

Testimony
Legislative Audit and Fiscal Review Committee
June 21, 2012
North Dakota Department of Health

Good morning, Chairman Ruby and members of the Legislative Audit and Fiscal Review Committee. My name is Arvy Smith, and I am the Deputy State Health Officer for the North Dakota Department of Health. I am here today to provide comments regarding the Division of Family Health performance audit report.

Status of Response to Audit Recommendations

The performance audit conducted by CliftonLarsonAllen LLP (CLA) included three audit recommendations classified as high risk. Our response to each is presented below.

Whistleblower Protection Policy

In February 2012, a major rewrite of the Department's Personnel Policy Manual was started and a whistleblower protection policy and other rules related to reporting fraud and abuse were included. The policy allows an employee who is uncomfortable or otherwise reluctant to report to his/her supervisor the ability to report fraud and abuse or retaliation related to reporting the activity to higher levels of management including the State Health Officer, the Deputy State Health Officer, the Human Resources Director, or the Internal Auditor. The Department will provide education to all staff on the updated Personnel Policy Manual.

Developmental Trainings for Program Managers and Division Directors

The Department requires all managers to have, at a minimum, the Supervisory Management Development training provided by Human Resources Management Services with the Office of Management and Budget either prior to, or shortly after moving into any management position. The Department will add this requirement to the Personnel Policy Manual. In addition, the Department has begun researching additional public health management training strategies for all section chiefs, division directors, and program managers and aspiring managers. The Family Health Division director has recently developed and provided training on department policies, processes and expectations for all Family Health staff.

Federal Grant Transfers

The Department will establish policy to require documentation of the reason and approval in writing for any transfers between grants. In addition, the Department will establish a process to monitor and track the allowable budget flexibility between line items within a grant. All grants within the Division of Family Health

are awarded on a yearly basis; hence transfers of expenditures between line items within a grant and between grants can occur throughout the grant cycle and are allowable up to 90 days after the close of the grant period. Although “best practice” for the private sector may be that adjustments be made within 90 days for quarterly reporting purposes, this is not relevant to federal grants management as financial reporting is typically done on an annual basis.

Conclusion

The Department of Health has learned some things through the performance audit and in addition to implementing improvements in the Division of Family Health, an assessment will be made as to which of the recommendations need to be implemented department-wide.

I want to thank the Division of Family Health staff and management and others with the department for fully cooperating with the audit. We appreciate the work of CLA and the information provided to us to improve our operations and the satisfaction of staff working at the Department of Health.

This concludes my testimony. I am happy to answer any questions you may have.