

Audit of The Center For Drug-Free Living Contract Y7-2007

AUDIT REPORT

Report by the
Office of the County Comptroller

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Audit of The Center For Drug-Free Living
Contract Y7-2007

The Center For Drug-Free Living is a nonprofit corporation specializing in substance abuse treatment programs for adults and adolescents. Orange County contracts with the Center to provide residential based treatment for men and women on an annual basis.

October 1999
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October 28, 1999

Mel Martinez, County Chairman
And
Board of County Commissioners

We have conducted an audit of the contract for substance abuse treatment between Orange County and the Center For Drug-Free Living. The audit was limited to a review of expenditures by the Center and compliance with the terms of contract Y7-2007. The period audited was October 1, 1996 through September 30, 1997. We also compared the contract to Y9-2007, which covers the period October 1, 1998 through September 30, 1999, to ensure consistency in contract requirements. Our audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary in the circumstances.

Responses to our Recommendations for Improvement were received from the Center For Drug Free Living and are incorporated herein.

We appreciate the cooperation of the personnel of the Human Services Division and the Center For Drug-Free Living during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Larry A. Jones, Director, Health and Family Services Department

EXECUTIVE SUMMARY

Executive Summary

We have conducted an audit of the contract for substance abuse treatment between Orange County and the Center For Drug-Free Living. The audit was limited to a review of expenditures by the Center and compliance with the terms of contract Y7-2007. The period audited was October 1, 1996 through September 30, 1997. We also reviewed contract Y9-2007, which covers the period October 1, 1998 through September 30, 1999, to ensure consistency in contract requirements. Overall, the Center adequately performed the services under Contract Y7-2007. However, areas for improvement are noted below.

The Center For Drug Free Living, Inc. (Center) did not include clients who stay in a residential program for 30 days or less, when providing the County with quarterly performance reports. We also noted that the County's contract with the Center did not specify the level of service to be provided by each of the Center's residential programs.

We found that 24 percent (21 of 86) of the measures reported on the quarterly performance reports for each residential treatment program were inaccurately reported. Further, the Center reported performance measures on a program wide basis. Thus, clients who were not Orange County citizens were included in program measurement results attributed to services covered by the contract.

We noted program changes initiated by the Center that were not identified in written amendments to the contract.

Based on an examination of information files at each of the three programs, we could not ascertain whether Center staff performed residency and income verifications because documentation sufficient to support these procedures could not be located.

The Center only collected 37 percent, or \$2,943 of the \$7,969 billed to eighteen clients in the Adult Short-Term Program who were in the program for 726 days and only collected 55 percent (\$771 of the \$1,403) of the billings from nineteen clients who were in the Men's Short-Term Residential Program for 1,194 days. In addition, 38 and 42 percent of the respective program files sampled did not contain sufficient documentation for us to determine whether clients had been billed. We also noted that the Center collected \$615 from ten clients that had participated in the Women's Residential Program for 1,091 days during the audit period.

Payments to the Center are supposed to be based on the number of bed days of service provided. However, during the audit period the Center

was paid one-twelfth of the maximum contract price of \$355,000 or \$29,583 each month. By providing a pro rata share of the contract award, the potential exists that the County could pay for services not received if the Center did not provide the maximum number of bed days of service for each program.

The fiscal year 1997 contract did not include a clause requiring the Center's insurance providers to have a financial rating by an industry-recognized service (e.g. A.M. Best). The fiscal year 1999 contract does not address this issue. Additionally, the company providing workers compensation coverage for the Center was not rated by A.M. Best.

ACTION PLAN

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 Action Plan

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		RECOMMENDATIONS
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
1.		X		X		Performance results reported to the County include all clients participating in the programs, regardless of their length of stay. If the Center does not have to include clients with stays of less than 30 days, then such language should be added to future contracts.
2.	X			X		The County specify the residential program level of service to be provided in future contracts with the Center. It should include a duration of service benchmark, defining the length of stay that is considered as short term and long term, that corresponds to the classifications contained in the Florida Administrative Code.
3. A)	X			X		The Center exercise greater care to ensure that performance measurement data on quarterly reports matches underlying documentation in client files.
B)	X			X		Quarterly report performance data should include results that pertain only to those clients (i.e. Orange County residents) serviced in the programs funded by the County. In addition, all Orange County residents admitted to the Center should also be accounted for in the performance data.
4.	X			X		Alterations to the agreement be approved by the Center and the Board of County Commissioners in writing.
5.	X			X		Center staff obtain documentation during the client intake process sufficient to support verification of residency and income.
6.	X			X		The Center enhance its collection of service fees by instituting procedures to identify clients with the ability to pay for services received and enforcing agreed upon payment plans.

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NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		RECOMMENDATIONS
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
7.	X			X		To help ensure that costs are incurred only for services received, the County's payments to the Center under future contracts be based on the actual number of bed days of service provided.
8.		X			X	Future contracts include a provision requiring that the Center's insurance providers be rated by an industry recognized rating service.

INTRODUCTION

Background

The Center For Drug-Free Living (Center) is a nonprofit corporation specializing in substance abuse treatment programs for adults and adolescents. Orange County contracted with the Center to provide residential based treatment programs for the period October 1, 1996 through September 30, 1997. The \$355,000 contract required the Center to provide counseling and diagnostic treatment services for persons physically and psychologically dependent to addictive substances in the following programs:

Women's Residential Treatment Program - This program provided treatment to pregnant and post-partum women and their infant children at the Center's Mercy Drive facility. The County contracted with the Center to provide 619 bed days of service at \$210 a day for a total not exceeding \$129,886.

Adult Short-Term Residential Treatment Program - Identified in the contract as the Women's Residential II Treatment Program, this program provided treatment to men and women at the Center's Clarcona/Ocoee Road facility. The County contracted with the Center to provide 1,323 bed days of service at \$93 a day for a total of \$123,039.

Men's Short-Term Residential Treatment Program - This program provided treatment at the Center's East Colonial Drive facility. The County contracted with the Center to provide 1,361 bed days of service at \$75 per day for a total of \$102,075.

Scope, Objectives, and Methodology

The audit was limited to an examination of services rendered and expenditures paid for term contract Y7-2007. The period audited was October 1, 1996 through September 30, 1997. We also compared the contract to Y9-2007, which covers the period October 1, 1998 through September 30, 1999, to ensure consistency in contract requirements. However, we did not perform any tests on the services provided in the Y9-2007 contract. The audit objectives were as follows:

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- 1) To ensure that both the Center and the County complied with the terms of the contract.
- 2) To determine whether performance measurement data used to report program results to the County was relevant to the contracted services.
- 3) To determine if program progress reports submitted to the County were supported by reliable and verifiable data.

To ensure that both the Center and the County complied with the terms of the contract, we compared the Center's proposed unit costs to actual unit costs for the residential programs. We also researched the Center's admissions records to identify the population of County citizens enrolled in the programs, examined a sample of client files to test the accuracy of client records, and calculated the total cost of services received by County clients from census data and contracted unit costs.

To determine whether performance measurement data used to report program results were relevant to contracted services, we compared the performance measures contained in the Center's substance abuse treatment contracts with the State of Florida to those in the contract with the County.

To determine if program progress reports submitted to the County were supported by reliable and verifiable data, we traced information contained in quarterly status reports to underlying client file data for accuracy.

Overall Evaluation

The Center adequately performed the services under Contract Y7-2007. However, areas for improvement are noted herein.

RECOMMENDATIONS FOR IMPROVEMENT

1. Performance Results Should Include All Clients Participating In The Center's Programs

The Center For Drug Free Living, Inc. (Center) did not include clients who stay in a residential program for 30 days or less, when providing the County with quarterly performance reports. We noted that 13 percent (31 of 237) of the clients discharged from the Center's facilities during the audit period were enrolled in their respective programs less than 30 days. The contract requires that the Center provide reports that document the services that have been provided to the County and does not include language exempting program results for clients treated less than 30 days. As the reports are currently provided, the County's ability to evaluate the effectiveness of the programs covered in the contract is diminished.

We Recommend performance results reported to the County include all clients participating in the programs, regardless of their length of stay. If the Center does not have to include clients with stays of less than 30 days, then such language should be added to future contracts.

Center's Response:

Partially Concur. Underway. As the successful treatment of substance abuse is dependent on an individual's motivation, the State of Florida Department of Children and Families requires that The Center report performance results on individuals who have been in the treatment program more than 30 days. The Center identifies the remainder of less than 30 day discharges by quantity only as there are no performance results in most cases. This is recognized by the State and many other funders of substance abuse treatment. Due to the fact that the Orange County contract did not specify a particular response format or requirements, The Center used the same reporting requirements as with the State. The Center reports clients with service of less than 30 days in the Quarterly Reports which were attached to the Orange County reports.



2. The Type Of Treatment To Be Provided Should Be Specified In Future Contracts

Residential substance abuse treatment programs are classified in the Florida Administrative Code according to the length of time that care is extended. The three levels of care described in the Code cover periods of treatment not exceeding 60 days to over one year. The County’s contract with the Center did not specify the level of service to be provided by each of the Center’s residential programs. We noted significant variances in the number of days of service extended to clients in each program as summarized in the accompanying table.

PROGRAM	SHORTEST TERM (DAYS) OF SERVICE	LONGEST TERM (DAYS) OF SERVICE
Women’s Residential	6	407
Adult Short-Term	2	72
Men’s Short-Term	2	206

Because a duration of service benchmark has not been included in the agreement, the County has no means to determine the level of service provided. Because of the way the contract is arranged, the County only pays for a pre-determined number of bed days when initiating the contract. The County is not paying for actual days of service provided by the Center. Contract Y9-2007, effective October 1, 1998 through September 30, 1999, also does not mention a length of stay limitation period for the Women’s Residential Treatment program and the Short-Term Residential Treatment program provided in the contract.

We Recommend the County specify the residential program level of service to be provided in future contracts with the Center. It should include a duration of service benchmark, defining the length of stay that is considered as short term and long term, that corresponds to the classifications contained in the Florida Administrative Code.

County’s Response:

RECOMMENDATIONS FOR IMPROVEMENT



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Concur. Underway. The residential program level of service will be specified in future contracts based on an established code, such as Florida Administrative Code.

Center's Supplemental Response:

The Center prides itself on providing quality services that are highly individualized. The variances noted in the audit do not have any correlation with the quality of services provided. Looking at lengths of stay to determine whether The Center complied with types of treatment and lengths of stay that have not been determined in the contract is not efficient or effective. Currently, the Women's Residential length of stay can be one year or more and the Adult Residential program clients average 45-60 days, depending on motivation. In future contract negotiations, The Center will provide the types of treatment offered. However, the County should understand addiction treatment and the requirement for various lengths of stay.

3. The Center Should Improve Its Computation And Reporting Of Program Performance Data

The Center provides the County with quarterly performance reports for each residential treatment program. The reports indicate the results of training, education and counseling extended to clients in health awareness, job skills and substance abuse. We reviewed three reports submitted by the Center during the audit period to determine the reliability and accuracy of the data provided. Discrepancies were found in the following areas.

- A) We traced performance data from the reports to supporting client information files and noted that 24 percent (21 of 86) of the measures were inaccurately reported as shown in the table below:

Quarter Ended	Date Reported	Residential Program	Performance Measures Reported	Performance Measures Reported Incorrectly	Performance Measures Reported Correctly
3/31/97	4/15/97	Women's residential	13	2	11

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FOR IMPROVEMENT**



3/31/97	4/15/97	Short-term Clarcona	10	0	10
3/31/97	4/15/97	Men's – Phoenix	9	4	5
6/30/97	7/14/97	Women's residential	13	0	13
6/30/97	7/14/97	Short-term Clarcona	10	1	9
6/30/97	7/14/97	Men's – Phoenix	9	8	1
9/30/97	10/15/97	Women's residential	11	2	9
9/30/97	10/15/97	Short-term Phoenix	11	4	7
TOTAL			86	21	65
% RATE				24.4%	75.58%

Examples of some of the performance measures that were reported incorrectly by the Center are as follows:

- 90% of pregnant clients not receiving prenatal care will be referred to receive prenatal care within ten (10) days of admission.
 - Of the clients who are employable, but unemployed at admission, 50% will be employed or actively seeking work, or enrolled in or completed a “school/approp.” job training prior to discharge.
 - 50% of clients will successfully complete the program.
 - At least 75% of pregnant clients with children under the age of eighteen will receive and complete parenting skills/child development training prior to discharge.
- B) The quarterly census report data were not consistent with the Center’s census data. The program admissions report produced by the Center’s Information Systems Department records Orange County citizens admitted to the Center’s programs.

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The data from the admissions report is used to complete the quarterly performance reports. Our testing found that 12 more or 95 Orange County citizens were enrolled per the admissions report than the 83 that were recorded on the quarterly reports. Consequently, the number of Orange County citizens serviced under the contract was understated.

- C) The contract requires the Center to provide the County with results for clients that are Orange County citizens. The Center reported performance measures on a program-wide basis. Thus, clients who were not Orange County citizens were included in program measurement results attributed to services covered by the contract.

The inconsistencies noted above make an accurate evaluation of results from programs funded by the County difficult.

We Recommend:

- A) The Center exercise greater care to ensure that performance measurement data on quarterly reports matches underlying documentation in client files.
- B) Quarterly report performance data should include results that pertain only to those clients (i.e. Orange County residents) serviced in the programs funded by the County. In addition, all Orange County residents admitted to the Center should also be accounted for in the performance data.

Center's Response:

Concur. Underway. The Center is using computation and reporting of program performance data as determined by Orange County. At the time of this audit, we were using State Performance Measures for baseline data as Orange County did not have their Logic Models in place and did not offer any other means to capture this data.

4. Contract Alterations Should Be Approved In Writing By The Center And The County

The contract stipulates that any modifications or variations of the agreement's provisions must be agreed to by both parties in writing and attached to the original document. We noted program changes initiated by the Center that were not identified in written amendments to the contract. Those changes were as follows:

Women's Residential II - This program became the short-term men and women's program in July 1996. However, when the contract with the Center was approved in October 1996 the funded program was still identified as a Women's Residential II Treatment program.

Men's Residential - This program, also known as the Phoenix program, serviced all male clients. The program switched to men and women's short-term treatment in July 1997. The Center notified the County in August 1997 that the program had changed from the Men's Residential to a short-term residential program servicing both men and women.

Alterations of program structures without the County's consent could affect the County's ability to assess the accuracy of contractual costs and program effectiveness. Contract Y9-2007, effective October 1, 1998 through September 30, 1999, contains a clause (Article XI – Other Conditions) requiring any variations or alterations to be reduced to writing by both parties.

We Recommend alterations to the agreement be approved by the Center and the Board of County Commissioners in writing.

County's Response:

Concur. Underway. It is the policy of this Department that any modifications of provisions of contracts shall only be valid when they have been reduced to writing and duly signed by both parties. We have reviewed our files and

have a letter dated August 19, 1997 from the CFDFL advising this department of the consolidation of the Short Term Residential Treatment Program into a Short-Term Residential program at the East Colonial location (Phoenix). The program change was made in July by the Agency and the County was subsequently notified in August. You will refer to Article XI, # 1 which stipulates that any alterations, variations, modifications, or waivers of provisions of this Agreement shall only be valid when they have been reduced to writing, duly signed by parties and attached to the original of this Agreement. Effective immediately, any agency who modifies their program prior to contacting this Department will be sent certified mail stating they are out of compliance with the existing contract and will be bound to existing contract, with funding suspended (if warranted) until both parties are able to reach an agreement regarding the contract amendment request. Further steps include: (1) All requests for contract amendments will be required in writing. (2) Staff will maintain a log of all amendment requests. (3) The agency will be contacted within 10 working days to request additional information if necessary, or will begin the initiation of the amendment if agreed upon, (which are now handled internally), then forwarded to the agency for review and required signature. Once the signed amendment is returned to this department, it is forwarded to Purchasing and Contracts for finalization. (4) If the County and an Agency are unable to reach an agreement regarding a contract amendment, a decision will be made to discontinue the contract.

5. Center Staff Should Prepare Documentation Sufficient To Support Verifications of Residence And Income

The contract includes language stating the County's intent is to enter into the agreement to provide treatment services for citizens of Orange County and for the Center to collect fees for services based on state and federal guidelines. However, based on an examination of information files at each of the three programs, we could not ascertain whether Center staff performed residency and income verifications

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because documentation sufficient to support these procedures could not be located. Areas of concern included the following:

- A) None of the clients tested at the Women's Residential Program had their residency confirmed.
- B) Seventy-six percent (13 of 17) of the clients at the Adult Short-Term Program did not have their residency confirmed and 56 percent (10 of 18) did not have their income verified.
- C) None of the clients tested at the Men's Short-Term Program had their residency confirmed and 94 percent (17 of 18) did not have their income verified.

The potential exists that individuals other than Orange County citizens are receiving counseling services and clients who could be charged a fee to defer the cost of a portion of their treatment are not being assessed. Items that could be used as verification include a driver's license, pay stub or federal tax form.

We Recommend Center staff obtain documentation during the client intake process sufficient to support verification of residency and income.

Center's Response:

Concur. Underway. The Center has incorporated these issues into our intake process. All individuals' funding sources and residency is determined up front by a Financial Specialist. This is entered into our data system and the client's file is labeled by the fund source. This has been in effect for some time.

6. The Center Should Strengthen Its Efforts To Collect Service Fees

As stated above, the contract allows the Center to collect fees for services in accordance with state and federal

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guidelines. We analyzed a sample of clients and noted the following:

- A) The Center collected \$615 from ten clients that had participated in the Women's Residential Program for 1,091 days during the audit period. Collections represented only 2.4 percent of the \$26,008 of the fees billed.
- B) At the Adult Short-Term Program, the Center collected 37 percent or \$2,943 of the \$7,969 billed to eighteen clients who were in the program for 726 days. In addition, thirty-eight percent (7 of 18) of the files sampled did not contain sufficient documentation for us to determine whether clients had been billed.
- D) The Center collected 55 percent (\$771 of the \$1,403) of the billings from nineteen clients who were in the Men's Short-Term Residential Program for 1,194 days. In addition, 42 percent (8 of 19) of the files sampled did not contain sufficient documentation for us to determine whether clients had been billed.

Fees collected assist the Center in providing support to treat clients. Procedures should be implemented to gather financial and employment data sufficient for the Center to identify individuals with the resources to pay for all or a portion of the cost of services received.

We Recommend the Center enhance its collection of service fees by instituting procedures to identify clients with the ability to pay for services received and enforcing agreed upon payment plans.

Center's Response:

Concur. Underway. As many of our clients are indigent, The Center has carefully developed sliding fee scales and collection efforts since the date of the audit. This has strengthened our efforts to collect service fees and the Center continues this process. As the clients pay, their payments are applied to the earliest service provided. In

some cases, individuals go through our Detoxification Program or Outpatient program incurring charges before they enter a residential program.

7. The County Should Base Payments To The Center On Units Of Service Provided

The County's funding of the Center's programs is derived by applying units of service, expressed in residential bed days, to a unit cost. Unit costs are calculated by dividing estimated total program costs by estimated total bed days. Thus, payments to the Center are supposed to be based on the number of bed days of service provided. However, during the audit period the Center was paid one-twelfth of the maximum contract price of \$355,000 or \$29,583 each month. By providing a pro rata share of the contract award, the potential exists that the County could pay for services not received if the Center did not provide the maximum number of bed days of service for each program. Contract Y9-2007 also does not base payment on actual units of service.

We Recommend, to help ensure that costs are incurred only for services received, the County's payments to the Center under future contracts be based on the actual number of bed days of service provided.

County's Response:

Concur. Underway. In the future, the Citizen's Commission for Children (CCC) will base its contracts on the Agency's actual bed days of service provided. Effective FY 99-00, the CCC will implement a process to recapture funds after the receipt of the 2nd quarterly reports. Agencies whose 1st and 2nd reconciliation quarterly reports reflect deficits in "units of service" as defined in the contract will have monthly payment checks suspended until funding has been recovered or will be required to repay the County for units not provided per the contract. By recapturing funding, at this time, this will ensure that the County is paying for contracted units of service, or the Agency will be required to repay the County for services that have not been provided. Should an agency

fail to submit full repayment prior to the start of the new contract year, no new contract will be executed until repayment has been made in full.

8. The County Should Ensure Future Contracts Require That Selected Insurance Providers Are Rated By An Industry Recognized Rating Service

The fiscal year 1997 contract did not include a clause requiring the Center's insurance providers to have a financial rating by an industry-recognized service (e.g. A.M. Best). The fiscal year 1999 contract does not address this issue. Additionally, the company providing workers compensation coverage for the Center was not rated by A.M. Best. A rating is an indication of an insurance company's ability to service potential claims. If a claim is filed and the Center's providers do not have the financial ability to service the claim, then the potential exists that the County would incur liability through its funding of the Center's programs. Consequently, the County should ensure that the rating of each company is set at a level that provides reasonable assurance of the ability to service claims.

We Recommend that future contracts include a provision requiring that the Center's insurance providers be rated by an industry recognized rating service.

County's Response:

Partially Concur. Planned. Each year, contracts are developed with the input and assistance of the Orange County Purchasing and Contracts Division and Orange County Risk Management Division who are responsible for determining the minimum insurance coverage that must be maintained prior to the execution of contracts. It has never been this Division's intent to be negligent in any manner to the extent that the County could ultimately incur liability should a claim be filed and the insurance company not have the ability to service the claim. The CCC Division has contacted the Purchasing Division regarding this insurance

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requirement. Currently, the Purchasing and Risk Management Divisions are reviewing your recommendation to include in future contracts, the following statement: Insurance carriers furnishing this coverage must be authorized to do business in the State of Florida, and must possess a minimum, current rating of B+ Class VIII in the most recent edition of "Best's Key Rating Guide." We are awaiting their response.