



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General
Office of Audit Services

REGION IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, Georgia 30303

AUG 13 2004

Report Number: A-04-03-01001

Ms. Jennifer Glazer-Moon
Director Designate
Office of Strategic Business Management
111 N.W. 1st Street, Suite 2710
Miami, Florida 33128-1992

Dear Ms. Glazer-Moon:

Enclosed are two copies of the Office of Inspector General report entitled *Ryan White Title I Funds Claimed by a Contractor of the Miami-Dade Eligible Metropolitan Area During the Fiscal Year Ended February 28, 2002*. A copy of this report will be forwarded to the action official noted below for review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of the Inspector General reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise (see 45 CFR Part 5).

If you have any questions or comments about this report, please do not hesitate to call me at 404-562-7800. To facilitate identification, please refer to report number A-04-03-01001 in all correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Charles J. Curtis".

Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV

Enclosures – as stated

Direct Reply to HHS Action Official

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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**RYAN WHITE TITLE I FUNDS
CLAIMED BY A CONTRACTOR OF THE
MIAMI-DADE ELIGIBLE
METROPOLITAN AREA DURING THE
FISCAL YEAR ENDED
FEBRUARY 28, 2002**



**AUGUST 2004
A-04-03-01001**

Office of Inspector General

<http://oig.hhs.gov>

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



EXECUTIVE SUMMARY

BACKGROUND

Under the Ryan White Comprehensive AIDS Resources Emergency Act, Title I (CARE Act Title I), the Health Resources and Services Administration (HRSA) makes grants to eligible metropolitan areas, which are urban areas most in need of HIV programs offering comprehensive treatment services including outpatient care, home and hospice care, and case management. Aimed at people living with HIV or AIDS who have no other source of health care or have limited forms of coverage, CARE Act Title I funded programs are the “payor of last resort” and fill gaps that are not covered by other resources.

The Miami-Dade County Office of Management and Budget, hereafter referred to as the Budget Office, was the nation’s fourth largest Title I grant recipient. It received \$25 million during fiscal year (FY) 2001, the period of our review. The Budget Office awarded Minorities Overcoming the Virus through Education, Responsibility & Spirituality (MOVERS), a local community based organization, \$1,505,505 in contracts to provide outpatient medical care, counseling, food and transportation assistance to minorities and the communities most highly affected by HIV. MOVERS, which received other Federal grants from the Department of Health and Human Services and had other sources of income, was a local non-profit organization that provided HIV/AIDS services in the greater Miami area to persons both infected and affected by HIV.

OBJECTIVES

Stemming from the Senate Finance Committee’s request that we examine the implementation of the CARE Act Title I at the local level, we conducted this audit, and others nationwide, to answer two questions:

1. Did the Budget Office ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients?
2. Did the Budget Office ensure that MOVERS followed Federal requirements for charging costs to the CARE Act Title I program?

SUMMARY OF FINDINGS

The Budget Office did not ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients, or that MOVERS followed Federal requirements in charging costs to the program. Specifically:

- MOVERS billed the Budget Office for seven categories of services, but generally did not have adequate documentation, as required by the contract, to support the units of service

it claimed were provided. In our audit tests, MOVERS did not have documentation for half of the 920 service units we reviewed in detail.

- MOVERS charged \$1,505,505 during 2001, but did not submit all required cost reports to the Budget Office and, more critically, was unable to reconcile reported costs to its accounting records. Without the required cost reports and appropriate reconciliations, the Budget Office would be unable to determine whether its \$1,505,505 reimbursement to MOVERS covered only costs allowed by Federal cost requirements.

Both the Budget Office and MOVERS were accountable for these problems:

- The Budget Office, responsible for ensuring that reimbursed services were adequately supported and that costs were appropriately claimed, did not adequately monitor MOVERS' program and fiscal performance. Specifically, the Budget Office did not take steps to verify that the services reported by MOVERS were adequately documented, conduct productive site visits at MOVERS, or follow up when MOVERS failed to file some of its required cost reports.
- MOVERS did not have the internal controls necessary to ensure that it had documentary evidence supporting all the services for which it billed the Budget Office, filed all the required final cost reports with the Budget Office, and could reconcile costs reported to the Budget Office with its accounting records.

In summary, the Budget Office reimbursed MOVERS \$1,505,505 with little assurance that services were provided, as reported, to the HIV community, and that the reimbursement was based on allowable costs.

RECOMMENDATIONS

Overall, we recommend that the Budget Office:

1. enhance its program monitoring system to ensure that the level of services reported to the Budget Office is accurate and verifiable
2. improve its fiscal monitoring system to ensure that all final reports are received, reviewed, and reconciled to the contractor's reimbursements

With respect to MOVERS, we recommend that the Budget Office:

1. conduct an in-depth review of MOVERS' billed services, including a verification against documentation maintained
2. ensure MOVERS implements adequate internal controls to ensure that it has documentary evidence to support all the services it bills the Budget Office

3. request that MOVERS refund the Budget Office \$6,109 of the \$13,647 in service units tested for unsupported services
4. work with MOVERS to determine its actual costs for FY 2001 and review these costs to ensure they are allowable, allocable, and reasonable

BUDGET OFFICE AND MOVERS COMMENTS

The Budget Office and MOVERS concurred with our findings and recommendations and both are taking corrective actions to improve their CARE Act Title I programs. The complete text of the Budget Office's and MOVERS' written comments were included as an appendix to this report.

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INTRODUCTION

BACKGROUND

Ryan White CARE Act, Title I

Within the Department of Health and Human Services, HRSA administers the CARE Act. The CARE Act supports a comprehensive framework for health care delivery, drug availability, and support and educational resources to address the needs of the AIDS community and its service providers. The objective of CARE Act Title I is to improve access to a comprehensive continuum of high-quality community-based primary medical care and support services, in eligible metropolitan areas that are disproportionately affected by the incidence of HIV and AIDS. Aimed at people living with HIV or AIDS who have no other source of health care or have limited forms of coverage, CARE Act Title I funded programs are the “payor of last resort” and fill gaps that are not covered by other resources.

HRSA makes grants to the local government’s mayor or county executive, who, while remaining the steward of the Federal funding, usually gives the day-to-day program administration to the local health department. Using service priorities established by the local CARE Act Title I planning council, the health department contracts out the provision of CARE Act Title I services. CARE Act Title I provides funding for a wide range of services including health care and support services such as medical and dental care, prescription drugs, housing, transportation, counseling, and home and hospice care. In FY 2001, HRSA provided \$582.7 million to 51 eligible metropolitan areas. According to HRSA’s Ryan White CARE Act Manual for Title I:

In an era of managed care and shrinking resources, it is in an EMA’s best interest to know how well agencies function in spending and managing service dollars.

In terms of accountability, the CARE Act grantee is generally responsible for overseeing the service providers’ performance and adherence to contractual obligations. This responsibility is to be carried out by:

- ***program monitoring***, which focuses on assessing the quality of services provided
- ***fiscal monitoring***, which involves ensuring that the funds are used for approved purposes and in accord with Federal, State, and local rules and guidelines on the use of CARE Act Title I funds

If monitoring reveals problems, HRSA advises the CARE Act Title I grantee to offer the contractor technical assistance or a corrective action plan.

The Miami-Dade County Eligible Metropolitan Area – Fourth Largest in Nation

The Miami-Dade County eligible metropolitan area, the fourth largest in the nation, covered Miami-Dade County, with a population of over two million people. Miami-Dade County ranked fourth in the nation in cumulative AIDS cases from 1981 through 1999 and had the second highest rate of AIDS at 72.5 per 100,000 residents, just after New York City.

For the period March 1, 2001 through February 28, 2002 (FY 2001), HRSA awarded a CARE Act Title I grant totaling \$25.4 million to the Miami-Dade County's Budget Office, which served as the CARE Act Title I grantee. The Budget Office made services available by entering into contracts with external organizations in the Miami-Dade area. In FY 2001, the Budget Office contracted \$27,683,727 with various organizations to provide Title I services. Of the \$27,683,727 contracted, the Budget Office reimbursed to service providers \$26,907,791.

A Budget Office contractor processed CARE Act Title I contractors' billings through an automated system known as the Service Delivery Information System (SDIS). Using SDIS, contractors entered on a monthly basis the number of units provided by service category. Each contractor had a profile programmed into SDIS identifying the services, unit rates, and award limits specified in its contract. Budget Office officials informed us they used information from SDIS to calculate monthly reimbursement amounts and to ensure that monthly reimbursements did not exceed contract limits.

MOVERS, Inc. – A Community Based Non-Profit Organization

MOVERS is a Miami-Dade County community based non-profit organization that provides HIV/AIDS services in the greater Miami-Dade County area to minorities and the communities most highly affected by HIV. MOVERS contracted with the Budget Office to provide case management and case management adherence, outreach services, outpatient medical care, psychosocial counseling (group and individual), transportation, and grocery vouchers.

For FY 2001, the Budget Office reimbursed MOVERS \$1,505,505 for providing CARE Act Title I services.

As shown in the table below, MOVERS had both a continuation and new contract with the Budget Office during FY 2001. The continuation contract, which was a renewal of the previous year's contract, covered the period of March 1, 2001 to February 28, 2002. MOVERS submitted a proposal and received approval for a new contract, which expanded or modified the services provided for the period of December 14, 2001 to February 28, 2002.

TABLE 1 - SUMMARY OF CARE ACT TITLE I FUNDING AT MOVERS

Contracted Services	Continuation Contract	New Contract	Total by Service
Case Management	\$380,516	\$101,462	\$481,978
Outreach	369,672	96,801	466,473
Psychosocial Counseling	319,491		319,491
Grocery Vouchers	86,112	18,720	104,832
Transportation Vouchers	77,660	4,968	82,628
Adherence	N/A	27,170	27,170
Outpatient Medical	N/A	22,933	22,933
Total	\$1,233,451	\$272,054	\$1,505,505

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Stemming from the Senate Finance Committee’s request that we examine the implementation of the CARE Act Title I at the local level, we conducted this audit, and others nationwide, to answer two questions:

- Did the Budget Office ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients?
- Did the Budget Office ensure that MOVERS followed Federal requirements for charging costs to the CARE Act Title I program?

Scope

We audited the CARE Act Title I program year that began on March 1, 2001 and ended February 28, 2002.

We did not conduct an evaluation of the Budget Office’s internal control structure, nor did we randomly select MOVERS for audit. Rather, we selected MOVERS, the Budget Office’s third largest service provider, based on our evaluation of program files and the type of services provided for CARE Act Title I clients. Specifically, MOVERS provided case management and case management adherence, outreach services, outpatient medical care, psychosocial counseling, and transportation and grocery voucher services.

Our review of internal controls at MOVERS was limited to reviewing its:

- process for documenting units of service provided to CARE Act Title I clients
- accounting system for claiming reimbursement from the Budget Office and preparing cost reports

The objective of this limited scope audit did not require a complete understanding or assessment of the internal control structure. Therefore, we did not evaluate the entire internal control structure at MOVERS or the Budget Office. We performed our review from February 2003 through January 2004 at the Budget Office and MOVERS in Miami, Florida. The Budget Office's and MOVERS' responses to our draft report are appended to this report in full and summarized in the body of this report.

Methodology

To accomplish the audit objectives, at the Budget Office we:

- interviewed officials responsible for fiscal, program, and contract monitoring
- obtained a list of all contractors and amount of funding
- reviewed the independent auditor reports required by Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*
- reviewed contracts, related invoices, and other available information for selected contractors

To accomplish the audit objectives, at MOVERS we:

- interviewed contractor officials
- reviewed the contract and budgets for both the continuation and new CARE Act Title I contracts
- judgmentally selected 10 clients in each service category from the months identified with the highest level of activity for each service, except for Outpatient Medical in which we selected only 5 clients
- attempted to trace a total of 920 service units, for the resulting 74 clients, reported by MOVERS in the SDIS system to MOVERS medical records and other utilization documentation, such as unit slips, to support selected units of services

- attempted to trace selected costs from the final cost reports submitted to the Budget Office to MOVERS' general ledger detail

We conducted our review in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The Budget Office did not ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients, or that MOVERS followed Federal requirements in charging costs to the program. Specifically:

- MOVERS billed the Budget Office for seven categories of services, but generally did not have adequate documentation, as required by the contract, to support the units of service it claimed were provided. In our audit tests, MOVERS did not have documentation for half of the 920 service units we reviewed in detail.
- MOVERS charged \$1,505,505 during 2001, but did not submit all required cost reports to the Budget Office and, more critically, was unable to reconcile reported costs to its accounting records. Without the required cost reports and appropriate reconciliations, the Budget Office would be unable to determine whether its \$1,505,505 reimbursement to MOVERS covered only costs allowed by Federal cost requirements

Both the Budget Office and MOVERS were accountable for these problems:

- The Budget Office, responsible for ensuring that reimbursed services were adequately supported and that costs were appropriately claimed, did not adequately monitor MOVERS' program and fiscal performance. Specifically, the Budget Office did not take steps to verify that the services reported by MOVERS were adequately documented, conduct productive site visits at MOVERS, or follow up when MOVERS failed to file some of its required cost reports.
- MOVERS did not have the internal controls necessary to ensure that it had documentary evidence supporting all the services for which it billed the Budget Office, filed all the required final cost reports with the Budget Office, and could reconcile costs reported to the Budget Office with its accounting records.

In summary, the Budget Office reimbursed MOVERS \$1,505,505 with little assurance that services were provided, as reported, to the HIV community, and that the reimbursement was based on allowable costs.

SERVICES WERE NOT ADEQUATELY DOCUMENTED

The Budget Office did not ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients. MOVERS billed the Budget Office for seven categories of services, but generally did not have adequate documentation, as required by the contract, to support the units of service it claimed were provided. In our audit tests, MOVERS did not have documentation for half of the service units we reviewed. MOVERS did not have a control environment to ensure it had documentary evidence supporting all the services for which it billed the Budget Office. Further, the Budget Office, responsible for ensuring that reimbursed services were adequately supported, did not take steps to verify that the services MOVERS reported were adequately documented. Without documentation, it was not possible to determine whether HIV/AIDS clients received the services that were paid for by CARE Act Title I funds.

Federal Requirements and the Budget Office's Contract

Federal requirements of the CARE Act and the MOVERS contract with the Budget Office both specified the need for the grantee to adequately document services provided.

Federal Requirements: The CARE Act §2604(f)(2) states that grantee program monitoring of contracts should include development of requests for proposals; review of contract proposals; monitoring of contracts through telephone consultation, written documentation or onsite visits; and funding reallocation activities. HRSA's CARE Act Title I Manual, Section II advised grantees to monitor contractor program performance, including assessing the quality and quantity of services provided. Program monitoring might include reviewing program reports, making site visits, and conducting client satisfaction surveys.

MOVERS' Contract With the Budget Office: In its contract with the Budget Office, MOVERS agreed to maintain various forms of documentation, including records of clients, services provided, and staff time involved. MOVERS also agreed to submit all reports the Budget Office requested for monitoring progress, performance, and compliance with the contract.

MOVERS' Services Were Not Adequately Documented; the Budget Office Did Not Ensure that MOVERS Provided the Expected Level of Services

Contrary to CARE Act Title I requirements, MOVERS billed the Budget Office for the seven categories of services specified in its contract with the Budget Office, but generally did not maintain adequate documentation to support such services. In our test of 920 service units claimed by MOVERS, there was no documentation to support 461 units—over 50 percent of the units tested. MOVERS reported these units of services to the Budget Office as if it had provided the services to CARE Act Title I clients.

The following chart illustrates the results of our testing in which there was no documentation to support 461 units for which the Budget Office reimbursed MOVERS \$6,109.

**TABLE 2 - SUMMARY OF RESULTS FOR
REVIEW OF DOCUMENTATION OF SERVICES REPORTED**

Service Category	Units Reviewed	Reimbursement Amount Reviewed	Units Unsupported	Reimbursement Amount Unsupported	Percent Unsupported
Case Management	222	\$2,775	102	\$1,275	45.9
Adherence	190	3,230	105	1,785	55.3
Psychosocial Therapy	292	4,648	101	1564	34.6
Transportation Vouchers	10	345	3	103	30.0
Grocery Vouchers	58	661	27	308	46.6
Outreach	140	1,120	123	984	87.9
Outpatient Medical	8	873	0	0	0
Total	920	\$13,652	461	\$6,109	50.1%

For the 920 units reviewed, we identified several problems with MOVERS’ documentation:

- *Missing unit slips* - MOVERS’ policies required that case managers, outreach workers, and other staff use unit slips as documentation to support services rendered, but there were no such slips for 461 of the 920 units of services we reviewed. The unit slip was an important internal control mechanism because it provided key information, including the client’s identification, time, date, type and description of the service provided, and signatures of both the individual who rendered the service and the client who received the service.

In the absence of unit slips, we attempted to review other documents to verify the accuracy and validity of service units MOVERS charged the CARE Act Title I program. For example, we looked for:

- *Notes within client files* – While the Budget Office’s policies required that providers of case management and psychosocial therapy document the services they provide through progress notes in the client’s files, we noted that client files did not contain such notes for 155 of the 402 case management and psychosocial therapy units we reviewed.
- *Copies of grocery vouchers and transportation passes* – MOVERS’ and the Budget Office’s policies required that staff maintain a copy of the grocery voucher and transportation pass with the client’s signature. These requirements were important because grocery vouchers and transportation passes can be easily used by other than eligible clients. However, MOVERS did not have signed copies to support 30 of the 68 units we reviewed for these services.

- *Client attendance records* – MOVERS did not maintain records of client attendance at psychosocial group therapy sessions. Client attendance could have been documented through the use of client sign-in sheets.
- *Appointment logs* – MOVERS did not maintain appointment logs—again, another useful internal control mechanism to document service provision—to verify client visits with case managers and to provide a record of staff outreach activities.

The Budget Office’s Oversight and MOVERS’ Internal Controls

Both the Budget Office and MOVERS were accountable for a lack of adequate documentation to support the services provided and charged to the CARE Act Title I program. The Budget Office did not adequately monitor MOVERS’ program performance, and MOVERS did not have a control environment to ensure that it had the required documentation to support billed services.

The Budget Office’s Oversight – The Budget Office, responsible for ensuring that reimbursed services were adequately supported, did not take steps to verify the services MOVERS reported were adequately documented. The Budget Office provided interim reimbursements to MOVERS based on the service data reported in SDIS, but it did not independently verify the accuracy of this data. Although the Budget Office stated that it had conducted random site visits at MOVERS, there was no documentation to support such visits. Even consultant reviews of the Budget Office’s contractors’ case management and medical records, including MOVERS, did not examine services billed to the CARE Act Title I program to determine if documentation was available to support the services. As such, the Budget Office could not rely upon these reviews to assure the services MOVERS reported in SDIS were adequately supported.

MOVERS Internal Controls - MOVERS did not have a control environment to ensure it had documentary evidence supporting all services it billed to the Budget Office. We noted the following lack of internal controls:

- *No separation of duties* - MOVERS’ staff who provided and documented the services were also responsible for inputting billing information into SDIS.
- *No supervision* – There was no supervisory review to ensure that service billings reconciled with supporting records, such as unit slips.
- *Inadequate record keeping* – Even for the 459 service units for which we did not take exception, we still noted areas where MOVERS’ documentation was inadequate. For instance, there were many unit slips missing vital information, such as the signature of the client, the time and date of service, or the number of units billed. MOVERS’ staff also informed us about documentation short cuts taken in an effort to save time, such as photocopying and altering unit slips and pre-signing blank slips.

Title I Eligible Clients May Not Have Received the Services They Needed

Given MOVERS' weak internal control environment, particularly its inadequate documentation, the Budget Office had little assurance that the \$1,505,505 reimbursed to MOVERS were for services actually provided to the HIV community. As our audit testing revealed, MOVERS did not have documentation to assure the Budget Office that services were provided for \$6,109 billed to the CARE Act Title I program.

BUDGET OFFICE DID NOT ENSURE THAT MOVERS FOLLOWED FEDERAL COST PRINCIPLES

The Budget Office did not ensure that MOVERS followed Federal cost principles, as required, in charging \$1,505,505 during 2001 to the CARE Act Title I program. MOVERS did not submit all required cost reports and, more critically, was unable to reconcile reported costs to its accounting records. The Budget Office, responsible for ensuring that costs are appropriately claimed, did not adequately monitor MOVERS' fiscal performance, as required by the CARE Act Title I. For example, it did not conduct productive site visits at MOVERS or follow up when MOVERS failed to file some of its required cost reports. Without the required cost reports and appropriate reconciliations, the Budget Office would be unable to determine whether its \$1,505,505 reimbursement to MOVERS covered only costs allowed by Federal cost requirements and, more importantly, whether CARE Act Title I funds were used, as intended, to serve HIV/AIDS clients.

Federal Requirements and the Budget Office's Contract

Requirements for MOVERS' claiming of costs under CARE Act Title I were specified in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, and the Budget Office's contract with MOVERS.

Federal Requirements: Under OMB Circular A-122, claimed costs must be reasonable, allocable, and allowable. Attachment A, Section 1, states, in part, that the total cost of an award is the sum of the allowable direct and allocable indirect costs less any applicable credits. To be allowable under an award, costs must also be determined in accordance with generally accepted accounting principles and be adequately documented. These OMB requirements were included in the contract between the Budget Office and MOVERS.

MOVERS Contract with the Budget Office: The Budget Office's contract required MOVERS to submit its actual costs incurred for each contract by service category at the end of the fiscal year. The Budget Office needed a final report of actual costs for each service category, not only to properly manage the use of CARE Act Title I funds, but to make any necessary year-end adjustments to the total amounts reimbursed throughout the year to its contractors. Budget Office officials explained that its reimbursement system provided interim payments and, as necessary, year-end adjustments based on the contractor's submission of actual costs, up to the award limit for each service category. Each contractor was required to bill for the services rendered on a monthly basis. The Budget Office calculated the monthly interim payment based on the number of service units billed and the established unit rate. The Budget Office

established the unit rates for each service based on an estimated community wide cost per unit of service. Therefore, under this process, the Budget Office would need to reconcile the total interim payments to the contractor's final report of actual costs to ensure reimbursements were no more than the allowable and actual costs incurred.

The Budget Office Did Not Ensure that MOVERS Followed Federal Cost Principles in Charging Costs to the CARE Act Title I Program

In charging costs to the CARE Act Title I program, the Budget Office did not ensure that MOVERS followed Federal cost principles. While MOVERS charged \$1,505,505 to the program during 2001, it did not submit all required cost reports to the Budget Office and, more critically, was unable to reconcile reported costs to its accounting records.

MOVERS did not submit all cost reports - The following chart compares the Budget Office's interim payments to MOVERS' final reports submitted for each service category and shows the areas where MOVERS did not submit all required cost reports.

TABLE 3 - COMPARISON OF THE BUDGET OFFICE PAYMENTS TO MOVERS' FINAL REPORTS

Contract Period	Service Category	Total Interim Payments	Costs Submitted on Final Reports	Year-End Adjustments	Final Reimbursement
3/1/01-2/28/02	Case Management	\$380,516	\$380,523	\$0	\$380,516
3/1/01-2/28/02	Outreach	369,672	369,672	0	369,672
3/1/01-2/28/02	Psychosocial	319,491	319,491	0	319,491
3/1/01-2/28/02	Grocery Vouchers	86,112	86,557	0	86,112
3/1/01-2/28/02	Transportation Vouchers	77,660	77,700	0	77,660
Continuation Contract Totals		\$1,233,451	\$1,233,943	\$0	\$1,233,451
12/14/01-2/28/02	Adherence	27,170	27,170	0	27,170
12/14/01-2/28/02	Outpatient Medical	22,933	22,933	0	22,933
12/14/01-2/28/02	Case Management	101,462	Not Submitted	0	101,462
12/14/01-2/28/02	Outreach	96,801	Not Submitted	0	96,801
12/14/01-2/28/02	Grocery Vouchers	18,720	Not Submitted	0	18,720
12/14/01-2/28/02	Transportation Vouchers	4,968	Not Submitted	0	4,968
New Contract Totals		\$272,054	\$50,103	\$0	\$272,054
Total of Both Continuation and New Contracts		\$1,505,505	\$1,284,046	\$0	\$1,505,505

MOVERS did not submit four of the eleven required final cost reports. Good fiscal monitoring should have disclosed the missing cost reports. However, the Budget Office did not detect the cost reports were outstanding. Without all the cost reports, the Budget Office could not reconcile interim payments to actual costs.

MOVERS could not reconcile its reported costs to its accounting records - For the service categories where MOVERS provided a final cost report, it was unable to reconcile reported costs to its accounting records. For example:

- Although MOVERS submitted the final cost reports to the Budget Office for three service categories--case management, outreach, and psychosocial services--that showed \$1,069,686 in costs, its accounting records showed zero expenses for these service categories.
- Based on our request for accounting reports listing CARE Act Title I expenditures, MOVERS provided three different reports that allocated costs to each service category. However, none of the reports reconciled to the final cost reports submitted to the Budget Office. Further, MOVERS did not have an allocation methodology, and the allocations differed each time.

In summary, the Budget Office did not know whether it reimbursed MOVERS based on allowable costs because it did not have all the required cost reports, and MOVERS was unable to reconcile costs to its accounting records.

The Budget Office's Oversight and MOVERS' Internal Controls

Both the Budget Office and MOVERS were accountable for not knowing whether reimbursements were based on allowable costs incurred. The Budget Office, responsible for ensuring that costs are appropriately claimed, did not adequately monitor MOVERS' fiscal performance, as required by CARE Act Title I. As for the contractor, MOVERS did not file all the required final cost reports with the Budget Office and lacked the internal controls necessary to ensure that its accounting records supported the costs reported to the Budget Office.

The Budget Office's Oversight - The Budget Office did not conduct productive site visits at MOVERS or follow up when MOVERS failed to file four of its required cost reports. According to Budget Office officials, the Budget Office conducted random site visits at various contractors during FY 2001, but did not document the visits. The Budget Office also stated that during a site visit, it would not have reviewed the contractor's fiscal operation. Therefore, even if the Budget Office had conducted a site visit at MOVERS, it likely would not have known about the issue of cost reports not being reconciled to the accounting system. Through its fiscal monitoring, which involved tracking interim reimbursements to ensure they did not exceed contract limits, the Budget Office had not detected that MOVERS was unable to reconcile its reported costs to its accounting records, or that it had not submitted all its final cost reports. There was no other evidence that the Budget Office attempted to reconcile reimbursements to reported costs. Such reconciliation would have alerted the Budget Office to fiscal issues.

MOVERS lack of internal controls - MOVERS lacked the internal controls necessary to ensure that it submitted all the required final cost reports to the Budget Office and could reconcile reported costs to its accounting records. For the reports submitted, MOVERS reported costs equaled reimbursements. However, MOVERS provided no evidence to explain how cost reports were developed.

The Budget Office Did Not Know if Reimbursements for CARE Act Title I Services Were Based on Allowable Costs

The Budget Office reimbursed MOVERS \$1,505,505 but did not ensure that this amount covered only costs allowed by Federal cost requirements and, more importantly, whether CARE Act Title I funds were used as intended to serve HIV/AIDS clients.

RECOMMENDATIONS

Overall, we recommend that the Budget Office:

1. enhance its program monitoring system to ensure that the level of services reported to the Budget Office is accurate and verifiable
2. improve its fiscal monitoring system to ensure that all final reports are received, reviewed, and reconciled to the contractor's reimbursements

With respect to MOVERS, we recommend that the Budget Office:

1. conduct an in-depth review of MOVERS' billed services, including a verification against documentation maintained
2. ensure MOVERS implements adequate internal controls to ensure that it has documentary evidence to support all the services it bills the Budget Office
3. request that MOVERS refund the Budget Office \$6,109 of the \$13,647 in service units tested for unsupported services
4. work with MOVERS to determine its actual costs for FY 2001 and review these costs to ensure they are allowable, allocable, and reasonable

BUDGET OFFICE AND MOVERS COMMENTS

The Budget Office and MOVERS concurred with our findings and recommendations. Both organizations indicated they are taking corrective actions to improve their CARE Act Title I program.

In response to our recommendations to enhance the Budget Office's program and fiscal monitoring system, the Budget Office stated it had: (1) restructured the organization of its Ryan White unit, (2) hired audit staff and additional contract officers, (3) revised monitoring policies, instruments, and contract requirements, and (4) adopted procedural changes to enhance contract officer's documentation and ensure timely follow-up on matters of concern. Regarding fiscal monitoring, the Budget Office stated that it had established a new process that required contract officers to track and review all reports submitted by providers for completeness immediately upon receipt. Contract officers are to follow up with providers within 48 hours to request any

outstanding information. If further action is needed, Budget Office officials are to discuss the results of the in-depth review with the program administrator and the service provider.

The Budget Office indicated it was also in the process of an extensive review of MOVERS' financial records and plans to review client records. Both the Budget Office and MOVERS' Management Oversight Committee are overseeing the contractor's implementation of appropriate internal controls.

MOVERS stated that it conducted an internal review of its billing procedures. As a result, MOVERS began monitoring the accuracy of all documentation that verifies services rendered and plans to perform daily reconciliations of the program activity logs and unit slips. Regarding fiscal operations, MOVERS was unable to reconcile its total reimbursements for FY 2001, but concurred with our recommendation to work with the Budget Office to determine actual costs. MOVERS agreed to refund the Budget Office \$6,109 for unsupported services.

APPENDIX

MIAMI-DADE COUNTY, FLORIDA



STEPHEN P. CLARK CENTER

OFFICE OF STRATEGIC BUSINESS MANAGEMENT
111 N.W. 1st STREET
SUITE 2710
MIAMI, FLORIDA 33128-1992
(305) 375-5143

July 12, 2004

Mr. Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV
Department of Health and Human Services
Office of Inspector General
Office of Audit Services
61 Forsyth Street, S. W., Suite 3T41
Atlanta, Georgia 30303

Dear Mr. Curtis:

RE: Office of Inspector General Draft Report Number A-04-03-01001: "Ryan White Title I Funds Claimed by a Contractor of the Miami-Dade Eligible Metropolitan Area During the Fiscal Year Ended February 28, 2002"

I appreciate having the opportunity to review and comment on the above referenced report and request that the enclosed comments be considered in the preparation of the final document. The draft report has been shared with representatives of Minorities Overcoming the Virus through Education, Responsibility and Spirituality, Inc. (MOVERS). Their views on the findings and recommendations outlined in the report appear following this office's response.

Please contact Yocasta Juliao, Project Director, Ryan White Title I Program, at 305-375-4742 should you have any questions on the enclosed information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Glazer-Moon'.

Jennifer Glazer-Moon
Director Designate

Enclosure

cc: Corinne Brody, Special Assistant, Strategic Management Initiatives
Yocasta Juliao, Project Director, Ryan White Title I Program
William Perry, Chair, MOVERS Management Oversight Committee

Jgm02404



MOVERS, Inc.
6112 NW 7th Ave
Miami, FL 33150
Founded By Dr. George E. McRae, Pastor of the Mt. Tabor Baptist Church

A C H E E R F U L H E A R T I S A G O O D M E D I C I N E

July 7, 2004

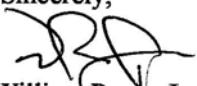
Charles J. Curtis
Regional Inspector General
Audit Services, Region IV
61 Forsyth Street S.W., Suite 3T41
Atlanta, GA 30303

Dear Sir:

Enclosed is the response to the Office of Inspector General report entitled *Ryan White Title I Funds Claimed by a Contractor of the Miami-Dade Eligible Metropolitan Area During the Fiscal Year Ended February 28, 2002*, that was issued on May 12, 2004. The attached document includes MOVERS' response to the OIG findings and recommendations.

Please accept this as the formal response from MOVERS, Inc. If you have any questions or need any additional information, feel free to contact me at 305-693-8033.

Sincerely,


William Perry, Jr.
Chairman, MOVERS Oversight
Management Committee


Naomi Parker, Ph.D.
Interim Executive Director

Minorities Overcoming the Virus through Education, Responsibility, and Spirituality

FAX: (305) 756-4443

Phone: (305) 756-9287

**Miami-Dade County Office of Strategic Business Management
(Formerly known as the Office of Management and Budget
or the Budget Office)**

**Response to the Office of Inspector General
Draft Report Number A-04-03-01001:
“Ryan White Title I Funds Claimed by a Contractor of the Miami-Dade Eligible
Metropolitan Area During the Fiscal Year Ended February 28, 2002”**

BACKGROUND

The Miami-Dade County Office of Strategic Business Management (OSBM) (known at the time of the OIG review as the Office of Management and Budget or the Budget Office) is responsible through the Ryan White Division for the administration of Ryan White Title I funds and monitoring of contracted AIDS service organizations. During the period reviewed by the OIG (March 1, 2001 through February 28, 2002), Ryan White contract and monitoring staff included a Program Administrator and two Contracts Officers. These staff members were tasked with conducting contract negotiations, contract development activities, contract monitoring, program administration, and for providing technical assistance to contracted organizations. Forty-five (45) service agreements and 68 amendments were executed during the 12-month period. A total of 34 agencies and 135 service programs were monitored through on-site visits and frequent telephone and written communications. In addition, independent contractors were hired to conduct on-site record reviews of medical care and case management services. Although Ryan White staff conducted site visits throughout the year, limited staff resources impacted monitoring functions. For the most part, these site visits were classified as a technical assistance activity and/or routine follow-up. As such, documentation of these visits was not consistently maintained. Nevertheless, the Ryan White Division makes every effort to remain in compliance with the requirements of the Ryan White CARE Act §2604(f)(2).

Recognizing that monitoring of funded agencies could be further enhanced, the Ryan White Division is being restructured. The new table of organization includes a monitoring arm led by a Senior Auditor. A staff of five Contracts Officers will work closely with the Program Administrator, the Fiscal Director and the Senior Auditor to ensure comprehensive oversight of all contracted providers. Additionally, monitoring policies, monitoring instruments, and contract requirements are being revised placing greater emphasis on service providers' fiscal operations and internal controls. Furthermore, several procedural changes have been adopted to enhance documentation of monitoring efforts and staff's timely follow-up on matters of concern.

OIG FINDING #1

The Budget Office did not ensure that MOVERS provided the expected level of services to CARE Act Title I eligible clients (Services were not adequately documented).

OSBM RESPONSE

The Ryan White Title I Professional Service Agreement requires contracted providers to document every unit of service rendered. Case notes, service logs, and service receipts (unit slips) must be part of the client record to document all reported activities. A client signature, date of service, description of service provided, number of service units, and cost to the Title I program must be recorded to substantiate billing. Upon signing the contract, service providers agree to comply with these requirements and with the required internal controls. As a Title I provider, MOVERS agreed to abide by these requirements.

Monthly, Ryan White staff conduct a thorough review of service utilization reports submitted by MOVERS and other contracted agencies in support of claims for reimbursement. During this review, staff often request additional information from providers to further verify service units. This documentation is retained as support of reimbursements made to each agency. In the case of MOVERS, this practice is regularly followed to ensure that reported services are in accordance with the Title I contract.

The Service Delivery Information System (SDIS) is used by Title I agencies to track service recipients and services rendered, and to coordinate services across providers. The SDIS has been programmed with the client eligibility criteria for each Title I funded service. This function limits the providers' ability to bill for clients that do not meet established eligibility requirements. The County utilizes the SDIS as a primary tool to monitor services reported by contracted agencies, and also to limit such services to the HIV infected and, when appropriate and allowable, the affected population. In addition to the information recorded in the SDIS, the County requires providers to document each client's medical and financial eligibility as well as his/her permanent residency in Miami-Dade County. These documents must be maintained in the client's record along with proof of reassessment every 6 months. To review this information annually, the County subcontracts with independent record reviewers that assess service providers' compliance with documentation requirements, standards of care, and restrictions of the Title I program. Records selected for review are based on units of services billed to Title I and on clients reported as service recipients during the review period. Medical and case management record reviews were conducted in FY 2001 and 2002, which highlighted the need for enhanced documentation at various service providers. The County immediately initiated an extensive performance improvement and training program. MOVERS was one of the funded agencies targeted through this initiative. Monthly training sessions were provided to case management staff; outreach workers were trained on the importance of documenting their activities; and medical staff received on-site expert assistance from the AIDS Education and Training Centers (AETC) on appropriateness of HIV medical care and maintenance of medical records.

Presently, the County is closely monitoring MOVERS documentation practices and is providing additional technical assistance as the agency engages in restructuring its program and fiscal operations.

OIG FINDING #2

The Budget Office did not ensure that MOVERS followed Federal requirements in charging costs to Ryan White Title I program (Budget Office did not assure that MOVERS followed Federal costs principles).

OSBM RESPONSE

The Ryan White Title I Service Agreement requires Title I providers to submit at the end of each fiscal year a final line item budget for each funded service documenting actual expenditures for the year. In addition, providers are required to submit annually a certified audit conducted by an independent auditing firm in accordance with OMB Circular A-133. These reports are used by OSBM to assess service providers' compliance with federal cost principles and to monitor fiscal accountability. At the time of the OIG audit, each report was being reviewed and discussed with the respective provider as necessary. Due to staff shortages, follow-up was conducted primarily over the telephone or during technical assistance visits. MOVERS complied with the submission of the certified audit for Fiscal Year 2001, however it did not submit four of eleven required final line item budgets (cost reports) documenting actual expenditures for the year. The Ryan White Division reviewed the agency's submission, however it did not document efforts made to obtain the missing reports. This was primarily a result of staff unavailability and overwhelming workload. To prevent this from reoccurring, a new process has been established that assures provider accountability as well as enhanced OSBM oversight. Currently, all reports submitted by contracted providers are tracked and reviewed for completeness immediately upon receipt. Within 48 hours, Contracts Officers follow-up with individual providers to request any outstanding information. Once provider submissions are complete, an in-depth review is conducted and the results are discussed with the Program Administrator and service provider for further action, if needed. Deadlines for submission of pending documentation and/or responses to issues identified by OSBM are being strictly enforced. The review of cost reports includes verification that reported expenditures are in accordance with reimbursements made by OSBM and that the service provider adhered to the approved budget for each funded service. Monitoring visits include reconciliation of reported expenditures against service providers' accounting records.

The OSBM and other County departments are working closely with MOVERS to address deficiencies identified by the OIG and other reviewers. The organization has established a Management Oversight Committee for a period of six months to provide expert advice and guidance on all matters relating to planning and operations. This Committee will play a key role in restructuring MOVERS fiscal and program management as well as infrastructure. The Committee is composed of seven members with the financial and management skills that MOVERS requires at this time. A consulting firm is evaluating the agency's operations and is

providing recommendations to the Committee on necessary fiscal and programmatic reform. A thorough assessment of the organization's finances, individual service programs and management structure is being conducted with the intention of establishing better internal controls, as well as fiscal and administrative accountability. The County has required MOVERS to resubmit all cost reports for Fiscal Year 2001 documenting expenditures charged to the Title I program. A reconciliation of these reports will be conducted as part of the ongoing monitoring of the agency's fiscal and programmatic activities. Additional actions will be taken if the result of this reconciliation warrants it.

OIG RECOMMENDATION

Enhance the Budget Office program monitoring system to ensure that the level of services reported to the Budget Office is accurate and verifiable.

OSBM RESPONSE

This recommendation is accepted. The revised structure of the Ryan White Division, as described above under the Background section, enhances OSBM's ability to monitor funded providers. During implementation, additional adjustments will be made to monitoring policies and procedures to further strengthen this component of the Ryan White program.

OIG RECOMMENDATION

Improve the Budget Office fiscal monitoring system to ensure that all final reports are received, reviewed, and reconciled to supporting documentation provided by the contractor.

OSBM RESPONSE

This recommendation is accepted. A new process has been established that assures providers' compliance with reporting requirements as well as enhanced OSBM oversight. All reports submitted by contracted providers are currently being tracked and reviewed for completeness immediately upon receipt. Within 48 hours, Contracts Officers follow-up with individual providers to request any outstanding information. Once provider submissions are complete, an in-depth review is conducted and the results are discussed with the Program Administrator and service provider for further action, if needed. Deadlines for submission of pending documentation and/or responses to issues identified by OSBM are being strictly enforced.

OIG RECOMMENDATION

Conduct an-in-depth review of MOVERS' billed services, including a verification against documentation maintained.

OSBM RESPONSE

OSBM concurs with this recommendation. An extensive review of MOVERS financial records is already underway. A review of client records will also be conducted. Other programmatic files will be examined as well to verify services billed to Title I in FY 2001.

OIG RECOMMENDATION

Ensure that MOVERS implements adequate internal controls to ensure that it has documentary evidence to support all the services it bills the Budget Office.

OSBM RESPONSE

OSBM concurs with this recommendation. Along with other County departments, OSBM is overseeing MOVERS progress in restructuring its financial and programmatic operations. The organization's Management Oversight Committee, new executive team, and hired consultant are aggressively implementing appropriate internal controls and documentation practices. OSBM oversight of these activities will continue until necessary enhancements are realized.

OIG RECOMMENDATION

Request that MOVERS refund the County \$6,109 of the \$13,647 in service units tested (by the OIG) for unsupported services.

OSBM RESPONSE

OSBM concurs with this recommendation. MOVERS will be required to refund the County \$6,109 as specified in the OIG report. Additionally, further review of program records will be conducted to verify service units that were not included in the OIG audit.

OIG RECOMMENDATION

Work with MOVERS to determine its actual costs for FY 2001 and review these costs to ensure they are allowable, allocable, and reasonable.

OSBM RESPONSE

OSBM concurs with this recommendation. The County has required MOVERS to resubmit all cost reports for Fiscal Year 2001 documenting expenditures charged to the Title I program. A reconciliation of these reports will be conducted as part of the ongoing monitoring of the agency's fiscal and programmatic activities. OSBM will work with MOVERS in determining if reported costs are allowable, allocable and reasonable. Additional actions will be taken if the result of this reconciliation warrants it.

MOVERS RESPONSE TO OIG REPORT

Number A-04-03-01001

“Ryan White Title I Funds Claimed by a Contractor of the Miami-Dade Eligible Metropolitan Area during the Fiscal Year Ended February 28, 2002”

Note: The current management at MOVERS became in effect as of May 12, 2004, the responses to the findings of the Office of Inspector General (OIG) are based on the information available to the current management staff at the time of this report.

MOVERS, Inc. concurs with all the findings and recommendations.

OIG FINDING ITEM # 1 OF SUMMARY

MOVERS billed the Miami-Dade County Office of Strategic Business Management (OSBM), formerly known as the Office of Management and Budget or the Budget Office, for seven categories of services, but generally did not have adequate documentation, as required by the contract, to support the units of service it claimed were provided. In the OIG audit tests, MOVERS did not have documentation for half of the 920 service units that were reviewed in detail.

MOVERS RESPONSE

Internal controls have been implemented to ensure documentation of all services billed to the OSBM. This oversight responsibility is with the Executive Director and the Fiscal Oversight Committee

OIG FINDING ITEM # 2 OF SUMMARY

MOVERS charged \$1,505,505 during 2001, but did not submit all required cost reports to the OSBM and, more critically, was unable to reconcile reported costs to its accounting records. Such reconciliation would have allowed the Budget Office to determine if the \$1,505,505 it reimbursed MOVERS was based on allowable costs, as required by Federal cost principles.

MOVERS RESPONSE

MOVERS finance department staff were unable to reconcile \$1,505,505 during the 2001 site review to determine if the reimbursement to MOVERS was based on allowable costs, as required by Federal cost principles. Internal controls necessary to ensure documentation of all services billed to the OSBM are being implemented by the current management of MOVERS and the Fiscal Oversight Committee.

OIG FINDING ITEM # 3 OF SUMMARY

The Budget Office, responsible for ensuring that reimburse services were adequately supported and that costs are appropriately claimed did not adequately monitor MOVERS' program and fiscal performance. Specifically the Budget Office did not take steps to verify that the services reported by MOVERS were adequately documented, conduct productive site visits at MOVERS, or follow up when MOVERS failed to file some of its required cost reports.

MOVERS RESPONSE

An internal in-depth review of MOVERS billing procedures has been conducted and, as of the date of this report, verification of services rendered will be monitored for the accuracy of all documentation prior to the submission of reimbursement packages. Daily reconciliation of all unit service slips will occur with program service activity logs. All billed program services will be verified prior to the initiation of the monthly-billing process.

OIG FINDING ITEM # 4 OF SUMMARY

MOVERS did not have the internal controls necessary to ensure that it had documentary evidence supporting all the services for which it billed the Budget Office, filed all the required final cost reports with the Budget Office and could reconcile costs reported to the Budget Office with its accounting records.

MOVERS RESPONSE

Internal controls necessary to ensure documentation of all services billed to the OSBM are currently being implemented by the current management of MOVERS and the fiscal Oversight Committee. The current management of MOVERS will work closely with OSBM with response to productive site visits and follow-up.

OIG RECOMMENDATION #1

Conduct an in-depth review of MOVERS' billed services, including a verification against documentation maintained.

MOVERS RESPONSE

An internal in-depth review of MOVERS billing procedures has been conducted and as of the date of this report verification of services rendered will be monitored for the accuracy of all documentation prior to the submission of reimbursement packages. Daily reconciliation of all unit service slips will occur with program service activity logs.

OIG RECOMMENDATION #2

Ensure that MOVERS implements adequate internal controls to ensure that it has documentary evidence to support all the services it bills the Budget Office.

MOVERS RESPONSE

Internal controls necessary to ensure documentation of all services billed to OSBM are currently being implemented by the current management of MOVERS and the fiscal Oversight Committee. The current management of MOVERS will work closely with OSBM in response to productive site visits and follow-up.

OIG RECOMMENDATION #3

Request that MOVERS refund the Budget Office \$6,109 of the \$13,647 in service units tested for unsupported service

MOVERS RESPONSE

MOVERS concurs with the recommendation.

OIG RECOMMENDATION #4

Work with MOVERS to determine its actual costs for FY 2001 and review these costs to ensure they are allowable, allocable, and reasonable.

MOVERS RESPONSE

MOVERS concurs with the recommendation.

Jgm02404a

ACKNOWLEDGMENTS

This report was prepared under the direction of Charles Curtis. Other principal Office of Audit Services staff who contributed include:

Donald Czyzewski, *Audit Manager*

Yesenia Ramirez, *Senior Auditor*

Oswaldo Ordonez, *Auditor*

Antonio Feliz, *Auditor*

For information or copies of this report, please contact the Office of Inspector General's Public Affairs office at (202) 619-1343.