



**New York State
Office of Homeland Security**

**THOMAS G. DONLON
DIRECTOR**

November 25, 2009

Mr. Bud Larson
Associate Director
NYC Office of Management and Budget
75 Park Place
New York, NY 10007

RE: DOHMH Final Fiscal Monitoring Report

Dear Mr. Larson:

Enclosed is a copy of the final report which summarizes our conclusions of the fiscal monitoring visit conducted by the Office of Homeland Security (OHS) Fiscal Monitoring Unit. It is hoped that this report helps improve New York City's management of Homeland Security grant programs. You can find the response and conclusion at the end of the recommendation.

We would like to acknowledge your staff's assistance in completing this review and our appreciation for the cooperation and courtesy shown to the OHS staff. Please contact Hepburn Williams at (212) 849-4475 if you have any questions or require additional assistance.

Sincerely,

A handwritten signature in black ink that reads "Terry Wilber".

Terry Wilber
Principal Auditor
Fiscal Monitoring Unit

Cc: Thomas Bonner, Grants Coordinator (NYC CJC)
Kevin Mahoney, Asst. director of Disease Control (DOHMH)
Federal Fiscal Unit, OHS
Contract Unit, OHS

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**NEW YORK STATE
OFFICE OF HOMELAND SECURITY**

FINAL FISCAL MONITORING VISIT REPORT

Date of Site Visit: June 9, 2009

Prepared By: Hepburn Williams

Grantee: New York City

Implementing Agencies: Department of Health & Mental Hygiene (DOHMH)

Contract Number: C-881253

Contract Amount: \$169,240,569

Award Period: 10/01/04 – 09/30/09

Final Report Date: November 25, 2009

Category of Expenditure	Report Period	FCR Amt.	Amt. Reviewed	Funding Source
Personnel	10/01/04 – 12/31/07	1,305,019.68	398,340.60	FY05 UASI
Fringe		371,930.61	113,527.28	
Other		7,330.50	225.00	FY05 UASI
Travel		28,042.00	1,176.50	
			2,317.67	
Equipment	01/01/08 – 03/31/08	219,049.45	193,504.91	FY05 UASI
	10/01/08 – 12/31/08	72,040.99	56,885.00	
Consultant	01/01/08 – 03/31/08	\$1,312,577.81	\$1,143,178.88	FY05 UASI

PURPOSE

The purpose of this review was to obtain a reasonable assurance that New York City and its implementing agencies administered federal funds in accordance with applicable State and federal requirements, and the terms and conditions contained in the above referenced Contracts.

BACKGROUND

The City of New York received \$169,240,569 in funding (including \$3,190,000 LETPP Supplemental) through the Office for Domestic Preparedness, FFY 2005 Urban Area Security Initiative for the purpose of providing the necessary equipment and training needed to prepare

for and respond to a terrorist attack. The City in return allocated funding to several city agencies including the Department of Health and mental Hygiene (DOHMH). DOHMH is responsible for all health-related issues in response to a CBRNE attack within New York City. The City provided funding to DOHMH to support enhancements to the Public Health Labs and information systems. Grant funds further support radiation detection equipment and training of response personnel. Funding also supports the conduct of a biological threat assessment to determine vulnerabilities within the City's subway system.

SUMMARY

We reviewed the accounting, financial, and reporting practices of New York City and its implementing agencies for:

- a) Compliance with the award Contracts budget and reporting requirements;
- b) Maintenance of accurate and reliable accounting records; and
- c) Compliance with allowable cost and expenditure documentation standards in accordance with applicable federal, State and NYS Office of Homeland Security (OHS) guidelines.

REVIEW PROCESS

Prior to the monitoring visit, the Fiscal Monitoring Unit sent New York City Internal Control and Fiscal Monitoring questionnaires for DOHMH to complete. These questionnaires were completed by DOHMH and returned to the Fiscal Monitoring Unit on a timely basis. In addition to the questionnaires, transactions were selected from all categories reimbursed to DOHMH: Personnel & Fringe, Consultant, Equipment, Supplies, Travel and All Other. A list of the selected transactions was also sent in advance, which included the minimum required supporting documentation we wished to review.

During our review, we compared relevant areas of the completed questionnaires to the actual daily functions of various units within DOHMH. There was no significant variance between the responses to the questionnaires and the actual functions. The transactions selected were reviewed for proper supporting documentation and adherence to applicable State and federal guidelines.

Extensive documentation was requested from DOHMH. For each category of expenditure, we asked about the procurement process, documentation to substantiate this process; proof of payment to ensure that DOHMH paid the vendors prior to seeking reimbursement; and documentation to verify that items were received before vendor payments. DOHMH provided us with all the documentation that we requested and all the procurement records were in order. The equipment and consultant transactions were procured in accordance with applicable guidelines; travel expenses were supported with appropriate justifications / approval, and proof of attendance at conferences / seminars. DOHMH also maintained adequate records for the all other and supplies categories. Accordingly, fringe benefit rates were accurately calculated and supported. DOHMH also maintains written documentation for its standard policies and procedures. Written procedures were provided for grant management, travel, internal procurement, time and attendance, petty cash, internal accounting and vendor payments.

In the area of salaries and wages, federal guidelines require that personnel charges be supported by periodic certification when employees work solely on a single federal grant or cost objective.

These certifications are to be prepared at least semi-annually and be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. From the inception of the contract, DOHMH was noncompliant in providing seminal-annual certifications for its full-time grant employees; however, they have recently realized their noncompliance and implemented a certification system effective January 2009. With this system in place, DOHMH now meets the certification requirements in accordance with the federal guidelines.

After we reviewed all the supporting documentation and procedures, we inspected the twenty-six Panasonic touch screen radiological laptops. Five of these laptops were assigned, and the others were in boxes waiting to be upgraded with New York City in-house developed software. According to DOHMH, it is projected that all laptops will be assigned and fielded within two months. We randomly selected and verified the models and serial numbers on several of the laptops. The laptops were brand new and in excellent condition. Additionally, we inspected fourteen Gateway servers and three pieces of Hitachi storage units located at First Avenue in Manhattan. As a result of our review and inspections, we arrived at the following observation and recommendation.

Gateway and Hitachi Servers:

The FY05 Homeland Security Grant Program Guidelines require that the specific goals and objectives funded by this grant program be completed within the Contract timeframe. DOHMH purchased fourteen Gateway servers and three pieces of customized Hitachi storage equipment. Twelve Gateway servers were neatly lined up on top of a table in a room being converted to a server room on First Avenue. The other two servers were being utilized as replacement for two broken servers in another server room. Adequate information was not available to ascertain if these two servers were being used for the purpose of the grant. The serial numbers on all the Gateway servers were easily verified with the supporting document. The three pieces of Hitachi storage equipment were attached to the equipment rack located in the same room as the twelve servers. We were unable to verify the serial numbers on the back of the Hitachi equipment due to their attachment to the rack.

The project to convert this room was terminated by the DOHMH MIS Department back in February 2008. The reason for stopping the project, as explained, was to have the servers installed at DOHMH centralized computer systems on Cortlandt Street. The servers were received by DOHMH on September 12, 2007. As of the date of inspection on June 17, 2009, these servers were still not operational and no project completion plan was offered. Therefore, the expenditure may not be allowable if they are not benefiting the goals and objectives within the Contract timeframe of the grant award.

Recommendation:

OHS recommends that the City and DOHMH formulate a plan to have the equipment in place and fully operational by the end of the Contract, currently September 30, 2009, in order to contribute to the goals and objectives they were intended to support within the grant award period. Also, OHS requests that the response include how the two Gateway servers that are in use at the DOHMH building at First Avenue support the goals and objectives of this grant.

Response and Conclusion

DOHMH: DOHMH has developed an installation plan that utilizes the 14 gateway servers and the Hitachi SAN storage units consistent with the goals and objectives of the grant. All of the servers are being used in support of the Public Health Laboratory and consistent with the grant objectives. The servers will significantly enhance the ability of the Public Health Laboratory to track its activities in the infectious diseases, bio-terrorism, and environmental monitoring. The servers will help reduce the Public Health Laboratory vulnerability to power surges, electrical failure and system collapse. Most of the Gateway servers have already been fully installed or are awaiting vendor assistance to finalize the installation with an expected completion date of October 16, 2009.

OHS: OHS is pleased that DOHMH has taken the necessary steps to have the servers installed by October 16, 2009 to benefit the goals and objectives as originally intended; however, it is important to complete projects by the end of the contract period to avoid the risk of potential disallowances.