



OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY

Sheryl G. Steckler
Inspector General

September 11, 2013

Ms. Gaetana D. Ebbole,
Chief Executive Officer
Children's Services Council
2300 High Ridge Road
Boynton Beach, Florida 33426

Dear Ms. Ebbole:

The Office of Inspector General ("OIG") initiated the audit, *Children's Services Council, Provider Agency Review* to evaluate whether Children's Services Council, ("CSC") provider agency expenditures were adequately supported and appropriate and whether agencies complied with selected requirements within CSC agency agreements. To date, our audit work has not identified findings that are of a significant nature related to the audit objectives. Based on these results, we have decided to terminate the audit.

However, we noted certain operational matters that were discussed with CSC, but are not considered reportable deficiencies. They are presented here for your review and consideration. These observations and recommendations are intended to improve operations and clarify certain requirements within the CSC agency agreements.

1. Compliance with CSC's requirement to perform the E-Verify¹ employment check.

For all employees hired on or after October 1, 2011, CSC requires all provider agencies to use E-Verify when hiring employees compensated in whole or in part, by CSC. As a lead agency, Prime Time is responsible to include this compliance requirement when monitoring their sub contractors, ("subs"). Prime Time staff informed us that the E-Verify requirement is not being tested during the monitoring of their subs. As a result, there is a risk that a CSC funded agency could employ individuals who are not legally entitled to work in the United States in violation of federal law.²

¹ E-Verify is an internet based system that allows an employer to determine the eligibility of an employee to work in the United States.

² Sec 274A. {8 U.S.C. 1324A}

"Enhancing Public Trust in Government"

2. Agency requirements for obtaining licenses and certificates

As part of our audit, we reviewed the Exhibit "A" General Conditions in the CSC agreements related to two lead agencies, Literacy Coalition of Palm Beach County and Prime Time Palm Beach County, Inc., their subs, Guatemalan-Maya Center, Minority Development & Empowerment, Inc., YMCA of South Palm Beach County, and Center for Creative Education, and one non-lead agency, Father Flanagan's Boys Town Florida, Inc. One requirement within the General Conditions is for agencies to submit current copies of the following documents, if applicable: Certificate of Insurance, License to Operate the Agency/Program, Fire Inspection Certificate and Health Inspection Certificate. CSC captures the submission of the documents on an annual basis on a CSC data base. We found that CSC did not have on file a complete set of required documents for any of the three agencies. We noted that there was not a common understanding among CSC and agency staff on what type of licenses or certificates were required and which agencies they applied to. Further, there was no clear understanding as to who the required documents were to be submitted to and not all the agencies submitted their documents to CSC. Clearer guidance by CSC on what is required to meet this requirement would benefit both CSC and their agencies.

3. Onsite fiscal monitoring by CSC lead agencies

Lead agencies conduct an on-site fiscal monitoring of their sub agencies to determine that requests for monthly reimbursements of expenditures are in accordance with the CSC approved budget. As part of this fiscal monitoring, supporting documentation is to be examined. During our review of provider agency expenditures we noted that Prime Time, a lead agency, as part of their fiscal monitoring, is relying on vendor invoices in reviewing reimbursement requests by their sub agencies. Vendor invoices alone are not sufficient evidence to support payment of expenses. Reviewing cancelled checks provides an added level of control needed to safeguard against improper or potentially fraudulent payments.

4. Timely Reimbursement of Subs by the Lead Agency

One of the elements related to the reimbursement process is the monthly reimbursement payment to the subcontractor from the Lead Agency. We identified considerable time differences between Prime Time's receipt of wired funds from CSC and the deposit of funds received by the subs from Prime Time. In our review of seven monthly reimbursements, we identified five where the deposit by the sub ranged from 8 to 14 days after Prime Time received their wired funds from CSC. Unlike CSC who reimburses their provider agencies via wire transfer, Prime Time reimburses their subs by issuing and mailing a paper check. CSC's Lead Agency Guidance does not currently address timely reimbursement from a lead agency to their subs.

5. Enhancing CSC's Monthly Reimbursement Review Process

To improve the monthly reimbursement review process, CSC has implemented a Reimbursement Analysis Checklist. The purpose of the checklist was to assist the budget specialist in performing a more analytical review of agency monthly expenditures beyond just a focus on budget to actual spending or carry over spending at year end. The checklist identifies items that are risk based to be reviewed monthly for determining whether expenditures are reasonable and allowable. During our audit, we had the opportunity to observe CSC's early implementation efforts. Based on our discussions with two budget specialists, they did not appear to fully understand the purpose and use of the checklist. Both specialists indicated that the checklist was for use on an annual basis rather than monthly. Clearer guidelines on the purpose and use of the checklist are needed.

6. Possible Inefficient Use Of CSC Funds Reimbursed For Local Travel

In our review of expenditures for Housing Partnership, we identified three monthly mileage reimbursements incurred by one employee. The frequency and repetitive nature of the activities point to possible inefficient use of CSC funds. The number of trips taken each month ranged from 12 to 16. The average monthly mileage incurred was 1,363 with an average monthly reimbursement amount of \$558. Of those miles, approximately 257 were attributable to document delivery, 207 miles were attributable to the purchase of supplies and the balance of 899 were for meeting attendance. The extensive number of trips to deliver documents could be more efficiently accomplished through use of mail, fax, and/or document delivery services. Better planning and analysis on the need for supplies could likewise reduce the frequency of those trips.

7. Provider Agencies Retention Of School District Badges For Departing Employees

CSC agencies, because of the nature of some of the programs they deliver, require access to Palm Beach County School District ("School District") facilities and students. Prime Time staff informed us that all of their employees obtain School District picture identification badges ("badges") for access to school facilities. Prime Time staff also informed us that employees who leave their employment turn in their badges to Prime Time. However, Prime Time does not notify the School District of employee departures and does not return those badges to the School District. Badges which are not returned create a control risk for the School District. It also can create added risk for CSC funded agencies if School District badges they retain are subsequently lost, stolen or otherwise misused. We will refer our information and observations to the School District Inspector General.

8. CSC Reimbursed \$600 To Housing Partnership For Gift Cards Which Did Not Comply With CSC Budget Guidelines Nor Housing Partnership's Internal Guidance.

In our review of expenditures for Housing Partnership, we identified \$600 in gift cards that were distributed to four volunteers in amounts ranging from \$100 to \$250. The expenditure was reimbursed under the budget line item, "Specific Assistance to Individuals". The budget narrative for this line item states in part that it is, "For volunteer incentives-as part of the Volunteer Outreach strategy. Volunteers will be screened and trained for this project". The distribution to each volunteer was documented on a log labeled "Volunteer Stipend". The log, which only listed volunteer hours for one month, did not show what volunteer activity was performed consistent with the budget line item narrative. Also, Housing Partnership's own internal guidance indicated that gift card amounts used as volunteer incentives would not exceed \$50.

In response to our inquiry, Housing Partnership stated that the gift cards were awarded in appreciation for each individuals overall volunteerism over the previous six months. They further stated that while the form indicated "Stipend" the awarded gift cards were not stipends. The available documentation does not support that this expenditure was in compliance with CSC's approved line item budget. Further, the amounts given exceeded Housing Partnership's own internal guidance.

During our audit, Housing Partnership issued a new Gift Card Policy that states gift cards will not be issued to their program volunteers for any reason.

9. CSC Approved Prime Time's Budget Application For Food Services Even Though It Was In Conflict With CSC's Own Budget Guidelines

One of the expenditures we selected for Prime Time was posted to the expense budget line 600.501 Food Service. The definition for the budget line Food Service in Prime Time's program narrative differed from the definition for Food Service in the line item budget application guidance provided by CSC. CSC's guidance defines food service as "the reasonable and necessary cost of food where there is a business purpose for a documented activity where clients are involved and is a necessary part of the program". Prime Time provided a description in their line item budget application for Food Service that included food for board meetings and committee meetings. CSC approved Prime Time's budget application even though it conflicted with CSC's budget application guidance. As a result, Prime Time incurred expenses totaling \$419.55 that, while approved and reimbursed by CSC, did not meet CSC's own guidance.

10. Prime Time, As Lead Agency, Approved \$1,300 In Expenditures For A Sub That Did Not Have Adequate Supporting Documentation.

We selected expenditures for a Prime Time sub, Kravis Center, totaling \$6,600 that were reimbursed through the Kravis Center's monthly reimbursement request form. We requested through Prime Time, documentation to substantiate these expenditures. The Kravis Center did not provide source documentation to substantiate \$1,300 of the \$6,600 of reimbursed expenses. The expenses incurred were attributable to the allocation of artist fees, stipends, rental fees, internal labor and supplies.

Based on the ten items presented in this letter, the OIG recommends that CSC consider taking the following actions:

1. Ensure that Prime Time take action to perform the E-Verify check for compliance by all Prime Time subs.
2. Establish uniform definitions for licenses and certificates required in CSC agency agreements as well as uniform guidance on how and to whom those licenses and certificates should be submitted.
3. Provide additional fiscal monitoring guidance to lead agencies that includes comparison of the transaction amount, payee/vendor, date and description to the vendor's invoice and cancelled check.
4. Establish a requirement for lead agencies to reimburse their sub agencies within a specified timeframe after receipt of CSC's wired reimbursement.
5. Continue the development of the reimbursement analysis checklist to produce a more critical review of expense items. Budget specialists should be provided with training on the application and implementation of the checklist. To document the completion of the checklist review process, budget specialists should sign and date the checklist.
6. Work with Housing Partnership, Inc. to identify increased efficiency and potential cost saving ways to accomplish administrative tasks being carried out by staff. Explore document delivery services and better planning for trips needed to purchase supplies which could reduce the frequency and costs of local travel.
7. Coordinate with provider agencies on establishing a process for returning identification badges for departing employees to the School District.
8. Seek reimbursement from Housing Partnership, for any gift card expenditures that exceeded amounts allowed under the policy in existence at that time.

9. Review Prime Time's budget application to determine whether all expenditures for food services are consistent with CSC's guidance.
10. Request that Prime Time obtain documentation to support the request for reimbursement from the Kravis Center. If documentation is not available, CSC should request Prime Time to seek repayment of those dollars or request an adjustment in their next reimbursement request. The monitoring process for Kravis Center should include reviewing supporting documentation for expenditures reimbursed by CSC.

Identified Cost, Questioned Cost, and Cost Avoidance³

The operational matters noted above resulted in identified cost of \$1,300; questioned costs of \$1,020 and avoidable costs of \$3,928.

In our draft letters issued August 22, 2013, we provided CSC, Housing Partnership, Inc. and Prime Time Palm Beach County, Inc. an opportunity to respond to our observations and recommendations. We received responses from all three and have included them as attachments to this letter.

The Inspector General's Audit staff would like to extend our appreciation to the Children's Services Council management, staff and agencies for the cooperation and courtesies extended to us during our audit.

Sincerely,



Dennis Schindel
Director of Audit

Attachments

³ Please see www.pbcgov.com/OIG

Attachment 1 – CSC Response



2300 High Ridge Road
Boynton Beach, FL 33426
Tel: 561.740.7000
Fax: 561.835.1956

September 10, 2013

Dennis Schindel, Director of Audit
Office of Inspector General Palm Beach County
P.O. Box 16568
West Palm Beach, FL 33416

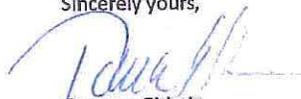
Subject: Letter of August 22, 2013

Dear Mr. Schindel:

We are in receipt of your letter of August 22nd and appreciate the OIG's audit of our provider oversight processes, which was conducted at our request, and included an evaluation of provider agency expenditures. We are happy to see that your audit work did not identify findings that are of a significant nature related to the audit objectives.

With respect to the observations and recommendations set forth in the letter, we will carefully review them and take such action as we deem appropriate. We appreciate you calling these matters to our attention.

Sincerely yours,



Gaetana Ebbola
Chief Executive Officer

www.cscpb.org

Attachment 2 – Housing Partnership, Inc. Response



Housing Partnership
A Member of the Community Partnership Group

September 4, 2013

Mr. Dennis Schindel
Director of Audit
Office of Inspector General
Palm Beach County
P.O. Box 16568
West Palm Beach, FL 33416-6568

Subject: Response to CSC Agency Review Draft Letter, Dated August 22, 2013

Dear Mr. Schindel,

Thank you very much for meeting with us on August 19, 2013, to address the two operational matters and recommendations outlined in the aforementioned letter. As discussed, our agency always welcomes the opportunity to improve operations and appreciate your guidance and input.

Our responses are as follows:

Possible Inefficient Use of CSC Funds Reimbursed for Local Travel

While we feel that the travel conducted was within the purview of the funding received, we do agree that the travel from Pahokee to Riviera Beach to deliver documents was inefficient, not only from a financial standpoint, but also from a human resources perspective. We have since terminated the practice and are now utilizing mail services to accomplish the same result at a much lower cost. Regarding the planning for trips needed to purchase supplies, the organization will continue looking for efficiencies in purchasing, but given the limited availability of inexpensive supply vendors in the Glades, storage facilities at our sites, and the reimbursable nature of the contract, it is sometimes difficult to purchase large quantities in advance.

CSC Reimbursed \$600 to Housing Partnership for Gift Cards which Did Not Comply with CSC Budget Guidelines nor Housing Partnership's Internal Guidance.

The review has most certainly exposed inefficiencies and inconsistencies in our gift card process. As noted we have since revised our policy to be more consistent among individual programs, and have terminated the practice of rewarding volunteers with gift cards.

Once again we thank you for the opportunity to respond to the suggested recommendations and guidance.

Sincerely,


Patrick McNamara
President and CEO

Cc: Ms. Gaetana Ebbola, CEO, Children's Services Council Palm Beach County



Housing Partnership, Inc.
2001 Blue Heron Blvd. W.
Riviera Beach, FL 33404-5003
(561) 841-3500
Fax: (561) 841-3555
www.gocpg.org

Attachment 3 – Prime Time Palm Beach County, Inc. Response



2300 High Ridge Rd., Ste 330
Boynton Beach, FL 33426
Tel 561-732-8066
Fax 561-732-8094
www.primetimebbc.org

September 2, 2013

Mr. Dennis Schindel
Director of Audit
Office of the Inspector General-Palm Beach County
P. O. Box 16568
West Palm Beach, FL 33416-6568

Dear Mr. Schindel,

Prime Time is appreciative of the opportunity to review the operational matters and recommendations included in the August 22, 2013, memo that will appear in the letter to the Children's Services Council of Palm Beach County (CSC). We have begun to immediately implement recommendations, as appropriate, and will review all matters with our Board of Directors and program officer at CSC within the next two weeks.

Thank you again for allowing us to review the recommendations. We will forward additional information following the Board review, if appropriate.

Sincerely,

A handwritten signature in black ink that reads "Suzette L. Harvey".

Suzette L. Harvey
Executive Director

cc: Gaetana Ebbola, CEO, Children's Services Council of Palm Beach County



Prime Time Palm Beach County, Inc. receives significant funding from the Children's Services Council of Palm Beach County.