



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

Internal Audit Department

Audit Report

Neighborhood Services Department
Non-profit Agreement Audit

As of September 30, 2017

June 28, 2019

Audit No. 21710800

MANATEE COUNTY CLERK OF THE CIRCUIT COURT
INTERNAL AUDIT DEPARTMENT

NEIGHBORHOOD SERVICES DEPARTMENT
NON-PROFIT AGREEMENT AUDIT

A U D I T R E P O R T

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A U D I T R E P O R T

The Internal Audit Department conducted a compliance audit of non-profit agency funding agreements administered by the Neighborhood Services Department (Department) for the period October 1, 2016 through September 30, 2017. The audit was performed in accordance with generally accepted government auditing standards (GAGAS), issued by the Comptroller General of the United States, and the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

BACKGROUND

Manatee County Government provides financial support to various non-profit agencies serving Manatee County through annual funding agreements approved by the Board of County Commissioners (BCC). The programs funded provide social services and resources to local adults and children, which include physical and mental health services, aid and resources to the disadvantaged and elderly, youth before and after school programs, school readiness programs, recreational and development activities, and counseling services.

These non-profit agencies apply for funding on an annual basis either through the Children's Services Advisory Board (Children's Services programs) or directly to the Department (adult/other programs). Upon approval of the agreements by the BCC, the Department is responsible for managing and monitoring the agencies' administrative, fiscal, and program compliance.

PURPOSE/OBJECTIVES

The audit objectives included determining whether the funding agreements and payments to the non-profit agencies were properly supported and documented, and whether they were adequately monitored by Department personnel.

SCOPE

The scope of the audit included examining, on a test basis, payments and supporting documentation for a sample of non-profit agency funding agreements funded during fiscal year 2016-2017.

METHODOLOGY

Internal control evaluations and tests of compliance were accomplished through discussions with Neighborhood Services' management and staff, as well as substantive testing of individual controls. Risk analysis was used to establish the priorities of the audit objectives.

STATEMENT ON INTERNAL CONTROL STRUCTURE

In planning and performing the audit of the non-profit agency funding agreements for the fiscal year ending September 30, 2017, the internal control structure was considered in order to determine the auditing procedures for the purpose of this report. Internal control weaknesses involve matters relating to deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report on data consistent with management's intentions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions. In addition, because of the inherent limitations in any internal control structure, deficiencies in the design or operation of the internal control structure may exist and not be detected. In this report, we did not note any matters involving significant internal control weaknesses.

MANAGEMENT TEAM AND MANAGEMENT ACTION PLAN

A Management Action Plan has been provided for each Area for Improvement identified. Management Action Plans are corrective actions with implementation dates developed in cooperation with the management team of the Neighborhood Services Department and the Internal Audit Department. The management team included Ava Ehde, Director; Elaine Maholtz, Compliance Coordinator; Susan Ford, Lead Human Services Analyst; Joshua Barnett, HealthCare Services Manager; and Angela Wilson, Fiscal Analyst.

MANAGEMENT SUMMARY

During the 2016/2017 fiscal year, the Department administered 89 non-profit funding agreements with 47 different agencies for a total funding amount of \$14,735,910. Based on various risk factors (prior audit findings, amount of funding received by agency, etc.), we judgmentally selected a sample of 32 (36%) agreements with 29 different agencies for testing. These 32 agreements, which included 39 individual programs, represented a total funding amount of \$8,127,082 (55%). For each of the programs selected, we tested the accuracy of the payment requests submitted to the County. We also selected a sample of the individual "units of service" reported in those payment requests, and reviewed documentation to verify the services reported were properly supported and documented. In addition, we verified that the agreements were properly monitored by the Department.

Overall, our audit found that the majority of payments made to the agencies were accurate and adequately supported. However, we did identify several areas where improvements could be made. Based on our test work, we identified the following:

- Several programs were found to have lacked adequate documentation to support the units of service reported for payment and/or the eligibility of the clients served. Exceptions identified included, but were not limited to, missing attendance records and case notes, and/or clients not meeting the program age or income requirements. The Management Team will meet with each of the agencies where exceptions were identified and, if appropriate, develop a reimbursement plan for any amounts due back to the County. **(Area for Improvement #1, page 4)**

- Agencies were not always in compliance with specific terms of the agreements related to the retention and/or submission of various reports and records. Exceptions included, but were not limited to, late submission of final payment requests, and late or missing quarterly and monthly report submissions. The Management Team will strengthen the policies and procedures relating to the agreement review process and provide additional training to contract managers to ensure agencies are in compliance with all agreement requirements. **(Area for Improvement #2, page 9)**
- Contract Managers did not always comply with the specific contract monitoring requirements stipulated in the Department's policies and procedures. Exceptions identified included, but were not limited to, agency record reviews not being performed for all programs, program observations not being performed for all programs, and instances of noncompliance not always being adequately communicated to the agencies. The Management Team will be updating the Department's monitoring procedures to include additional staff in its records and program reviews. These procedures are currently being performed for the current fiscal year agreements. **(Area for Improvement #3, page 10)**

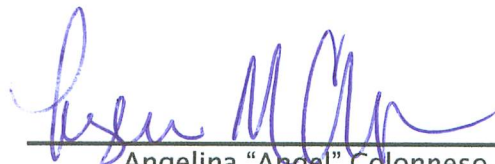
Other minor audit findings, not included in this report, have been communicated to management or corrected during the audit. We would like to thank the Neighborhood Services Department management and staff, along with each of the non-profit agencies for their cooperation and courtesy afforded to our auditors throughout the audit. We appreciate the efforts and timeliness in addressing the issues raised during the audit and seeking solutions to these matters.

AUDIT REPORT AUTHORIZATION

This audit report has been reviewed and authorized by:



Lori Stephens, CPA, CFE
Director of Internal Audit



Angelina "Angel" Colonnese
Clerk of the Circuit Court & Comptroller

AREA FOR IMPROVEMENT #1 Payments and Supporting Documentation

All requests for payment (RFP) submitted during the year for the 32 agreements selected were reviewed and verified for accuracy. Additionally, individual RFPs were selected for each agreement to test whether adequate supporting documentation was maintained to support the units of service reported for payment. Testing was expanded for certain programs where exceptions were noted.

The 32 agreements selected included 39 individual programs. Our testing found that the agencies were properly paid, and the payments were adequately supported for 25 of the 39 programs. (Table 1-1)

Table 1-1

NONPROFIT AGREEMENTS CONTRACTS REVIEWED	PROGRAM NAME	Contract total (\$)	Payment total (\$)	Months tested	% Tested (months)
Big Brothers Big Sisters	Site Based Mentoring	\$ 37,000.00	\$ 37,000.00	2	16.7%
Centerstone	Addictions Emergency Response	450,000.00	450,000.00	2	16.7%
Centerstone	Detoxification	811,100.00	811,100.00	2	16.7%
Turning Points	One Stop Clinic	400,000.00	400,000.00	2	16.7%
DL Randall Foundation	Uprising in the Village	150,000.00	150,000.00	2	16.7%
ELC- Early Care and Education	Supplementary Early Care	342,621.00	342,621.00	2	16.7%
ELC- Early Care and Education	Early Steps to School Success	116,993.00	116,993.00	2	16.7%
Exchange Club Family Partnership	Partners in Education	222,520.00	222,520.00	2	16.7%
Family Network on Disabilities	Pediatric Enrichment Program	30,000.00	30,000.00	12	100.0%
Feeding Empty Little Tummys	Weekend Meals	100,000.00	100,000.00	2	16.7%
Foundation for Dreams	Dream Oaks Camp	205,000.00	205,000.00	2	16.7%
Jewish Family & Children's Services	SATOSS	90,000.00	73,629.00	2	16.7%
Just for Girls - Stepping up to Success	Scholastic Saturdays	54,000.00	54,000.00	2	16.7%
Just for Girls - Stepping up to Success	Parent Support	45,000.00	45,000.00	2	16.7%
Keep Manatee Beautiful	Highway Litter Removal	49,122.00	49,122.00	12	100.0%
Lighthouse of Manasota	Independent Living Program	16,250.00	16,250.00	3	25.0%
Manatee Children's Services- Residential	Emergency Shelter	125,094.00	125,094.00	2	16.7%
Manatee Children's Services- Residential	Boys Shelter	24,953.00	24,953.00	2	16.7%
Manatee Children's Services- Residential	Girls Shelter	24,953.00	24,953.00	2	16.7%
Meals on Wheels	Adult Day Care	38,496.00	38,496.00	2	16.7%
Myakka City Community Center	MAC	132,002.00	132,002.00	2	16.7%
Our Daily Bread	Loaves & Fishes	15,000.00	15,000.00	6	50.0%
Palmetto Youth Center	Teen Hype	114,029.00	114,029.00	2	16.7%
The Salvation Army	Family Shelter	69,949.00	69,949.00	2	16.7%
Selah Freedom	My Life My Choice	60,000.00	28,750.23	12	100.0%
		\$ 3,724,082.00	\$ 3,676,461.23		

The remaining 14 programs (Table 1-2) were found to have lacked adequate documentation, such as attendance and client eligibility records (age, income, etc.) to support that all, or a portion, of the reported units of service were provided. Some of these agencies did report excess units of service over the term of the agreements, which could offset some or all of the exceptions identified; however, additional testing to include the entire contract period would be necessary, in order to determine whether the additional units reported were eligible for payment.

Table 1-2

NONPROFIT AGREEMENTS CONTRACTS REVIEWED	PROGRAM NAME	Contract total (\$)	Payment total (\$)	Months tested	% Tested (months)	Testing exceptions (\$)
Boys and Girls Club	Great Futures	610,000.00	610,000.00	2	16.7%	15,789.01
Boys and Girls Club	Teens Only-The Club	194,508.00	194,508.00	2	16.7%	2,137.46
Catholic Charities Diocese of Venice	Families United	22,871.00	22,871.00	2	16.7%	228.71
ELC- Early Care and Education	Child Care Subsidies	1,467,622.00	1,467,622.00	1	8.3%	15,664.32
ELC- Early Care and Education	Practice-Based Coaching	255,731.00	255,731.00	2	16.7%	3,131.40
Easter Seals of Southwest Florida	Children's Therapy Center	49,900.00	49,900.00	2	16.7%	2,043.45
Family Resources	CERTAIN	217,711.00	217,711.00	12	100.0%	16,328.34
Just for Girls - Stepping up to Success	Out of School Time	759,047.00	759,047.00	2	16.7%	339.60
Manatee Community Action Agency	CATCH	91,393.00	87,132.76	12	100.0%	40,519.78
Manatee Community Action Agency	HIPPY	179,825.00	179,825.00	2	16.7%	249.24
School District of Manatee County	Drivers Education	175,000.00	161,971.95	12	100.0%	144,054.40
Suncoast Center for Independent Living	Equipment Loan and Repair	16,066.00	16,066.00	2	16.7%	329.56
United Community Centers	Before and After School	345,326.00	345,326.00	2	16.7%	1,088.72
We Care Manatee	Pharmaceutical Program	18,000.00	13,539.85	2	16.7%	111.92
		\$ 4,403,000.00	\$ 4,381,251.56			\$242,015.91

The exceptions identified included the following:

Boys and Girls Club – Great Futures

The months of October 2016 and July 2017 were selected for testing. 10 clients were judgmentally selected from attendance records and tested for eligibility for each location for each month (140 clients). 23 of the 140 clients did not meet all of the eligibility criteria, such as the age requirement, or did not have an application on file. These ineligible clients were in attendance a total of 170 days in October 2016 and 137 days in July 2017.

307 units of service were deemed ineligible, resulting in an overpayment to the agency of \$15,789.01. However, the agency reported 144,176 excess units of service over the term of the agreement.

Boys and Girls Club – Teens Only-The Club

The months of November 2016 and September 2017 were selected for testing. 10 clients were judgmentally selected from attendance records and tested for eligibility for each location for each month (40 clients). 5 of the 40 clients did not meet all of the eligibility criteria, such as the age requirement, or did not have an application on file. These ineligible clients were in attendance a total of 17 days in November 2016 and 9 days in September 2017.

26 units of service were deemed ineligible, resulting in an overpayment to the agency of \$2,137.46. However, the agency reported 3,950 excess units of service over the term of the agreement.

Catholic Charities Diocese of Venice, Inc – Families United

The months of January and May 2017 were selected for testing. All 24 clients served in the two months selected were tested for eligibility. One client tested did not meet the income eligibility requirement.

1 unit of service was deemed ineligible, resulting in an overpayment to the agency of \$228.71.

ELC – Early Care and Education - Childcare Subsidies

Due to the size of the program, only the month of May 2017 was selected for testing. 63 units of service (days) out of 2,449 tested in our attendance sample were found to be unsupported by sign-in sheets. Additionally, during testing, it was determined that sign-in sheets were missing from two of the providers for the entire contract period and another provider for four months. A random sample of 113 of 715 children was selected for eligibility testing. All appeared eligible for their respective subsidy category; however, the parent copayments were calculated incorrectly on 6 (5.3%) of 113 children, resulting in a net underpayment of co-pays for the month.

The exceptions identified resulted in an overpayment to the agency of \$15,664.32.

ELC – Early Care and Education – Practice Based Coaching

The months of October 2016 and March 2017 were selected for testing. Documentation to support that a Practice Based Coaching activity was provided at a childcare classroom to a child or the child's teacher was not found for 3 of the 45 days tested.

3 units of service were deemed unsupported, resulting in an overpayment to the agency of \$3,131.40.

Easter Seals of Southwest Florida – Children’s Therapy

The months of November 2016 and June 2017 were selected for testing. We found 23.75 of the 124.75 units of service (therapy hours) reported for the two months to be ineligible as they were either not supported by case notes, did not agree to the hours provided, or were for a non-billable service.

23.75 units of service were deemed ineligible or unsupported, resulting in an overpayment to the agency of \$2,043.45. However, the agency reported 121.50 excess units of service over the term of the agreement.

Family Resources – CERTAIN

The months of December 2016 and August 2017 were selected for testing. All 43 units of service (days) claimed were tested for evidence that a client was served, or an Intake Specialist was on staff, each day. 15 units of service could not be supported due to an Intake Specialist not being employed during August 2017. Due to these exceptions, we expanded testing to determine whether an Intake Specialist was employed on any days throughout the entire contract period where the RFPs showed no clients being served. An additional 3 units of service were identified where neither a client was served, nor an Intake Specialist was on staff.

18 units of service were deemed unsupported, resulting in an overpayment to the agency of \$16,328.34.

Just for Girls – Stepping up to Success – Out of School Time

The months of October 2016 and June 2017 were selected for testing. All 4,363 units of service (days per client) were tested for the two months. We found 1 unit of service claimed on the October 2016 RFP when the client was not in attendance. In addition, 10 clients were judgmentally selected from attendance records from each location and tested for eligibility (60 clients). 1 client did not meet the minimum age requirement. This client was ineligible for a total of 9 days.

10 units of service were deemed ineligible, resulting in an overpayment to the agency of \$339.60. However, the agency reported 2,387 excess units of service over the term of the agreement.

Manatee Community Action Agency - CATCH

During testing, it was found that the agency had misplaced 7.5 months of supporting documentation. Due to the missing documentation, testing was expanded to include the entire contract period. Alternate supporting documentation was requested and reviewed. The agency was able to provide support for 306 of the 572 units of service (unduplicated clients) claimed.

266 units of service were deemed unsupported, resulting in an overpayment to the agency of \$40,519.78.

Manatee Community Action Agency - HIPPY

The months of January and September 2017 were selected for testing. 3 of the 487 units of service (home visits) reported were not supported by a parent signature, and one visit was billed twice.

4 units of service were deemed ineligible or unsupported, resulting in an overpayment to the agency of \$249.24. However, the agency reported 160 excess units of service over the term of the agreement.

Manatee County School District - Driver's Ed

The months of May and August 2017 were selected for testing. Units of service (days) at the 6 participating high schools were to be supported by client attendance rosters from each class. Client's behind-the-wheel (driving) attendance records were maintained by only one school instructor (Bayshore High). Due to the missing documentation, testing was expanded to include the entire contract period. Instructor attendance records were reviewed as alternative support. 23 units of service could not be supported.

Funding for this program is provided through a local option fee collected on civil traffic fines, as per F.S. § 318.1215 (Dori Slosberg Driver Education Safety Act). This statute, along with Resolution R-08-197, and the agreement require that driver's education programs provide behind-the-wheel instruction for at least 30% of the program hours. Attachment A of the agreement also requires that students receive a minimum number of hours for classroom lecture (7.5 hours) and behind-the-wheel instruction (4.5 hours). Our testing found:

- Students in the Saturday program did not receive 7.5 hours of classroom instruction.
- Students were not receiving 4.5 hours of behind-the-wheel instruction in any of the programs offered during the school year, summer, or Saturdays.
- The behind-the-wheel instruction did not account for 30% of program hours for any of the programs offered during the school year, summer, or Saturdays.

All 1,090 of the units of service claimed were deemed ineligible as the requirements included in the Florida Statute and Manatee County resolution were not met. This resulted in an overpayment to the agency of \$144,054.40. While this program is not currently funded for FY19, the program did receive \$132,558 in funding for FY18.

Suncoast Center for Independent Living – Equipment Loan and Repair

The months of March and September 2017 were selected for testing. 30 client loan agreements, consisting of 36 pieces of equipment, were judgmentally selected for testing. There was no documentation to support that 1 piece of equipment was received by a client. In addition, the 30 clients were also tested for eligibility. We found that 3 of the clients did not have adequate documentation to support a disability. These ineligible clients received 3 pieces of equipment.

4 units of service were deemed ineligible or unsupported, resulting in an overpayment to the agency of \$329.56.

United Community Center - BASE

The months of October 2016 and January 2017 were selected for testing. 10 clients were judgmentally selected from attendance records and tested for eligibility for each month (20 clients). 2 of the 20 clients were not eligible, as a qualifying risk factor was not documented. These ineligible clients were in attendance a total of 20 days in October 2016 and 11 days in January 2017.

31 units of service were deemed ineligible, resulting in an overpayment to the agency of \$1,088.72. However, the agency reported 27,518 excess units of service over the term of the agreement.

We Care Manatee – Pharmaceutical Program

The months of December 2016 and April 2017 consisting of 36 prescriptions, were selected for testing. 10 of the 36 prescriptions were not eligible for payment as required documentation was missing or incomplete. Additionally, 3 of those 10 prescriptions were also on the “Do Not Fill” list.

10 units of service were deemed ineligible or unsupported, resulting in an overpayment to the agency of \$111.92.

Management Action Plan

Neighborhood Services Department management will discuss the findings with each of the agencies and determine whether to develop a reimbursement plan, and/or perform additional testing of any excess units of service reported. Per management, many of the current agreements have been revised to clarify ambiguous language and units of service have been updated to more appropriately reflect how the agency operates. Management will also consult with the County Attorney’s office on agencies with unsupported units of service which are no longer funded.

The expected implementation date is November 30, 2019.

AREA FOR IMPROVEMENT #2Agency Records and Reports

Each agreement includes requirements related to the retention and/or submission of various reports and records. We tested compliance with these requirements for the 32 agreements selected and noted the following:

Final Requests for Payment Submission

Final Requests for Payment must be submitted to the County within 15 days after the expiration of the agreements (by October 15th). 8 of the 32 final RFPs were received after October 15th. Additionally, one RFP was not date stamped and the date received could not be determined.

Quarterly Reports

Specific reports must be electronically submitted to the County on a quarterly basis (ex. expenditures, program outcomes, client demographics). The reports are due 30 days after the end of each quarter. For 24 of the agreements, one or more of the quarterly reports were filed late by the agencies; and 4 agencies did not submit quarterly reports for one or more of the quarters.

Monthly Reports

30 of the agreements tested required that specific information and/or reports be submitted to the County each month with the RFPs (ex. anticipated difficulties, changes in staff, program schedules). 2 of the agencies did not submit one or more of the monthly reports; and 7 agencies submitted reports which did not include all of the required information.

Authorized Representative Letter

Within 30 days of the execution of the agreements, the agencies must submit an Authorized Representative letter. For 7 of the agreements, the letters were submitted late; and 1 agency did not submit a representation letter.

Consent to Release Records Form

30 of the agreements tested required that the agencies obtain signed Consent to Release Records forms from clients participating in the programs. We found that consent forms were not consistently obtained from clients for 15 of the agreements tested; and 5 of the agencies used consent forms which did not properly reference the public records requirement.

Changes to Terms of the Agreements

Certain provisions of the agreements were modified, and verbally approved by the Department, for 4 of the agreements reviewed (ex. Department staff allowed an agency to bill for services performed during the summer and on weekends, when the contract stipulated that service hours and days were "Monday-Friday during the school day"). While these changes appear reasonable, the agreement requires the changes to be requested by the agency, and approved by a County Representative, in writing.

Management Action Plan

Neighborhood Services Department management is in the process of revising their policies and procedures to standardize the agreement review process and will provide additional training to contract managers and fiscal staff. In addition, management has implemented a supervisory review of file checklists to ensure each agency's compliance with agreement requirements.

The expected implementation date is November 30, 2019.

AREA FOR IMPROVEMENT #3 Agreement Monitoring

The Department's policies and procedures require the contract managers to perform specific monitoring of the agencies and programs. These reviews include:

- 1) A records review performed prior to February 1 of the contract year.
- 2) A program observation sometime after the record review.
- 3) Documented reviews of the quarterly reports submitted by the agencies.
- 4) Monthly desk audits of the programs.

We reviewed the monitoring performed by Department staff on all 32 agreements (39 programs) tested. The following exceptions were noted:

- For 32 of the 39 programs, a records review was not performed by February 1, 2017. 21 were performed late, and 11 were not performed at all during the contract term.
- Of the 28 records reviews performed, 8 of the reviews did not appear to adequately determine contact compliance, such as verifying clients' age, residency, and disability.
- For 19 of the 39 programs, a program observation visit was not done during the contract term. For the 20 program observations completed, 4 were not signed by the Human Services Program Manager, as required.
- For 20 of the 32 agreements, the contract manager did not document his/her review of the quarterly reports for one or more quarters.
- For 3 of the 32 agreements, instances of noncompliance, such as duplicated clients and ineligible ages, were found during monitoring but were not communicated to the agency by the contract manager. Additionally, one instance of noncompliance was noted where the agency submitted the incorrect outcome measurements for the program; however, this was not identified by the contract manager.
- 1 of 32 agreements required facility licenses which were not submitted to the Department or adequately monitored for compliance. The agency did provide the facility licenses upon request.
- 2 of 5 agreements requiring professional liability insurance were not adequately monitored for compliance. The agencies had not obtained professional liability insurance, as required; however, in both instances, the contract manager documented that the certificates of insurance had been received.

Management Action Plan

Neighborhood Services Department management is updating its monitoring procedures to include revised timelines for review completion and performance of on-site record and program reviews by both the contract manager and a fiscal staff member. These updated review procedures are being performed for the current fiscal year agreements.

The expected implementation date is November 30, 2019.