

Mission:

To protect, promote & improve the health of all people in Florida through integrated state, county & community efforts.



Ron DeSantis
Governor

Joseph A. Ladapo, MD, PhD
State Surgeon General

Vision: To be the Healthiest State in the Nation

July 24, 2023

Joseph A. Ladapo, MD, PhD
State Surgeon General
4052 Bald Cypress Way, Bin A-00
Tallahassee, Florida 32399

Dear Dr. Ladapo:

Enclosed is our internal audit report # A-2223-004, *Selected Service Providers and Related Parties*. The report provides an independent review of 15 of the Department of Health's (Department) providers with contracts/grants. As this audit was initiated in July 2022, some contracts ended June 30, 2022.

The audit was conducted by Mark H. Boehmer, CPA, Director of Auditing, with his work reviewed by Ashlea K. Mincy, CIGA, Assistant Director of Auditing.

Management agreed with the findings identified in the report. Management's response may be found in Appendix A of the report. Providers who responded to issues noted in the report may be found in Appendix B.

We are pleased to announce that all management corrective actions have been completed and no further updates will be necessary. Thus, we are formally closing out this project as of the date of this letter.

If you wish to discuss the report, please let me know.

Sincerely,

Michael J. Bennett, CIA, CGAP, CIG
Inspector General

MJB/mhb
Enclosure

cc: Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
Samantha Perry, CPA, Office of the Auditor General
Cassandra G. Pasley, BSN, JD, Chief of Staff
Kenneth A. Schepcke, MD, FAEMS, Deputy Secretary for Health
Mike Mason, Assistant Deputy Secretary for Health
Antonio D. Dawkins, MPA, PMP, Deputy Secretary for Operations



FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

SELECTED SERVICE PROVIDERS AND RELATED PARTIES

Report # A-2223-004 • July 24, 2023

Purpose of this project:

We wanted to review current providers of services to the Department of Health (Department) for any related parties; how the providers are structured and registered with the Department of State; how any related parties are funded, determine their roles and functions; identify any governance issues that related parties create; ensure compliance with select regulations; and evaluate completeness and accuracy of information.

What we examined:

We selected and reviewed 15 of the Department's current providers with contracts/grants. As this audit was initiated in July 2022, some contracts ended June 30, 2022.

	Provider
1	Foundation Sickle, Inc. d/b/a Foundation for Sickle Cell Disease Research
2	Caridad Center, Inc.
3	Survivors' Pathway Corporation
4	Metropolitan Charities, Inc. d/b/a Metro Inclusive Health
5	Genesis Community Health, Inc.
6	Safe and Healthy Duval Coalition, Inc.
7	Agape Community Health Center, Inc.
8	#TheBurgCares, Inc.
9	Children's Diagnostic & Treatment Center, Inc.
10	St. John Bosco Clinic, Inc.
11	Liga Contra El Cancer, Inc.
12	Broward Regional Health Planning Council, Inc.
13	2-1-1 Big Bend, Incorporated
14	Florida Health Sciences Center, Inc. (d/b/a Tampa General Hospital)
15	CAN Community Health, Inc.

Summary of results:

In general, we did not identify any significant issues with the providers selected as part of this project. However, we did identify one provider-related issue and a few issues related to overall contract management that should be addressed by management to ensure the Department adequately manages its providers. These issues include:

- Foundation Sickle, Inc., did not submit required audited financial statements to the Department and the Office of the Auditor General for calendar year 2021, in violation of contract terms and possibly resulting in undisclosed related parties.
- The Bureau of Communicable Diseases did not correctly identify Broward Regional Health Planning Council, Inc. as a "service organization", thus failing to obtain all required System and Organization (SOC) reports as required by contract terms.
- The Bureau of Communicable Diseases did not maintain sufficient documentation to support whether #TheBurgCares, Inc. obtained appropriate liability insurance, as required by Department policy.

Additional details are found on the following pages. Management's response to the issues noted in this report may be found in **Appendix A**. Providers' responses to the issues noted may be found in **Appendix B**.

DETAILED RESULTS AND RECOMMENDATIONS

Our audit identified the following opportunities to improve management of the Department's contracts and better protect the Department's interests:

1. *Foundation Sickle, Inc. did not submit required audited financial statements to the Department and the Office of the Auditor General for calendar year 2021, in violation of contract terms and possibly resulting in undisclosed related parties.*

We determined that during 2021, Foundation Sickle, Inc., d/b/a Foundation for Sickle Cell Disease Research, had not submitted required audited financial statements to the Department or the Office of the Auditor General. As a result, critical financial information was not available to these government entities or the public that may rely on accurate information to be presented in the *Florida Accountability Contract Tracking System (FACTS)*.

State Financial Assistance (SFA)

- Sections 215.97(2)(a) and 215.97(8)(a), Florida Statutes, provide that each nonstate entity that expends a total amount of SFA equal to or in excess of \$750,000 in any fiscal year of such nonstate entity shall be required to have an audit for such year in accordance with the Florida Single Audit Act.¹
- The Department's contracts with Foundation Sickle, Inc. included CMO47, CMO62, and CMO64, each funded by SFA. These contracts are managed by the Office of Minority Health and Health Equity.
- Foundation Sickle, Inc. received and expended more than \$750,000 of SFA from the Department for calendar year 2021.

Financial Reporting Package (Package)

- The Department's contracts require that a Package be submitted within the earlier of 30 days after receipt of the audit report or nine months after the end of the provider's fiscal year end. The Package must be submitted directly to the Department and to the Office of the Auditor General.
- "Each..., [P]ackage submitted pursuant to Section 215.97(8)(g), Florida Statutes, and these rules, shall be a single document and contain at least the following...The auditor's report on the basic financial statements and report on internal control and compliance..., A schedule of expenditures of State financial assistance prepared in accordance with Department of Financial Services, Rules, Chapter 69I-5, Florida Administrative Code, State Financial Assistance. This schedule shall be included on the schedule of expenditures of Federal awards, where applicable."²
- Any nonprofit or for-profit organizations that have not filed required Packages for earlier fiscal years should submit them in accordance with the rules in effect for those fiscal years.²

¹ *Rules of the Auditor General, Chapter 10.650*

² *Rules of the Auditor General, Chapter 10.650*

IRS³ Form 990, *Return of Organization Exempt From Income Tax* (Form 990)

- Foundation Sickle Inc.'s Form 990 for calendar year 2021 (2021) provided conflicting information regarding audits. Page 3 indicated no audited financial statements were obtained, but Page 12 indicated an audit was performed by an independent accountant.
- Foundation Sickle Inc.'s actual fiscal year was also not clear. Form 990 indicated a December 31 fiscal year end, but contracts CMO47, CMO62, and CMO64 indicated a June 30 fiscal year end.

Independent Audits Required

- "Independent audits of nonprofit organizations conducted by certified public accountants in accordance with these rules will include an examination of the financial statements, which shall be presented in accordance with the reporting standards set forth in Section 958-205 of the FASB *Accounting Standards Codification*."³
- Contract language found in contracts CMO47, CMO62, and CMO64 requires "An audit conducted...shall cover the entire organization."
- While Foundation Sickle Inc. completed Form 990 for 2021, audited financial statements were not submitted to the Department or the Office of the Auditor General, as required.
- Foundation Sickle Inc. submitted a form of financial statements during our request for the audited financial statements, that did not include revenues and expenditures of the entire organization. It was presented in the name of the registered fictitious name owned by the Foundation Sickle, Inc. (The Foundation for Sickle Cell Disease Research).

As audited financial statements were not provided, any Notes to the Financial Statements that should disclose any related parties or transactions were also not available.

We recommend Foundation Sickle, Inc. submit audited financial statements of the entire organization, including a Schedule of Expenditures of Federal Awards that would include a Schedule of Expenditures of State Awards and Notes to the Financial Statements that should disclose any related parties or transactions, for calendar year 2021 and beyond to the Department and the Office of the Auditor General, as required by contract terms.

2. *The Bureau of Communicable Diseases did not correctly identify Broward Regional Health Planning Council, Inc. as a "service organization", thus failing to obtain all required System and Organization (SOC) reports as required by contract terms.*

- Contract CODOK with the Broward Regional Health Planning Council, Inc. requires the entity to obtain Insurance Benefit Manager (IBM) services for clients identified by the Department as eligible to receive services offered through the Florida AIDS Drug Assistance Program. This contract is managed by the HIV/AIDS Section within the Division of Disease Control and Health Protection, Bureau of Communicable Diseases (Bureau).
- Broward Regional Health Planning Council, Inc.'s *Insurance Benefit Management System* (IBMS) is defined in the contract as a "dedicated, secure electronic information data system owned or leased by the Provider and is used to manage client information."
- A service organization is an entity the Department may use to outsource aspects of its operations, such as payroll functions, benefits payments, etc. In these instances, internal control functions are being performed by an entity other than the Department. As such,

³ Internal Revenue Service

Broward Regional Health Planning Council, Inc. would qualify as a service organization under this definition.

- SOC reports are prepared by independent, third-party auditors that examine various operational aspects of an entity deemed to be a service organization, such as security, processing integrity, confidentiality, privacy, controls related to financial reporting and cybersecurity, that give assurances the contracting entity has appropriate internal controls in place to manage and secure the data they maintain in relation to the services they are contracted to perform.
- Attachment IV, Other Audit Requirements, within contract CODOK explains that a provider organization serving as a third-party administrator on behalf of Department programs and determined to be a service organization must obtain a SOC report.
- We determined a Bureau contract manager incorrectly completed the *Service Organization Determination* form on Broward Regional Health Planning Council, Inc., concluding the entity was not a service organization. Because of this, the Bureau has not been receiving the required SOC reports from the entity.
- During our audit, Broward Regional Health Planning Council, Inc. management was able to send us their most recent SOC report from Azure. However, there should have been a SOC report of the entity's controls over its own system, IBMS.
- Since the Bureau has not been receiving all required SOC reports, there is limited assurance whether Broward Regional Health Planning Council, Inc.'s information system management, input, processing, and output controls are sufficient to protect the Department's data.

We recommend the Bureau of Communicable Diseases correctly identify Broward Regional Health Planning Council, Inc., under contract CODOK and any subsequent contracts, as a service organization and as such, obtain and review all required SOC reports annually, per the terms of the contract.

3. The Bureau of Communicable Diseases did not maintain sufficient documentation to support whether #TheBurgCares, Inc. obtained appropriate liability insurance, as required by Department policy.

- DOHP 250-24-19, *Contractual Services*, explains the Department's contract file "...must include...documentation supporting provider compliance with insurance requirements in the contract."
- The *Statement of Work* for contracts B9D756 and CC01BC7 requires the entity to "Maintain insurance sufficient to adequately protect the Department from all liability and property damage/hazards which may result from the Contractor's performance."
- We determined the Bureau's contract file did not contain documentation to support #TheBurgCares, Inc. had sufficient liability insurance.
- The #TheBurgCares, Inc. was also unable to produce a *Certificate of Insurance* to support sufficient liability insurance, per request, during our audit.

We recommend #TheBurgCares, Inc. obtain sufficient insurance to comply with terms established in contracts B9D756 and CC01BC7 and provide a Certificate of Insurance to the Bureau of Communicable Diseases to support such compliance.

We recommend the Bureau of Communicable Diseases obtain and maintain sufficient documentation supporting insurance requirements in all applicable contract files.

SUPPLEMENTAL INFORMATION

Section 20.055, Florida Statutes, charges the Department's Office of Inspector General with responsibility to provide a central point for coordination of activities that promote accountability, integrity, and efficiency in government.

Mark H. Boehmer, CPA, Director of Auditing, conducted the audit, with his work reviewed by Ashlea K. Mincy, CIGA, Assistant Director of Auditing.

Our methodology included reviewing the Department of Financial Services' FACTS and the Department of State's Sunbiz⁴ systems. We also reviewed documents that may disclose any identified and/or undisclosed related parties, including audited financial statements (if applicable) and associated note disclosures, and Forms 990 (if applicable). Additionally, we identified the registered agent and all board members listed per Sunbiz for each selected provider, searched for any other companies that may be associated with the registered agent and each board member of each selected provider, and interviewed the providers' executive management, where necessary, to gain a better understanding of its organization.

This audit was conducted in conformance with *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, as provided by section 20.055(6)(a), Florida Statutes, and as recommended by Quality Standards for Audits by Offices of Inspector General (*Principles and Standards for Offices of Inspectors General*, Association of Inspectors General).

We want to thank the Department's contract managers over the selected providers as well as management and staff of each selected provider for their cooperation and assistance during this audit.

All final reports are available on our website at www.FloridaHealth.gov (search: internal audit).

If you have questions or comments, please contact us by the following means:

Address:

4052 Bald Cypress Way, Bin A03,
Tallahassee, FL 32399

Email:

inspectorgeneral@flhealth.gov

Phone:

850-245-4141

⁴ The Florida Department of State, Division of Corporations' business entity index and commercial activity website.

APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
2	<i>We recommend the Bureau of Communicable Diseases correctly identify Broward Regional Health Planning Council, Inc., under contract CODOK and any subsequent contracts, as a service organization and as such, obtain and review all required SOC reports annually, per the terms of the contract.</i>	<p>We concur. Completed.</p> <p>The Department executed CODOK, Amendment 4. This amendment updated the contract to reflect Broward Regional Health Planning Council, Inc.'s status as a service organization, serving as a third-party administrator and is subject to SOC reporting requirements.</p> <p><i>Contact:</i> Miesha Wilson, Federal Compliance and Audit Management</p>
3	<i>We recommend the Bureau of Communicable Diseases obtain and maintain sufficient documentation supporting insurance requirements in all applicable contract files.</i>	<p>We concur. Completed.</p> <p>The Department has obtained the certificate of liability insurance for #TheBurgCares, Inc. and will maintain a copy in the appropriate files.</p> <p><i>Contact:</i> Michelle Battles, Interim Prevention Program Manager</p>

APPENDIX B: PROVIDERS' RESPONSE

	Recommendation	Provider Response
1	<p><i>We recommend Foundation Sickle, Inc. submit audited financial statements of the entire organization, including a Schedule of Expenditures of Federal Awards that would include a Schedule of Expenditures of State Awards and Notes to the Financial Statements that should disclose any related parties or transactions, for calendar year 2021 and beyond to the Department and the Office of the Auditor General, as required by contract terms.</i></p>	<p>Foundation Sickle, Inc. did not provide a response.</p>
2	<p>No recommendation made.</p>	<p>Broward Regional Health Planning Council, Inc. was provided the opportunity to respond to issues noted in Finding No. 2, but chose to not respond.</p>
3	<p><i>We recommend #TheBurgCares, Inc. obtain sufficient insurance to comply with terms established in contracts B9D756 and CC01BC7 and provide a Certificate of Insurance to the Bureau of Communicable Diseases to support such compliance.</i></p>	<p>#TheBurgCares, Inc. concurs. Completed. Insurance has been obtained. #TheBurgCares, Inc. will comply with the terms of its contracts.</p>