



CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

June 20, 2017

Ms. Barbara Palmer, Director
Agency for Persons with Disabilities
4030 Esplanade Way, Suite 380
Tallahassee, Florida 32399-0950

Dear Ms. Palmer;

The Bureau of Auditing (Bureau) performs audits in accordance with Section 17.03, Florida Statutes (F. S.). This statute relates to the Chief Financial Officer's (CFO) responsibilities to settle the claims of the state using various methods. The Bureau also audits pursuant to the requirements of Section 215.971, F.S., for grant agreements funded with Federal and State moneys. Audits on contractual services agreements are audited pursuant to Sections 287.057 and 287.058(1), F. S. The CFO also issues memorandums that provide additional audit requirements.

In addition to reviewing the contract document, the Bureau conducts on-site reviews to evaluate the management function to determine if the agency is monitoring the contractors' performance and validating the actual delivery of goods and services. These audits result in written reports to the State agencies, with the agencies providing corrective action plans to address any deficiencies noted during the review. To date, 45 audits have been completed and the results are available on the Bureau website, http://www.myfloridacfo.com/aadir/auditing_activity.htm.

The Bureau conducted an audit of 23 Agency for Persons with Disabilities (Agency) agreements in 2013. Our audit disclosed a contract deficiency rate of 52.17 percent and a management deficiency rate of 30 percent. In response, the Agency submitted a corrective action plan (CAP). As a follow-up to ensure corrective actions were implemented and operating effectively, we have concluded our audit of selected Agency contracts and grants active October 1, 2015 through October 31, 2016 and related management activities.

Our audit sample included ten (10) agreements totaling \$3,759,227. Six (6) of the agreements were reviewed to determine if required contract provisions were included. Additionally, we reviewed the contract management files for ten (10) agreements. There were areas where improvements can be made. A summary of our review is included as Attachments A, B, and C.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES

Christina Smith • Director

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AFFIRMATIVE ACTION • EQUAL OPPORTUNITY EMPLOYER

Contract/Grant Agreement

Deliverables

Section 287.058(1)(e), F. S. requires agreements to contain a provision dividing the agreement into quantifiable units of deliverables that must be received and accepted in writing by the agency before payment. Each deliverable must be directly related to the scope of work and specify the required minimum level of service to be performed and the criteria for evaluating the successful completion of each deliverable.

- The **United Cerebral Palsy Association of Miami, Inc. (UCP)** was awarded a one-year contract to renovate bathrooms and to install special assistance tubs. Once the renovation and tub installation is completed, UCP is then required to provide personal hygiene services to Golden Glades Special Medical Group Home residents with developmental and or intellectual disabilities. The agreement does not establish the length of time in which the provider must complete the renovation and tub installation, and transition into providing client services to a minimum of five (5) clients per month. The period of performance for the agreement ends June 30, 2017. As of the time of this audit, UCP has not begun providing client services.
- The following agreements do not establish clearly defined timeframes for evaluating the successful completion of each deliverable. The service tasks in the agreements are divided into pre-operational and operational phases. The preoperational activities prepare the provider to render client services during the operational phase. The agreements do not define a deadline for completing the pre-operational tasks establishing when to begin operational tasks. All three (3) agreements have a performance period ending June 30, 2017. As of the time of this audit, the providers for each of the three (3) agreements have not completed the preoperational phase activities.
 - **Kathleen Anderson Work Center, Inc.**
 - **Brevard Achievement Center, Inc.**
 - **Hope Therapy, Inc.**

Without clearly defined timeframes established in the agreement, the Agency cannot be certain all services will be delivered prior to agreement's end date. We recommend the Agency establish clear timeframes for the completion of each deliverable. That will provide measurable criteria for evaluating successful delivery before approving payment.

Contract/Grant Management

Inadequate Verification and Documentation Activities

Contract monitoring is an essential component to the management of services in agreements. Without adequate documented monitoring activities, a contract manager may not have reasonable assurance that contract deliverables have been provided as required by the agreement. This may result in paying for services not rendered or of lesser quality than expected.

CFO Memorandum No. 6 (2011-2012) requires an agency conducting periodic monitoring due to a large number of agreements to have a formal contract monitoring process including risk assessment, monitoring plan, monitoring procedures and criteria, evidence to support conclusions reached during its monitoring process, corrective action plan and follow up on the corrective action plan.

While the Agency has begun to lay the groundwork for a formal contract monitoring process established in Operating Procedures 8.0001, the official documents required to begin periodic monitoring remain in draft form. As a result, the agency remains at risk of the contract managers' files not containing all documentation required by **CFO Memorandum No. 6 (2011-2012)** and the agreement to verify that the deliverables were received and were in compliance with criteria established in the agreement.

- For all ten (10) agreements reviewed, the contract management file did not contain documented monitoring activities to provide reasonable assurance of the provider's compliance with the terms of the agreement.
 - **Lakeview Center, Inc.**
 - **United Cerebral Palsy Association**
 - **Kathleen Anderson Work Center**
 - **The ARC Gateway Incorporated**
 - **Brevard Achievement Center, Inc.**
 - **Monroe Association for Retarded Citizens, Inc.**
 - **Hope Therapy, Inc.**
 - **National Mentor Healthcare, LLC**
 - **Marie's Tender Loving Care Home**
 - **Psychological & Neurobehavioral Associates, Inc.**

Without documented monitoring activities the Agency may not be able to track and enforce the performance of their providers. We recommend the Agency expedite its review to formalize and implement its monitoring process to comply with **CFO Memorandum No. 6 (2011-2012)**.

- Additionally, some of the contract files reviewed did not contain documentation required by the agreement. This may be in part due to the delay in implementing a formal monitoring process.
 - Four (4) agreements require the provider to submit monthly and quarterly reports. The monthly employee time records are due by the fifteenth of each month and should be signed by each employee attesting to hours worked. The monthly project progress report is also due by the fifteenth of the month to provide a summary of activities achieved during the month. The quarterly performance report is required to establish the performance measure percentages achieved. Upon request for a copy of the most recent reports, the Agency was not able to provide the documentation.

- **Kathleen Anderson Work Center, Inc.**
 - **Hope Therapy, Inc.**
 - **Psychological and Neurobehavioral Associates, Inc.**
 - **Monroe Association for Retarded Citizens, Inc.**
- The agreement with **National Mentor Healthcare, LLC** requires the provider to submit monthly and quarterly reports. The monthly service reports and plans establish the services provided for the month. This report is due by the tenth of the following month. The quarterly performance report is required to establish the performance measure percentages achieved. Upon request for a copy of the most recent report(s), the Agency could not provide the documentation.
 - Three (3) of the agreements reviewed are funded under Chapter 2016-66, Laws of Florida, Specific Appropriation 259 requiring a 12.5% local match requirement. The Agency was unable to provide documentation of receipt and validation of the required quarterly Match Collection Report to verify compliance with this provision for the following agreements:
 - **The ARC Gateway, Inc.**
 - **Monroe Association for Retarded Citizens, Inc.**
 - **National Mentor HealthCare, LLC**

We recommend the Agency enforce timely submission and document their review of all required reports to be maintained in the contract file.

- The Agency was unable to provide evidence of adequate verification of deliverables for the **Brevard Achievement Center, Inc.** agreement.
 - The provider submits monthly invoices and supporting documentation to the Agency for payment of services rendered the previous month. The Agency was unable to provide documentation evidencing their review to validate successful completion and receipt of deliverables.
 - The provider submits monthly employee time records by the fifteenth of each month, following the month of service delivery. The report is required to include the employee's name, dates of service for the month, start time, end time, daily and monthly total hours, and employee signature. The reports we reviewed from the contract manager's files did not have employee signatures and were not in the required format; however, they were still accepted and approved by the Agency.

We recommend the Agency conduct and document their independent verification of provider invoices and reports with sufficient evidence to support their decisions during payment approval.

Other

Section 216.181(16)(b), F.S., requires that any interest income earned from the investment of advanced funds shall either be returned to the agency or be applied against the agency's obligation to pay the contract amount.

- Two (2) agreements permitted temporary investment of advanced funds. The contract management files for these two agreements did not contain documentation to evidence that the Agency verified interest earned on the advanced funds.

- **Kathleen Anderson Work Center, Inc.**, received \$79,015 of advanced funds.
- **Hope Therapy, Inc.** received \$62,000 of advanced funds.

Without periodic review of the provider's bank statements, the Agency would not know if interest had been earned. We recommend the Agency require and review the disposition of any advanced funds awarded as a process of proper accounting and enforcement of the terms of its use.

Please provide the Department's CAP which addresses how these deficiencies will be corrected. This plan should include steps the Department will take to provide a system of quality control, including training, periodic management review, and feedback to Departmental staff that 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 to our contract manager training for staff that have not attended and for those who would like to attend again. If you have any questions, please contact Kim Holland at 850-413-5700.

Sincerely,



Christina Smith

CS/jh

Attachment

Attachment A
Agency for Persons with Disabilities
Contract/Grant Agreement

Agreement Number	Service Provider	Contract Amount	Agreement Type	Scope of Work	Deliverables	Financial Consequences	Cost Analysis	State and Federal Financial Assistance	Legal Compliance	Annual Appropriation Contingency Statement	Agreement Has Deficiencies (Y/N)
ACR02	LAKEVIEW CENTER, INC.	\$814,226.00	Grant Agreement	*	*	*	*	*	*	*	N
ACX14	UNITED CEREBRAL PALSY ASSOCIATION OF MIAMI, INC.	\$75,000.00	Standard Two Party Agreement	Y	N	Y	Y	Y	Y	Y	Y
ACX13	THE KATHLEEN ANDERSON COMPREHENSIVE WORK CENTER, INC.	\$316,060.00	Standard Two Party Agreement	Y	N	Y	Y	Y	Y	Y	Y
WCF01	THE ARC GATEWAY, INC.	\$338,160.00	Standard Two Party Agreement	Y	Y	Y	Y	Y	Y	Y	N
ACX05	BREVARD ACHIEVEMENT CENTER, INC.	\$343,106.00	Standard Two Party Agreement	Y	N	Y	Y	Y	Y	Y	Y
KCF07	MONROE ASSOCIATION FOR RETARDED CITIZENS, INC.	\$980,545.00	Standard Two Party Agreement	*	*	*	*	*	*	*	N
ACX09	HOPE THERAPY, INC.	\$250,000.00	Standard Two Party Agreement	Y	N	Y	Y	Y	Y	Y	Y
OCF02	NATIONAL MENTOR HEALTHCARE, LLC	\$168,000.00	Standard Two Party Agreement	Y	Y	Y	N/A	NA	Y	Y	N
JCF08	MARIE'S TENDER LOVING CARE HOME, INC.	\$349,129.00	Standard Two Party Agreement	*	*	*	*	*	*	*	N
KCF06	PSYCHOLOGICAL AND NEUROBEHAVIORAL ASSOCIATES, INC.	\$125,000.00	Standard Two Party Agreement	*	*	*	*	*	*	*	N
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES											4

NA - Criterion not applicable to this agreement.

*Contract was reviewed by the Bureau of Auditing prior to this audit.

Attachment B
Agency for Persons with Disabilities
Contract/Grant Management

Agreement Number	Service Provider	Contract Amount	Agreement Type	Payment Certification	Verification Activities Adequate and Documented	Application of Financial Consequences	Other	Agreement Has Deficiencies (Y/N)
ACR02	LAKEVIEW CENTER, INC.	\$814,226.00	Grant Agreement	Y	N	NA	NA	Y
ACX14	UNITED CEREBRAL PALSY ASSOCIATION OF MIAMI, INC.	\$75,000.00	Standard Two Party Agreement	Y	N	NA	NA	Y
ACX13	THE KATHLEEN ANDERSON COMPREHENSIVE WORK CENTER, INC.	\$316,060.00	Standard Two Party Agreement	Y	N	NA	N	Y
WCF01	THE ARC GATEWAY, INC.	\$338,160.00	Standard Two Party Agreement	Y	N	NA	NA	Y
ACX05	BREVARD ACHIEVEMENT CENTER, INC.	\$343,106.00	Standard Two Party Agreement	Y	N	NA	NA	Y
KCF07	MONROE ASSOCIATION FOR RETARDED CITIZENS, INC.	\$980,545.00	Standard Two Party Agreement	Y	N	NA	NA	Y
ACX09	HOPE THERAPY, INC.	\$250,000.00	Standard Two Party Agreement	Y	N	NA	N	Y
OCF02	NATIONAL MENTOR HEALTHCARE, LLC	\$168,000.00	Standard Two Party Agreement	Y	N	NA	NA	Y
JCF08	MARIE'S TENDER LOVING CARE HOME, INC.	\$349,129.00	Standard Two Party Agreement	Y	N	NA	NA	Y
KCF06	PSYCHOLOGICAL AND NEUROBEHAVIORAL ASSOCIATES, INC.	\$125,000.00	Standard Two Party Agreement	Y	N	NA	NA	Y
TOTAL NUMBER OF AGREEMENTS WITH DEFICIENCIES								10

NA - Criterion not applicable to this agreement.

Attachment C
Agency for Persons with Disabilities
Contract/Grant Management - Training

		Contract Managers	Compliance (Y or N)	Compliance Rate	Comments
Agency Compliance with Training Requirements		Aares Williams	Y		
		Issac Williams	Y		
		Chad Smith	Y		
Total Number of Contract Mgrs Reviewed			3		
Total Y's			3		
Training Compliance Rate				100%	