

**COMMUNITY SERVICES DEPARTMENT
COMMUNITY ASSISTANCE DIVISION
REVIEW OF CONTRACTUAL AGREEMENTS**

January 2001

Prepared by:
Internal Audit Division
Clerk of the Circuit Court

January 09, 2001

The Honorable Dick Van Der Weide,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of Community Assistance Division's contractual agreements.

Management's responses and corrective actions have been incorporated into the final report. Based on those responses, management is responding to the conditions noted in the report. Internal Audit will conduct a follow up audit at a later date to ascertain if corrective actions taken by County management are effective.

I would like to thank the men and women of the Community Assistance Division, for their cooperation and assistance throughout the course of this audit. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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**SEMINOLE COUNTY
COMMUNITY SERVICES DEPARTMENT
COMMUNITY ASSISTANCE DIVISION**

Review of Contractual Agreements

The Internal Audit Division of the Clerk of the Circuit Court has completed an audit of the administration of contractual agreements between Seminole County and various not-for-profit organizations.

Purpose

The purpose of the review was to determine if the administrative controls over the contractual agreements are adequate and operating as intended in compliance with applicable laws, regulations, and other Seminole County policies and procedures. Specifically, the purpose of the audit was to ensure that all payments to the agencies were made in accordance with established terms, conditions, laws, and regulations.

Background

The Community Assistance Division of the Community Services Department aids the citizens of Seminole County by providing a variety of services. Some of the services available include:

- Food purchases for recipients of public assistance and other eligible low-income persons;
- Financial aid to supplement the cost of child care for children of low-income parents;
- Personal and educational development;
- Aid to abused children by providing all necessary services for child abuse cases from report and investigation through treatment and prosecution in a friendly, non-threatening environment;
- Shelter services for victims of domestic violence;
- Adult outpatient and in-jail drug abuse treatment;
- Volunteers for health, drug prevention, education, economic development, community and legal services; and,
- Transportation, home-delivered and congregate meals.

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Scope of Work

The scope of this audit was limited to an examination of payments to the following agencies for the period of October 1, 1998 through March 16, 2000:

- Boys and Girls Club of Central Florida;
- Community Coordinated Child Care for Central Florida, Inc.;
- Kids House of Seminole, Inc.; Seminole Community Volunteer Program, Inc.; Seminole County Better Living for Seniors, Inc.;
- Seminole County Victims Rights Coalition, Inc.;
- Seminole Volunteer Enterprises, Inc.; and,
- The Grove Counseling Center.

Actual payments to these agencies for the audit period were \$997,702.38. All source documents related to these contracts were subject to review.

Our audit coverage included:

- Review of independent audit reports;
- Review of contracts for fiscal years 1998-99 and 1999-00;
- Review of County Finance records to determine if payments were made in accordance with contractual provisions;
- Review of reimbursement requests for compliance with terms and conditions of the contracts;
- Interviews of key personnel; and,
- Other such auditing procedures considered necessary under the circumstances.

The audit was conducted by Pat Tindel.

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Overall Evaluation

It is our opinion that the administrative controls over the contractual agreements are adequate and operating as intended. Certain conditions exist, however, that warrant management's further attention regarding compliance with the terms of the contract:

- Monthly billings are not always paid in accordance to the amount requested by the agency;
- Contractually required documentation is not always provided; and,
- Review process is not documented on the monthly billings.

The details of the findings and recommendations follow:

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Finding No. 1

Monthly billings are not always paid in accordance to the amount requested by the agency.

The Boys and Girls Clubs of Central Florida submitted two monthly billings to the County that were not paid according to the requested amount. For example, one request was for \$9,485.06 and the division paid \$10,473.53. No explanation was provided to explain why the monthly billing was increased by \$988.47. The other request was for \$9,620.96 and the division paid \$8,130.66. Again, no explanation was provided to explain why the monthly billing was decreased by \$1,490.30. Without the monthly bills annotated with an explanation as to why the payments differed from the agency's requested amount, Internal Audit is not able to validate that the amounts of the changes are proper.

Recommendation

We recommend that as part of the review process, any discrepancies between the requested amount and the approved amount be explained on the monthly billing.

Management Response

Effective immediately incorrect invoices will be returned to the agency and an amended invoice provided to process. Notes will be made in an internal division file to reflect the need to secure amended copies of invoices and reports. Division staff will not manually correct agency invoices.

Finding No. 2

Contractually required documentation is not always provided.

Each contract issued contains seven specific reporting requirements. One of the reporting requirements states that a financial report of receipts and expenditures set forth by budget category is to be submitted with the monthly reimbursement request. We noted that 13 of 52 (25 percent) reimbursement requests tested either did not have receipts and expenditures reports attached or the reports that were attached were incomplete. Another reporting requirement is a narrative assessment of the service organization's progress toward accomplishing goals and objectives for service to the county. Eight of 52 (15 percent) reimbursement requests tested either did not have a narrative assessment attached, or the narrative was not considered adequate. By not complying with the reporting

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requirements there is a risk that the county may be paying for services that were not provided for by the organization.

Recommendation

Reimbursement requests should not be processed for payment until all the reporting requirements are met.

Management Response

The contracts for next fiscal year will be changed to provide for original invoices (and one copy) to be sent directly to the Community Assistance Division office. Division staff will review the invoices for correctness, completeness, and consistency and then forward the original (with entire backup) to finance with authorization to process for payment. No invoice will be processed until all required documentation has been provided by the agency. Invoices will indicate that all documents have been received and will be signed off by the staff member monitoring the grants and by the Division Manager.

Finding No. 3

Review process is not documented on the monthly billings.

Each contract issued contains specific billing and payment requirements. One of these requirements is to verify that the organization is providing the services for which reimbursement is sought. Based on our testing of 52 monthly billings, there was no evidence on any monthly billing to document that this review was being performed.

Based on interviews with key personnel, the monthly billings are summarized on an agency summary report and given to the manager of community assistance for review. This review process is performed after the monthly billings have been paid by County Finance. Also, this review process is not documented on the individual monthly billings.

By not having a procedure to document that services were actually being provided, there is a risk of paying for services that were unauthorized.

Recommendation

Procedures should be established to document compliance with the terms of the contract.

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Management Response

Two issues were actually discussed during the review. One concerned the contract language identifying the Department Director as the final review of invoices. The contract will be changed to identify the Division Manager, rather than the Department Director as the final review of invoices. The second issue actually addressed the verification of services. The Division has already instituted a process to verify services. At least one site visit to each agency funded will be made during the course of the contract year. This visit will include a random review of agency files and comparison with invoices submitted. The compliance level will be documented in the agency file and a letter sent to the agency to reflect the outcome of the site visit. In addition, as mentioned above, both the division's contract monitor and the division manager will sign off on all payment vouchers being forwarded to County Finance.

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