

# OFFICE OF THE AUDITOR GENERAL

## Department of Health and Wellness Promotion Information and Investigation Report – Followup Interview August 6, 2012

The following information is from an interview with Larry Matthews, relating to the Office of the Auditor General's (OAG) investigation of DHWP's cash management practices at the Herman Kiefer Health Complex.

1. **Daily Cash/Check Remittance Reports for May and June 2012** – Mr. Matthews provided copies of the reports.
2. **Copies of IPH's Bank Account organizing documents with Fifth Third Bank** – Mr. Matthews stated that per the directive of Jack Martin, CFO, the account has been closed and the monies returned to the City. He provided the following documents and information:
  - a. Copy of Cashier Check drawn on IPH for \$50,080, and receipts showing \$0 in the account.
  - b. Copy of a deposit to the City's bank account for \$50,080 which is comprised of two deposits:

\$38,779	7/27/2012	OAG confirmed; Cash received 7/2/2012-7/26/2012
<u>\$11,301</u>	7/31/2012	OAG confirmed; Cash Counted in Vital Records and Central Deposit 7/30/2012; \$68 more deposited
<u>\$50,080</u>	8/3/2012	Close out of IPH account and deposit into the City account

- i. **OAG also counted \$1,800 (on 7/30/2012) that was being held for additional petty cash. This amount was not deposited.**
    - ii. On 7/30/2012, OAG observed that Vital Records had \$1,000 in operating change funds.
  - c. DHWP did not provide a copy of the journal voucher to record the deposit/cash receipts and revenues in Oracle DRMS.
3. **Inventory of Assets purchased with City funds and grant funds, per DHWP Transition Plan and Timeline** – Mr. Matthews s stated DHWP has taken an inventory of all assets. However, details of the transition have not been worked out (i.e. – whether they will lease or purchase assets from the City, etc.), as they plan to stay at Herman Kiefer for another year. They are currently working on the issue, including talking with AT&T to establish ownership of telephones.
4. **Transition of Revenue Divisions (stay with the City or transfer to IPH?)**

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<b>Revenue Division</b>	<b>CITY</b>	<b>IPH</b>	<b>Comments</b>
Vital Records	X		
Food Sanitation		X	
Environmental Health		X	
Animal Control	X		
Laboratory	N/A		Closed
TB/CD	X (TB)	X (CD)	TB is funded by federal grants. Communicable Disease is funded by State grants which will go to IPH
Adult Dental Clinic		X	
Pediatric Oral Health		X	
Finance	X (FED)	X (ST)	
HK Family Planning		X	
STD		X	
OTHER:			All clinics have cash.

**5. Status of transition plan for federal and state grants to IPH –**

- Mr. Matthews stated that due to complexities of federal grants, there is no plan at this time to transition them to IPH.
- Mr. Matthews stated that the state grants will go directly to IPH. Noted that there is a 'Consolidated Agreement' whereby the state grants have been consolidated into 'one big pot' of funds.
- IPH is currently in the process of obtaining their contractor ID and vendor numbers through the State of Michigan. Beginning October 1, 2012, IPH will then link their bank account with the state databases to drawdown funds. Mr. Matthews stated that IPH does not have another bank account at this time.

**6. Administration – Mr. Matthews s outlined the following planned administration for the City's Health Department and IPH:**

<b>NAME</b>	<b>CITY TITLE</b>	<b>IPH TITLE</b>
Loretta Davis	Group Executive/Director Health Officer	President and Chief Executive Officer (CEO)
Betsy Pash	Deputy Director	Chief Operating Officer (COO)
Vacant	Medical Director	Medical Director
Joseph Mutebi	Accounting Manager	n/a

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- Joseph Mutebi, Accounting Manager will remain a City employee to process the federal grants in DRMS.

Mr. Matthews responded to the questions regarding conflict of interest and payment of salaries (per his email dated 8/7/2012):

- First, regarding the conflict of interest and the assurance function of the Director, the Director's responsibility, for the City, will be to assure that the citizens' public health needs are met. There is not any monitoring or oversight of the Institute in this role. The State will make sure that Institute monitors and complies with all service delivery requirements.
- Also, the 4 positions left on the City's role will be funded by the Indirect Cost of the 4 federal grants reflected on the schedule I gave you, not by the Institute. Any excess cost will be funded by Vital Records. The Institute is not responsible for these salaries.