

**Office of Inspector General
Center for Independent Living of Broward**

Report # A-1314-010

May 2015

Executive Summary

In accordance with the Department of Education's fiscal year (FY) 2013-14 audit plan, the Office of Inspector General (OIG) conducted an audit of the Division of Vocational Rehabilitation's (DVR) contract with the Center for Independent Living (CIL) of Broward. The purpose of this audit was to ensure DVR and the CIL had sufficient internal controls in place to govern the independent living program and to determine compliance with the contract. During the audit we noted that, in general, DVR had sufficient internal controls in place to govern the independent living program. However, there were instances where the CIL could strengthen its controls. For example, we cited instances where the CIL submitted invoices after the due date, failed to seek prior approval for budget modifications, did not consistently record service hours, did not ensure consumer service records contained all required documentation, and did not accurately record employee time. The Audit Results section below provides details of the instances noted during our audit.

Scope, Objectives, and Methodology

The scope of this audit included independent living services provided through the CIL's contract for the period of January 1, 2013, through September 30, 2013. The audit objectives included determining whether:

1. DVR effectively manages and monitors the contracts for compliance;
2. The CIL maintains fiscal accountability to ensure proper disbursement and accounting of funds; and
3. The CIL's internal controls ensure effective delivery of program services to eligible consumers.

To accomplish our objectives we reviewed applicable laws, rules, and regulations; interviewed appropriate department and CIL of Broward staff; reviewed policies, procedures, and related documentation; reviewed contract 13-128 and its amendment, contract 14-128, and supporting documents; reviewed a sample of consumer files; conducted a site visit; and reviewed a sample of expenditures and related documents. The information and documents used to evaluate the project were obtained from the DVR contract manager, DVR independent living manager, and CIL of Broward management.

Background

The CILs are nonprofit federally mandated agencies that are designed and operated within a local community by individuals with disabilities. Each CIL receives federal and state funding to promote the four core independent living services which include providing information and referrals, peer counseling, personal and systems advocacy, and independent living skills training. Currently, there are 16 Independent Living Centers in the state of Florida. CIL staff, boards, and consumers work together to remove barriers and prejudices in society so that all individuals can live, work, and enjoy all that their community has to offer.

The Center for Independent Living of Broward was founded in 1991 with a focus on providing core services to consumers with disabilities. Their mission is to help persons with disabilities achieve independence and self-determination. They offer services that assist persons with disabilities to acquire skills, housing, transportation, employment, and physical access to facilities. The CIL of Broward serves Broward, Charlotte, Collier, Glades, Hendry, and Lee counties.

On July 1, 2012, the state entered into a contract with CIL of Broward to provide funding for the provision, improvement, and expansion of independent living services, including the four independent living core services for individuals with significant disabilities. The cost reimbursement contract (13-128) totaled \$366,844, with one amendment that increased the total funding to \$462,907. On July 1, 2013, the state entered into a fixed fee contract (14-128) with CIL of Broward for the period of July 1, 2013, through June 30, 2016, in the amount of \$446,144.

Audit Results

Finding 1: Invoices were not submitted timely

Section IV.B of the contracts states, “No later than 30 days after the close of monthly business the Center shall submit to the Contract Manager the following documents in sufficient detail for proper pre-audit and post-audit thereof as evidence of deliverable completion.” The required documents include a complete monthly performance report for the CIL program, a properly completed invoice with supporting documentation, independent living service hours provided for the month, and budget reconciliations for the year-to-date period.

During 5 of the 9 months reviewed (56%), the CIL submitted the required invoices and supporting documentation to DVR more than 30 days after the close of the monthly business. Each of the 5 months occurred during the cost reimbursement contract 13-128. The invoices ranged from 9 to 32 days late.

The untimely submission of monthly invoices and supporting documentation hinders the contract manager’s ability to verify deliverable completion. The untimely submission of invoices could also affect the CIL’s timely receipt of payments needed for effective operation of the CIL.

Recommendation

We recommend the CIL improve its procedures in order to ensure timely submission of invoices and supporting documentation. We also recommend DVR monitor the CIL to ensure submission of invoices and supporting documentation in accordance with contract terms.

DVR Management Response

Concur. Changes will be implemented as recommended.

CIL of Broward Response

The CIL Broward had staffing turnover in accounting at that time which delayed submission of invoices. All of our invoices are now being submitted on time. A COO/CFO was hired and an accounts associate is managing the state invoices.

Finding 2: CIL expenditures did not conform with the approved contract and budget

Attachment C of contract 13-128 states, “Modifications to the approved line item budget not affecting the total agreement amount may be made only after they have been reduced to writing and written approval by the Vocational Rehabilitation contract manager has been given in advance.”

The CIL added three positions to the personnel expense category that were not included in the approved budget. Those positions include the Chief Operating Officer, IL Specialist Part Time, and Special Projects. In addition, the CIL added an interpreter position to the expense category.

The SSA’s budget for personnel and expenses amounted to \$206,120.67 and \$ 71,411.33 respectively, for a total budget amount of \$277,532.00. The SSA personnel budget expenditures totaled \$20,909.29 under budget and the expense category totaled \$20,233.54 over budget. These two differences offset each other, leaving a balance of \$675.75 for SSA expenses.

Contract 13-128: SSA

	Budgeted Amount	Reimbursed	Difference
Personnel	\$206,120.67	\$185,211.38	\$20,909.29
Expenses	\$71,411.33	\$91,644.87	(\$20,233.54)
Total	\$277,532.00	\$276,856.25	\$675.75

The Part B budget for personnel and expenses amounted to \$42,575.28 and \$25,502.72 respectively, for a total budget amount of \$68,078.00. The Part B personnel expenditures totaled \$1,019.87 over budget and the expense category totaled \$1,019.87 under budget. These two differences offset each other, leaving a \$0 balance for Part B expenses.

Contract 13-128: Part B

	Budgeted Amount	Reimbursed	Difference
Personnel	\$42,575.28	\$43,595.15	(\$1,019.87)
Expenses	\$25,502.72	\$24,482.85	\$1,019.87
Total	\$68,078.00	\$68,078.00	\$0.00

The General Revenue budget for personnel and expenses amounted to \$72,851.54 and \$44,445.46 respectively, for a total budget amount of \$117,297.00. The General Revenue personnel expenditures totaled \$3,565.05 over budget and the expense category totaled \$3,565.05 under budget. These two differences offset each other, leaving a \$0 balance for General Revenue expenses.

Contract 13-128: General Revenue

	Budgeted Amount	Reimbursed	Difference
Personnel	\$72,851.54	\$76,416.59	(\$3,565.05)
Expenses	\$44,445.46	\$40,880.41	\$3,565.05
Total	\$117,297.00	\$117,297.00	\$0.00

The line item budget modifications did not affect the total agreement amount, but the DVR contract manager did not approve the modifications in advance as required by the contract. Per the contract manager, the CIL did not submit any budget revision requests to DVR during the contract period.

Additionally, we reviewed a sample of 36 expenditures for contracts 13-128 and 14-128 and found some to be questionable. An invoice submitted by Moss, Krusick & Associates was paid for the preparation of 990s for CIL Broward and CILB Properties. DVR should not reimburse any expenses incurred by CILB Properties. This would lead us to question if additional invoices submitted by Moss, Krusick & Associates also included expenses incurred by CILB Properties. Under contract 14-128, there was an expenditure for the CIL Director's membership at Tower Club, which is assessed at \$135.25 per month. Upon review, it appears that this expense likely provides no benefit to the CIL under its contract with DVR.

Charging for unallowable expenses and the modification of the line item budget without prior written approval can result in the CIL receiving reimbursement for payroll or expenses not related to the contract. This can also lead to consumers not receiving services as specified in the contract.

Recommendation

We recommend the CIL enhance its procedures to ensure expenses reimbursed through DVR's contract are allowable and the CIL receives written approval from the DVR contract manager prior to making modifications to the contract budget. We recommend DVR include a review of expenditures in its monitoring activities and more closely review invoices to ensure expenditures are appropriate and align with the approved budget. We further recommend DVR review

previous and current expenditures for unallowable expenses, such as those identified in our audit, and seek repayment from the CIL for those expenses deemed unallowable.

DVR Management Response

Concur. Changes will be implemented as recommended.

CIL of Broward Response

CIL Broward contract 13-134 was amended and approved by the Commissioner of Education on March 26, 2013, and the DVR quarterly budget reconciliation form allows for a 10% variance, “contractor must provide with the quarterly report a brief explanation of variances on any line item that is 10 percent or greater.” The Tower Club expenses were for Board committee meetings to accommodate for needed space and were a benefit to the organization. However, we no longer have that membership and will continue to strengthen our contract management & compliance.

Finding 3: Service hours were inconsistently recorded

Section IV.C of contract 13-128 and section IV.D of contract 14-128 state, “The Center shall maintain documentation (electronic or hard copy) to track and record all service hours provided under this Agreement. Documentation will at a minimum identify the staff providing the service, the date of service, the hours of service, the consumers receiving the service, and all service provided to the consumer during the hours of service.”

The service hour documents provided by the CIL included the consumer’s name, staff name, service provided, date of service, and the service hours broken down by fund. Comparison of this documentation to the submitted monthly performance reports revealed discrepancies for both sampled months of April 2013 and August 2013.

The April 2013 monthly performance report reflected 675.26 service hours and 130.5 community activity hours, for a total of 805.76 hours. The received supporting documentation reflected 861.5 service hours and 123 community activity hours, for a total of 984.5 hours. The August 2013 monthly performance report reflected 849 total monthly hours, while the supporting documentation reflected 1000.9 service hours and 111 community activity hours, for a total of 1111.9 hours.

We additionally found that 85 of the 861.5 (10%) service hours documented for April 2013, and 46 of the 1000.9 (5%) service hours documented for August 2013 were duplicated. The duplicate hours were due to the staff member counting the consumer twice in the same day for the same service, or two staff members documenting the same service for a consumer.

Further review of the documented service hours showed staff members working on Saturdays, though it was not reflected in their timesheets. The service hours on Saturdays totaled 6.5 hours for April and 34.25 hours for August. Additionally, two staff members reported service hours during their vacation days for a total of 6.75 hours in April.

During the course of the audit, the CIL denied OIG personnel access to the CIL Management Suite, citing confidentiality concerns. A member of the CIL management team generated the service hour documentation for review, but could not explain the discrepancies between the report provided during our audit and the monthly report submitted with the invoices. Due to the inability to access the CIL's system, the OIG could not reconcile the differences between the submitted monthly performance reports and the supporting documentation.

We were able to confirm that the CIL met the minimum required service hours for each contract; however, these identified discrepancies indicate that the CIL is not accurately reporting services hours. This hinders DVR's ability to confirm that deliverables are being provided in accordance with contract terms.

Recommendation

We recommend the CIL develop policies and procedures to ensure service hours are recorded accurately and the supporting documentation agrees with the monthly performance report. We also recommend DVR include the review of service hour documentation in its monitoring efforts.

DVR Management Response

Concur. Changes will be implemented as recommended.

CIL of Broward Response

The CIL Broward provided more than two times the contracted consumer service hours. More hours were documented by staff after the monthly report was generated which caused a count discrepancy. However, we will develop policies and procedures for service hour documentation, and a cut off date for entering service hours. It is our understanding as well as other CILs that in some instances duplication of service hours is permitted.

Finding 4: Consumer Service Records (CSR) were missing required documentation

Code of Federal Regulations (CFR) 364.53 states "For each applicant for IL services (other than information and referral) and for each individual receiving IL services (other than information and referral), the service provider shall maintain a consumer service record that includes—

- (a) Documentation concerning eligibility or ineligibility for services;
- (b) The services requested by the consumer;
- (c) Either the IL plan developed with the consumer or a waiver signed by the consumer stating that an IL plan is unnecessary;
- (d) The services actually provided to the consumer; and
- (e) The IL goals or objectives—
 - (1) Established with the consumer, whether or not in the consumer's IL plan; and
 - (2) Achieved by the consumer.
- (f) A consumer service record may be maintained either electronically or in written form, except that the IL plan and waiver must be in writing."

We conducted a site visit to the CIL of Broward during the week of December 9, 2013. We randomly selected 41 CSRs for review. The CIL maintains hard copy consumer service records, though some service records may be documented electronically in the CIL Management Suite. Through our review of the CSRs, we noted the CIL did not sufficiently document whether set goals were achieved for five (12%) of the 41 consumers.

CFR 364.51 (a) states “(1) Before or at the same time as an applicant for IL services may begin receiving IL services funded under this part, the service provider shall determine the applicant’s eligibility and maintain documentation that the applicant has met the basic requirements specified in §364.40. (2) The documentation must be dated and signed by an appropriate staff member of the service provider.”

Of the 41 CSRs reviewed, 16 (39%) did not contain sufficient documentation of eligibility determination. The CIL could not locate the eligibility determination form for seven CSRs, the form was not dated by the staff for one CSR, eligibility determination was not indicated on the form for three CSRs, and the form did not contain a staff signature or indication of eligibility for five CSRs.

CFR 364.52 (b) states “(1) Development of an individual’s IL plan must be initiated after documentation of eligibility under § 364.51(a) and must indicate the goals or objectives established, the services to be provided, and the anticipated duration of the service program and each component service. (2) The IL plan must be developed jointly and signed by the appropriate staff member of the service provider and the individual with a significant disability or, if consistent with State law and the individual chooses, the individual’s guardian, parent, or other legally authorized advocate or representative.”

Twelve of the 41 CSRs (29%) did not contain a properly documented IL plan. The CIL could not locate the IL plan for 10 CSRs and the IL plan did not contain a staff signature for two CSRs.

CFR 364.52 (c) states “(1) The IL plan must be reviewed as often as necessary but at least on an annual basis to determine whether services should be continued, modified, or discontinued, or whether the individual should be referred to a program of VR services under 34 CFR part 361 or to any other program of assistance.”

The IL plans for fifteen of the CSRs were eligible for an annual review. There was no documented annual review for any of them.

Upon our return from the site visit, we provided the CIL with a list of CSRs that were missing documentation to allow them the opportunity to locate documents that may have been misplaced. In response, the CIL provided four of the five eligibility determination documents and one of the two IL plans that we identified as missing staff signatures. We determined that CIL staff signed these documents after our site visit and back-dated them to the date the consumer signed the agreement; therefore, the results of our review did not change.

The lack of required documentation makes it difficult for the CILs to ensure services are provided to eligible consumers and that the CIL consumers actively participate in the determination of their independent living services and goals. It also hinders DVR's ability to confirm the CIL is providing appropriate services to its consumers.

Recommendation

We recommend the CIL enhance its procedures to ensure all required documents are maintained in the CSRs and IL plans are reviewed at least annually. We also recommend DVR include the review of CSRs in its monitoring activities.

DVR Management Response

Concur. Changes will be implemented as recommended.

CIL of Broward Response

The CIL Broward will enhance its procedures to ensure all required documents are maintained and that annual reviews are completed. A consumer service record checklist form will be developed for all files and signed off by supervisors for compliance. Random file checks will also be performed to review annual reviews.

Finding 5: Employee time was not accurately recorded

Attachment C of contract 13-128 outlines the minimum documentation the CIL must submit with the monthly invoice for the DVR contract manager to review and approve prior to reimbursement. The documentation includes "Payroll Register to include names, check number, amount of payment, date of payment, work period, number of hours worked or time spent on programs by these employees." Contract 14-128 does not require submission of the payroll register with the invoices.

Our comparison of the timesheets and payroll registers for the month of April 2013 revealed some discrepancies. There were 19 employee timesheets for the first biweekly period (March 30, 2013- April 12, 2013) and 20 employee timesheets for the second biweekly period (April 13, 2013- April 26, 2013). During the first biweekly period, we found two instances where sick leave recorded on the timesheet was not recorded on the payroll register. We additionally found that the hours worked for one employee were reflected incorrectly in the payroll register. During the second biweekly period, we found one instance where sick and vacation leave recorded on the timesheet was not recorded on the payroll register.

Section 8.m. of Attachment B to the Office of Management and Budget (OMB) Circular A-122 requires salary costs to be allocated across funding sources/programs based on the relative benefits received and specifies certain time and effort documentation requirements.

Our review of salaries and related expenditures charged in the April invoice for 20 CIL employees showed that all 39 biweekly timesheets lacked documentation of the actual hours

worked on various funding sources or programs. Although timesheets allowed for the recording of time based on funding sources or programs, this functionality was not used; rather, manual journal entries were made within the accounting system to reclassify a portion of salary expenditures. This limits the CIL's ability to demonstrate that allocations of salaries and related expenditures were reasonable and necessary for the performance of the contract. The lack of documentation on staff timesheets hinders the DVR contract manager's ability to verify funds are allocated correctly and to ensure contract funds are not being utilized for non-related projects.

Recommendation

We recommend the CIL develop policies and procedures to ensure timesheets are completed in accordance with the federal regulations and salary allocations are based on a determination of the actual hours worked and commensurate with the applicable benefits received by each funding source. Additionally, we recommend DVR include the review of timesheets and payroll registers in their monitoring activities.

DVR Management Response

Concur. Changes will be implemented as recommended.

CIL of Broward Response

Timesheets now have grant time allocations and staff are using and documenting appropriate time allocations. Preparation of timesheet policies and procedures will be amended and updated.

Closing Comments

The Office of the Inspector General would like to recognize and acknowledge DVR and the CIL of Broward for their assistance during the course of this audit. Our fieldwork was facilitated by the cooperation and assistance provided by all personnel involved.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in accordance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Tiffany Hurst and supervised by Janet Snyder, CIA, CGAP, Audit Director.

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