

COUNTY AUDIT DEPARTMENT

REPORT # 330

An Audit of:

**AGENCY FOR COMMUNITY TREATMENT SERVICES
(ACTS) AGREEMENT**

JUNE 14, 2017



Pat Frank INTEGRITY. TRANSPARENCY. ACCOUNTABILITY.

CLERK OF COURT & COMPTROLLER • HILLSBOROUGH COUNTY, FLORIDA



June 14, 2017

The Honorable Stacy R. White, Chairman
The Honorable Victor D. Crist
The Honorable Ken Hagan
The Honorable Al Higginbotham
The Honorable Pat Kemp
The Honorable Lesley “Les” Miller, Jr.
The Honorable Sandra L. Murman

Dear Chairman White and Commissioners:

The Audit Team performed an audit of the Agency for Community Treatment Services (ACTS) Agreement (Audit Report # 330, dated June 14, 2017). Responses to the Audit Team’s recommendations were received from the Director of Health Care Services and have been included in the Report after each audit comment and recommendation.

The purpose of this Report is to furnish management independent, objective analysis, recommendations, counsel, and information concerning the activities reviewed. It is not an appraisal or rating of management.

Although the Audit Team exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

The Audit Team appreciates the cooperation and professional courtesies extended to the auditors by the Director and personnel of Health Care Services during this audit.

Sincerely,

Heidi Pinner, CIA, CISA, CRMA, CFE
Director of County Audit

CC: Mike Merrill, County Administrator
Carl Harness, Chief Human Services Administrator
Gene Earley, Director, Health Care Services
Kevin Brickey, Management & Budget Office
Rick VanArsdall, Chief Deputy, Finance

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EXECUTIVE SUMMARY

BACKGROUND INFORMATION

On December 2, 2009, the Board of County Commissioners (BOCC) approved an agreement with the Agency for Community Treatment Services, Inc. (ACTS). Under the terms of the agreement, ACTS is to provide substance abuse residential treatment for adult crisis stabilization as an alternative to incarceration. In addition, ACTS is to provide certain outpatient substance abuse treatment services.

On August 3, 2016, the BOCC approved the fourth modification of the agreement (BOCC Document #16-0825) extending the terms through September 30, 2017, with a not-to-exceed amount of \$939,990.

OBJECTIVE

The objective of the audit was to determine whether or not ACTS complied with the deliverables in its agreement with the County and whether or not the County was invoiced the correct amount.

SCOPE

The audit was conducted in conformance with the *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These Standards require that County Audit plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the audit comments and conclusions based on the audit objectives. County Audit believes that the evidence obtained provides this reasonable basis.

The audit period for invoice activity and treatment services was April 1, 2016 through September 30, 2016.

OVERALL EVALUATION

Health Care Services staff and management, as well as staff from ACTS, were responsive to the Audit Team's inquiries and provided thorough information when requested. Data and other information were provided in a prompt and courteous manner. The Audit Team encountered knowledgeable and dedicated employees during the course of the audit.

The following table summarizes the audit comments and the corresponding cross reference to the page number where the audit comment details can be found in this Report.

AUDIT COMMENT	CONCLUSION OF OBJECTIVE	PAGE
1	There is an opportunity for Health Care Services to improve its monitoring of deliverables from ACTS.	3
2	There are opportunities for Health Care Services to improve the monitoring of compliance to the ACTS agreement.	6

OPINION

The overall control environment relative to managing compliance with the substance abuse treatment services agreement is at a formal (defined) maturity level. This means that management has developed processes and controls which reasonably ensure that the County was invoiced the correct amounts and the vendor complied with the deliverables of the agreement. Addressing the opportunities identified in this Report will enhance the control structure over agreement compliance.

The exit conference was held on May 19, 2017.

Other minor concerns not included in this Report were communicated to management and/or corrected during fieldwork.

AUDITED BY

Heidi Pinner, CIA, CISA, CRMA, CFE, Director of County Audit
Steve Hooper, CIA, CGAP, CCSA, CFE, former Director of County Audit
Margaret Brown, CIA, Audit Manager
Greg McCullough, CPA, CIA, CFE, Senior Internal Auditor

AUDIT COMMENTS & RECOMMENDATIONS

AUDIT COMMENT 1

There is an opportunity for Health Care Services to improve its monitoring of deliverables from ACTS.

The objective was to determine whether or not ACTS was in compliance with the deliverable requirements in the agreement and if the County was invoiced the correct amount.

The Audit Team identified 13 deliverable requirements pertaining to the ACTS agreement and judgmentally selected ten for testing. Six of the ten requirements selected addressed eligibility and invoicing. The remaining four pertained to specific deliverables to be provided by ACTS.

Invoice Testing

ACTS invoices the County monthly for residential treatment services provided to clients. The invoice amounts are calculated based on the number of client treatment days (CTDs) provided. The number of CTDs is noted on Client Detail Reports required to be attached to the invoice as support.

The Audit Team examined the six monthly invoices received from ACTS for the audit period. The Audit Team recalculated the amount billed on the invoice for accuracy and reviewed the type of service billed for compliance with the agreement. In addition, the invoice package was tested to determine if the appropriate supporting documents were attached.

Results of Testing:

The Audit Team determined that:

- ACTS billed the County accurately.
- The types of services billed to the County were in compliance with the agreement.
- The invoices had the required reports attached.

Deliverables Testing

In addition to the invoice testing, the Audit Team identified the agreement deliverables and tested four of these deliverables for compliance:

1. The annual maximum number of CTDs is not-to-exceed 5,635 for adults and 769 for juveniles.

Results of Testing: The Audit Team determined that ACTS billed the County for 5,635 adult treatment and 704 juvenile treatment CTDs. Therefore, ACTS complied with the agreement's maximum client treatment days allowed for the fiscal year. No exceptions were noted.

2. ACTS is to provide Health Care Services with audited financial statements within 120 days of the organization's fiscal year.

Results of Testing: For the fiscal year ending June 30, 2016, the County received the audited financial statements for ACTS on October 24, 2016, within the time frame required. No exception was noted.

3. ACTS is to provide *Incident Reports* within 24 hours of any incident or other information which reflects poorly on the program, has the potential to compromise the integrity of the County or Drug Court Programs, or raises concerns on safety or welfare.

Results of Testing: The most common type of incident is when a client absconds. The Audit Team reviewed the monthly invoice supporting reports for the 6 month period of April 2016 through September 2016 for any times when a client absconded. The Audit Team requested the Incident Reports on hand from Health Care Services for this six month invoice period. Health Care Services provided Incident Reports for five of the six abscond dates indicated on the monthly invoice supporting reports for the six month period. One of the six Incident Reports could not be located.

4. ACTS is to provide monthly *Outcome Measurement Reports* within 30 days following the end of the previous month.

Results of Testing: The Audit Team requested all Outcome Measurement Reports Health Care Services had on hand for April 2016 through September 2016. The Audit Team was provided outcome measurement reports for the six months requested. No exceptions were noted.

RECOMMENDATION

To more effectively monitor and ensure compliance with the agreement, Health Care Services management should ensure that Incident Reports are received and maintained.

CLIENT RESPONSE

Concur

CORRECTIVE ACTION PLAN

The Department is continuing to review the ACTS documentation to ensure required Incident Reports are received for each reported event. Upon receipt of an Incident Report, the document is now placed in an electronic file and then reconciled with ACTS monthly invoices. Additionally, ACTS informed the Department it changed its process to ensure Incident Reports are sent in a timely manner, are included in the client file, and are available at any time. This places a check and balance control on both the County and the provider. It should be noted this involved only one missing report.

TARGET COMPLETION DATE: February 10, 2017

AUDIT COMMENT 2**There are opportunities for Health Care Services to improve the monitoring of compliance to the ACTS agreement.**

The objective was to determine whether or not controls were in place to ensure that services billed to the County by ACTS:

- Were provided to eligible clients.
- Included whether ACTS provided treatment services to clients for the Client Treatment Days (CTDs) billed to the County.
- Were at the locations specified in the agreement.

The Audit Team identified the agreement requirements for eligibility, locations, and the records used by the service provider as supporting documentation for the agreement requirements. The Audit Team tested eligibility requirements including court ordered enrollment, legal county residency, substance abuse diagnosis, and lack of private health insurance. ACTS maintains a computer system which contains records and information on individual client eligibility and other client information.

The Audit Team selected 30 clients who had received treatment during the six-month period of April 2016 through September 2016. Testing was performed to determine whether the client treatment days billed to the County were for eligible clients and at locations specified in the agreement. In addition, the testing included tracing the number of client treatment days billed to supporting documentation.

Results of Testing:

1. All 30 clients tested met the conditions of Hillsborough County residency.
2. All 30 clients had received a substance abuse diagnosis.
3. All 30 clients were court ordered to receive treatment and had not been incarcerated for a violent crime.
4. All 30 clients did not have private health insurance coverage or benefits under another third-party payer arrangement that covered the cost of residential substance abuse treatment.
5. Twenty-nine (29) of the 30 client files tested for court ordered clients contained both required documents: a copy of the individual's court order (adults and juveniles) and a

copy of the charge report from the Hillsborough County Sheriff's Office website (adults); one did not.

6. Twenty-eight (28) of the 30 client files had documents indicating that the treatment days were provided at a location specified in the agreement. Two client files indicated that the treatment was provided at a location not specified in the agreement. ACTS personnel stated they used this facility for juveniles since no space was available at the location listed in the agreement. There was no record of notice to Health Care Services in advance for the two items.

RECOMMENDATION

To more effectively monitor and ensure compliance with the agreement, Health Care Services management should consider:

- Requesting ACTS to identify the facility location name on each Client Detail Report attached to the monthly invoice or establishing a control to ensure ACTS complies with the specified locations in the agreement.
- Following up with ACTS personnel to ensure the documents required in the agreement for the one client file is obtained and included in the client file.

CLIENT RESPONSE

Concur

CORRECTIVE ACTION PLAN

The Department is in the process of modifying its Agreement with ACTS. Part of the modification removes the requirement for specific facility location names. On May 19, 2017, the Department requested ACTS to add locations of service to its invoice as an interim step until the modification is approved by the BOCC.

Health Care Services requested ACTS obtain the required documentation for the client file missing a charge report from the Hillsborough County Sheriff's Office website by June 30, 2017.

TARGET COMPLETION DATE: *July 31, 2017 to allow sufficient time to obtain the missing charge report.*