental Protection Agency | | | 165,126 |
| Department of Homeland Security: | | | |
| Passed-through the Commonwealth of Massachusetts: | | | |
| Homeland Security Grant Program | 97.067 | 80004700 | 232,759 |
| Passed-through the City of Boston: | | | |
| Non-Profit Security Program | 97.067 | C-25901; C-34634 | 592,581 |
| Total Department of Homeland Security | | | 825,340 |
| Total Expenditures of Federal Awards | | | $ 38,574,184 |

See accompanying notes to schedule of expenditures of federal awards.

**BOSTON PUBLIC HEALTH COMMISSION**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

## (1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant transactions of the Commission recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*.

## (2) Indirect Costs

The Department of Health and Human Services has approved a 20.9% indirect cost rate, in effect through June 30, 2012.

## (3) Subrecipients

Certain federal funds are passed through to subrecipient organizations by the Boston Public Health Commission. Expenditures incurred by these subrecipients and reimbursed by the Boston Public Health Commission totaled $18,961,022 for the year ended June 30, 2012 and are presented in the Schedule of Expenditures of Federal Awards.

| Program name | CFDA | Amount |
|---|---|---|
| Healthy Homes Technical Studies Grants | 14.906 | $ 100,611 |
| Part E – Developing. Testing and Demonstrating Promising New Programs | 16.541 | 249,986 |
| ARRA – Edward Byrne Memorial Competitive Grant Program | 16.808 | 62,663 |
| Second Chance Act Prisoner Reentry Initiative | 16.812 | 43,080 |
| Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act | 66.034 | 45,868 |
| Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (Pass-through from Commonwealth of Mass) | 93.104 | 760,959 |
| Bilingual/Bicultural Service Demonstration Grants | 93.105 | 25,457 |
| AIDS Education and Training Centers (Pass-through from University of Massachusetts) | 93.145 | 13,889 |
| Substance Abuse and Mental Health Services – Projects of Regional and National Significance | 93.243 | 1,401,046 |
| Centers for Disease Control and Prevention – Investigations and Technical Assistance | 93.283 | 449,895 |
| ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement | 93.724 | 3,608,938 |



(Continued)

**Exhibit II**

## BOSTON PUBLIC HEALTH COMMISSION

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

| Program name | CFDA | | Amount |
|---|---|---|---|
| HIV Emergency Relief Project Grants | 93.914 | $ | 10,498,054 |
| Healthy Start Initiative | 93.926 | | 1,238,494 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | 462,082 |
| | | $ | 18,961,022 |

**KPMG LLP**
Two Financial Center
60 South Street
Boston, MA 02111

**Exhibit III**

## 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*

Board Chairperson and Executive Director
Boston Public Health Commission:

We have audited the financial statements of the Boston Public Health Commission (the Commission) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 16, 2012. We conducted our audit in accordance with 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.

### Internal Control over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and that are described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3, 2012-4, and 2012-5. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, 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.

We noted certain matters that we reported to management of the Commission in a separate letter dated November 16, 2012.

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Commission's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board Chairperson and Executive Director, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 16, 2012

**Exhibit IV**

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

## (1) Summary of Auditors' Results

***Financial Statements***

| | | | | |
|---|---|---|---|---|
| Type of auditors' report issued: | Unqualified | | | |
| Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | _____ | yes | x | no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | x | yes | _____ | none reported |
| Noncompliance material to the financial statements noted? | _____ | yes | x | no |

***Federal Awards***

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| • Material weakness(es) identified? | _____ | yes | x | no |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | x | yes | _____ | none reported |
| Type of auditors' report issued on compliance for major programs: | Unqualified | | | |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? | x | yes | _____ | no |

***Identification of Major Programs***

| CFDA # | Name of federal program or cluster |
|---|---|
| 93.069 | Public Health Emergency Preparedness |
| 93.104 | Comprehensive Mental Health Services for Children with Serious Emotional Disturbances (SED) |
| 93.243 | Substance Abuse and Mental Health Service – Projects of Regional and National Significance |
| 93.283 | CDC – Prevention Investigations and Technical Assistance |
| 93.724 | ARRA – Prevention and Wellness Communities Putting Prevention to Work Funding Opportunities Announcements |
| 93.914 | HIV Emergency Relief Project Grants |
| 93.926 | Healthy Start Initiative |
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |



(Continued)

**Exhibit IV**

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $1,157,225 | | | |
| Auditee qualified as low-risk auditee? | _____ | yes | __x__ | no |



(Continued)

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

## (2) Relating to Financial Statements Findings Reported in Accordance with *Government Auditing Standards*

### System Generated Reports

***Finding Reference: 2012 – 1***

Identifying, extracting and reporting Commission activity from the general ledger system and sub-ledger systems, due to a variety of issues, was a cumbersome and time consuming process. Commission information reported from these systems often required significant re-work and re-processing for it to be useful for Commission purposes. While these difficulties are, in some part, due to the newness of the systems, others may be due to training issues.

***Recommendation***

We recommend that Commission personnel work together and with software vendors to ensure that appropriate personnel understand the data that is available in the systems as well as how to retrieve and report the data in a format that is useful for Commission purposes.

***Views of Responsible Officials and Corrective Actions***

The Controller is structuring a comprehensive training program for the accounting staff with system experts. Successful outcomes will be measured by usefulness and timeliness of data retrieval. In addition, training will be conducted to ensure necessary staff can utilize advanced excel skills in order to supplement the timeliness and presentation.

***Responsible Official***

Stephen Burke, Controller



(Continued)

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

## Grant Receivables

***Finding Reference: 2012 – 2***

The Commission has a significant amount of receivables, which primarily relate to federal, state and city grants, and EMS patient receivables.

In terms of the grant receivables, the Commission was unable to provide a detailed aging report. Although the sub-ledger system appears to have the ability to produce such a report, the Commission was unable to utilize the features in the system to produce an accurate aging report.

***Recommendation***

We recommend that Commission personnel receive additional training on the systems to understand the features in order to generate reports that will be useful to the Commission. The Commission should also establish a process by which grant receivables and aging reports are reviewed and approved on a monthly basis by senior management.

***Views of Responsible Officials and Corrective Action***

The Commission has worked with a financial systems implementation consultant to create a customized billing window, which will allow grant accountants to create billing entries that will be identical to the invoice sent to the grantors. This customization will allow the Commission to utilize the system aging reports. The aging report will be run and reviewed quarterly by Director of Administration and Finance.

***Responsible Official***

William Kibaja, Director of Budget and Grant Administration



(Continued)

## Estimates

### *Finding Reference: 2012-3*

Due to the inability to produce useful system generated reports, it is difficult to accurately estimate an allowance for doubtful accounts. While the Commission appears to have a sound process for estimating the reserve for uncollectible EMS receivables through the use of historical collection experience, the same cannot be said for the grants accounts receivable. The Commission's reserve for doubtful grant receivables has not changed for several years.

### *Recommendation*

We recommend that a robust process be put in place including reviewing each grant and a corresponding aging report, at a minimum, on a monthly basis in order to determine the specific receivable balance outstanding. This will assist management in estimating an allowance at year end.

### *Views of Responsible Officials and Corrective Action*

In fiscal year 2012, the reserve for doubtful grant receivable was adjusted at the end of the fiscal year. An estimate of the total amount expected to be uncollectible will be made at the end of each fiscal year. A percentage will be applied system-wide to each of the aging categories for the outstanding receivables that are on the BPHC's books. For example, the amounts that are <30 days old would have a relatively high collection rate compared to amounts that are >180 days old. This rate will be created using the historical collection data available at the end of each fiscal year.

The estimate calculated above will be substantiated based on a detailed analysis of each receivable. The receivable will be evaluated based on unique factors that caused the amounts to be outstanding. A careful evaluation of the historical relationship with the grantor and the magnitude of the reason will be considered.

Since grantors and BPHC have contractual agreements, all amounts are legally collectible unless the BPHC does not perform in accordance with the terms of the agreement. Each invoice is individually considered for collection probability as described above. The sum of all the receivables identified as questionable using detailed evaluation process, will be compared to the estimate calculated using the method based on a percentage of each aging category. The specific analysis and identification of questionable receivables is used to reasonably substantiate the allowance for uncollectable receivable as calculated using the aging reports.

### *Responsible Official*

William Kibaja, Director of Budget and Grants Administration

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Information Technology – *Information Security Policy and Procedures***

***Finding Reference: 2012-4***

While the Commission has issued several IT and Information Security related policies, (e.g., Computer and Network use, HIPAA Privacy, Change Management), no comprehensive documented set exist including a detailed Written Information Security Policy (WISP). Additionally, we noted that the two formally authorized policies (Computer and Network Usage and HIPAA Privacy) were last reviewed in June, 2008.

Formally documented and management endorsed IT and Information Security policies and procedures permit functional groups such as IT to introduce, promote and implement necessary controls with the authority of senior management across a diverse and sometimes resistant user community. A comprehensive and documented Information Security Program / Policy managed and overseen by a dedicated resource (e.g., an ISO) is a mandatory requirement of several federal privacy statutes.

***Recommendation***

We recommend that the Commission's IT management continue to drive a project to develop and introduce a comprehensive information security policy and supporting sub-policies and standards for adoption and enforcement by the Commission IT and functional departments and agencies.

We further recommend that the Commission's management review existing policies for currency and update and re-issue accordingly. In particular the HIPAA policy should be reviewed in light of the 2009 HIPAA-HITECH legislation.

***Views of Responsible Officials and Corrective Action***

The Commission concurs with the Auditors' view that information security policies and procedures must be a strategic imperative and in conformance with statutory regulations. Work in this area is to be enacted by the Information Security Officer upon appointment.

***Responsible Official***

Stephen Burke, Controller



(Continued)

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Information Technology – *SAS 70/SSA 16 Usage, Reliance and Due Diligence***

***Finding Reference: 2012-5***

The majority of the Commission's core financial processes are run on 3rd party solutions hosted by the software vendor or other 3rd party companies. In general, these 3rd party service providers have issued on their behalf a SAS 70 type 2 service auditor report describing the control environment in operation and the effectiveness of that control environment over a pre-defined period. Where the period does not exactly cover the Commission's fiscal period, the service provider generally issues a 'bridge letter' which is intended to notify the SAS 70 recipient, i.e., Commission or Commission's external auditors, of any significant changes to the control environment. As part of the review we examined 12 different SAS 70 type 2 reports issued by 3rd parties providing financial application hosting services to the Commission. Ten of the reports (ADP) covered the period April 1, 2010 through March 31, 2011. Two of the reports (RSM Hosting and Intermedix) covered the period October 1, 2010, through September 30, 2011, and July 1, 2010 through June 30, 2012, respectively.

In addition to the service auditor's opinion, the service provider's description of its control environment and the results of effectiveness testing, the SAS 70 report also generally identifies User Control Considerations (UCC). UCCs are controls that the client of the service provider is expected to put in place and administer that taken together with the service provider's controls, produce a total control environment that will meet the overall control objectives.

Failure to appropriately examine SAS 70s provided by companies that provide financial system services to clients such as the Commission increase the risk that significant service or security weaknesses in the service providers operation could but the clients operations in jeopardy. Additionally, a failure to note, understand and implement UCC responsibilities documented by the service provider increase the risk that the service client may undermine the total control environment envisaged by the service provider.

***Recommendation***

We recommend that the Commission's management:

- ensure that all SAS 70s are reviewed for any significant weaknesses in control effectiveness that could jeopardize the Commission's interests and take appropriate steps to identify what actions the service organization is taking to remediate or mitigate any significant weaknesses
- review and implement all UCCs documented in the SAS 70 which are appropriate to the Commission's business operations.

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

***Views of Responsible Officials and Corrective Action***

The Controller currently reviews the SSE 16 (SAS 70) reports to ensure the 3rd party providers maintain an Unqualified Opinion, as well as, review significant deficiencies and applicable corrective action plan, if any. The Controller will identify User Control Considerations and discuss the same with internal departments to ensure the recommendations are useful, cost effective, and will enhance the control environment. The Commission's IT department will be provided a copy when deemed necessary.

***Responsible Official***

Stephen Burke, Controller



(Continued)

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**(3) Findings and Questioned Costs Relating to Federal Awards**

**Finding Reference:** 2012-6

**Federal agency:** U.S. Department of Health and Human Services

**Federal Program(s):** Public Health Emergency Preparedness (93.069)

Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (93.104)

Substance Abuse and Mental Health Services (93.243)

Centers for Disease Control and Prevention– Investigations and Technical Assistance (93.283)

ARRA – Prevention and Wellness (93.724)

HIV Emergency Relief Project Grants (93.914)

Healthy Start Initiative (93.926)

Block Grants for Prevention and Treatment of Substance Abuse (93.959)

**Finding:** Inadequate documentation for payroll charges

***Criteria***

According to Title 2 of the Code of Federal Regulations Chapter 225 Appendix B, where employees are expected to work solely on a single Federal award, charges for their salaries and wages will be supported by periodic certification that the employees worked solely on that program for the period covered by the certification. These certification will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. And where employees work on multiple activities, a distribution of their salaries or wages will be supported by personnel activity reports. Personnel activity reports must: (1) reflect after-the-fact distribution of the actual activity of each employee, (2) account for total activity for which each employee is compensated, (3) must be prepared at least monthly and must coincide with one or more pay periods, and (4) must be signed by the employee. Budget estimated or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes.

***Condition***

The Commission did not obtain certification from employees who worked full time on one federal program and did not obtain personnel activity reports from employees who work on more than one program for all the programs listed above. When a significant change occurs in an employee's level of effort, the budgeted figures are revised, but are not properly supported to reflect actual activities.

***Possible Cause***

A lack of effective internal control over the payroll process to ensure that payroll costs charges to federal awards are adequately supported.

***Effect***

The appropriateness of payroll charges could not be determined.

***Questioned Costs***

Undeterminable

***Recommendation***

The Commission should implement a personnel activity reporting process, including obtaining certification from employees who work 100% on a single federal award.

***Views of Responsible Officials and Corrective Action***

In Fiscal Year 2013 Management developed customized reports generated out of Great Plains to provide a monthly personnel activity report that will reflect the after the fact distribution of all actual activity of each employee, accounting for the total activity during the pay periods for which the employee is compensated during the month. The report will be certified by the employee and a Supervisor having actual knowledge of the employee's activities via a signature authorizing the time and allocation, if applicable. This is scheduled to be implemented in the third quarter of FY2013.

***Responsible Official***

William Kibaja, Director of Budget and Grants Administration

***Implementation Date***

March 1, 2013

**BOSTON PUBLIC HEALTH COMMISSION**

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

| | |
|---|---|
| **Finding Reference:** | 2012-7 |
| **Federal agency:** | U.S. Department of Health and Human Services |
| **Federal Program(s):** | Substance Abuse and Mental Health Services (93.243) |
| | Centers for Disease Control and Prevention – Investigations and Technical Assistance (93.283) |
| | ARRA – Prevention and Wellness (93.724) |
| | HIV Emergency Relief Project Grants (93.914) |
| | Healthy Start Initiative (93.926) |
| **Finding:** | Reporting |

***Criteria***

According to the instructions for completing the SF-425 Federal Financial Report, Line 10(b) Cash Disbursements is defined as the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.

According to OMB Memorandum M-09-21 *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009*, "Total Federal Amount ARRA Funds Received/Invoiced" is defined as the amount of Recovery Act funded received through draw-down, reimbursement or invoice.

***Condition***

It was noted during the testing of the quarterly SF-425 reports submitted to the Department of Health and Human Services that the amounts reported in Line 10(b) Cash Disbursement did not agree to the accounting records for the period being reported on for all the programs listed above.

It was noted during the testing of the quarterly 1512 ARRA reports that the amounts reported for Total Federal Amount ARRA Funds Received/Invoiced did not agree to total amount of federal ARRA funds received through draw-downs as of the quarter end being reported on for the ARRA-Prevention and Wellness Program.

***Possible Cause***

A lack of effective internal control over reporting process.

***Effect***

The quarterly SF-425 Federal Financial Reports and the quarterly 1512 ARRA reports that were submitted were not prepared in accordance with 1512 instructions.



(Continued)

***Questioned Costs***

None

***Recommendation***

The Commission should strengthen procedures around the reporting process to ensure that reports that are submitted as final are complete and accurate.

***Views of Responsible Officials and Corrective Action***

In Fiscal Year 2012 BPHC changed its reporting process as follows for the quarterly ARRA 1512 reports and quarterly PMS FFR. Program personnel and the Grant Accountants responsible for the preparation of the ARRA 1512 reports were trained to ensure that the amounts of ARRA "Received/Invoiced is reconciled against the cumulative of funds drawn and received in BPHC's bank account by quarter's end. Previously changes pertaining to the quarterly PMS FFR reported amounts on line 10(a) Cash Disbursement, were reported as approved expenditure for the quarter's end. This procedure has been revised to include all disbursements of the quarter's end and any adjustments will be reported in the cumulative of the subsequent quarters. These changes will ensure that BPHC stay compliant with an accurate reporting of federal expenditures.

***Responsible Official***

William Kibaja, Director of Budget and Grants Administration

***Implementation Date***

April 30, 2012

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| **2011** | | | | | |
| ***Government Auditing Standards Report on Internal Controls over Financial Reporting*** | | | | | |
| N/A | 2011-1 | Identifying, extracting and reporting Commission activity from the general ledger system and sub-ledger systems, due to a variety of issues, was a cumbersome and time consuming process. Commission information reported from these systems often required significant re-work and re-processing for it to be useful for Commission purposes. While these difficulties are, in some part, due to the newness of the systems, others may be due to training issues. | None | Partially Resolved | The corrective actions as noted were not fully implemented during the last quarter of FY 12. Obstacles encounter included, the accounting staff did not having adequate knowledge (lack of adequate training) of the accounting package which resulted in the inability to work through problems independently or take independent corrective action where needed. The Controller did identify outside consultants for training that possessed Great Plains expertise and as well as a solid understanding of accounting and reporting needs and requirements. Due to limit capacity, only one solid training was implemented before the close of the fiscal year. The action agenda for FY 13 will include assigning staff to manage the 3rd party software reports, particularly in the area of 3RD party billing which include GE and EMS. In addition to this, staff will be adequately trained in order to develop a complete understating of the accounting software, the independent 3rd party reports, and to completely understand the reconciliation of these reports to the general ledger. Also, a review will be made of the underlining security rights in the accounting and reporting software to determine the proper authorization of duties amongst staff, without jeopardizing the segregation of duties requirements to properly maintain effective internal controls.<br><br>We anticipate two to four solid training session during the 2nd and 3rd quarter of FY 13. In addition to this, the FY 13 closing procedures to be implemented will include a complete analysis and reconciliation of these independent reports to the Commission's general ledger to ensure timely, complete and accurate reporting. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| N/A | 2011-2 | At the commencement of our fieldwork, we noted that the Commission had not reconciled certain cash accounts for several months. Although cash ultimately reconciled once the cash reconciliations were provided, it was evident that the reconciliations were not performed timely.<br><br>In addition, during our review of the cash reconciliations for selected months, there was no evidence of management review and approval of the cash reconciliations. | None | Resolved | The Controller has implemented a requirement that the Accounting manager oversee the cash reconciliation process to ensure timely and accurate bank reconciliations. In addition, the Accounting Manager is required to sign these reconciliations as reviewed and accepted. Upon this acknowledgement, the Controller will be notified that they are ready for review, and he in turn must sign them as reviewed and approved.<br><br>There will not be any adjustments by the Accounting Specialist to the cash reconciliations without first notifying the Accounting Manager and the Controller and obtaining their respective approvals. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| N/A | 2011-3 | The Commission has a significant amount of receivables, which primarily relate to federal, state and city grants, and EMS patient receivables.<br><br>In terms of the grant receivables, the Commission was unable to provide a detailed aging report. Although the sub-ledger system appears to have the ability to produce such a report, the Commission was unable to utilize the features in the system to produce an accurate aging report.<br><br>With regards to the EMS receivables, the Commission engages a third party billing company to collect the majority of the patient receivables. We noted that there is no formal reconciliation performed between the general ledger and the third party billing company. In addition, the Commission does not have access to the receivable information by patient. | None | Partially Resolved | The Controller has worked with the 3rd party billing company, ADPi, to gain access to all client records. The monthly activity reports are received timely from ADPi, and the respective activity is record to the general ledger in a timely manner and reconciled back the ADPi. All related activity such a cash receipts, bad debts and contractual adjustments are recorded to ensure a net realizable value presentation.<br><br>The Controller and the KPMG auditor worked closely with the Commission's account representative of ADPi, during the field work engagement stage to develop both a deeper understating of their procedures as well as designing reports for the auditors to perform their compliance and attestation functions. These newly developed reports will be part of the Prepared by Client (PBC) listing for the FY 13 audit which will facilitate the audit work in this area.<br><br>Management has also changed its' procedures as to estimating a provision for uncollectible accounts receivable due to contractual adjustments during FY 12. The Commission's financial statements adequately provide for such provisions resulting in reporting accounts receivable at a reasonably accepted net realizable value. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| N/A | 2011-4 | Due to the inability to produce useful system generated reports, it is difficult to accurately estimate an allowance for doubtful accounts. While the Commission appears to have a sound process for estimating the reserve for uncollectible EMS receivables through the use of historical collection experience, the same cannot be said for the grants accounts receivable. The Commission's reserve for doubtful grant receivables has not changed for several years. | None | Partially Resolved | The Commission had changed it way of estimating uncollectible accounts as a result of the contractual adjustment process. The allowance for uncollectible accounts involves two calculations. First, an allowance is calculated based upon actual historical data to calculate an estimated value of accounts receivable that will be written down for future contractual adjustments. Secondly, an allowance is then calculated for what is deemed to be uncollectible by using actual historical collection rate data by payer, applied against accounts receivables less the contractual allowance calculation.<br><br>The Commission has worked with a financial systems implementation consultant to create a customized billing window, which will allow grant accountants to create billing entries that will be identical to the invoice sent to the grantors. This customization will allow the Commission to utilize the system aging reports. The aging report will be run and reviewed quarterly by Director of Administration and Finance. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| N/A | 2011-5 | While the Commission has issued several IT and Information Security related policies, (e.g. Computer and Network use, HIPAA Privacy, Change Management), no comprehensive documented set exist including a detailed Written Information Security Policy (WISP). Additionally, we noted that the two formally authorized policies (Computer and Network Usage and HIPAA Privacy) were last reviewed in June, 2008.<br><br>Formally documented and management endorsed IT and Information Security policies and procedures permit functional groups such as IT to introduce, promote and implement necessary controls with the authority of senior management across a diverse and sometimes resistant user community. A comprehensive and documented Information Security Program / Policy managed and overseen by a dedicated resource (e.g., an ISO) is a mandatory requirement of several federal privacy statutes. | None | Partially Resolved | Appropriate Information Security Policies to be developed by Information Security Officer upon appointment. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| N/A | 2011-6 | The majority of the Commission's core financial processes are run on 3rd party solutions hosted by the software vendor or other 3rd party companies. In general, these 3rd party service providers have issued on their behalf a SAS 70 type 2 service auditor report describing the control environment in operation and the effectiveness of that control environment over a pre-defined period. Where the period does not exactly cover the Commission's fiscal period, the service provider generally issues a 'bridge letter' which is intended to notify the SAS 70 recipient, i.e. Commission or Commission's external auditors, of any significant changes to the control environment. As part of the review we examined 12 different SAS 70 type 2 reports issued by 3rd parties providing financial application hosting services to the Commission.<br>Ten of the reports (ADP) covered the period April 1, 2010 through March 31, 2011. Two of the reports (RSM Hosting and Intermedix) covered the period October 1, 2010, through September 30, 2011, and July 1, 2010 through June 30, 2011, respectively.<br>In addition to the service auditor's opinion, the service provider's description of its control environment and the results of effectiveness testing, the SAS 70 report also generally identifies User Control Considerations (UCC). UCCs are controls that the client of the service provider is expected to put in place and administer that taken together with the service provider's controls, produce a total control environment that will meet the overall control objectives. Failure to appropriately examine SAS 70s provided by companies that provide financial system services to clients such as the Commission increase the risk that significant service or security weaknesses in the service providers operation could but the clients operations in jeopardy. Additionally, a failure to note, understand and implement UCC responsibilities documented by the service provider increase the risk that the service client may undermine the total control environment visaged by the service provider. | None | Partially Resolved | The Commission has in place an adequate process whereby it will request such reports on a timely basis. In addition to this, as a result of prior meeting with KPMG's IT Specialist, the accounting department will share such reports with its' IT Department. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.104 | 2011-7 | The Commission should strengthen its processes over subrecipients monitoring to ensure compliance. During the review of two subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to both subrecipient; and the Commission did not obtain a copy of either subrecipient's A-133 audit report. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. In FY 2012 the Commission has collected all subrecipients A-133 audit reports as applicable. The Commission also instituted a process for review of each subrecipients A-133 audit report and institute a follow up procedure for any organizations designated as high risk and or have audit findings related to funds from Commission. An evaluation of the findings from subrecipients' audit reports was reviewed to determine a plan of action, including monitoring to determining if correcting actions have taken place to correct deficiencies or issuing a management decision to terminate the agreement if deemed necessary. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.243 | 2011-8 | The Commission should strengthen its processes over subrecipient monitoring to ensure compliance.<br>During the review of two subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to either subrecipient; the Commission did not perform site visits for 1 of the subrecipient's; and the Commission did not obtain a copy of 1 subrecipient's A-133 audit report. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. The Commission continues its present practice of monitoring sub-recipient fiscal documentation such as payroll registers, time sheets, and copies of invoices supporting the invoices submitted from sub-recipients for reimbursement in order to ensure compliance with grant requirements. All compliance monitoring documentation will be standardized to the extent possible, and kept in a centralized repository. The commission continues to conduct site visits as required by funding specification and when deemed necessary by the review of the sub-recipient's A-133 report. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.283 | 2011-9 | The Commission should strengthen its processes over subrecipient monitoring to ensure compliance. During the review of five subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to any subrecipient; the Commission did not perform site visits for one of the subrecipient's; and the Commission did not obtain a copy of one subrecipient's A-133 audit report. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. The Commission continues its present practice of monitoring sub-recipient fiscal documentation such as payroll registers, time sheets, and copies of invoices supporting the invoices submitted from sub-recipients for reimbursement in order to ensure compliance with grant requirements. All compliance monitoring documentation will be standardized to the extent possible, and kept in a centralized repository. The commission continues to conduct site visits as required by funding specification and when deemed necessary by the review of the sub-recipient's A-133 report. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.926 | 2011-10 | The Commission should strengthen its processes over subrecipients monitoring to ensure compliance. During the review of two subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to either subrecipient; and the Commission did not obtain a copy of either subrecipient's A-133 audit report. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. In FY 2012 the Commission has collected all subrecipients A-133 audit reports as applicable. The Commission also instituted a process for review of each subrecipients A-133 audit report and institute a follow up procedure for any organizations designated as high risk and or have audit findings related to funds from Commission. An evaluation of the findings from subrecipients' audit reports was reviewed to determine a plan of action, including monitoring to determining if correcting actions have taken place to correct deficiencies or issuing a management decision to terminate the agreement if deemed necessary |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.959 | 2011-11 | The Commission should strengthen its processes over subrecipients monitoring to ensure compliance. During the review of five subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to either subrecipient; and the Commission did not obtain a copy of three of the subrecipient's A-133 audit report. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. In addition the Commission has collected all subrecipients A-133 audit reports as applicable. The Commission also instituted a process for review of each subrecipients A-133 audit report and institute a follow up procedure for any organizations designated as high risk and or have audit findings related to funds from Commission. An evaluation of the findings from subrecipients' audit reports was reviewed to determine a plan of action, including monitoring to determining if correcting actions have taken place to correct deficiencies or issuing a management decision to terminate the agreement if deemed necessary |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA# | Reference | Summary of Finding | Questioned Costs | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.724 | 2011-12 | The Commission should strengthen its processes over subrecipients monitoring to ensure compliance. During the review of five subrecipients selected for test work, it was noted the Commission did not obtain a copy of four of the subrecipient's A-133 audit reports. | None | Resolved | In FY 2012 the Commission collected all subrecipients A-133 audit reports as applicable. The Commission also instituted a process for review of each subrecipients A-133 audit report and institute a follow up procedure for any organizations designated as high risk and or have audit findings related to funds from Commission An evaluation of the findings from subrecipients' audit reports was reviewed to determine a plan of action, including monitoring to determining if correcting actions have taken place to correct deficiencies or issuing a management decision to terminate the agreement if deemed necessary |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA # | Reference | Summary of Findings | Questioned Cost | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.914 | 2011-13 | The Commission should strengthen its processes over subrecipients monitoring to ensure compliance.<br>During the review of five subrecipients selected for test work, it was noted the Commission did not provide federal award information (CFDA number, program name and federal award number) to any subrecipient; the Commission did not perform site visits for 1 of the five sub recipients in the last two years. | None | Resolved | In FY 2012, Commission provided to all new subrecipients the CFDA number, program name, and federal award number as part of the RFP process and again in the contract that is entered into with the subrecipients the every year of the project. In addition the RFP and annual contracts will provide the subrecipients with the federal laws governing the subrecipient's contract. In addition the Commission has collected all subrecipients A-133 audit reports as applicable. The Commission also instituted a process for review of each subrecipients A-133 audit report and institute a follow up procedure for any organizations designated as high risk and or having audit findings related to funds from Commission. An evaluation of the findings from subrecipients' audit reports was reviewed to determine a plan of action, including monitoring to determining if correcting actions have taken place to correct deficiencies or issuing a management decision to terminate the agreement if deemed necessary. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA # | Reference | Summary of Findings | Questioned Cost | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.104<br>93.243<br>93.283<br>93.724<br>93.914<br>93.926<br>93.959 | 2011-14 | The Commission should strengthen its processes over suspension and debarment to ensure compliance.<br>During the review it was noted that it is the Commission's policy to check the EPLS when entering into covered transactions, however the Commission was unable to document their search of the EPLS prior to entering into covered transactions. None of the vendors selected for test work were listed on the EPLS website as suspended or debarred. | None | Resolved | During Fiscal Year 12, the Controller's office has verified that all sub recipients are not on the Excluded Parties List System. The Commission's Standard Contract for goods and services equal to or exceeding $25,000 includes language requiring the contractors to certify that they are not on the EPLS. In additional, the Finance Department is working with the Procurement Department to amend the language in the Scope of Services and Requests for Proposals/Bids to address this as well. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA # | Reference | Summary of Findings | Questioned Cost | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.069<br>93.104<br>93.243<br>93.283<br>93.724<br>93.914<br>93.926<br>93.959 | 2011-15 | The Commission should implement a personnel activity reporting process, including obtaining certification from employees who work 100% on a single federal award.<br>In review of grant funded personnel, the Commission did not obtain certification from employees who worked full time on one federal program and did not obtain personnel activity reports from employees who work on more than one program for all the programs listed above. When a significant change occurs in an employee's level of effort, the budgeted figures are revised, but are not properly supported to reflect actual activities. | None | Work in progress implemented in third quarter of FY 2013 | In Fiscal Year 2012 Management worked with its outside payroll service provider (ADP) to develop a monthly personnel activity report, that will reflect the after the fact distribution of all actual activity of each employee, accounting for the total activity during the pay periods for which the employee is compensated during the month. The report will be certified by the employee and a Supervisor having actual knowledge of the employee's activities via a signature authorizing the time and allocation, if applicable. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA # | Reference | Summary of Findings | Questioned Cost | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.243<br>93.283<br>93.724<br>93.914<br>93.926 | 2011-16 | The Commission should strengthen procedures around the reporting process to ensure that reports that are submitted as final are complete and accurate. It was noted during the testing of the quarterly SF-425 reports submitted to the Department of Health and Human Services that the amounts reported in Line 10(b) Cash Disbursement did not agree to the accounting records for the period being reported on for all the programs listed above. It was noted during the testing of the quarterly 1512 ARRA reports that the amounts reported for Total Federal Amount ARRA Funds Received/Invoiced did not agree to total amount of federal ARRA funds received through draw-downs as of the quarter end being reported on for the ARRA-Prevention and Wellness Program. | None | Partially Resolved | In Fiscal Year 2012 BPHC changed its reporting process as follows for the quarterly ARRA 1512 reports and quarterly PMS FFR. Program personnel and the Grant Accountants responsible for the preparation of the ARRA 1512 reports were trained to ensure that the amounts of ARRA "Received/Invoiced is reconciled against the cumulative of funds drawn and received in BPHC's bank account by quarter's end. Previously changes pertaining to the quarterly PMS FFR reported amounts on line 10(a) Cash Disbursement, were reported as approved expenditure for the quarter's end. This procedure has been revised to include all disbursements of the quarter's end and any adjustments will be reported in the cumulative of the subsequent quarters. These changes will ensure that BPHC stay compliant with an accurate reporting of federal expenditures. |

**BOSTON PUBLIC HEALTH COMMISSION**

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2012

| CFDA # | Reference | Summary of Findings | Questioned Cost | Status | Corrective Action Plan |
|---|---|---|---|---|---|
| 93.243 | 2011-17 | The Commission should strengthen procedures around documenting client screenings. Of the 25 clients in the Linking Treatment to Housing program selected for eligibility test work, 3 clients screening were not adequately documented. 1 screening did not have the client's name on it, and 2 screenings were not dated by the intake counselor. | None | Resolved | In Fiscal Year 2012 BPHC required programs which conducted direct services to clients to have a supervisor review all client files, including screening and intake forms used for eligibility to ensure the forms are properly signed, dated and completed in accordance to the programs requirements. |