

**DEPARTMENT OF CHILDREN
AND FAMILIES AND SELECTED
BEHAVIORAL HEALTH
MANAGING ENTITIES**

**OVERSIGHT OF SUBSTANCE ABUSE AND
MENTAL HEALTH SERVICES**

Operational Audit



DEPARTMENT OF CHILDREN AND FAMILIES AND BEHAVIORAL HEALTH MANAGING ENTITIES

The Department of Children and Families (Department) is established by Section 20.19, Florida Statutes. The head of the Department is the Secretary who is appointed by the Governor and subject to confirmation by the Senate.

Pursuant to Section 394.9082(4), Florida Statutes, the Department contracts with seven Behavioral Health Managing Entities (MEs) for the purchase and management of substance abuse and mental health services for the State. The Department and the four MEs selected for audit field work, and the respective Department and ME heads who served during the period of our audit, were:

Department of Children and Families	Mike Carroll, Secretary, from May 5, 2014 Esther Jacobo, Interim Secretary, from July 19, 2013 David Wilkins, Secretary, through July 19, 2013
Big Bend Community Based Care, Inc.	Mike Watkins, Chief Executive Officer
Broward Behavioral Health Coalition, Inc.	Silvia Quintana, Chief Executive Officer
Lutheran Services Florida, Inc.	Christina St. Clair, Vice President
Southeast Florida Behavioral Health Network, Inc.	Ann Berner, Chief Executive Officer

The audit team leader was Sabrina Ballew, CPA, and the audit was supervised by Karen Van Amburg, CPA. Please address inquiries regarding this report to Lisa Norman, CPA, Audit Manager, by e-mail at lisanorman@aud.state.fl.us or by telephone at (850) 412-2831.

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DEPARTMENT OF CHILDREN AND FAMILIES AND SELECTED BEHAVIORAL HEALTH MANAGING ENTITIES

Oversight of Substance Abuse and Mental Health Services

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DEPARTMENT OF CHILDREN AND FAMILIES AND SELECTED BEHAVIORAL HEALTH MANAGING ENTITIES

Oversight of Substance Abuse and Mental Health Services

SUMMARY

This operational audit of the Department of Children and Families (Department) focused on oversight of substance abuse and mental health services by the Department and selected Behavioral Health Managing Entities (MEs). We performed audit procedures at the Department and four of the State's seven MEs. The four MEs selected for audit field work were: Big Bend Community Based Care, Inc. (BBCBC); Broward Behavioral Health Coalition, Inc. (BBHC); Lutheran Services Florida, Inc. (LSF); and Southeast Florida Behavioral Health Network, Inc. (SEFBHN). Our audit disclosed the following:

Department Oversight of Substance Abuse and Mental Health Services

Finding No. 1: The Department could not provide documentation supporting the conclusions reached on cost analyses performed for ME contracts awarded on a noncompetitive basis. Additionally, the Department had not always documented that employees involved in the contractor evaluation and selection process attested in writing that they were independent of, and had no conflict of interest in, the MEs evaluated and selected. The Department also could not document that required network management plans included all elements required by State law and that emergency preparedness plans were timely submitted and reviewed.

Finding No. 2: Due to the delegation of the day-to-day operations to a for-profit entity, it is unclear as to whether the Department substantially met the requirement for utilizing nonprofit organizations as MEs.

Finding No. 3: Department monitoring of the MEs did not ensure that all key assessment factors and performance measures were included in the scope of its monitoring activities. Additionally, the Department did not always appropriately document that proper follow-up on ME actions was taken to correct deficiencies identified through monitoring.

SUBSTANCE ABUSE AND MENTAL HEALTH INFORMATION SYSTEM (SAMHIS)

Finding No. 4: The Department had not established a method to measure the accuracy of SAMHIS client data submissions. Additionally, client SSNs were not always accurately recorded in SAMHIS.

Finding No. 5: Performance data submitted by the MEs did not always agree with the performance data recorded in SAMHIS.

Finding No. 6: SAMHIS did not facilitate reconciliations between data recorded in the Florida Accounting Information Resource Subsystem (FLAIR) and ME accounting records.

Finding No. 7: SAMHIS user access privileges were not always timely deactivated upon an employee's separation from employment or when access was no longer necessary. Additionally, the Department and MEs did not perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.

Behavioral Health Managing Entities

ME PAYMENTS

Finding No. 8: Salary payments for leave used and ME employee leave balances were not always supported or calculated accurately.

SAMHIS DATA

Finding No. 9: The MEs did not always ensure that client and service event data was entered accurately into SAMHIS. Also, some MEs did not reconcile SAMHIS records to ME accounting records to ensure that amounts paid to providers represented payments for services provided.

ME SUBCONTRACTOR MONITORING

Finding No. 10: The MEs did not always document that contract monitors were free from conflicts of interest, subcontractors were appropriately licensed, and monitoring was sufficiently documented and reviewed.

ME TANGIBLE PERSONAL PROPERTY ADMINISTRATION

Finding No. 11: The MEs did not always timely and accurately record property acquisitions in ME tangible personal property records. Additionally, SEFBHN property management policies and procedures did not conform to the requirements of Department guidelines.

Finding No. 12: The MEs did not always timely conduct annual physical inventories or ensure that the results of annual physical inventories were reconciled to ME accounting and property records.

BACKGROUND

State law¹ provides that the mission of the Department of Children and Families (Department) is to work in partnership with local communities to protect the vulnerable, promote strong and economically self-sufficient families, and advance personal and family recovery and resiliency. The Department plans, administers, and delivers most of its services to target groups through offices in 6 regions and 20 circuits. The regional offices are responsible for support services, contract management, and local program office functions. The circuits are responsible for field operations, such as protective investigations for children and adults and public assistance eligibility determinations. The Department's Central Office of Administrative Services provides administrative guidance and support to the regions in the areas of fiscal, budget, contract management, and general services and is responsible for ensuring Statewide compliance and adherence to State laws and Federal regulations.

FINDINGS AND RECOMMENDATIONS

Department Oversight of Substance Abuse and Mental Health Services

The Department's Substance Abuse and Mental Health (SAMH) program provides a range of prevention, acute intervention (i.e., crisis stabilization or detoxification), residential, transitional housing, outpatient treatment, and recovery support services. The SAMH program is also responsible for licensing, regulating, financing, and contracting with the substance abuse providers that play a significant role in the provision of substance abuse and mental health services. As of December 31, 2013, the SAMH program served 314,571 clients, as shown in **EXHIBIT A** to this report.

In 2008, the Legislature found that a management structure that placed responsibility for publicly financed behavioral health treatment and prevention services within a single private, nonprofit entity at the local level would promote improved access to care, promote service continuity, and provide for more efficient and effective delivery of substance abuse and mental health services.² Therefore, State law³ authorized the Department to contract for the

¹ Section 20.19, Florida Statutes.

² Chapter 2008-243, Laws of Florida.

³ Section 394.9082(4)(a), Florida Statutes.

purchase and management of behavioral health services with community-based behavioral health managing entities⁴ (MEs). State law⁵ requires the Department to designate the geographic areas to be served by the MEs. The geographic areas are to be of sufficient size in population and have enough public funds for behavioral health services to allow for flexibility and maximum efficiency. The Department designated seven geographical areas, as illustrated by **EXHIBIT B** to this report, and by April 2013 the Department had completed the contract procurement process and entered into contracts with seven MEs. As shown in Table 1, the number of counties and Department circuits served by the MEs varied significantly, with the populations for the designated geographic areas ranging from approximately 1.43 million to 5.36 million and the client counts ranging from 22,911 to 79,405.

Table 1
Summary of ME Geographic Areas Served

ME	Number of Counties Served	Circuits Served	Geographic Area Population as of April 2013 ^a	Number of Clients Being Served at December 31, 2013 ^a
Big Bend Community Based Care, Inc. (BBCBC)	18	1, 2, 14, and a portion of 3	1,433,985	39,672
Broward Behavioral Health Coalition, Inc. (BBHC)	1	17	1,784,715	32,756
Central Florida Behavioral Health Network, Inc. (CFBHN)	14	6, 10, 12, 13, and 20	5,362,024	79,405
Central Florida Cares Health System (CFCHS)	4	9 and 18	2,470,837	23,320
Lutheran Services Florida, Inc. (LSF)	23	4, 5, 7, 8, and a portion of 3	3,597,819	77,889
Southeast Florida Behavioral Health Network, Inc. (SEFBHN)	5	15 and 19	1,954,228	38,618
South Florida Behavioral Health Network, Inc. (SFBHN)	2	11 and 16	2,655,935	22,911

^a The number of clients served represents the unduplicated counts of client data numbers for a specified date range for each ME.

Sources: The geographic area population data was obtained from the Office of Economic and Demographic Research Web site as of April 1, 2013. The number of clients being served data was obtained from ME records and survey responses provided by ME personnel.

State law⁶ requires that each ME must demonstrate the ability of its network of providers to comply with the provisions of State law and to ensure the provision of comprehensive behavioral health services. Each ME is to have a network of providers that includes, but need not be limited to, community mental health agencies, substance abuse treatment providers, and best practice consumer services providers.

We performed audit field work at four selected MEs and obtained information regarding the MEs' total expenditures, administrative expenses, executive salaries, and clients served. In addition, we surveyed the State's other three MEs to obtain similar information. Chart 1 shows, by ME, the average monthly expenditures from July 2012 or the ME's contract start date through December 2013. We analyzed the data provided and discovered that, on average, the State's seven MEs collectively expended \$44,071,013 per month, with administrative expenditures averaging \$1,523,292, or 3.46 percent of total expenditures, during the period July 2012 through December 2013. A listing, by ME, identifying total expenditures, administrative expenditures, and the total number of employees and clients served

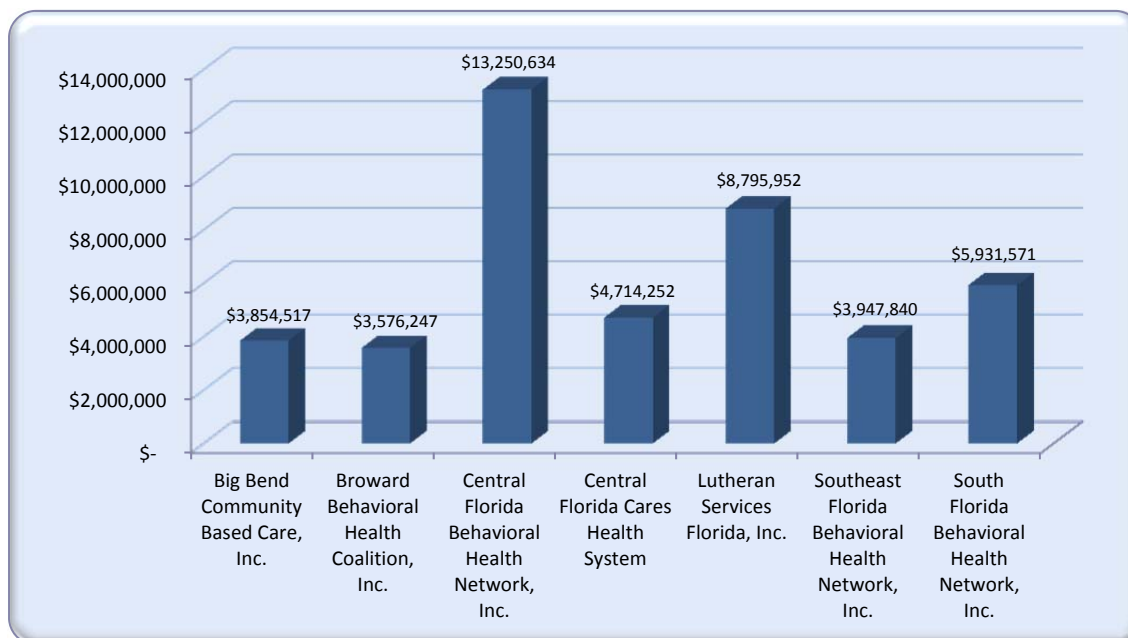
⁴ Section 394.9082(2)(d), Florida Statutes, defines managing entity as a corporation that is organized in the State, is designated or filed as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and is under contract to the Department to manage the day-to-day operational delivery of behavioral health services through an organized system of care.

⁵ Section 394.9082(4)(a), Florida Statutes.

⁶ Section 394.9082(6)(a), Florida Statutes.

is included as **EXHIBIT A** to this report. **EXHIBIT C** to this report shows that, as of April 30, 2014, ME chief executive officer annual salaries, before any bonuses, ranged from \$124,200 to \$350,000, and averaged \$182,748.

Chart 1
Average Monthly Expenditures by ME
July 2012 Through December 2013



Source: ME Records and survey responses from ME personnel.

Finding No. 1: ME Contract Awards

As previously noted, State law⁷ authorized the Department to contract with MEs for the purchase and management of behavioral health services. In April 2013, the Department completed the contract awards process for the State's seven MEs. The Department awarded six of the seven ME contracts using a noncompetitive selection process. The Department used an invitation to negotiate (ITN) process to select the other ME (the BBCBC). Table 2 shows the contract award method and the original amount of each ME contract.

Table 2
Summary of ME Contract Awards

ME	Award Method	Original Contract Amount	Contract Term
BBCBC	Competitive - ITN	\$197,111,064	April 1, 2013 – June 30, 2017
BBHC	Noncompetitive	162,576,528	November 1, 2012 – June 30, 2016
CFBHN	Noncompetitive	689,687,780	July 1, 2010 – June 30, 2015
CFCHS	Noncompetitive	226,457,704	July 1, 2012 – June 30, 2016
LSF	Noncompetitive	353,414,784	July 1, 2012 – June 30, 2016
SFBHN	Noncompetitive	362,976,259	October 1, 2010 – September 30, 2015
SEFBHN	Noncompetitive	183,297,692	October 1, 2012 – June 30, 2016

⁷ Section 394.9082(4), Florida Statutes.

Department procedures⁸ specified that all written documentation regarding the selection processes, including certain written statements from individuals involved in the selected process, was required to be maintained in Department contract files. Our examination of Department records for the seven ME contracts disclosed that:

- For the six noncompetitively procured ME contracts, the Department could not provide documentation supporting the conclusions reached on the cost analyses conducted for each contract. When contracts are awarded noncompetitively, the Department of Financial Services required⁹ each agency to maintain records to support a cost analysis, which included a detailed budget submitted by the entity awarded funding and the agency's documented review of individual cost elements from the submitted budget for allowability, reasonableness, and necessity. Department procedures¹⁰ also required a detailed price and cost analysis be included in the procurement file when fewer than two responses were received. Cost analyses and appropriate supporting documentation evidencing State agency review of each noncompetitively procured contract's individual cost elements provide assurance, and serve to demonstrate, that the contracts were awarded at competitive rates.
- Department procedures¹¹ required that individuals participating in competitive and noncompetitive procurement processes complete conflict of interest forms to demonstrate that no conflict of interest existed that would interfere in the selection of a vendor. The Department did not maintain required conflict of interest forms for some members of the evaluation and negotiation teams associated with six ME contract awards totaling \$1,485,834,031. Specifically, although the 38 evaluators and negotiators involved in the six contract awards were required to file a total of 68 conflict of interest forms,¹² the Department could only provide 44 completed forms. The 24 conflict of interest forms that were not provided were for 14 evaluators and negotiators. Conflict of interest statements completed by State agency personnel involved in the contractor evaluation and selection process reduce the appearance of, and opportunity for, favoritism and provide greater assurance that contracts are impartially awarded.
- State law¹³ required each ME to submit a network management plan and budget, with the plan detailing the means for implementing the duties to be contracted to the ME and the efficiencies anticipated by the Department as a result of executing the contract. State law specified that the Department could require modifications to ME network management plans and that the Department was to approve the plans before contracting with the MEs. Our audit procedures found that, although the Department received a network management plan for the BBCBC, it was dated June 15, 2011, approximately 21 months prior to the date of the ME contract with the Department, and the plan did not detail the means for implementing the contracted duties or the efficiencies anticipated by the Department as a result of executing the ME contract. In response to our audit inquiry, Department management indicated that the BBCBC network management plan appeared to relate to the BBCBC's role as a community-based care lead agency for child welfare services rather than the BBCBC's role as an ME.

Additionally, State law¹⁴ requires the MEs to operate in a transparent manner, providing public access to information, notice of meetings, and opportunities for broad public participation in decision making. State law specifies that the ME's network management plan was to detail policies and procedures to ensure transparency. Our examination of the network management plans for all seven MEs disclosed that the plans did not include detailed policies and procedures regarding how transparency was to be achieved.

Current and complete network management plans that detail the means for implementing the duties to be contracted for and the efficiencies to be achieved, and that include policies and procedures regarding transparency, help ensure that the Department has an appropriate instrument for measuring ME performance and compliance with statutory transparency requirements.

⁸ Department Operating Procedure 75-2, *Other Than Competitive Procurements* and Department Operating Procedure 75-10, *Guide to Competitive Procurement*.

⁹ Chief Financial Officer Memorandum No. 02 (2012-2013).

¹⁰ Department Operating Procedure 75-2, *Other Than Competitive Procurement*.

¹¹ Department Operating Procedure 75-2, *Other Than Competitive Procurements* and 75-10, *Guide to Competitive Procurement*.

¹² Some of the evaluators and negotiators were involved in more than one ME contract award.

¹³ Section 394.9082(7)(c), Florida Statutes.

¹⁴ Section 394.9082(7)(e), Florida Statutes.

- The Department's contract with each ME specified that the ME was, within 30 days of the execution of the contract, to submit an emergency preparedness plan which included provisions for record protection, alternative accommodations for clients in substitute care, supplies, and a recovery plan that would allow the ME to continue functioning in compliance with the executed contract in the event of an actual emergency. The Department was to provide a response to the ME within 30 days of receipt of the plan accepting, rejecting, or requesting modifications to the plan. For five of the seven MEs (the BBHC, CFCHS, LSF, SEFBHN, and SFBHN), the Department was not able to demonstrate that the MEs emergency preparedness plans provided had been submitted within 30 days of contract execution. Additionally, for two of these five MEs (the CFCHS and LSF), the Department could not provide evidence that a written response accepting, rejecting, or requesting modification of the plan was provided to the ME within 30 days of the plan receipt.

The Department's contract with each ME also required the MEs to submit updated emergency preparedness plans within 12 months of the Department's acceptance of the original plan or the Department's acceptance of an updated plan. Timely submitted and reviewed emergency preparedness plans help to ensure the safety of clients in the care of the MEs in the event of an emergency.

Recommendations: We recommend that Department management:

- Ensure that, for contracts awarded on a noncompetitive basis, documentation is appropriately retained to support the cost analyses conclusions.
 - Ensure that conflict of interest statements are prepared and maintained for all contract evaluators and negotiators.
 - Require the BBCBC to update its network management plan to detail the means for implementing the contracted ME duties and the efficiencies anticipated by the Department as a result of executing the contract.
 - Require each ME to update its network management plan to include detailed policies and procedures regarding transparent operations.
 - Ensure that the ME emergency preparedness plans are timely submitted and reviewed in accordance with ME contract terms.
-

Finding No. 2: Eligibility of MEs

State law¹⁵ defines an ME as a corporation that is organized in the State, is designated or files as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and is under contract to the Department to manage the day-to-day operational delivery of behavioral health services through an organized system of care. Our review of the nonprofit status of the State's seven MEs disclosed that, although all seven were nonprofit organizations, one ME had substantially contracted out its day-to-day operations to a for-profit entity. Specifically, the Department entered into an ME contract with the BBHC on November 1, 2012, and with the Department's knowledge, the BBHC contracted on November 1, 2012, with a for-profit organization, Concordia Behavioral Health (Concordia), to perform day-to-day functions integral to the ME operations. For example, Concordia was to provide services related to: utilization management systems; network and subcontractor management and relations; data collection, analysis, and reporting; continuous quality improvement; and technical assistance and training of providers. Therefore, while the BBHC is ultimately responsible for ME management and its providers, Concordia is involved in every aspect of the BBHC's operations.

¹⁵ Section 394.9082(2)(d), Florida Statutes.

According to BBHC records, during the period November 2012 through January 2014, BBHC payments to the Concordia represented approximately \$1.7 million of the total \$68.7 million BBHC payments. During the 2012-13 fiscal year, the BBHC's administrative expenditures represented 5.3 percent of the total BBHC expenditures which, according to our ME administrative costs analyses, was the highest percentage of the seven MEs.

As stated in law,¹⁶ the Legislature found that a management structure that places the responsibility for publicly financed behavioral health treatment and prevention services within a single private, nonprofit entity at the local level will promote improved access to care, promote service continuity, and provide for more efficient and effective delivery of substance abuse and mental health services. As the BBHC substantially delegated its day-to-day ME operations via contract with a for-profit entity, it is unclear as to whether the Department substantially met the requirement for utilizing nonprofit organizations as MEs. In addition, by awarding ME contracts to entities that effectively reassign the ME service responsibilities to a for-profit organization, the Department's ability to streamline services and provide for cost efficiencies and flexibility in matching services with customer needs may be limited.

Recommendation: We recommend that Department management ensure that the MEs are organized and provide for services as specified by State law.

Finding No. 3: Monitoring of MEs

State law¹⁷ requires the Department to establish a contract monitoring unit and a monitoring process that includes, but is not limited to, preparing a contract monitoring plan that includes sampling procedures and a description of the programmatic, fiscal, and administrative components that will be monitored on-site. Also, Department policies and procedures¹⁸ specified that Department contract managers were responsible for approving ME corrective action plans and following up with the MEs to ensure implementation of the planned corrective actions.

As part of our audit, we examined Department documentation for three of the six¹⁹ ME on-site reviews for which the Department issued monitoring reports during the period July 1, 2012, through December 18, 2013, and evaluated whether the Department's 2012-13 fiscal year monitoring activities and reports adequately addressed key assessment factors and performance measures. Our audit tests disclosed that the Department's monitoring activities did not adequately address all components of ME operations or demonstrate that corrective actions were completed. Specifically, we found that:

- The Department's contract monitoring for the 2012-13 fiscal year did not include a review of the ME's system of care, subcontractor monitoring activities, data collection and reporting procedures, fiscal integrity, accounting system adequacy, compliance with Federal laws, or Board governance. Department records indicated that monitoring had been limited for the 2012-13 fiscal year as the MEs had been newly established or were transitioning to new requirements. According to Department management, the Department's monitoring scope was limited to focus on ensuring that the ME controls were designed and developed in accordance with administrative and programmatic requirements. However, with the exclusion of key assessment factors such as data collection and reporting procedures, accounting system adequacy, and compliance with Federal laws, it is not apparent how the Department's monitoring scope was adequate to address the risks associated with the new MEs or new ME requirements.
- Department records did not demonstrate that corrective actions had actually been completed for one of the three monitoring reports we reviewed. Although Department staff indicated in the October 2013 corrective

¹⁶ Section 394.9082(1), Florida Statutes.

¹⁷ Section 402.7305(4), Florida Statutes.

¹⁸ Department Policy and Procedure CFOP 75-8, *Contract Oversight*.

¹⁹ The Department did not monitor the BBCBC during the 2012-13 fiscal year as the contract was not effective until April 2013.

action plan that corrective actions had been completed for the two findings noted in a September 2013 monitoring report on the CFBHN, the Department's comments included in the plan only indicated that the ME would take corrective action. Department records did not demonstrate that the planned corrective actions had been completed and verified. A subsequent Department monitoring review in February 2014 disclosed that one of the findings remained uncorrected.

For the other two monitoring reports we reviewed, Department monitoring documentation indicated that the monitor could not determine ME compliance with four contract requirements. Two of the requirements pertained to the conduct of background screenings and data security issues. However, these issues were not included in the monitoring reports. Department procedures²⁰ allowed for the classification of items as questionable if a monitor was unable to determine if a ME was in compliance; however, without reporting these items and requiring corrective action be taken, there is an increased risk that noncompliance may continue.

As part of the Department's ME monitoring activities, State law²¹ and Department policies and procedures²² require Department contract managers to periodically document any differences between required performance measures and actual performance measures. Each ME was contractually required to submit quarterly reports to the contract manager detailing its performance and activities related to the performance and outcome measures specified in its contract.

As part of our audit, we evaluated the Department's monitoring activities related to the seven ME's performance measures during the period July 1, 2013, through January 31, 2014. We found that the Department did not require the BBCBC to submit performance data until October 2013, 6 months after the start of the BBCBC's ME contract. Additionally, the Department did not provide the CFCCHS with performance targets until July 2014 and, therefore, did not require the CFCCHS to submit quarterly performance data until July 2014.

Monitoring allows the Department to identify deficiencies and inefficiencies and is useful for effecting changes in the future. As shown by Exhibit A to this report, ME administrative expenditures ranged from 2.2 to 5.3 percent of the MEs' total expenditures. Monitoring the proper classification of administrative expenditures and verifying that ME administrative costs do not exceed the administrative cost rates established in the ME contracts provides assurance that behavioral health services are being effectively managed to allow for flexibility and maximum efficiency. The monitoring of all key assessment factors and performance measures would better enable the Department to demonstrate its determination that the MEs are operating in accordance with applicable legal, contractual, and other requirements. Additionally, proper follow-up on deficiencies identified through monitoring activities allows the Department to evaluate the sufficiency of ME corrective actions.

Recommendation: We recommend that Department management enhance monitoring procedures to ensure that, in accordance with applicable legal, contractual, and other requirements, all key assessment factors and performance measures are included in the scope of its ME monitoring activities. Additionally, we recommend that Department management ensure that proper follow-up on ME actions taken to correct any deficiencies or inefficiencies identified through the monitoring activities is appropriately documented.

Substance Abuse and Mental Health Information System

The Department utilized the Substance Abuse and Mental Health Information System (SAMHIS) to collect, analyze, and report data on persons served by State-contracted community substance abuse and mental health provider agencies. SAMHIS data includes service provider profile data; client socio-demographic data and clinical

²⁰ Department Policy and Procedure CFOP 75-8, *Contract Oversight*.

²¹ Section 402.7305(3)(f), Florida Statutes.

²² Department Policy and Procedure 75-2, *Contract Management*.

characteristics; and the type, number, and outcome of services provided. The MEs uploaded data into SAMHIS from the client systems they maintained. Monthly, the Department extracted data from SAMHIS and loaded it into a data warehouse where the data was aggregated at the State, regional, and provider levels to report SAMH program performance.

Finding No. 4: SAMHIS Data Reliability

State law²³ requires the MEs to collect and submit data to the Department regarding persons served, outcomes of persons served, and the costs of services provided through the Department's contract. State law further requires the Department to evaluate ME services based on consumer-centered outcome measures that reflect national standards and can be dependably measured.

Each ME and its service providers input client demographic and service data in the ME's client system. The MEs then performed batch processes to upload the data from their systems into the corresponding data fields in SAMHIS. Department procedures²⁴ required the MEs to upload data into SAMHIS monthly. Data records that were not successfully uploaded into SAMHIS were reported on an upload history report that was to be used by the MEs to identify records that needed to be corrected and resubmitted. The MEs were required by contract to correct and resubmit any rejected records no later than the next monthly submission. The Department's contracts with the MEs specified that, in the event an ME's total monthly submission per data set resulted in a rejection rate greater than 5 percent for 2 consecutive months, the ME was to submit a corrective action plan describing how and when the missing data would be submitted or how and when the erroneous data records would be corrected and resubmitted.

As a means to monitor ME data submission accuracy, the SAMH program's Data Section provided a monthly SAMHIS upload history report to the Department's contract managers that contained, for each month, the number of records submitted by the MEs, the number of rejected records, and the percentage of records accepted. The contract managers were to use the SAMHIS upload history report to determine ME compliance with contractual terms related to timely and accurate SAMHIS data submission.

As part of our audit, we examined a Department-provided summary of the monthly SAMHIS upload history reports for all seven MEs for the period April 2013 through December 2014. We noted that 96 of the 141 monthly ME data submissions²⁵ had rejection rates that exceeded 5 percent. In response to our audit inquiry, Department management indicated that the contract managers had generally not required the MEs to submit corrective action plans in response to the reported rejection rates since some of the reasons for the high rejection rates were due to revisions made to SAMHIS data fields and formats. Further, Department management realized, subsequent to our audit inquiry, that the manner in which the SAMHIS upload history report captured information limited the usefulness of the report as a monitoring tool as the report aggregated all data submissions made by the ME during the month, including data that had been corrected and resubmitted. Therefore, the report did not show the ME's rejection rate for the initial upload or the number of unique records that were correctly entered into SAMHIS after all monthly submissions were made. Without an effective method for determining the SAMHIS data error rates, the Department cannot effectively evaluate the accuracy of the ME-submitted data and determine whether a corrective action plan should be required.

We also performed procedures to review the accuracy of client social security numbers (SSNs) included in SAMHIS by comparing SAMHIS data to comparable client data in another Department information technology (IT) system

²³ Section 394.9082(6)(f), Florida Statutes.

²⁴ Department Pamphlet 155-2, *Mental Health and Substance Abuse Measurement and Data*.

²⁵ During the period April 2013 through December 2014, the BBCBC did not submit 4 monthly ME data uploads and the CFCHS did not submit 2 monthly ME data uploads.

and identified incorrect SSNs recorded in SAMHIS for three clients. For all three clients, the SSN recorded in SAMHIS belonged to another Department client. For one client, the SSN recorded in SAMHIS was the same SSN as recorded for another client in SAMHIS. In response to our audit inquiry, Department management disclosed that SAMHIS did not have edit checks in place to prevent the input of the same SSN for multiple clients and a process was not in place to identify and investigate duplicate client SSNs in SAMHIS data. Accurate SAMHIS data is necessary for effective and efficient service delivery and accurate reporting.

Recommendation: We recommend that Department management develop a method to measure the accuracy of SAMHIS data submissions and to follow up with any ME that continues to have high rejection rates and records that are not timely corrected and resubmitted. We also recommend that Department management take actions to ensure the accurate recording of client SSNs in SAMHIS.

Finding No. 5: Performance Outcome Standards

State law²⁶ requires the Department to submit an annual report to the Legislature describing substance abuse and mental health services provider compliance with the annual performance outcome standards established by the Legislature. State law also requires the report to address contracted providers which met or exceeded performance standards, providers that did not achieve performance standards for which corrective action measures were developed, and providers whose contracts were terminated due to a failure to meet the requirements of their corrective action plan. The Department's contracts with the MEs required that SAMHIS be used as the source for all data used to determine compliance with ME performance outcome standards. The MEs were also required to submit performance information quarterly to the Department's contract managers, who were to review the information and assess the MEs' performance against targeted outcomes.

To assess the accuracy of reported performance information, we compared the information related to 26 performance outcome standards reported by each of the four selected MEs to the Department as of December 31, 2013, to the corresponding data recorded in SAMHIS. Our comparison found that the performance data submitted by the MEs did not agree with the performance data recorded in SAMHIS for 98 of the 104 performance outcome standards. In response to our audit inquiry, Department management indicated that the methods for compiling the performance data were inconsistent among the MEs and also inconsistent with the method utilized by the Department. Department management further indicated that, as of May 2014, the ME contracts had been updated to provide further requirements and guidelines for ME use when reporting performance data.

Without a consistent method for compiling and reporting performance data, the Department cannot accurately evaluate the extent to which the MEs and their providers are meeting performance outcome standards. As a result, the Department cannot accurately report the MEs' and their providers' performance to the Legislature.

Recommendation: We recommend that Department management continue to take measures to ensure that the MEs compile and report performance data in accordance with contract terms.

Finding No. 6: Data Reconciliations

During the 2013-14 fiscal year, the Department paid approximately \$533 million to the MEs for the delivery of substance abuse and mental health services for Department clients. The Department used the Florida Accounting

²⁶ Section 394.745, Florida Statutes.

Information Resource Subsystem (FLAIR) to pay the MEs on an advance basis in amounts that represented one-twelfth of each fiscal year's budgeted contract amount. When making the ME payments, the Department initially recorded the ME payments in FLAIR based on the fiscal year budgeted contract amount. Each month, the MEs were required to submit monthly invoices to the Department, along with copies of their Monthly Actual Expenditure Reports, prepared using the accounting records maintained by the MEs in their own accounting systems and supporting documentation. After receipt of the invoice documentation, the Department adjusted the ME payments in FLAIR to reflect actual expenditures, as reported by the MEs on the Monthly Actual Expenditure Reports for the various services, such as crisis stabilization, residential care, and case management.

Given that multiple IT systems are used to capture and account for client payment and program expenditure data, periodic reconciliations of the data in each system are necessary to reasonably ensure the accuracy and completeness of the data and to timely identify discrepancies that may require corrective actions. Our audit procedures disclosed that the Department and two (the BBCBC and LSF) of the four selected MEs did not have systems or processes in place to reconcile their accounting records to the associated service events data recorded in SAMHIS. We also noted that the Department had not established guidelines for ME use when reconciling their accounting records to SAMHIS data. In response to our audit inquiry, Department management indicated that reconciliations of the cost of services from SAMHIS to payment amounts in FLAIR were not always practicable because SAMHIS did not contain cost or service payment amounts. Department management also indicated that SAMHIS was developed prior to the implementation of the ME service delivery strategy and had not been modified to include payment information, but management had plans to modify SAMHIS in the future. Subsequent to our audit field work, the LSF implemented procedures to reconcile their accounting records to the data recorded in SAMHIS.

Absent SAMHIS functionality to facilitate the preparation of complete and properly prepared reconciliations of client service data to the associated payment data in FLAIR and ME accounting records, the Department and MEs are limited in their ability to ensure that program expenditures are accurate and complete and that any discrepancies will be timely identified and corrected. Department-established procedures for reconciling SAMHIS and FLAIR data and Department-provided guidelines for ME use when reconciling ME accounting records to SAMHIS data would further promote the accuracy and completeness of the client payment and program expenditure data and would also provide additional assurances regarding the consistency and adequacy of the ME reconciliation processes.

Recommendation: To facilitate the reconciliation of SAMHIS client service data to the associated payment data in FLAIR and ME accounting records, we recommend that Department management timely proceed with planned SAMHIS modifications. Additionally, we recommend that Department management develop procedures for reconciling FLAIR and SAMHIS client payment and program expenditure data and also establish guidelines for ME use when reconciling ME accounting records to SAMHIS data. Department staff should periodically review documentation of the ME-prepared reconciliations to ensure that the reconciliations were appropriately and timely performed.

Finding No. 7: SAMHIS Access Controls

To ensure security over State agency IT systems and data, minimum security standards were established in Agency for Enterprise Information Technology (AEIT) rules.²⁷ Those rules specify that agency information owners are

²⁷ AEIT Rule 71A-1.007, Florida Administrative Code. Effective July 1, 2014, Chapter 2014-221, Laws of Florida, created the Agency for State Technology (AST) within the Department of Management Services and authorized a type two transfer of all records; property; administrative authority; administrative rules in Chapters 71A-1 and 71A-2, Florida Administrative Code; and existing contracts of the AEIT to the AST.

responsible for authorizing access to information and require that agency information owners review access rights (privileges) periodically based on risk, access account change activity, and error rate.

The Department's contracts with the MEs required each ME to maintain all the SAMHIS user accounts for persons affiliated with the ME's system of care. Department policies and procedures²⁸ specified that the MEs were to immediately notify the SAMH District Officer of a user's separation from employment and submit a completed Database Access Request Form with the Deactivate User box checked. The Department was responsible for deactivating access upon receipt of the ME request.

As part of our audit, we evaluated controls related to SAMHIS, including procedures for deactivating SAMHIS user account access privileges upon a user's termination of employment and when SAMHIS access was no longer necessary to perform the user's job responsibilities. Additionally, we performed audit procedures to determine whether the Department and the four selected MEs had periodically reviewed SAMHIS user access privileges to ensure the continued appropriateness of the access. Our audit procedures disclosed that SAMHIS user access privileges were not always timely deactivated and SAMHIS user account access privileges were not periodically reviewed, as described below.

- Department records identified active SAMHIS user accounts for 232 Department employees as of March 12, 2014. Our comparison of Department records to personnel records disclosed 25 instances where, although the employee had separated from Department employment, the employee's SAMHIS access privileges had remained active from 18 to 506 business days (average of 265 business days) after employment termination. Additionally, we noted 1 of the 25 former employees' user accounts was used to access SAMHIS approximately 2 months after the date the employee separated from Department employment. For all 25 instances, SAMHIS access was revoked subsequent to our audit inquiry.
- At three of the selected MEs,²⁹ we examined SAMHIS user access records for a total of six employees who had separated from ME employment during the period July 2012 through May 2014 and, as shown in Table 3, found that SAMHIS access privileges had not been timely deactivated for four of the former ME employees.

Table 3
Summary of Untimely Deactivation of SAMHIS Access Privileges

ME	Number of Terminated ME Employee User Accounts Examined	Number of ME Employees Whose Access Privileges Were Not Timely Deactivated	Number of Business Days Between Termination and Deactivation of Access Privileges
BBHC	1	1	10 ^a
LSF	3	1	33 ^b
SEFBHN	2	2	317 and 341 ^a
Totals	<u>6</u>	<u>4</u>	

^a In June 2014, subsequent to our audit inquiry, the BBHC and the SEFBHN requested that the Department deactivate access privileges for their employees.

^b The access privileges for the LSF employee were deactivated as of December 2013.

- We also examined the access privilege records for 49 active SAMHIS user accounts as of March or April 2014 for the four selected MEs and their subcontractors to determine whether the assigned access privileges were necessary for the performance of the users' job duties. As summarized in Table 4, our audit tests found 14 instances where user access privileges were not timely deactivated when SAMHIS access was no longer necessary. Subsequent to our audit inquiry, the MEs requested that the access privileges for the 14 user

²⁸ Department Pamphlet 155-2, Chapter 2, *Privacy and Security*.

²⁹ No BBCBC employees with SAMHIS access privileges separated from BBCBC employment during the period subject to audit.

accounts be deactivated. Similar instances regarding BBCBC access controls over the Florida Safe Families Network system were noted in finding No. 10 of our report No. 2015-156.

Table 4
Summary of Untimely Deactivation of SAMHIS Access Privileges
for Active User Accounts Active as of March or April 2014

ME	Number of Active User Accounts Reviewed	Number of Users Whose Access Privileges Were Not Timely Deactivated	Time Elapsed Between Access Privileges No Longer Necessary and Deactivation of Access Privileges
BBCBC	7	1	6.5 Years
BBHC	10	5	33 – 453 Business Days
LSF	22	6	63 – 370 Business Days
SEFBHN	10	2	231 Business Days
Totals	<u>49</u>	<u>14</u>	

- The Department and the four selected MEs had not established procedures requiring periodic reviews of SAMHIS access privileges to ensure that only authorized employees had access and that the access privileges were appropriate for each user's job responsibilities. In response to our audit inquiry, management of one ME indicated that they were not required to perform periodic SAMHIS user access reviews and provided correspondence from the Department contract manager to that effect. However, as the MEs' contracts with the Department required the ME to maintain all SAMHIS user accounts for persons affiliated with its system of care, it is not apparent how an ME could comply with the terms of the contract without performing periodic reviews of the SAMHIS user accounts.

Delays in deactivating user access privileges increase the risk of inappropriate access to IT resources and the unauthorized disclosure, modification, or destruction of Department data and IT resources. Additionally, without periodic and timely reviews of the appropriateness of user access privileges, the Department cannot be assured that SAMHIS access privileges are provided only to authorized persons for authorized purposes.

Recommendation: To minimize the risk of compromising SAMHIS data and IT resources, we recommend that the Department work with the MEs to ensure that SAMHIS user access privileges are timely deactivated upon employment termination and when access privileges are no longer necessary. Additionally, we recommend that the Department and MEs perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.

Behavioral Health Managing Entities
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As previously noted, the seven MEs are responsible for the purchase and management of behavioral health services. As part of our audit, we performed audit procedures with respect to the following four MEs:

- Big Bend Community Based Care, Inc. (BBCBC).
- Broward Behavioral Health Coalition, Inc. (BBHC).
- Lutheran Services Florida, Inc. (LSF).
- Southeast Florida Behavioral Health Network, Inc. (SEFBHN).

ME Payments

The contracts between the Department and the MEs require the MEs to comply with State laws and rules and Federal laws and regulations. To ensure the appropriateness of expenditures and promote compliance with the applicable laws, rules, and regulations, ME management is responsible for establishing and implementing controls, including controls to prevent improper contract, administrative, and payroll payments. Such controls should include, but not be limited to, procedures to verify that, prior to payment, amounts are accurate and adequately supported and comply with all applicable State and Federal laws, rules, and regulations.

Finding No. 8: Leave Balances

Complete and accurate records of employee salary payments and leave balances are necessary to properly track leave usage, calculate amounts due to employees for terminal leave benefits, and accurately report the liability for compensated absences. As part of our audit, we reviewed ME documentation for 74 salary payments, including payments for regular salary, leave, and bonuses, totaling \$221,896, to determine whether the payments were properly calculated, approved, and supported by authorized and sufficient time and attendance records. Table 5 shows, by ME, the total number and amount of salary payments during the period tested and the total number and amount of the salary payments tested.

Table 5
Summary of Salary Payments and Salary Payments Tested

ME	Period Tested	Total Salary Payments		Total Salary Payments Tested	
		Number	Amount	Number	Amount
BBCBC	April 2013 through January 2014	358	\$ 876,050	17	\$ 71,206
BBHC ^a	November 2012 through January 2014	153	307,379	17	38,611
LSF	July 2012 through January 2014	529	1,727,894	20	53,429
SEFBHN	November 2012 through January 2014	405	753,908	20	58,650
Totals		1,445	\$3,665,231	74	\$221,896

^a Amounts provided by the BBHC represent net salary rather than gross salary.

Source: ME records.

Our audit tests disclosed 16 instances where the ME employee leave balances applicable to the salary payments tested did not appear to be accurately calculated or supported by ME leave and attendance records. Specifically, we noted that:

- The BBCBC Human Resources (HR) supervisor maintained a leave schedule which served as the BBCBC's official leave records. The HR Supervisor updated the leave schedule to reflect the leave taken as recorded on employee time sheets. However, the BBCBC's practices for recording leave did not ensure that all leave taken was offset against leave accrued. Additionally, the BBCBC did not ensure that leave taken was accurately recorded in the official leave records as described below.
 - BBCBC policies did not address when employees were required to record leave on their time sheets. However, BBCBC management indicated in response to our audit inquiry that if a salaried employee³⁰ used less than 8 hours of leave during a work day, the leave was not deducted from the BBCBC's official leave records.

³⁰ At the time of our audit, all BBCBC employees were salaried employees.

- Our test of 5 BBCBC salary payments that included payment for leave used disclosed that in 1 instance the employee had requested 80 hours of leave on a Paid Time Off (PTO) leave request form; however, the BBCBC's official leave records reflected only 24 hours of leave used and a time sheet was not available to support the time worked.

Similar instances related to BBCBC leave policies were noted in finding No. 7 of our report No. 2015-156.

- The BBHC utilized a PTO worksheet to track employee leave and to monitor available leave balances. Our test of 4 BBHC salary payments that included payment for leave used disclosed that, due to an oversight, BBHC staff did not record 32 hours of leave used on the PTO worksheet for 1 payment. Subsequent to our audit inquiry, BBHC management indicated that the applicable employee's leave balance was adjusted on the PTO worksheet.
- SEFBHN practice was to require employees to submit an Absence Request Form for any leave taken. SEFBHN used the information on the Absence Request Forms to update a PTO worksheet, which served as the SEFBHN's official leave records. However, we found that Absence Request Forms were not consistently utilized by SEFBHN employees and time sheets or other attendance records were not required for salaried employees, consequently, leave balances were not always accurately tracked. We also noted that even when Absence Request Forms were utilized, the PTO worksheet was not always properly updated. For example, for a salary payment for which the SEFBHN was able to provide an Absence Request Form, we noted that the employee's leave was recorded to an incorrect month on the PTO worksheet. In addition, in response to our audit request, SEFBHN management could not provide documentation supporting the July 1, 2013, beginning leave balances recorded on the PTO worksheet.

Salary and leave and attendance records support the compensation amounts authorized to be paid and support the amount due for compensated absences recorded in ME accounting records. Attendance and leave records that are not accurately maintained increase the risk of salary payment errors and incorrect financial reporting. In addition, absent records that accurately reflect the hours of leave used by salaried employees, the BBCBC and SEFBHN cannot demonstrate that the number of established full-time positions are necessary to accomplish the tasks required by the ME contract terms.

Recommendation: We recommend that ME management ensure that all employee leave used is appropriately documented and approved and that employee leave balances are accurately calculated and supported by leave and attendance records.

SAMHIS Data

State law³¹ specifies that one of the goals of the ME service delivery strategy is to improve accountability for a local system of behavioral health care services to meet performance outcomes and standards through the use of reliable and timely data. Accordingly, State law³² requires the MEs to collect and submit data to the Department regarding persons served, outcomes of persons served, and the costs of services provided through the contract with the Department.

Finding No. 9: SAMHIS Data Accuracy

The Department's contracts with each ME required the ME to maintain records documenting the names and unique identifiers of the individuals served and the dates services were provided. Accordingly, the MEs were to require that ME subcontractors clearly document all admissions and discharges of individuals served and submit all service event

³¹ Section 394.9082(5)(a), Florida Statutes.

³² Section 394.9082(6)(f), Florida Statutes.

data to the MEs. The data submitted to the MEs was to be consistent with the information maintained in the providers' client files.

We evaluated the accuracy of the data reported in SAMHIS for 115 service events³³ which occurred during the period July 2012 through January 2014 by comparing the data recorded in SAMHIS to the information in client files maintained by the MEs and their subcontractors. Table 6 shows the number of events included in our audit testing for each of the four selected MEs.

Table 6
Summary of Service Events Tested

ME	Number of Service Events Tested
BBCBC	40
BBHC	25
LSF	25
SEFBHN	25
Total	<u>115</u>

Our audit tests disclosed that the data in SAMHIS related to the service events tested was not always accurate or supported by client case file information. Specifically:

- The BBCBC did not provide documentation demonstrating the accuracy of the information recorded in SAMHIS for 4 of the 40 service events tested.
- An LSF service provider's client file did not include documentation to support the data recorded in SAMHIS for 1 of the 25 service events tested.
- SEFBHN management indicated in response to our audit inquiry that, for 1 of the 25 service events tested, although recorded in SAMHIS, the service event did not occur.

Accurate and complete SAMHIS data supported by client file information, enhances the Department and ME management's ability to demonstrate that Department-provided funds are used only for allowable purposes and that SAMHIS data is reliable for measuring ME performance.

Recommendation: We recommend that ME management strengthen controls over SAMHIS data entry to ensure client and service event information is accurately recorded.

Follow-up to BBCBC Management's Response:

BBCBC management's response states that all requested client documentation had been provided during the audit. However, while BBCBC staff provided certain documentation for four service events, the documentation did not include required information such as the unique client identifiers of the individuals served (i.e., client identification number, social security number, or date of birth).

ME Subcontractor Monitoring

Effective contract and grant management requires the monitoring of contractor and grantee performance to determine compliance with contract and grant provisions and to provide a means for early detection of potential problems and timely corrective action. To demonstrate effective contract and grant management, records of ME

³³ Service events include, but are not limited to, case management, detoxification, and crisis stabilization services or activities.

subcontractor monitoring, such as monitoring procedures, plans, and activities, including periodic on-site monitoring visits, should be maintained.

Finding No. 10: Monitoring of Subcontractors

Residential and non-residential substance abuse and mental health services are made available to eligible individuals by the MEs through subcontracts with providers. To ensure that services provided to individuals are in accordance with applicable laws and rules, the contracts between the Department and the MEs required the MEs to monitor the performance of all subcontractors, and provide technical assistance and implement corrective actions as required. In addition, Department policies and procedures³⁴ required the contract monitors to sign a Conflict of Interest Statement before monitoring each provider and file the signed statements with the monitoring work papers.

As part of our audit, we evaluated the BBHC, LSF, and SEFBHN's³⁵ monitoring activities related to subcontracts active during the period July 2012 through January 2014. Our evaluation included an examination of ME records for 15 monitoring engagements to determine, among other things, whether contract monitor conflict of interest disclosures had been appropriately documented, contract terms had been monitored, monitoring reports had been timely prepared and reviewed, monitoring reports reflected issues identified through monitoring tools, and the ME had timely followed up on all issues identified in the monitoring report. We found that the MEs did not always document that contract monitors were free from conflicts of interest, subcontractors were appropriately licensed, follow-up on monitoring results was performed, or monitoring engagement records had been subject to supervisory review. Specifically:

- Conflict of Interest Statements related to the specific monitoring engagements and signed by the contract monitors were not with the monitoring work papers for any of the 4 BBHC monitoring engagements we tested. In response to our audit inquiry, Concordia staff³⁶ indicated that monitoring was conducted by Concordia employees who signed a Conflict of Interest Statement at the time of hire but not before each monitoring engagement.
- The LSF could not provide signed Conflict of Interest Statements or documentation demonstrating that the monitor verified that the subcontractors were appropriately licensed, or evidence of supervisory review for 2 of the 6 LSF monitoring engagements tested. In addition, for 1 of the 4 monitoring engagements with documented findings, no evidence was available to demonstrate that LSF staff had followed up on the finding. In response to our audit inquiry, LSF management indicated that during the 2013-14 fiscal year they were transitioning monitoring activities to the LSF from a third party.

Effective contract monitoring evaluates whether the desired service outcomes are being achieved and identifies performance problems as early as possible so that corrective action may be timely initiated. Without adequate documentation of monitoring activities performed in accordance with applicable guidelines and appropriate supervisory review, the MEs cannot clearly demonstrate that contractual services were provided in accordance with contract terms, contract deliverables were received, or that contract monitoring results were appropriately and completely vetted. Additionally, absent adequate documentation of subcontractor monitoring, the MEs cannot demonstrate compliance with the terms of their contracts with the Department.

³⁴ Department Policy and Procedure 75-8, *Contract Oversight*.

³⁵ As the BBCBC contract with the Department was not executed until April 2013, sufficient time had not elapsed at the time of our audit field work for an evaluation of BBCBC monitoring activities.

³⁶ The BBHC contracted with the Concordia for the monitoring of BBHC subcontractors.

Recommendation: We recommend that ME management ensure that contract monitoring activities are appropriately performed, documented, and reviewed. As required by Department policies and procedures, monitoring work papers should include Conflict of Interest Statements completed by the contract monitors prior to monitoring each provider.

ME Tangible Personal Property Administration

The Department's contracts with the MEs required the MEs to comply with Department tangible personal property management guidelines³⁷ for all property items purchased with Department-provided funds. Those guidelines required that detailed property records be maintained to accurately and completely account for property acquisitions, inventories, transfers, and disposals of property.

As part of our audit, we evaluated ME policies and procedures, verified the physical existence of selected ME property, and examined ME records related to the acquisition and physical inventory of property purchased with Department-provided funds. Our audit procedures disclosed areas where improvements in the MEs' tangible personal property accountability were needed.

Finding No. 11: Property Records

Department guidelines required that ME property records include for each item of property³⁸ information such as: a description of the property; the manufacturer's serial number; the acquisition date and cost; and the current location of the property. Our examination of ME records for 30 property items (6 items at the BBCBC, 6 items at the BBHC, 5 items at the LSF, and 13 items at the SEFBHN), purchased during the period November 2012 through January 2014 with acquisition costs totaling \$34,908, disclosed that the ME property records were not always accurate or complete. Specifically:

- BBCBC policies and procedures³⁹ required that property purchased with Department-provided funds be recorded on the BBCBC property inventory list and tagged in accordance with Department guidelines. In April 2013 and June 2013, the BBCBC purchased, for ME purposes, six computers with acquisition costs totaling \$6,955. However, in response to our audit request, BBCBC staff could not provide documentation demonstrating that any of these six computers had been added to the BBCBC's inventory list. Similar instances related to BBCBC records of property purchased with Community-Based Care contract funding were noted in finding No. 16 of our report No. 2015-156.
- Our examination of BBHC records for 6 property items, with acquisition costs totaling \$15,926, acquired by the BBHC during the period November 2012 through January 2014, disclosed that the BBHC's property listing did not include a computer server acquired in March 2013 at a cost of \$8,961. In response to our audit inquiry, BBHC staff indicated that the server was mistakenly not recorded in the property listing. We also noted that the BBHC property listing did not include all of the information required by Department procedures for the other 5 property items (a television and four desktop computers) tested. The information that was missing included the manufacturer's serial number, acquisition date and cost, and condition.

In addition, BBHC policies and procedures⁴⁰ specified that the Program Contract Manager was to develop and maintain a Property Information Worksheet. The Program Contract Manager was to review property

³⁷ Department *Tangible Property Requirements and Contract Provider Property Inventory Form*.

³⁸ The Department *Tangible Property Requirements and Contract Provider Property Inventory Form*, defined property as equipment, furniture, fixtures, motor vehicles, and other personal property of a non-consumable and non-expendable nature, with an original acquisition cost or estimated fair market value of \$1,000 or more and an expected useful life of 1 year or more. Property also included all computers with an expected useful life of 1 year or more.

³⁹ BBCBC Policy and Procedure 1330, *Equipment, Real Property and Inventory Control*.

⁴⁰ BBHC Policy and Procedure No. BBHC.0038, *Property Management*.

documentation to ensure that all property was listed on the Property Information Worksheet. However, in response to our audit inquiry, BBHC staff confirmed that they did not use the Property Information Worksheet.

- The SEFBHN's policies and procedures,⁴¹ effective in January 2014, specified that property items costing \$1,000 or more with a useful life of over 2 years were to be recorded in the ME's general ledger. The policies and procedures required that property be tagged with a prenumbered tag and added to the list of assets maintained by the SEFBHN's accounting department. However, contrary to Department guidelines, the policies and procedures did not require that computers costing less than \$1,000 and with a useful life of 1 year or more, or property costing \$1,000 or more with a useful life between 1 and 2 years, be recorded in the ME's asset listing. In addition, we noted that the asset listing did not contain all the information required by Department guidelines for each SEFBHN property item. In response to our audit inquiry, SEFBHN management indicated that the asset listing was a work in progress.

In addition to the asset listing, the SEFBHN maintained inventory system records. However, we noted that those records did not include all the information required by Department guidelines or SEFBHN policies and procedures. Specifically, we tested 13 property items recorded in the inventory system and acquired during the period July 2012 through January 2014 with acquisition costs totaling \$8,392, and noted that:

- SEFBHN inventory system records did not include a property item number, acquisition date, or current condition for any of the 13 property items.
- Twelve of the 13 property items had serial numbers; however, SEFBHN inventory system records did not contain the serial number for any of the 12 items.
- SEFBHN inventory system records did not contain the correct cost for 12 of the 13 property items.
- The location of the property was not included in the SEFBHN inventory system records for 4 of the 13 items.

In response to our audit inquiry, SEFBHN management indicated that the ME used the inventory system mainly for property connected to the SEFBHN's network.

Without a complete listing of all property that includes all the required information for each property item, the risk is increased that the MEs will not maintain the information necessary to appropriately safeguard and accurately account for all applicable property items purchased with public funds. In addition, absent accurate and complete property records, the MEs cannot demonstrate compliance with applicable Department guidelines.

Recommendation: We recommend that ME management ensure that property purchased with Department-provided funds is properly recorded in the ME property records. In addition, SEFBHN management should revise the ME's property management policies and procedures to conform to the requirements of Department guidelines.

Finding No. 12: Property Inventory

Department guidelines⁴² required the MEs to perform an annual physical inventory of property and to ensure that ME property records were accurately updated to reflect the inventory results. As part of our audit, we examined, for each of the four selected MEs, ME policies and procedures related to the conduct of physical inventories and records for the most recent physical inventory conducted. We noted that:

- BBHC policies and procedures⁴³ required the Program Contract Manager or designee to conduct, prior to April 15 of each year, an annual physical inspection of each property item. The policies and procedures also

⁴¹ SEFBHN Policy and Procedure 301.00, *Asset Control and Protection*.

⁴² Department *Tangible Property Requirements and Contract Provider Property Inventory Form*.

⁴³ BBHC Policy and Procedure No. BBHC.0038, *Property Management*.

required BBHC staff to update the Property Information Worksheet for any property items found during the physical inventory that were not included on the Worksheet. However, our audit inquiries of BBHC staff disclosed that, although the BBHC's ME contract had been in effect since November 1, 2012, the first inventory was not performed until April 2014. We also found that BBHC staff did not update the Property Information Worksheet based on the inventory results. In response to our audit inquiry, BBHC staff indicated that the property records were used to locate the property items and all the items had been located; however, BBHC staff did not ensure that all the property items physically observed were included in the Property Information Worksheet.

- SEFBHN policies and procedures,⁴⁴ effective in January 2014, required that a physical inventory of all capitalized furniture and equipment be performed annually prior to year-end, and that any discrepancies be brought to the attention of the SEFBHN's Chief Financial Officer for appropriate action. However, our audit inquiries of SEFBHN management disclosed that, although the SEFBHN's ME contract had been in effect since October 1, 2012, the first inventory of computer equipment was not conducted until February 2014 and a complete inventory of all property was not conducted until April 2014. Additionally, although SEFBHN staff indicated that the results of the inventory revealed no discrepancies with the property records, there was no documentation to evidence that the results of the inventory had been compared to the property records. Further, as noted in finding No. 11, as SEFBHN policies and procedures did not require computer equipment costing less than \$1,000 and property items with a useful life of 1 to 2 years be recorded in the property records, all property items purchased with Department-provided funds were not subject to the physical inventories conducted.

Not adhering to established policies and procedures regarding the performance of timely, annual inventories, increases the risk that lost or stolen items will not be timely detected. By reconciling the results of physical inventories to the property records and making appropriate adjustments to the property records, management is provided with assurances regarding the accuracy and completeness of the property records.

Recommendation: We recommend that BBHC and SEFBHN management ensure that annual physical inventories are timely performed and that property records are timely and accurately updated to reflect the results of such inventories in accordance with established policies and procedures.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from January 2014 through December 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit focused on oversight of substance abuse and mental health services by the Department of Children and Families (Department) and four of the State's seven Behavioral Health Managing Entities (MEs). The overall objectives of the audit were:

- To evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and guidelines.

⁴⁴ SEFBHN Policy and Procedure 301.00, *Asset Control and Protection*.

- To examine internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- To identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management's internal controls, instances of noncompliance with applicable governing laws, rules, or contracts, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature, does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

In conducting our audit we:

- Obtained an understanding of the Department's policies, procedures, and controls related to the MEs to evaluate whether they were adequate and designed to reasonably ensure compliance with significant governing laws and rules.
- Obtained an understanding of selected information technology (IT) controls related to the Substance Abuse and Mental Health Information System (SAMHIS), assessed the risks related to those controls, evaluated whether selected general and application controls were in place, and tested the effectiveness of the controls.
- Evaluated the forms and reports the MEs were required to submit to the Department to determine whether any of the required information was duplicated and how the Department utilized the information submitted.
- Evaluated whether the Department had established sufficient procedures and guidance to govern ME operations and whether the Department communicated such information to the MEs in an effective and efficient manner.
- Reviewed Department documentation supporting the basis upon which the geographic areas served by the MEs were determined and evaluated whether the documentation demonstrated that the areas were sufficient in population and had enough public funds for behavioral health services to allow for flexibility and maximum efficiency.

- Reviewed the Department's readiness assessment documentation to determine whether the Department documented the engagement of community stakeholders, including providers and MEs under contract with the Department, in the development of objective standards to measure the competencies of MEs and their readiness to assume responsibilities for substance abuse and mental health services.
- Compared data related to ME services billed during the period July 2012 through February 2014 to data related to services billed by Community-Based Care (CBC) providers to determine whether providers were billing under both the ME and CBC programs for the same services.
- Examined Department documentation for the seven ME contracts executed by the Department to determine whether the contracts were awarded to eligible organizations and made in accordance with applicable laws, rules, and regulations.
- Examined Department documentation related to the monitoring of MEs to evaluate whether the Department conducted adequate monitoring activities to verify ME compliance with the contract agreements and to determine whether the Department timely followed up on the corrective actions taken for any findings noted.
- Reviewed the Department's periodic evaluations of the MEs actual performance using established performance measures to determine whether the Department accurately assessed performance and implemented and enforced corrective action when MEs did not meet the performance measures.
- Examined, from the population of 13,956 payment transactions totaling approximately \$719.8 million made to the MEs during the period July 2012 through December 2013, Department documentation for 60 payments totaling \$31,344,932, to determine whether the payments were properly paid and authorized, supported by sufficient documentation evidencing that the services had been provided, correctly recorded in the accounting records, and made in accordance with the applicable ME's cost analysis plan line items.
- Evaluated Department procedures for reconciling client activity recorded in SAMHIS to payments recorded in Department FLAIR records to evaluate whether the procedures were sufficient to ensure that payments were made only for services actually provided.
- Assessed whether the Department accurately reported ME and ME provider compliance with annual performance outcome standards established by the Legislature by comparing information related to 26 performance standards, as reported by the MEs, to corresponding data in SAMHIS.
- Evaluated the appropriateness of SAMHIS access privileges for the 232 Department employees with user accounts active as of March 2014.
- Obtained information regarding executive compensation, total and administrative expenditures, number of employees, and clients served from each of the State's seven MEs to compile and evaluate information related to ME operations.
- For the four MEs at which we conducted on-site audit field work, we also:
 - Reviewed and evaluated each ME's policies and procedures related to human resources, expenditures, and other administrative activities and functions.
 - Determined whether the MEs financial management and accounting systems had the capability to generate financial reports on individual service recipient utilization, cost, claims, billing, and collections for the Department and other stakeholders to verify that amounts reported by the Department could be adequately supported by ME data.
 - Determined whether ME management periodically reviewed SAMHIS user access privileges for continued appropriateness.
 - Evaluated the appropriateness of SAMHIS access privileges for 49 SAMHIS user accounts active as of March 2014 for the BBCBC (7 user accounts) and April 2014 for the BBHC (10 user accounts), LSF (22 user accounts), and SEFBHN (10 user accounts).
 - Evaluated the timeliness of the cancellation of SAMHIS user access privileges for six of the nine ME employees who separated from employment during the period July 2012 through May 2014.

- Evaluated the accuracy and completeness of demographic and service data reported in SAMHIS for 115 service events which occurred during the period July 2012 through January 2014 by comparing the data recorded in SAMHIS to the information in client files maintained by the MEs and their subcontractors.
- Reviewed SAMHIS upload history reports to identify the error rates for each ME and the reasons for the errors.
- Examined ME records for 70 administrative payments totaling \$656,226 and made during the period July 2012 through January 2014 to determine whether payments made for travel, office supplies, and other administrative goods and services were properly supported by adequate documentation, reasonable, and made in accordance with State and Federal laws, rules, and regulations.
- Requested documentation to support whether the MEs had obtained Department approval before subcontracting for administration, management, or oversight functions in compliance with the terms of the MEs' contracts.
- Analyzed data obtained from the 4 MEs to determine whether the MEs' administrative costs did not exceed 5 percent of the total contracted dollar amount for the 2012-13 fiscal year.
- Compared the various ME subcontractors' administrative costs during the 2012-13 fiscal year to determine whether the administrative costs were reasonable and consistent in amount among ME subcontractors.
- Reviewed the MEs' subcontractor monitoring policies and procedures to evaluate whether the policies and procedures:
 - Had been implemented and adequately designed to prevent, detect, and report potential or suspected fraud and abuse in the administration and delivery of services.
 - Demonstrated how the ME would take corrective action with a subcontractor that was in direct violation of contract provisions and how such violations were to be reported to the Department.
 - Described the specific controls designed to prevent or detect fraud and abuse, such as claims edits or audits, subcontractor profiling to determine patterns of claims submission, and credentialing and re-credentialing to ensure an appropriate level of clinical practitioner by service.
 - Contained a description of the investigative and follow-up process to ensure that the ME would cooperate fully with any Department or other entity investigation.
- Evaluated whether ME monitoring tools were sufficient to document monitoring efforts and results.
- Evaluated ME subcontractor monitoring activities related to 139 ME monitoring visits during the period July 1, 2013, through January 31, 2014, and examined ME records for 15 subcontractor monitoring engagements (4 performed by the BBHC, 6 performed by the LSF, and 5 performed by the SEFBHN) to determine whether the MEs appropriately documented contract monitor conflict of interest disclosures, monitored contract terms, timely prepared monitoring reports, and timely followed up on all issues identified in monitoring reports.
- Examined documentation for 85 ME subcontractor payments, totaling \$10,549,882, to evaluate whether the payments were made only for goods and services provided in the contract terms and conditions.
- Examined the 2012-13 fiscal year final expenditure reconciliations to evaluate whether the MEs' year-end reconciliations of actual amounts expended to the amounts paid by the Department were properly supported by ME accounting records and whether an invoice or payment, as applicable, was submitted to the Department for any surplus or deficit identified by the reconciliations.
- Examined ME documentation for 16 of the 156 subcontract awards made during the period July 2012 through January 2014 to determine whether the awards contained adequate provisions to provide deliverables, oversight, and subcontract monitoring; the contracts were awarded in accordance with

applicable laws, rules, and regulations; the contract awarding processes were appropriate; and the contracts were not awarded to a related party.

- Reviewed the employment contracts, including position descriptions, for 18 ME employees (6 at the BBCBC, 3 at the BBHC, 5 at the LSF, and 4 at the SEFBHN) to determine whether the employees met the position requirements, including education, experience, and background screening requirements, as well as to determine whether the contracts included provisions for unusual or potentially excessive benefits.
 - From the population of 1,445 salary payments totaling \$3.67 million, as shown by Table 5 in the Findings and Recommendations section of this report, examined ME documentation for 74 salary payments, totaling \$221,896, to determine whether the payments were properly calculated, approved, and supported by authorized and sufficient time records.
 - Examined ME personnel files and financial data to verify whether salary payments, totaling \$345,908, made during December 2013 had been made to bona fide ME employees.
 - Obtained an understanding of the MEs' internal controls over tangible personal property and evaluated whether ME procedures and records were adequate to ensure and demonstrate the proper acquisition, control, use, and disposition of tangible personal property.
 - Reviewed ME property records for evidence of items of an unusual or suspect nature and to identify potentially unallowable expenditures of Department funds.
 - Determined whether the MEs had performed a physical inventory of tangible personal property during the period July 2012 through April 2014 in accordance with Department guidelines.
 - Examined ME property records for 30 property items (6 at the BBCBC, 6 at the BBHC, 5 at the LSF, and 13 at the SEFBHN), with acquisition costs totaling \$34,908, to determine whether the MEs had appropriately recorded the property in the property records in accordance with Department guidelines.
 - Observed 33 items (6 at the BBCBC, 5 at the BBHC, 9 at the LSF, and 13 at the SEFBHN) selected from ME property records to verify the property items' existence.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
 - Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
 - Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions.

AUTHORITY

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



David W. Martin, CPA
Auditor General

MANAGEMENT'S RESPONSES

In response letters dated March 10, 2015, through March 19, 2015, the Secretary of the Department and management of the Behavioral Health Managing Entities provided responses to our audit findings and recommendations. The responses are included as **EXHIBIT D**.

EXHIBIT A
EXPENDITURES AND NUMBER OF EMPLOYEES AND CLIENTS SERVED BY ME

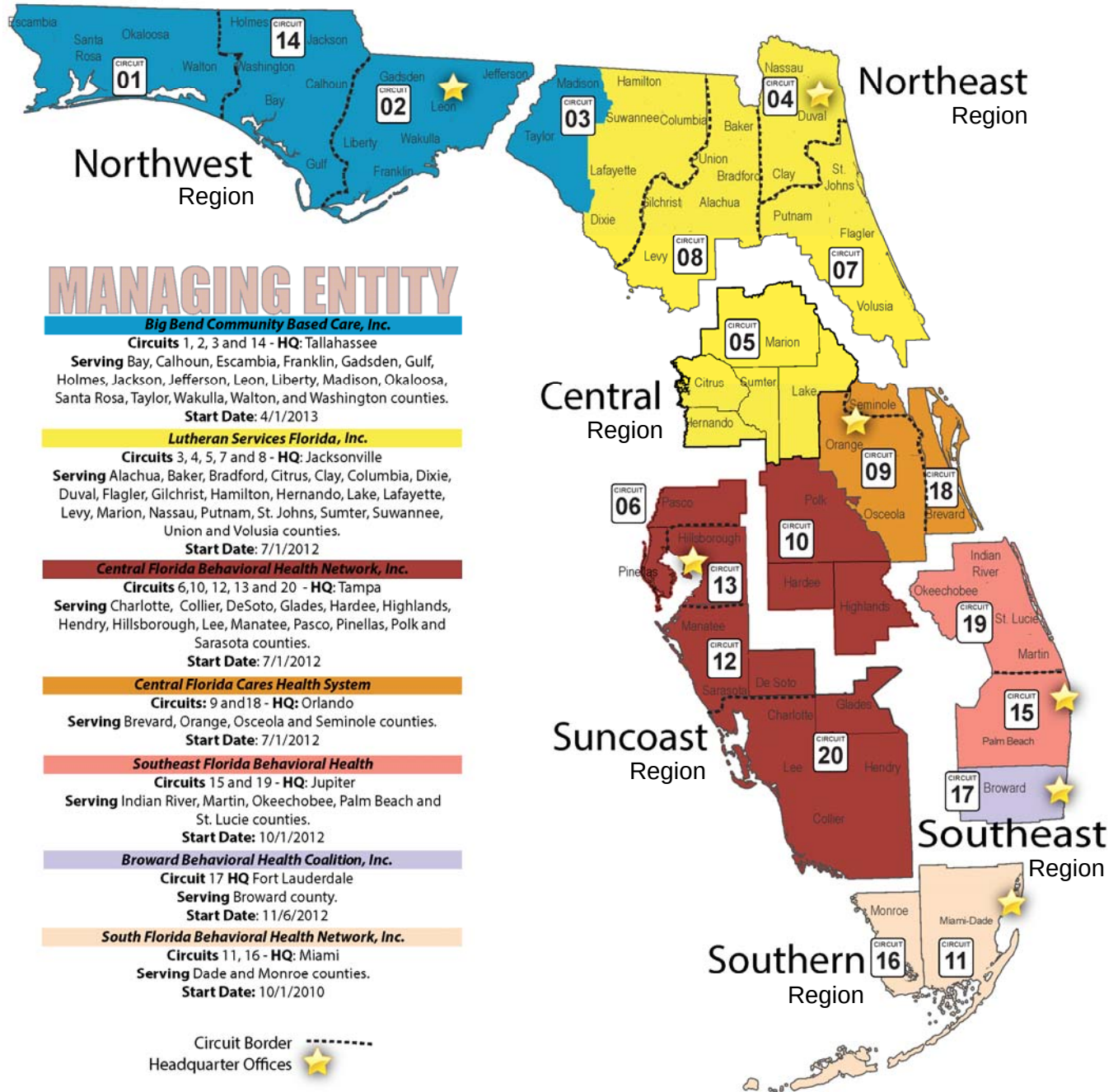
ME	Circuit	July 1, 2012, Through December 31, 2013			At December 31, 2013		
		Total Expenditures (1)	Administrative Expenditures (2)	Percentage (2)/(1)	Total Number of Employees	Number of Administrative Employees	Number of Clients Served ^b
Big Bend Community Based Care, Inc. ^a	1, 2, 14, and a portion of 3	\$ 34,690,653	\$ 972,260	2.8	25	20	39,672
Broward Behavioral Health Coalition, Inc.	17	50,067,461	2,669,940	5.3	6	3	32,756
Central Florida Behavioral Health Network, Inc.	6, 10, 12, 13, 20	238,511,411	7,696,822	3.2	57	57	79,405
Central Florida Cares Health System	9, 18	84,856,528	2,687,367	3.2	14	14	23,320
Lutheran Services Florida, Inc.	4, 5, 7, 8, and a portion of 3	158,327,143	3,445,309	2.2	26	5	77,889
Southeast Florida Behavioral Health Network, Inc.	15, 19	59,217,604	2,879,713	4.9	17	2	38,618
South Florida Behavioral Health Network, Inc.	11, 16	106,768,273	4,756,810	4.5	49	36	22,911

^a Big Bend Community Based Care, Inc. (BBCBC) served as both an ME and a community-based care lead agency (CBC). At December 31, 2013, the BBCBC had a total of 60 employees, 20 of whom were assigned administrative responsibilities, including responsibilities that related to both ME and CBC activities. The BBCBC served a total of 41,396 clients as of December 31, 2013, by providing foster care and related services to 1,724 clients and substance abuse and mental health services to 39,672 clients.

^b The number of clients served represents the unduplicated counts of client data numbers for a specified date range for each ME.

Source: ME records and survey responses provided by ME personnel.

EXHIBIT B
MANAGING ENTITY SERVICE AREAS
WITHIN EACH DEPARTMENT REGION



Source: Department records.

EXHIBIT C
ME EXECUTIVE COMPENSATION
(NOT INCLUDING HEALTH, DENTAL, AND LIFE INSURANCE BENEFITS)

Managing Entity	Annual Salary as of April 30, 2014	Percent of Annual Salary Funded by the ME's Contract with the Department	Bonuses Awarded During the Period July 2013 through February 2014	Other Cash Perquisites	
				Type	Amount
Chief Executive Officers					
Big Bend Community Based Care, Inc. ^a	\$ 350,000	16.00%	-		
Broward Behavioral Health Coalition, Inc.	150,000	100.00%	-		
Central Florida Behavioral Health Network, Inc.	195,037	100.00%	-		
Central Florida Cares Health System ^b	124,200	100.00%	-	Monthly Cell Phone Allowance	\$ 200.00
Lutheran Services Florida, Inc.	135,000	90.00%	27,500		
Southeast Florida Behavioral Health Network, Inc.	125,000	100.00%	-	Monthly Cell Phone Allowance	50.00
South Florida Behavioral Health Network, Inc.	200,000	100.00%	-	Annual Car Allowance	6,000.00
Chief Operating Officers ^c					
Big Bend Community Based Care, Inc.	142,889	22.00%	-		
Central Florida Behavioral Health Network, Inc.	125,000	100.00%	-		
Central Florida Cares Health System ^b	105,000	100.00%	-	Monthly Cell Phone Allowance	\$ 75.00
Lutheran Services Florida, Inc.	95,000	100.00%	-		
Chief Financial Officers					
Big Bend Community Based Care, Inc.	142,889	16.00%	-		
Broward Behavioral Health Coalition, Inc. ^d	58,333	100.00%	-		
Central Florida Behavioral Health Network, Inc.	115,000	100.00%	-		
Central Florida Cares Health System ^b	110,250	100.00%	-	Monthly Cell Phone Allowance	\$ 75.00
Lutheran Services Florida, Inc.	95,000	100.00%	-		
Southeast Florida Behavioral Health Network, Inc.	71,500	100.00%	-	Monthly Cell Phone Allowance	50.00
South Florida Behavioral Health Network, Inc.	178,000	80.00%	-	Annual Car Allowance	6,000.00

^a Big Bend Community Based Care, Inc. (BBCBC) served as both a community-based care lead agency and a behavioral health managing entity. BBCBC executive staff oversee activities related to both contracts with the Department.

^b The monthly cell phone allowance was discontinued in January 2014.

^c Broward Behavioral Health Coalition, Inc.; Southeast Florida Behavioral Health Network, Inc.; and South Florida Behavioral Health Network, Inc. did not employ Chief Operating Officers.

^d Broward Behavioral Health Coalition, Inc. contracted with the Chief Financial Officer of South Florida Behavioral Health Network, Inc. to serve as their Chief Financial Officer. The amount listed reflects the total contract amounts paid during the 7-month period July 2013 through January 2014.

Source: ME records and survey responses provided by ME personnel.

EXHIBIT D
MANAGEMENT'S RESPONSES

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Behavioral Health Managing Entities:	
Big Bend Community Based Care, Inc.	36
Broward Behavioral Health Coalition, Inc.	38
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Southeast Florida Behavioral Health Network, Inc.	46

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)



State of Florida
Department of Children and Families

Rick Scott
Governor

Mike Carroll
Secretary

March 17, 2015

Mr. David W. Martin
Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

Thank you for your February 17 list of preliminary findings and recommendations of your report to be prepared on your audit of the Oversight of Substance Abuse and Mental Health Services at the Department of Children and Families and Selected Behavioral Health Managing Entities services administered by the State of Florida for the fiscal year ended June 30, 2014.

The Department generally concurs with the findings of your report. Enclosed are the Department's responses to the specific recommendations you provided. If you or your staff have any questions, please contact Mr. Jerry Chesnutt, Director of Auditing, or Mr. Elton Jones, Senior Management Analyst II, at (850) 488-8722.

If I may be of further assistance, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Carroll".

Mike Carroll
Secretary

Enclosures

1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

2

DCF Response to Managing Entity Report

Finding No. 1: *The Department could not provide documentation supporting the conclusions reached on cost analyses performed for ME contracts awarded on a noncompetitive basis. Additionally, the*

Department had not always documented that employees involved in the contractor evaluation and selection process attested in writing that they were independent of, and had no conflict of interest in, the MEs evaluated and selected. The Department also could not document that required network management plans included all elements required by State law and that emergency preparedness plans were timely submitted and reviewed.

Recommendation: *We recommend that Department management:*

1. *Ensure that, for contracts awarded on a noncompetitive basis, documentation is appropriately retained to support the cost analyses conclusions.*

The Department's SAMH Contract Unit, in coordination with the Department's Office of Contracted Client Services, will redistribute cost analysis templates to all Regional SAMH Contract Managers and Program Offices with instructions for appropriate completion and retention. Templates will include Department of Financial Services cost analysis forms, and budgeting and auditing forms established in Chapter 65E-14, F.A.C. The Department will also require cost analyses to be conducted for all ME contract amendments involving additional funding, including renewals. Finally, SAMH, in coordination with the Office of Contracted Client Services, will establish an internal process for second-tier review of cost analyses for future ME procurements and retain documentation of Department review in the procurement file.

2. *Ensure that conflict of interest statements are prepared and maintained for all contract evaluators and negotiators.*

The Department has developed a Procurement and Contracting Playbook which details individuals who must execute a Conflict of Interest form. SAMH Contract Managers will audit for compliance.

3. *Require the BBCBC to update its network management plan to detail the means for implementing the contracted ME duties and the efficiencies anticipated by the Department as a result of executing the contract.*

The Northwest Region SAMH Unit will instruct BBCBC to submit a revised network management plan to detail the means for implementing the contracted managing entity duties and the efficiencies anticipated as a result of executing the contract for joint approval by the Managing Director for the Northwest Region and the Assistant Secretary for Substance Abuse and Mental Health by April 30, 2015.

4. *Require each ME to update its network management plan to include detailed policies and procedures regarding transparent operations.*

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

3

Regional SAMH Program Offices will require updated network management plans incorporating policies and procedures for transparency be submitted by July 1, 2015, for review and approval by the Regional SAMH Directors. The Department will also amend all existing ME contracts to specifically incorporate public meeting notice requirements as applicable to the Department by September 1, 2015.

5. *Ensure that the ME emergency preparedness plans are timely submitted and reviewed in accordance with ME contract terms.*

During 2014, the Emergency Preparedness provisions of the Department's Standard Contract were revised to require certification of, and submission of modifications to, existing emergency preparedness plans every 12 months. Regional SAMH Program Offices, in coordination with Regional Emergency Coordinators, will conduct an audit of ME Emergency Preparedness plans on file and require Emergency Preparedness plans.

Finding No. 2: *Due to the delegation of the day-to-day operations to a for-profit entity, it is unclear as to whether the Department substantially met the requirement for utilizing nonprofit organizations as MEs.*

Recommendation: *We recommend that Department management ensure that the MEs are organized and provide for services as specified by State law.*

The Office of General Counsel has reviewed section 394.9082, F.S., in conjunction with Chapters 215 and 402, F.S., as it relates to an ME subcontracting with a for-profit entity, and is unable to determine this act is expressly prohibited by law. However, the Department, in conjunction with the Office of General Counsel shall review the subcontract between BBHC and Concordia and conduct negotiations with BBHC to ensure that the ME is organized and providing services as required by section 394.9082, F.S., and discuss any changes that could increase efficiency and implementation of behavioral health services.

Finding No. 3: *Department monitoring of the MEs did not ensure that all key assessment factors and performance measures were included in the scope of its monitoring activities. Additionally, the Department did not always appropriately document that proper follow-up on ME actions was taken to correct deficiencies identified through monitoring.*

Recommendation: *We recommend that Department management enhance monitoring procedures to ensure that, in accordance with applicable legal, contractual, and other requirements, all key assessment factors and performance measures are included in the scope of its ME monitoring activities. Additionally, we recommend that Department management ensure that proper follow-up on ME actions taken to correct any deficiencies or inefficiencies identified through the monitoring activities is appropriately documented.*

The monitoring examined by the Auditor General for this report took place was during the transition period when the MEs were taking over responsibilities from the Department. As a result, the monitoring procedures were not yet fully established and the monitoring was limited to key transition activities.

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

4

The Department has already enhanced the monitoring scope of COU and implemented Fiscal Monitoring. The Department will develop and deliver training for contract managers and will issue a guidance memorandum to improve the corrective action plan process by June 30, 2015. The memorandum will be available on the contracted client services intranet web page.

Finding No. 4: *The Department had not established a method to measure the accuracy of SAMHIS client data submissions. Additionally, client SSNs were not always accurately recorded in SAMHIS.*

Recommendation: We recommend that Department management develop a method to measure the accuracy of SAMHIS data submissions and to follow up with any ME that continues to have high rejection rates and records that are not timely corrected and resubmitted. We also recommend that Department management take actions to ensure the accurate recording of client SSNs in SAMHIS.

The Department is in the process of redesigning SAMHIS to improve ease of user data submission and reporting capabilities. This includes implementing automated, scheduled exception reporting to be emailed regularly to the managing entities. The goal of the enhancement is to provide more meaningful, actionable data to the managing entities. The anticipated completion date is August, 2015. In the interim, the Department has implemented more robust and frequent review of managing entity data submission and exception rates.

In addition, The Office of Information Technology, in coordination with the SAMH Data Unit, will create an edit check and information report to identify possible SSN to person inaccuracies. This may include cross-checking name, gender, and date of birth of new data submissions with existing data of the same SSN. This will be part of the SAMHIS redesign project with an anticipated completion date of August, 2015.

Finding No. 5: *Performance data submitted by the MEs did not always agree with the performance data recorded in SAMHIS.*

Recommendation: We recommend that Department management continue to take measures to ensure that the MEs compile and report performance data in accordance with contract terms.

The Department has partnered with the managing entities to develop SQL coding for each of the performance metrics. This coding forms the basis for all the providers and managing entities to define the metrics for their local systems. All performance measures will be revalidated and automated as part of the SAMHIS redesign project scheduled for completion by August, 2015. The performance reports out of SAMHIS can then be compared to the corresponding reports submitted by the MEs and discrepancies reconciled.

Finding No. 6: *SAMHIS did not facilitate reconciliations between data recorded in the Florida Accounting Information Resource Subsystem (FLAIR) and ME accounting records.*

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

5

Recommendation: To facilitate the reconciliation of SAMHIS client service data to the associated payment data in FLAIR and ME accounting records, we recommend that Department management timely proceed with planned SAMHIS modifications. Additionally, we recommend that Department management develop procedures for reconciling FLAIR and SAMHIS client payment and program expenditure data and also establish guidelines for ME use when reconciling ME accounting records to SAMHIS data. Department staff should periodically review documentation of the ME-prepared reconciliations to ensure that the reconciliations were appropriately and timely performed.

The SAMHIS redesign project is in process with an anticipated completion date of August, 2015. Changes in data collection include the reporting of billed and paid amounts for Department funded services at the provider level to facilitate a process of reconciliation in support of this recommendation. Written procedures will be developed for MEs to reconcile expenditures from their accounting records to SAMHIS and for Department staff to periodically review documentation of the ME-prepared reconciliations.

Finding No. 7: *SAMHIS user access privileges were not always timely deactivated upon an employee's separation from employment or when access was no longer necessary. Additionally, the Department and MEs did not perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.*

Recommendation: To minimize the risk of compromising SAMHIS data and IT resources, we recommend that the Department work with the MEs to ensure that SAMHIS user access privileges are timely deactivated upon employment termination and when access privileges are no longer necessary. Additionally, we recommend that the Department and MEs perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.

The current policy for deactivation of Department employees from SAMHIS is based on the Department's CFOP 60-70. This CFOP requires supervisors to complete an Employee Separation Checklist for separating employees which identifies all systems that the separating employee has access to and to request termination of those accesses. The policy for deactivation of employees of the MEs mandates compliance with the Privacy and Security chapter of the DCF Pamphlet 155-2. This chapter requires the MEs to submit to the Department Data Liaisons a Database Access Request Form with the action of "Deactivate User".

To ensure separating employee access privileges to SAMHIS are timely deactivated and the continued appropriateness of current access, the SAMH Program Office and Office of Information Technology will:

- 1) Review the existing policies and procedures,
- 2) Recommend updates to the policies and procedures where necessary, and
- 3) Consider revising training to maintain compliance.

Anticipated to be completed on or before June 30, 2015.

In addition, written policies are being established to provide quarterly reviews of user accounts, including contact with the managing entities to validate continued need for access. Accounts inadvertently locked through inactivity will need to re-apply using the database Access Request Form and demonstrating supervisory approval. Anticipated date of completion is April, 2015.

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

6

Finding No. 8: *Salary payments for leave used and ME employee leave balances were not always supported or calculated accurately.*

Recommendation: We recommend that ME management ensure that all employee leave used is appropriately documented and approved and that employee leave balances are accurately calculated and supported by leave and attendance records.

The Department will develop written policies, procedures and tools for monitoring ME compliance with accuracy of leave records and salary payments, by September 30, 2015.

Finding No. 9: *The MEs did not always ensure that client and service event data was entered accurately into SAMHIS. Also, some MEs did not reconcile SAMHIS records to ME accounting records to ensure that amounts paid to providers represented payments for services provided.*

Recommendation: We recommend that ME management strengthen controls over SAMHIS data entry to ensure client and service event information is accurately recorded.

In FY2014-15 the ME contracts were amended to establish a more robust set of provider monitoring requirements. ME contract performance measures were also revised to include specific measures related to provider monitoring compliance. Going forward, the Department is working with each ME to ensure that, when ME monitoring identifies inaccuracies in service event reporting or documentation, a provider corrective action plan addresses both correction of the inaccurate data and a process for improvements to the provider's data integrity quality assurance system.

Finding No. 10: *The MEs did not always document that contract monitors were free from conflicts of interest, subcontractors were appropriately licensed and monitoring was sufficiently documented and reviewed.*

Recommendation: We recommend that ME management ensure that contract monitoring activities are appropriately performed, documented, and reviewed. As required by Department policies and procedures, monitoring work papers should include Conflict of Interest Statements completed by the contract monitors prior to monitoring each provider.

The Department will develop and implement monitoring tools for ME subcontract monitoring based on contract requirements, including the Department's Children and Families Operating Procedures (CFOP) 75-8, by July 1, 2015. In addition, the Department has developed a Procurement and Contracting Playbook which details individuals who must execute a Conflict of Interest form.

Finding No. 11: *The MEs did not always timely and accurately record property acquisitions in ME tangible personal property records. Additionally, SEFBHN property management policies and procedures did not conform to the requirements of Department guidelines.*

Recommendation: We recommend that ME management ensure that property purchased with Department-provided funds is properly recorded in the ME property records. In addition, SEFBHN management should revise the ME's property management policies and procedures to conform to the requirements of Department guidelines.

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EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

7

The Department will instruct the Regional Offices and contract managers to monitor ME compliance with Department guidelines through the Tangible Property Requirements and Contract Provider Property Inventory Form, and confirm that SEFBHN has revised its property management policies and procedures in accordance with this preliminary report. Additionally, the Department, in conjunction with the Office of General Counsel, will instruct the Contract Oversight Unit to increase its focus on ME property records in its risk assessment for the upcoming fiscal year.

Finding No. 12: *The MEs did not always timely conduct annual physical inventories or ensure that the results of annual physical inventories were reconciled to ME accounting and property records.*

Recommendation: *We recommend that BBHC and SEFBHN management ensure that annual physical inventories are timely performed and that property records are timely and accurately updated to reflect the results of such inventories in accordance with established policies and procedures.*

The Department will address monitoring of ME procedures related to accounting and property records in its Fiscal Monitoring procedures, to be developed by June 30, 2015. The Department will include tangible property in the COU monitoring scope and tools for state fiscal year 2015-2016, by June 30, 2015.

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)



March 16, 2015

Mr. David W. Martin, CPA
Auditor General
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Martin:

On behalf of Big Bend Community Based Care, Inc., I would like to thank the Auditor General for the opportunity to participate in this audit of the Department of Children and Families. Big Bend was selected for site visits for both child welfare and behavioral health, oriented your audit team on contracts and program area specifics, provided more than twice the sample sizes of other areas tested, provided working space for the audit team for seven (7) continuous months and expended more than eight hundred (800) man hours producing documents at your request.

Please see the below responses to your February 17, 2015 report:

Finding No. 6: Big Bend Community Based Care (BBCBC) will work closely with the Department of Children and Families (DCF) to develop a statewide systematic approach for data reconciliation.

Finding No. 7: BBCBC will update policies and forms to ensure proper action is taken upon hiring, separation and periodic review of employees' access to SAMHIS.

BBCBC will require query capability from the DCF to carry out this responsibility and ensure access privileges are properly managed.

Finding No. 8: BBCBC will enhance controls to ensure leave is properly documented, calculated, and accurately recorded.

Finding No. 9: BBCBC provided all requested client documentation during the audit. The report does not identify the client files or the deficiency in the four service events referenced.

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

Finding No. 11: BBCBC will enhance controls for property records by revising policies and forms as necessary. The inventory items (computers) have been subsequently tagged and added to the inventory list.

Should you have any further questions please contact me at your convenience.

Respectfully,



Mike Watkins, Chief Executive Officer Big Bend
Community Based Care, Inc.

Ec: Linda Nelson, BBCBC Board President

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)



1715 SE 4th Avenue Fort Lauderdale, FL 33316 | (954) 622-8121 | www.bbhcflorida.org

Mr. David W. Martin
Auditor General State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

March 10, 2015

Dear Mr. Martin:

Pursuant to your letter received on 2/17/2015, below are Broward Behavioral Health Coalition's (BBHC's) written statements and proposed corrective actions to the findings from your recent audit.

Finding No. 7: SAMHIS Access Controls

SAMHIS user access privileges were not always timely deactivated upon an employee's separation from employment or when access was no longer necessary. Additionally, the Department and MEs did not perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.

BBHC's Response: BBHC's subcontractor, Concordia Behavioral Health (CBH), has updated its Employee Security Policies and Procedure to enhance the ability to track and terminate users who no longer need access to the SAMHIS. Additionally, during the Data Workgroup meetings the providers are reminded to immediately provide notice once an employee has been terminated or separated from the organization.

Finding No. 8: Leave Balances

Salary payments for leave used and ME employee leave balances were not always supported or calculated accurately.

BBHC's Response: This was an isolated incident that occurred once, and was corrected. Currently, BBHC is utilizing Automatic Data Processing (ADP) Inc., to track the leave balances of all staff. Prior to implementing the ADP system, the hours were being tracked manually. Staff is still required to complete Leave Request Forms which are checked against the information in ADP.

Finding No. 10: Monitoring of Subcontractors

The MEs did not always document that contract monitors were free from conflicts of interest, subcontractors were appropriately licensed and monitoring was sufficiently documented and reviewed.

BBHC's Response: All employees (BBHC and CBH) who are participating in a monitoring will sign a Conflict of Interest Form. The forms will be added to the contract file.

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

Mr. David W. Martin
Page 2
March 5, 2015

Finding No. 11: Property Records

The MEs did not always timely and accurately record property acquisitions in ME tangible personal property records.

BBHC's Response: Currently, the correct Property Information Worksheet is being utilized by BBHC, and the Office Manager has been designated to conduct the annual physical inspection of all purchased property.

Finding No. 12: Property Inventory

The MEs did not always timely conduct annual physical inventories or ensure that the results of annual physical inventories were reconciled to ME accounting and property records.

BBHC's Response: The correct Property Information Worksheet is being utilized by BBHC. The worksheet has been updated with all the required information and will continue to be updated, as needed. Monthly, our contracted Chief Financial Officer reconciles the Fixed Asset Spreadsheet with the Property Information Worksheet.

Thank you for the opportunity to respond to the findings. If you have any questions please do not hesitate to contact me.

Sincerely,



Silvia Quintana
Chief Executive Officer

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)



March 16, 2015

Mr. David Martin
Auditor General
State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

Re: LSF Health Systems Response to Findings

Dear Mr. Martin,

On behalf of LSF Health Services, I want to thank you and your team for the collaborative spirit you embraced during our auditing process. Please find our Plan of Correction which addresses the audit findings. As requested, I have not included attachments. We can send you revised policies upon request.

We strive for excellence and appreciate the opportunity to enhance our services through your feedback.

Feel free to contact me with any questions or additional information you may require.

Best Regards,

A handwritten signature in blue ink that reads 'Dr. Christine Cauffield'.

Dr. Christine Cauffield, Executive Director
Vice President, Substance Abuse and Mental Health

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

Finding:	Source: AG Report	CAP Accepted by:	
	Category: Programmatic Issues	CAP Accepted Date:	
	Description: Finding No. 7: SAMHIS user access privileges were not always timely deactivated upon an employee's separation from employment or when access was no longer necessary. Additionally, the Department and MEs did not perform periodic reviews of SAMHIS user access privileges to ensure the continued appropriateness of the access.		
	Response	Person(s) Responsible	Estimated Completion Date
	We have implemented the procedure and created a policy called "User Management" for submitting the deactivation forms for SAMHIS and our data systems within 24 hours of employment termination or access no longer necessary. We have created reports from our data system to review users and initiate the process of review by providers on a recurring basis in order to manage active users. We have also had technical assistance with DCF's Sherry Catledge to be able to utilize the DCF SAMHIS system in order to look at existing users, and be able to incorporate into our processes, the mechanics of reviewing the users as well as being able to send to Providers on a recurring basis to ensure user management and access. We will continue to work with DCF and our IT staff to make sure we have addressed every aspect of user management and appropriate access.	Laurie Chesley/Larita Blue	Completed

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

AG Corrective Action Plan				
Provider:	LUTHERAN SERVICES FLORIDA, INC.			
Contract #	EH003	CAP Due Date:		
Finding:	Source: AG Report		CAP Accepted by:	
	Category: Programmatic Issues		CAP Accepted Date:	
	Description: Finding No. 6: SAMHIS did not facilitate reconciliations between data recorded in the Florida Accounting Information Resource Subsystem (FLAIR) and ME accounting records.			
Response			Person(s) Responsible	Estimated Completion Date
Previously, LSF Health Systems did the FLAIR reconciliation only at year end. This annual reconciliation was completed for FY 13-14. Since that time period, we have implemented monthly reconciliations with the FLAIR system in order to maintain and resolve discrepancies in a more efficient manner between our accounting system and the FLAIR system. As there is a "timing" issue within the agency as to when subcontractors invoices get processed and when we submit our spending report, there are always adjusting differences, but they are tracked and do get reversed once the next month is processed. The annual reconciliation would not have these differences as all invoices would have been processed and finalized for the year end.			Laurie Chesley	Completed

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

Finding:	Source: AG Report	CAP Accepted by:	
	Category: Programmatic Issues	CAP Accepted Date:	
	Description: Finding No. 9: The MEs did not always ensure that client and service event data was entered accurately into SAMHIS. Also, some MEs did not reconcile SAMHIS records to ME accounting records to ensure that amounts paid to providers represented payments for services provided.		
	Response		Estimated Completion Date
	A data reconciliation is done monthly between the 5 Points System, SAMHIS System and the supporting documentation submitted by the providers for the invoice. We have updated our Invoice Reconciliation Procedure to reflect the monthly reconciliations. Data is pulled from both the state system and the 5 Points system and analyzed and reviewed for final reconciliation. This is done by cost center as well as by provider. If the provider meets the 95% threshold of data in the system for each cost center, it is considered reconciled. If there are areas of larger discrepancies, LSF then contacts the Provider to review their records and re-submit if necessary. This process is completed by the 20th of each month. With the addition of the Data Quality Manager, this position is totally dedicated to this reconciliation process and working with providers to ensure compliance and accuracy. There has been continuous Technical Assistance with Providers since her hire. Many areas have been uncovered and improved with Providers based on their understanding of the requirements, so we have been training and educating providers as to the full set of requirements in regards to data. In addition, Edits exists at Five Points to ensure complete and accurate client and service data is recorded. These edits are more stringent than edits existing in the SAMHIS system. These rejected records are then available to Providers to correct and resubmit to the Five Points System. Five Points then submits the records to SAMHIS. Data validation reviews are done to ensure Providers are entering services pertinent to their respective funded cost centers. Reviews are performed comparing the units submitted on invoices to data in the Five Points systems. After the review is completed, the information is disseminated to the Providers and if necessary, meetings are schedule to discuss any discrepancies. Our 5 Points system is linked to our financial system, so there is a connection between the payment process and data received. The financial aspect is then reconciled monthly to the FLAIR system, to make sure we have encompassed the full realm of reconciliation from data to payment.		Person(s) Responsible Laurie Chesley/Karrin Clark/Buffy Reeder Completed

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

In addition to the above systems in place, our Compliance Auditor also does a Financial Monitoring of all of our providers. A risk assessment is completed based on criteria in order to determine if the provider is low, medium or high risk. Once this is completed, a determination is made to the number of charts selected for review. The components of the monitoring that addresses amounts paid to providers for services rendered is by pulling a report from SAMHIS of the service events, and while on site with the provider, checking charts and progress notes to ensure all data elements are collected. If on-site and LSF sees a trend of non-compliance, we can expand the sample and address those trends via the expanded sample, resulting in various options, such as Technical Assistance, Corrective Action Plan or even Payback if warranted.		
Finding:	Source: AG Report Category: Programmatic Issues Description: Finding No. 10: The MEs did not always document that contract monitors were free from conflicts of interest, subcontractors were appropriately licensed and monitoring was sufficiently documented and reviewed.	CAP Accepted by: CAP Accepted Date:
	Response	Person(s) Responsible Estimated Completion Date
LSFHS hired a compliance auditor in April 2014. Effective 9/1/2014 the LSFHS compliance auditor maintains a signed Conflict of Interest Statement from each employee with a blanket statement that they understand and will comply with the policy. LSFHS does not routinely have the monitoring team sign additional Conflict of Interest statements prior to the monitoring. The compliance auditor is aware of each full monitoring team and who has particular conflicts of interest noted. LSFHS employees will be asked to recuse themselves if a conflict is noted. LSFHS requires employees to update their conflict of interest forms if a condition arises and annually. LSFHS maintains annual updated copies of all Provider's licenses and a spreadsheet is maintained by our Network Management Team to ensure that as licenses are approaching due dates, a new copy is obtained. In addition, LSFHS partners with the DCF licensure department and is made aware of any Provider license that expires. All annual monitoring events are documented with a monitoring report and a monitoring compliance memo. The compliance memo is reviewed by the compliance auditor and	Laurie Chesley/Buffy Reeder	Completed

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

the CFO and signed off on.	LSPHS would like to note for the record that for the contract period of 12/13 we had a subcontract with a provider to perform our administrative tasks. They were deficient in their duties and ultimately we terminated the contract. The 13/14 contract period we implemented policies and procedures to ensure that our monitoring events were free of conflicts of interest, our provider's maintained valid licenses and all monitoring events are documented and reviewed by upper management.	

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)



March 19, 2015

Board of Directors

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Major Pat Tighe

David W. Martin
AUDITOR GENERAL
STATE OF FLORIDA
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Delivered via email address: flaudgen_audrpt_SGA@aud.state.fl.us

Dear Mr. Martin:

Pursuant to Section 11.45(4)(d), Florida Statutes, I am submitting to you a written statement of explanation, including any actual or proposed corrective actions, in response to your preliminary and tentative audit findings and recommendations.

Oversight of Substance Abuse and Mental Health Services Findings

Finding No. 7: SAMHIS Access Controls

Finding No. 8: Leave Balances

Finding No. 9: SAMHIS Data Accuracy

Finding No. 11: Property Records

Finding No. 12: Property Inventory

Please let me know if you have any further questions. I can be reached at 561-203-2485.

Sincerely,

A handwritten signature in blue ink that reads "Ann M. Berner". The signature is fluid and cursive, with the first name "Ann" being the most prominent.

Ann M. Berner, CEO

AMB/mi
Enclosure

140 Intracoastal Pointe Drive, Suite 211
Jupiter, FL 33477
561-203-2485 / Fax 561-203-2487

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

AG Finding #7 SAMHIS Access Controls:

SEFBHN entered into its contractual arrangement with Concordia Behavioral Health (CBH) in October of 2012. In February of 2013, CBH created policy #CBH-IT-010 as well as its matching procedure which focuses on new users, user terminations and user administration. The initial focus of the #CBH-IT-010 was to capture the required documentation related to SAMHIS access and other DCF systems utilized by CBH, SEFBHN and network providers.

Since the inception of the managing entity contract, the number of users with access to SAMHIS has been substantially reduced from hundreds to a mere 33 active and appropriate users. The management of Access Control has become infinitely less cumbersome and much more targeted compared to the time period tested. Further, SEFBHN staff now use a ticketing system to submit the deactivation to CBH with a one business day timeframe for terminating a user's access. The SEFBHN Training and Technical Support Coordinator works closely with CBH to ensure employee access is terminated within the timeframe listed above.

Further, SEFBHN requires that CBH periodically cross check systems access to ensure removal from all systems where appropriate or select systems when indicated and supported by documentation. Finally, CBH reviews their user access database monthly to determine if any user no longer requires access based on date of last log-in. SEFBHN and CBH work together to ensure network providers are reporting employee separations and changes in job functions to CBH via the ticket system.

SEFBHN Response to AG Finding #8 - Leave Balances

SEFBHN management confirmed with Fair Labor and Standards Act, an exempt employee has to be paid their same salary amount each week, whether they only worked 10 hours that week or whether they worked 50. SEFBHN management also acknowledges that there is no law that prevents an employer from requiring time tracking — only from changing exempt employees' pay based on it.

Also, while accurate and timely tracking of attendance and leave records is important, it is not the only means SEFBHN ensures correct financial reporting. By policy there is no leave payout for unused leave balances at the time of separation so there is no liability to be recorded. Position descriptions, essential job functions, approval of the timing of a leave request, and time studies further demonstrate the number of established full time positions are indeed necessary to accomplish the tasks required by the ME contract terms.

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

SEFBHN management, as good stewards of public funding, fully recognizes and commits to ensuring that all employee leave used is appropriately documented and approved and that employee leave balances are accurately calculated and supported by leave and attendance records.

SEFBHN Response to AG Finding # 9: SAMHIS Data Accuracy

SEFBHN is required to maintain records documenting the names and unique identifiers of the individuals served and the dates services were provided. SEFBHN requires its network providers clearly document all admissions and discharges of individuals served and submit all service event data via the Concordia Behavioral Health (CBH) provider portal. The data submitted to SEFBHN via the provider portal is to be consistent with the information maintained in the providers' client files.

In an effort to improve and maintain data accuracy, SEFBHN and CBH as well as DCF worked together to develop and implement a new SAMH Submission Error Tracking and Resolution Protocol. CBH has created a general workflow and design of both the template (error report) and the procedure for executing the corrections over time. The error report will contain the following:

- 1) Chapter – the chapter suffering the error
- 2) Error Count – total number of errors for that specific error code
- 3) Error Name – Description of the error code encountered
- 4) Resolution – action plan to resolve the issue
- 5) % of total – percent of total errors across all chapters that this specific error represents The timeline and sequence for the error tracking and resolution protocol are as follows:
 - 1) Report will be updated every monthly submission cycle 2 business days after the monthly data submission to SAMH
 - 2) CBH will clear the registered errors within a 60 day window from submission date focusing initially on the 15 (+/-90% of the volume) error types
 - 3) The first run of the report shows about 13k errors on average to be handled. This number will be reduced to half within the first 45 days.
 - 4) CBH will reach a calibration point within the first 3-4 submission cycles where the error appearances in the monthly update will be new in nature and thereafter taper off.

EXHIBIT D
MANAGEMENT'S RESPONSES (CONTINUED)

SEFBHN Response to AG Finding # 11 and Item # 12: Property Records and Property Inventory

SEFBHN staff validate paid service events to the service record as part of the network provider contract monitoring process. This process includes a sample in all covered services and especially those covered services that have been determined to have a higher percentage of errors.

SEFBHN is required to maintain property records and property inventory. As a result of the AG's monitoring of items purchased by SEFBHN the procedure for policy #301.00 has been updated to reflect the following:

Property purchased meeting the fixed asset definition is tagged with a pre-numbered asset tag noting SEFBHN and added to the list of assets maintained by the accounting department. This list is categorized by type of asset i.e., buildings, furniture and equipment, fixed assets, leasehold improvements, etc. and includes the asset number, date of installation, cost including shipping and installation fees, and life expectancy for depreciation purposes. A copy of the invoice is maintained with these asset records until the asset is sold or deleted.

SEFBHN logs any purchased items into the inventory system upon delivery. A copy of the purchase order is also uploaded into the inventory system and attached to the property record. A copy of the purchase requisition, purchase order and delivery/package information is maintained by the Director of Budget and Accounting.

SEFBHN will continue using the inventory system for all physical property including but not limited to; furniture, desktop computers, laptop computers and tablets. The inventory system updates the information on electronic devices whenever that device is logged into the SEFBHN network. However, electronic devices will be counted manually as well. Inventory of physical property will be conducted during July of each fiscal year and the inventory will be compared with purchase orders for property. The inventory and findings will be reviewed by the Director of Budget and Accounting.