

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

March 28, 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-2223-006A, *Selected Contracts Funded by Member Projects, Including a Contract with Gadsden Community Health Council, Inc. (Contract CORHS)*. The report provides an independent evaluation of contract CORHS' deliverables and contract manager compliance with applicable laws and Department policies and procedures.

The audit was conducted by Ashlea K. Mincy, CIGA, Assistant Director of Auditing, and supervised by Mark H. Boehmer, CPA, Director of Auditing.

Management agreed with the findings identified in the report. We will provide you a status update in six months detailing the progress management has made toward addressing the proposed corrective actions included in Appendix A of the report.

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

Sincerely,

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

MJB/akm
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. Schepke, MD, FAEMS, Deputy Secretary for Health
Mike Mason, Assistant Deputy Secretary for Health
Melissa Jordan, MS, MPH, Assistant Deputy Secretary for Health
Mark H. Boehmer, CPA, Director of Auditing



FLORIDA DEPARTMENT OF HEALTH
OFFICE OF INSPECTOR GENERAL

SELECTED CONTRACTS FUNDED BY MEMBER PROJECTS,
INCLUDING A CONTRACT WITH
GADSDEN COMMUNITY HEALTH COUNCIL, INC.

Report # A-2223-006A • March 28, 2023

Purpose of this project:

The Office of Inspector General's (OIG) 2022-2023 fiscal year *Audit Plan* has focused on different areas of contracting, including contract management, provider monitoring, and examining in detail the documentation of selected contracts. We identified two Department of Health (Department, DOH) contracts, funded by member projects, to review and determine appropriate contract management has been performed and deliverables agree with each contract.

Specific to this report, we will address our review of the Department's contract with Gadsden Community Health Council, Inc. (Provider).

What we examined:

Contract CORHS with the Provider, which was executed on October 18, 2021 and ended June 30, 2022.

Summary of results:

We identified the following issues management should address:

- The Department reimbursed the Provider for a cost reimbursement deliverable prior to the Provider paying for and receiving the deliverable.
- The Provider did not complete a deliverable within the time and manner specified by the contract and was not assessed appropriate financial consequences.
- The Provider used a DOH-Gadsden Mobile Health Unit (Unit) and employee to conduct mobile health events without a written agreement or reimbursement.
- The Provider submitted and the Department's contract manager (CM) approved invoices for payment without required information.

Additional details follow below. Management's response to the issues noted in this report may be found in **Appendix A**. In accordance with section 20.055(6)(e), Florida Statutes, the Provider was given 20 working days to submit a written response to the report as a specific entity contracting with the state and a subject of this audit. The deadline to provide a written response was March 23, 2023. As of this date, the OIG received no written response from the Provider.

BACKGROUND

The purpose of this contract was for the Provider to offer health care services to individuals with limited or no other access to health care, limited transportation, migrant workers, and the homeless in Gadsden County. The services were primarily for prevention that included, but not exclusive to; disease prevention and screenings, such as diabetes, high blood pressure and obesity; wellness visits; physicals; immunizations; education guidance; and nutrition counseling.

The Provider was incorporated in 2003 as a not-for-profit organization comprised of concerned citizens, community leaders, and community agencies serving Gadsden County with the intent to create a comprehensive and integrated health care system.

DETAILED RESULTS AND RECOMMENDATIONS

Our audit identified the following opportunities to improve effectiveness of contract management:

1. The Department reimbursed the Provider for a cost reimbursement deliverable prior to the Provider paying for and receiving the deliverable.

- The Department paid the Provider for a deliverable prior to the Provider paying for or receiving the deliverable, for which the invoice was originally billed to the Gadsden County Board of County Commissioners (GCBCC) instead of the Provider.
- The original contract for \$400,000 with an end date of June 30, 2022, was executed October 18, 2021 and required the Provider to purchase and equip a Unit within 120 calendar days of execution of the agreement (February 15, 2022).
- The Provider was to be reimbursed by the Department for the Unit on a cost reimbursement basis in an amount not to exceed \$250,000.
- The contract defined the Unit as a moveable or detached self-contained health care unit, such as a vehicle or trailer, within or from which health care services are provided and which otherwise meets the definition of a health care clinic.
- Equipment was defined to include telemedicine software, personal protection equipment, computers or tablets, a small refrigerator, hand sanitizer, masks, gloves, mobile hotspot, etc.
- The contract was amended February 14, 2022, to require the Unit be established by April 30, 2022. The contract end date remained June 30, 2022.
- The contract was funded by Catalog of State Financial Assistance No. 64.157, *Community Health Promotion – Contracted Services*. State Financial Assistance has certain specific requirements attached to these funds.
- The State of Florida's *Chief Financial Officer Memorandum No. 1* (Memorandum) effective July 1, 2021, provides detailed instructions and requirements related to section 215.971, Florida Statutes, Agreements funded with federal or state assistance. Specific to agreements paid by such funds, the Memorandum clarifies that "[s]pecific deliverables...must be received and accepted prior to payment". This supports section 215.971(2)(b), Florida Statutes, that requires services to be rendered before the agency processes an invoice for payment.
- The Department of Financial Services' *Reference Guide for State Expenditures* states for deliverables paid on a cost reimbursement basis, that the invoice must identify the deliverable(s) that were completed, and the invoice (or invoice backup) must demonstrate that the minimum performance level was met for each deliverable. Documentation for each amount for which reimbursement is being claimed must indicate that the item has been paid.
- The Department received an invoice from the Provider June 27, 2022 for the Unit in the amount of \$248,823, and paid the Provider for the Unit July 8, 2022.
- Invoice supporting documents received by the Department from the Provider included an invoice from Florida Transportation Systems, Inc. (FTS).

- The FTS invoice indicated a bill to/ship GCBCC. The Provider and the GCBCC do not have a direct business relationship. The Provider indicated it had an agreement with GCBCC to pay for the Unit and the Provider would reimburse the GCBCC after reimbursement was received from the Department. However, this did not occur, as the Department reimbursed the Provider prior to the payment being made to FTS, so the Provider paid FTS directly.
- The FTS invoice did not include a date or applicable signatures. OIG communication with the FTS sales representative determined payment was not received from the Provider for the Unit until January 3, 2023. Additionally, it was determined the Provider had not received the Unit as of January 3, 2023, and a projected completion date for the Unit could not be provided.

We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure Providers have paid for deliverables before approving invoices for payment for a cost reimbursement deliverable and where State and/or Federal financial assistance is involved, that deliverables are received and accepted prior to payment.

2. The Provider did not complete a deliverable within the time and manner specified by the contract and was not assessed appropriate financial consequences.

- The contract was divided into two types of deliverables, requiring the Provider to (1) establish a Unit and (2) conduct mobile health events.
- The contract required the Provider to be reimbursed for the Unit upon completion of the two deliverables. The contract required the Provider to be reimbursed monthly for the mobile health events in the amount of \$8,129.33 for October to December 2021, \$20,935.33 for January to May 2022, and \$20.935.36 for June 2022.
- As explained in Finding 1 above, FTS did not receive payment from the Provider for the Unit until January 3, 2023, past the April 30, 2022 deadline.
- The contract stipulated failure to timely establish the Unit would result in a 10% reduction of the Unit invoice amount.
- The Department incorrectly applied the 10% reduction to the April 2022 monthly invoice for mobile health events rather than to the Unit deliverable.
- The Department did not collect \$22,788.77 in financial consequences as required by the contract, as detailed below.

Description	Calculation	Amount
Invoice for the Unit should have been	\$248,823 x 10% =	\$24,882.30
Less the financial consequence calculated and incorrectly applied to April 2022 Monthly Invoice	\$20,935.33 x 10% =	(2,093.53)
Difference		\$22,788.77

- *Chief Financial Officer Memorandum No. 04*, dated July 1, 2021, explains all grant agreements and payments of State and Federal financial assistance are required to comply with section 215.971(2)(c), Florida Statutes.
- Section 215.971(2)(c), Florida Statutes, requires the Department to reconcile and verify all funds received against all funds expended by the Provider and produce a final reconciliation report. The final report must identify any funds paid in excess of the expenditures incurred by

the recipient or sub-recipient. State funds paid in excess of documented appropriate expenditures must be returned to the state unless otherwise authorized by law.

- As of February 3, 2023, the final reconciliation has not been completed for the contract. The contract close out is being held pending delivery of the Unit.

We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure financial consequences are applied in accordance with contract requirements. Additionally, we recommend the Department collect any overpayment from the Provider, in accordance with section 215.971(2)(c), Florida Statutes.

3. The Provider used a DOH-Gadsden Unit and employee to conduct mobile health events without a written agreement or reimbursement.

- The contract originally required the Provider to conduct mobile health events using “the” Unit they establish to provide health care services to clients at minimum once a month starting in March 2022, for a total minimum of five events by June 30, 2022.
- The contract was amended February 14, 2022 to require the Provider conduct mobile health events using “a” Unit. This altered the original intent from using the purchased Unit as part of the contract to using essentially any Unit to conduct the mobile health events.
- The Department of Health in Gadsden County (DOH-Gadsden) allowed the Provider to borrow DOH-Gadsden’s Unit to conduct mobile health events during the contract term. A Department employee at DOH-Gadsden was tasked with transporting the Unit to and from the Provider’s events.
- The Provider reported that DOH-Gadsden’s Unit was used at 14 mobile health events between March 12 and June 26 in 2022. However, 50% of these mobile health events were not supported by DOH-Gadsden’s *Monthly Vehicle Log* (Log). The following mobile health events were not documented on the Log:

March 12, 2022
 March 19, 2022
 March 27, 2022
 April 2, 2022
 May 1, 2022
 May 29, 2022
 June 4, 2022

- This suggests an event was possibly not held in March, thus violating the terms of the contract.
- Furthermore, a written agreement was not in place between the Provider and DOH-Gadsden for the use of the Unit, that might define indemnity and liability.
- The Department was not reimbursed for the use of its Unit or for the Department’s employee tasked with transporting the Unit.

We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure written agreements regarding indemnity, liability, and potential recoupment of costs are in place when Department equipment and employees are utilized by an outside provider.

4. The Provider submitted and the Department's CM approved invoices for payment without required information.

- The contract required the Provider to submit an invoice within 15 calendar days from the end of each month. At a minimum, each invoice was to be submitted on the Provider's letterhead and include the invoice date, deliverable(s) completed, the amount due, a statement certifying the accuracy of the invoice, the contract number, and the signature of an individual with the authority to bind the Provider.
- All monthly invoices submitted (October 2021 thru June 2022) and the invoice submitted regarding the deliverable establishing a Unit dated June 23, 2022, were submitted without a statement by the Provider certifying the accuracy of the invoice. Additionally, the March 2022 invoice was not submitted on the Provider's letterhead.
- The CM was unaware of the invoice requirements and did not inspect invoices to ensure compliance with requirements.
- The requirements of submitting the invoice on letterhead and with a statement by the Provider certifying the accuracy of the invoice strengthens the Department's assurance that the invoice is accurate and legitimate.

We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure all invoices comply with contract requirements prior to approval.

MANAGEMENT COMMENT

The following comment addresses an issue we noted during the audit that should receive additional review by management. The comment does not require a written response. However, we feel it is important management address the issue internally to prevent more serious issues from potentially developing in the future.

The Department's contract file did not support that individuals of the Provider performing services were timely screened prior to providing services to clients.

- The contract required the Provider conduct background and drug screenings or submit a written attestation confirming for all persons providing services under the contract.
- A new CM was assigned June 17, 2022¹, who conducted a review of the Department's contract file. The new CM determined required documentation was missing. The new CM contacted the Provider June 22, 2022 to request that a written attestation of the names of individuals performing services under this contract be submitted.
- There was no documentation to support that the original CM ensured this requirement was completed.
- DOHP 250-14-19, *Contractual Services*, explains the CM's file is the official record of contract performance and payments, and must be maintained for a period of six years following contract closeout, or the resolution of any pending action (i.e., legal, audit), whichever is later.

¹ The contract ended June 30, 2022

SUPPLEMENTAL INFORMATION

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

Ashlea K. Mincy, CIGA, Assistant Director of Auditing, conducted the audit, under the supervision of Mark H. Boehmer, CPA, Director of Auditing. Janet C. Compton, Senior Management Analyst II, initiated the audit, who in the early planning phase of the audit, separated from the Department.

Our methodology included reviewing Florida law, DOHP 250-14-19, *Contractual Services*; applicable documentation; and contract manager files. We interviewed key management, the CM, the Provider, and the Provider's vendor identified to build the Unit.

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 management and staff in the Department's Division of Public Health Statistics and Performance Management for the information and documentation they provided, and for their cooperation throughout the project.

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:

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4052 Bald Cypress Way, Bin A03,
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APPENDIX A: MANAGEMENT RESPONSE

	Recommendation	Management Response
1	<i>We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure Providers have paid for deliverables before approving invoices for payment for a cost reimbursement deliverable and where State and/or Federal financial assistance is involved, that deliverables are received and accepted prior to payment.</i>	<p>We concur.</p> <p><i>The Office of the Deputy Secretary for Health has directed Division Directors to assure all contract managers and supervisors are familiar with the Department of Financial Services' "State Reference Guide for Financial Expenditures", appropriate OMB Circulars, and Department contracting policies, particularly as it relates to contracts containing state and/or federal financial assistance. Division Directors will require contract deliverables be monitored to all assure goods and services have been received and expenditures verified prior to approval and processing of invoices. Appropriate performance expectations will become a part of Division Director and contract manager annual performance evaluations.</i></p> <p>Contact: Nathan Dunn Anticipated Completion Date: July 1, 2023</p>
2.1	<i>We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure financial consequences are applied in accordance with contract requirements.</i>	<p>We concur.</p> <p><i>The Office of the Deputy Secretary for Health has directed Division Directors to assure all contract managers and supervisors are familiar with the Department of Financial Services' "State Reference Guide for Financial Expenditures", appropriate OMB Circulars, and Department contracting policies, particularly as it relates to contracts containing state and/or federal financial assistance. Division Directors will direct contract managers to always apply financial consequences as specified per contractual agreement. Appropriate performance expectations will become a part of Division Director and contract manager annual performance evaluations.</i></p> <p>Contact: Nathan Dunn Anticipated Completion Date: July 1, 2023</p>
2.2	<i>Additionally, we recommend the Department collect any overpayment from the Provider, in accordance with section 215.971(2)(c), Florida Statutes.</i>	<p>We concur; However, action will not be taken.</p> <p>Contact: Nathan Dunn</p>
3	<i>We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure written agreements regarding indemnity, liability, and potential recoupment of costs are in place when Department equipment and employees are utilized by an outside provider.</i>	<p>We concur.</p> <p><i>The Office of the Deputy Secretary for Health has directed Division Directors to assure all contract managers and supervisors are familiar with the Department of Financial Services' "State Reference Guide for Financial Expenditures", appropriate OMB Circulars, and Department contracting policies, particularly as it relates to contracts containing state and/or federal financial assistance. Contract managers will assure contract providers have sub-contracts or Memorandums of Agreements in place with any entity performing any part of the Department's contract. Appropriate performance expectations will become a part of Division Director and contract manager annual performance evaluations.</i></p> <p>Contact: Nathan Dunn Anticipated Completion Date: July 1, 2023</p>

<p>4</p>	<p><i>We recommend the Office of Deputy Secretary of Health work with its Division Directors to ensure all invoices comply with contract requirements prior to approval.</i></p>	<p>We concur.</p> <p><i>The Office of the Deputy Secretary for Health has directed Division Directors to assure all contract managers and supervisors are familiar with the Department of Financial Services' "State Reference Guide for Financial Expenditures", appropriate OMB Circulars, and Department contracting policies, particularly as it relates to contracts containing state and/or federal financial assistance. Division Directors will direct contract managers to always assure invoices comply with contractual requirements prior to approval. Appropriate performance expectations will become a part of Division Director and contract manager annual performance evaluations.</i></p> <p>Contact: Nathan Dunn</p> <p>Anticipated Completion Date: July 1, 2023</p>
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