

FLORIDA DEPARTMENT OF EDUCATION



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Commissioner of Education



June 28, 2012

Gerard Robinson
Commissioner of Education
325 West Gaines Street, Suite 1514
Tallahassee, Florida 32399-0400

Dear Commissioner Robinson:

We have completed our audit of Division of Vocational Rehabilitation (DVR) contractor Coastal Mental Health Partnership, Inc. (CMHP). We determined that appropriate services were provided to DVR clients. While the contractor generally complied with terms of the contract, and deliverables were provided to clients in a timely manner, the following conditions deviated from full contract compliance:

1. All required quarterly reports were not found in DVR contract manager files.
2. CMHP client files were maintained at sub contractor's residence.
3. CMHP assigned/subcontracted services to a self-employed individual without notifying DVR.

DVR management has appropriately responded to the three findings in the attached memorandum.

Sincerely,

A handwritten signature in cursive script that reads "Greg White".

Greg White
Interim Inspector General/
Audit Director

Attachments

Copy to: Aleisa McKinlay
Office of the Auditor General
Office of Chief Inspector General
Office of Program Policy Analysis and Government Accountability



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General

June 2012

Report No. A-11/12-018

Coastal Mental Health Partnership, Inc.

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) completed an audit of contracts #VJ079 and #VJ111 between the Division of Vocational Rehabilitation (DVR) and Coastal Mental Health Partnership, Inc. (CMHP). The contracts were awarded to provide employment services and on-the-job training (OJT) for the period December 4, 2009, through November 23, 2011.

The audit evaluated the processes involved with delivering services to DVR clients and we determined that appropriate services were provided. The OIG offers three findings and associated recommendations to improve contract compliance.

Summary of Findings and Recommendations

File documents supported invoices during the review period and invoices correctly reflected one payment per achieved benchmark; all examined Notice of Approvals (NOAs), had original signatures of the contractor and DVR counselor; referral forms were signed and dated by the contractor and returned to the DVR counselor within 15 business days of receipt; monthly progress reports were detailed and complete; and monthly invoices submitted were correct, and in accordance with contract payment schedule. Deliverables were provided to clients in a timely manner.

While CMHP's processes and practices generally complied with terms of the contract the following conditions deviated from full contract compliance:

1. All required quarterly reports were not found in DVR contract manager files.

2. CMHP client files were maintained at sub contractor's residence.
3. CMHP assigned/subcontracted services to a self-employed individual without notifying DVR.

The recommendations in this report are intended to assist DVR and CMHP management establish an effective internal control environment that will ensure compliance with the terms of the contract, and ensure the goals and objectives are being met. We recommend that DVR management require CMHP to:

- Submit all remaining quarterly reports and include them in contract files.
- Store clients' case files in an acceptable safe and secure office location.
- Provide notification prior to assigning or subcontracting services related to the contracts.

BACKGROUND

CMHP is a non-profit corporation in Delray Beach, Florida offering drug, rehabilitation, and professional counseling. CMHP was established/incorporated in Florida Department of State's Division of Corporations on June 26, 2008.

The earliest record of CMHP business transaction with DVR Rehabilitation Information Management System (RIMS) is on September 27, 2010. CMHP became an

approved vendor to provide services to DVR clients in Areas 5 and 6 in December 2009.

AUDIT RESULTS: FINDINGS AND RECOMMENDATIONS

FINDING 1

All required quarterly reports were not found in DVR contract manager files.

Only two quarterly reports were found for contract #VJ079. Eleven quarterly reports should have been filed during the period audited.

Attachments A-ES, SE, Part I, Section E. 6, (b) and A-OJT Part I, Section E. 4 (b), require the contractor to submit quarterly reports of all current staff members providing direct services and any staff changes to DOE/DVR contract manager by the 15th day of the month following the end of each quarter.

During the on site audit visit, CMHP management provided missing quarterly reports and indicated the reports were sent electronically to DVR. However, we determined that these reports were sent to a former contract manager and not properly filed.

RECOMMENDATION

DVR should require CMHP to submit all remaining quarterly reports and include them in contract files.

FINDING 2

CMHP client files are maintained at a sub-contractor's residence.

We were informed that client case files were maintained at a sub-contractor's residence during the visit to CMHP.

Attachments A-ES, SE, Part I, Section E. 5, and A-OJT Section E. 3, require contractor to maintain client files and documentation including contractor's case notes, referral forms, NOAs, monthly reports.... in a safe and secure location to protect the integrity of the records and clients' safety and confidentiality.

Storing CMHP clients' case files and records at an unapproved location such as a private residence exposes the information to additional risk of loss or misuse. A more appropriate and acceptable location for secure storage and safeguarding of CMHP client files would normally be a business office.

RECOMMENDATION

DVR should advise CMHP to store client case files in an acceptable safe and secure office location.

FINDING 3

CMHP assigned/subcontracted services to a self-employed individual without notifying DVR.

The associate executive director stated that he is the sole CMHP employee and his administrative assistant was self-employed, which suggests she is, effectively, a sub-contractor. We could find no evidence that DVR had been informed of this arrangement.

CMHP's use of a subcontractor to process contract transactions without notifying DVR is inconsistent with the contract terms and contrary to a signed disclosure dated August 25, 2009, that none of the contract services will be subcontracted.

RECOMMENDATION

DVR management should require CMHP to provide written notification prior to subcontracting parts of the contracts.

AUDIT OBJECTIVES AND SCOPE

The objectives of the audit were to determine whether:

1. Contracts were awarded in accordance with statute, policies, and procedures;
2. Contracts are effectively managed and monitored to ensure compliance;
3. Payments are made in accordance with contract terms and conditions;

4. Internal controls are adequate to deter fraud and abuse;
5. Internal controls are adequate to assure compliance with laws, regulations, policies, and procedures; and
6. Financial records and expenditures are in compliance with contract guidelines and related OMB circulars.

The scope of the audit included activities during the period December 4, 2009 through November 23, 2011.

METHODOLOGY

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. To achieve these standards, audit staff:

- Reviewed the contract documents (VJ079 and VJ111) and amendments;
- Reviewed applicable sections of Operational Policies and Procedures for DVR counselors, applicable federal/state rules and regulations, DVR's State Plan and CMHP's policy and procedures for employment services and OJT programs;
- Examined the Rehabilitation Information Management System (RIMS) regarding OJT, ES, and SE client case activities;
- Interviewed DVR and CMHP staff ;
- Examined Client case files including referrals forms, individualized plans for employment (IPEs), monthly progress reports, notification of approvals for the selected sample;
- Examined selected invoices and compared invoices with clients' IPEs to confirm appropriateness of services delivery to meet clients' employment goals;

- Examined benchmark accomplishment dates and payments;
- Examined contractor's administrative files for evidence of liability and other insurance coverage, as well as official personnel files; and
- Conducted on-site job visit, and telephoned employers verify client placement, observed integrated environment and discussed client's performance on the job.

CLOSING COMMENTS

The Office of the Inspector General would like to thank CMHP management as well as DVR contracting and field services personnel for their assistance and cooperation during the course of this audit.

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MEMORANDUM

TO: Greg White, MBA, CIA, CGAP
Interim Inspector General/Director of Auditing

FROM: Cathy McEachron, PMP, CPPB
Chief, Bureau of Vendor & Contracted Services
Division of Vocational Rehabilitation

SUBJECT: Coastal Mental Health Partnership, Inc. Audit Findings – Report #A-11/12-018

DATE: June 25, 2012

Thank you for meeting with us to discuss the results of your audits on contracts #VJ079 and #VJ111. We have reviewed the report and concur with all three (3) findings and recommendations. Specific planned actions in response to your recommendations are as follows:

Finding 1 – All required quarterly reports were not found in DVR contract manager files.

DVR's Contract Manager will ensure CMHP submits all required reports and will also ensure they are maintained in the contract files. Additionally, DVR will ensure all contracts are modified in the event of a change in Contract Manager.

Finding 2 – CMHP client files are maintained at a subcontractor's residence.

DVR's management will reiterate to CMHP in writing that all client case files are to be stored in an acceptable secure office location, as required by the contract.

ALEISA C. MCKINLAY
Director, Division of Vocational Rehabilitation

Finding 3 – CMHP assigned/subcontracted services to a self-employed individual without notifying DVR.

DVR management will reiterate to CMHP in writing that they are to provide written notification prior to subcontracting any part of their contracts. Additionally, prior to the next contracting period, DVR will revise its standard terms and conditions to require contractors obtain approval prior to subcontracting any part of the services covered by their contract with DVR.

If you have any questions or would like to discuss further, please don't hesitate to contact me at 245-3424.

CM/

cc: Aleisa McKinlay
Jackie Mason- Hedgmon
Linda Parnell
Ethel Brock