



CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
STATE OF FLORIDA

November 7, 2011

Dr. Harry Frank Farmer, Jr.  
State Surgeon General  
Florida Department of Health  
4052 Bald Cypress Way  
Tallahassee, Florida 32399-1701

Dear Dr. Farmer:

We have concluded our review of selected Leon County Health Department (LCHD) grant agreements in effect on or after July 1, 2010, and related management activities. Our review focused on compliance with the following statutory requirements:

- Grant agreements must contain a clear scope of work.
- Grant agreements must contain deliverables that are quantifiable, measurable, verifiable and directly related to the scope of work.
- Grant managers must enforce performance of the agreement terms and conditions; review and document all deliverables for which payment is requested by service providers; and provide written certification of the Department's receipt of goods and services.

We reviewed all grant agreements over \$29,000 for a total of twelve. There are several areas where improvements can be made.

### **Scope of Work and Deliverables**

Section 215.971(1) and (2), Florida Statutes, became effective on July 1, 2010, and requires a scope of work that clearly establishes the tasks the recipient is to perform and requires agreements with recipients to contain a provision dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the Department before payment. Additionally, each deliverable must be directly related to the scope of work and must specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable. Without proper scope of work and deliverables it is not possible to determine that required services have been provided and that payment is due. In some cases, if any of these elements are missing, the only mechanism to provide payment to vendors may be through executed settlement agreements.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
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- Two grant agreements had conflicting terms. These agreements stated the providers must serve a minimum of 1,530 clients at \$125 per client. However, by applying the minimum requirement, the agreements would total \$191,250 each which is more than the total contracted amount of either agreement.

Contract #	Service Provider	Contract Amount
LNQ15	Bond Community Health	\$ 150,000.00
LNQ16	Neighborhood Health	\$ 150,000.00

- Two grant agreements did not clearly state the minimum number of clients to be served. For example, LNQ23 provided compensation in terms of quarter hours for personnel and medical services. Without defining the minimum number of clients to be served, it is possible for the providers to receive full compensation under the agreements; however serve very few clients.

Contract #	Service Provider	Contract Amount
LMP10	Big Bend Cares	\$ 121,794.00
LNQ23	Apalachee Center	\$ 157,671.00

### **Contract/Grant Management**

Grant managers must enforce performance of the contract terms and conditions; review and document all deliverables for which payment is requested by providers; and provide written certification of the Department's receipt of goods and services.

Our review disclosed that the grant management activity was not sufficient because the grant managers were not always documenting verification that services were satisfactorily delivered prior to approving invoices for payment. Deliverables were approved based on provider-generated data such as invoices, status reports, and time reports, without documented validation by the LCHD. The validation process must include a reconciliation of provider-generated reports to source documentation such as case management notes, sign-in sheets and client files.

- We noted two grant agreements where the providers included in their monthly invoices client services performed in prior months. LCHD processed these monthly invoices without a process for documenting verification that these services had not been previously paid on prior month invoices. For example, a January invoice included payment for 168 clients where 56 of those clients received services during January and the other 112 clients received services in prior months. Although nothing came to our attention which indicated duplicative billings, the risk of duplicative billings would greatly decrease if the process included a documented step to cross check current provider invoices with prior payments.

Contract #	Service Provider	Contract Amount
LNQ15	Bond Community Health	\$ 150,000.00
LBM15	Bond Community Health	\$ 50,000.00

- Provider services for one grant agreement was invoiced to, and approved for payment by, LCHD without discernable detail or description of the services provided during the billing period. The invoices included only the billing period and dollar amount requested.

Contract #	Service Provider	Contract Amount
LNP22	Florida A & M University	\$ 29,467.00

- The management files for six grant agreements did not include documentation to support the verification of client eligibility prior to approving invoices for payment. Our review disclosed that invoices for two agreements included clients that did not meet the eligibility requirements. For example, LNP17 was to serve only clients residing in Leon County. However, invoice detail showed services were provided to clients residing in Gadsden, Jefferson, Taylor, and Wakulla counties. In addition, the review of the invoice detail for LNQ23 showed the provider had included billing for self pay clients instead of the uninsured/indigent clients as required by the agreement.

Contract #	Service Provider	Contract Amount
LNQ15	Bond Community Health	\$ 150,000.00
LNQ16	Neighborhood Health	\$ 150,000.00
LBM15	Bond Community Health	\$ 50,000.00
LNP22	Florida A & M University	\$ 29,467.00
LNQ23	Apalachee Center	\$ 157,671.00
LNP17	Capital Medical	\$ 35,000.00

- During the monitoring process, the LCHD did not document the number of clients served. Instead, the LCHD relied on service provider generated reports to evidence the number of clients served and did not document a reconciliation of these reports to source documentation.

Contract #	Service Provider	Contract Amount
CODCC	Big Bend Cares	\$ 967,181.00

- The documentation of service delivery for three grant agreements consisted of provider generated reports. These agreements were not included in the yearly monitoring activities and LCHD relied on provider generated reports to document service delivery.

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Contract #	Service Provider	Contract Amount
LNQ23	Apalachee Center	\$ 157,671.00
LBM15	Bond Community Health Center	\$ 50,000.00
LMH16	Neighborhood Health Services	\$ 50,000.00

Please provide the LCHD's corrective action plan which addresses how these deficiencies will be corrected for future grant agreements. This plan should include steps the LCHD will take to provide a system of quality control, training, periodic management review, and feedback to staff who develop and manage contracts and grants. We request that the plan be submitted within 30 days of receipt of this letter.

We would like to thank your staff for their support and cooperation and extend an invitation for the LCHD to attend the contract manager training class offered by DFS. Please contact Mark Merry, Chief of the Bureau of Auditing, at 850-413-3074 if you have any questions.

Sincerely,



Christina Smith

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