

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas Minority Health Commission

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas Minority Health Commission. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas Minority Health Commission, a commission of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated August 12, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, expenditures, liabilities, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

The Arkansas Minority Health Commission (AMHC) was created by Act 912 of 1991 to study the issues relating to access to health services for minorities in the State, identify any gaps in the health system delivery that particularly affect minorities, make recommendations to the relevant agencies for minorities and implement programs that impact the health status of minorities, and study and make recommendations as to whether adequate services are available to ensure future minority health needs will be met.

Initiated Act 1 of 2000 provided that AMHC establish and administer the Arkansas Minority Initiatives for screening, monitoring, and treating hypertension, strokes, and other disorders disproportionately critical to minority groups in Arkansas. Act 358 of 2009 specifically charged the Agency with developing, implementing, maintaining, and disseminating a comprehensive survey of racial and ethnic minority disparities in health and health care. The Act states that the Agency should repeat this study every five years and publish evidence-based data, define state goals and objectives, and develop pilot projects for lowering any disparities identified. Act 574 of 2009 modified the governance structure for the Commission and expanded and clarified its duties.

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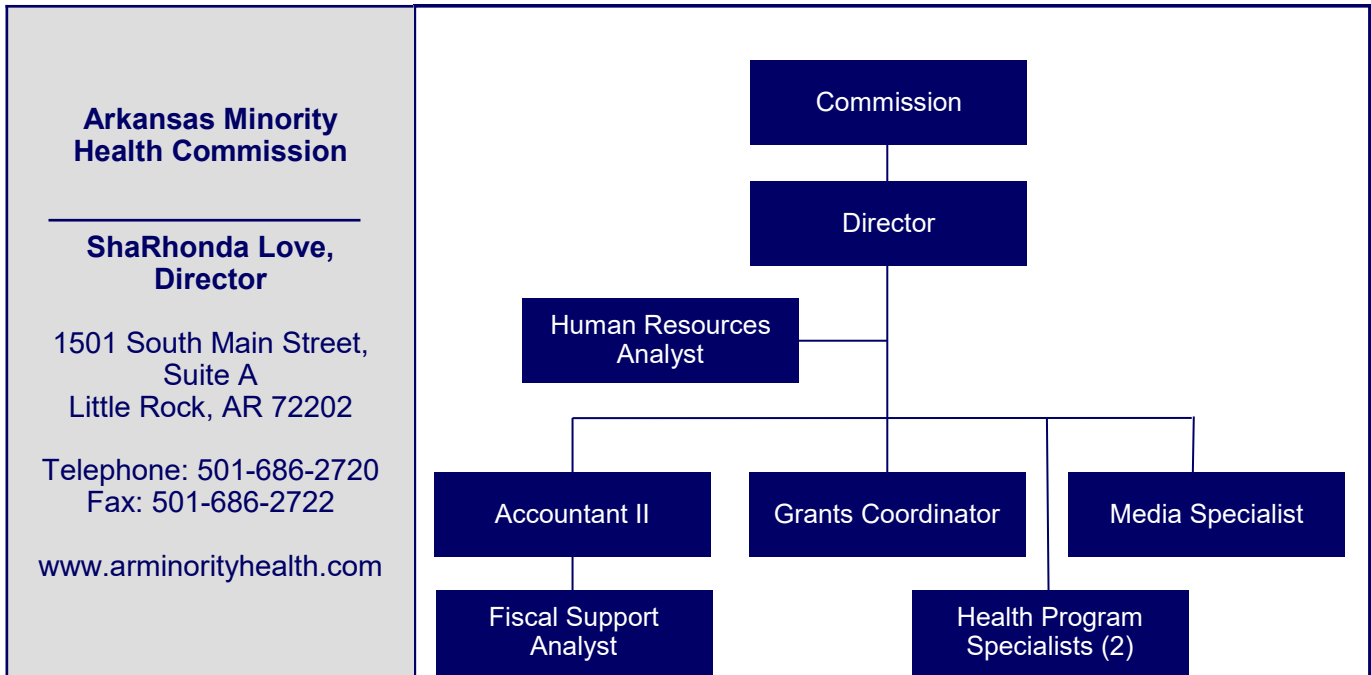
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AMHC is governed by a 12-member commission. Six commission members are appointed by the Governor, three are appointed by the Senate President Pro Tempore, and three are appointed by the Speaker of the House. An organizational chart for AHMC is presented in **Exhibit I**. In accordance with Act 910 of 2019, effective July 1, 2019, the AMHC became part of the Department of Health.

Exhibit I
Arkansas Minority Health Commission
Organizational Chart



Source: ShaRhonda Love, Executive Director

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

The Agency received transfers from tobacco settlement funds of \$1.65 million and general revenues of \$195,000 during fiscal year 2018. Revenues for the Agency during fiscal year 2018 were not significant since most of its support is transferred from other governmental sources.

The Agency reported expenditures of \$1.15 million for the year ended June 30, 2018. The most significant expenditures were for salaries. During the year, the AMHC focused on addressing disparities in minority communities, educating these communities on healthier lifestyles, promoting awareness of services and accessibility within the healthcare system, and making recommendations to relevant agencies, the Governor, and the legislature. The Agency sponsored many community-based health promotions such as health fairs, conferences, and outreach initiatives used to provide preventive screenings for chronic conditions, including hypertension, diabetes, cholesterol, body mass index (BMI), and other diseases that disproportionately impact minorities.

Agency revenues, expenditures, and transfers for fiscal years 2014 through 2018 are provided in **Exhibit II on page 3**.

Assets and Liabilities

Agency assets at June 30, 2018, totaled \$3.1 million, of which \$2.9 million was cash in treasury. Cash in treasury balances were reconciled to the State Treasurer without exception. Agency liabilities at June 30, 2018, totaled \$38,412. Asset and liability balances at year end for fiscal years 2014 through 2018 are presented in **Exhibit III**.

Exhibit II

**Arkansas Minority Health Commission
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Total Revenues	\$ 2,255	\$ 1,655	\$ 22,757	\$ 5,767	\$ 5,990
Expenditures					
Salaries	\$ 432,933	\$ 371,614	\$ 481,050	\$ 442,024	\$ 456,520
Professional service fees	315,962	108,608	243,657	331,081	610,482
Assistance, grants, and aids	110,876	56,114	116,511	104,831	62,222
Other expenses	291,667	466,636	649,873	420,646	654,120
Total Expenditures	\$ 1,151,438	\$ 1,002,972	\$ 1,491,091	\$ 1,298,582	\$ 1,783,344
Net Transfers In (Out)	\$ 1,874,598	\$ 1,710,537	\$ 1,788,443	\$ 1,766,424	\$ 2,204,516

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III

**Arkansas Minority Health Commission
Assets and Liabilities
For the Years Ended June 30, 2014 through 2018**

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 2,936,934	\$ 2,282,423	\$ 1,500,966	\$ 1,216,380	\$ 680,610
Fixed assets	178,997	206,876	202,390	196,292	194,205
Other assets	131	3,594	51	626	0
Total Assets	\$ 3,116,062	\$ 2,492,893	\$ 1,703,407	\$ 1,413,298	\$ 874,815
Liabilities					
Accounts payable	\$ 17,133	\$ 19,559	\$ 5,088	\$ 17,445	\$ 34,833
Payroll liability	15,327	13,494	15,284	10,650	9,224
Other liabilities	5,952	79,725	12,176	40,551	8,255
Total Liabilities	\$ 38,412	\$ 112,778	\$ 32,548	\$ 68,646	\$ 52,312

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

