



# MIAMIBEACH

## INTERNAL AUDIT REPORT

BUDGET AND PERFORMANCE IMPROVEMENT  
Internal Audit Division

TO: Jimmy L. Morales, City Manager  
VIA: Cintya G. Ramos, Budget and Performance Improvement Director   
FROM: James J. Sutter, Internal Auditor 

DATE: September 26, 2016  
AUDIT: Ayuda Inc. – Financial Invoices Audit  
PERIOD: October 1, 2015 through June 30, 2016

The City's Office of Community Services performed a review of the submitted supporting documentation for services billed by Ayuda Inc. for the City's Success University program and found reasons for concern. At their request, an internal audit was conducted of all the financial invoices submitted for payment by Ayuda Inc. between October 1, 2015 and June 30, 2016. This report summarizes the work performed and any discrepancies noted.

### INTRODUCTION

Ayuda is a community based non-profit organization located in Miami Beach. Since its establishment in 1977, Ayuda has served children, adolescents, adults, and the elderly. Ayuda's mission is to help improve the lives of children and families who are underserved and/or at risk in South Florida through education, life skills training, and programs that support self-sufficiency. Ayuda provides care coordination and counseling services through the City of Miami Beach Success University program.

Success University is a family support program which provides a variety of services to stabilize children, youth, and their families, prepare them for success, and combat truancy. The program utilizes an integrated care coordination model and partners with community-based organizations, such as Ayuda, to ensure quality holistic services are provided to all at-risk Miami Beach children and families. Success University is funded in part by The Children's Trust. The Children's Trust is a dedicated source of revenue established by voter referendum to improve the lives of children and families in Miami-Dade County.

On August 1, 2015, Ayuda entered into a professional services agreement with the City to provide care coordination services for up to forty-five children and their families and mental health services for up to eight children and/or their families enrolled in the City's Success University program.

Care coordination services consist of:

- A care coordination assessment, conducted by an Ayuda facilitator, of the child's and/or family's needs and a plan developed to specifically address identified needs,
- Two follow up visits by the facilitator in order to measure progress and address any issues or concerns,

Internal Audit Report  
 Ayuda Inc. – Financial Invoices Audit  
 September 26, 2016

- A flexible plan check-in consultation conducted over the phone to address any unforeseen issues and/or concerns,
- And a care coordination close-out visit to conduct a final assessment and evaluation of the child’s and/or family’s progress and conclude care coordination services.

Mental health services consist of:

- A mental health assessment to evaluate the child’s and/or family’s counseling needs
- And counseling services to address any issues and/or concerns identified in the mental health assessment.

The following table lists the services, rates, number of services or units, the total funded amount for each category, and the total amount stated in the agreement for the audit period October 1, 2015 through June 30, 2016:

Care Coordination Services	Rate	Total # of Contracted Units	Total Funded Amount
Care Coordination Assessment & Plan Development	\$ 144.20	45	\$ 6,489.00
Care Coordination Plan Follow-Up Visit (1)	\$ 78.75	45	\$ 3,543.75
Care Coordination Plan Follow-Up Visit (2)	\$ 78.75	45	\$ 3,543.75
Care Coordination Plan Flexible Check-In (Phone Consultation)*	\$ 27.81	35	\$ 875.00
Care Coordination Plan Close-Out	\$ 103.00	45	\$ 4,635.00
		<b>215</b>	<b>\$ 19,086.50</b>
Counseling Services			
Mental Health Assessment	\$ 250.00	8	\$ 2,000.00
Counseling Sessions	\$ 75.00	96	\$ 7,200.00
		<b>104</b>	<b>\$ 9,200.00</b>
<b>Total</b>		<b>319</b>	<b>\$ 28,286.50</b>

*\*According to the signed agreement for the audit period October 1, 2015 through June 30, 2016, thirty-five Care Coordination Plan Flexible Check-In consultations are to be utilized at a rate of \$27.81 per check-in for a maximum not to exceed \$875 dollars. For information purposes only, thirty-five units of this service at a rate of \$27.81 amounts to \$973.35. For audit purposes, the maximum amount, \$875, was used.*

**PROCESS DESCRIPTION**

1. The client is referred to the City’s Success University program by any number of persons, which may include teachers, extended family, neighbors, and friends.
2. The client is then contacted by the Office of Community Services in order to schedule an assessment of the client’s program needs.
3. The client is assigned to a contractor, in this case Ayuda, to contact and provide services to the client.
4. An Ayuda facilitator contacts the client to schedule a care coordination assessment, which is the first step in the care coordination process.
5. During the care coordination assessment, follow-up visits, an initial mental health assessment, and counseling sessions are scheduled. The client may elect to not use the contractor’s counseling services.
6. Follow-up visits are conducted as well as optional flexible check-in consultations through telephone communication if requested. A mental health assessment and counseling sessions may occur simultaneously with care coordination services.
7. A care coordination plan close-out service is conducted and the care coordination

**FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

1. Finding - *The Contractor Billed the City for Duplicate Sessions, Overlapping Sessions, Sessions without Transition Time, and a Session without Supporting Documentation totaling to \$1,420.81.*

In accordance with section 4.3 of the signed agreement, "Contractor shall provide the City with a detailed invoice, on a monthly basis, that details all services performed by contractor in a particular month.", financial invoices for services performed were submitted to the City. However, a review of the financial invoices and the supporting documentation submitted to the City by the Contractor revealed that duplicate sessions, overlapping sessions, sessions without transition time, and a session without supporting documentation, totaling \$1,420.81, were billed to the City. The following table illustrates the detailed amounts billed to the City for the above mentioned sessions:

Date	Service Category	Start of Session	End of Session	Service Units	Billed Amount
<b>Billed Sessions w Duplicate Times</b>					
02/19/2016	Care Coordination Follow-Up 2	3:30 PM	4:30 PM	1	\$ 78.75
02/19/2016	Counseling Session	3:30 PM	4:30 PM	1	\$ 75.00
03/23/2016	Care Coordination Follow-Up 1	6:00 PM	7:00 PM	1	\$ 78.75
03/23/2016	Counseling Session	6:00 PM	7:00 PM	1	\$ 75.00
				<b>4</b>	<b>\$ 307.50</b>
<b>Billed Sessions w Overlapping Times</b>					
02/19/2016	Care Coordination Follow-Up 2*	3:00 PM	4:00 PM	1	\$ 78.75
03/10/2016	Care Coordination Follow-Up 1	7:00 PM	8:00 PM	1	\$ 78.75
03/10/2016	Care Coordination Close-Out	7:45 PM	8:45 PM	1	\$ 103.00
04/08/2016	Counseling Session	2:15 PM	3:15 PM	1	\$ 75.00
04/08/2016	Counseling Session	3:10 PM	4:10 PM	1	\$ 75.00
				<b>5</b>	<b>\$ 410.50</b>
<b>Billed Sessions w/o Transition Times</b>					
04/06/2016	Counseling Session	4:00 PM	5:00 PM	1	\$ 75.00
04/06/2016	Counseling Session	5:00 PM	6:00 PM	1	\$ 75.00
04/11/2016	Counseling Session	2:30 PM	3:30 PM	1	\$ 75.00
04/11/2016	Counseling Session	3:30 PM	4:30 PM	1	\$ 75.00
04/11/2016	Counseling Session	4:30 PM	5:30 PM	1	\$ 75.00
04/25/2016	Counseling Session	2:30 PM	3:30 PM	1	\$ 75.00
04/25/2016	Counseling Session	3:30 PM	4:30 PM	1	\$ 75.00
05/17/2016	Counseling Session	4:30 PM	5:30 PM	1	\$ 75.00
05/17/2016	Counseling Session	5:30 PM	6:30 PM	1	\$ 75.00
				<b>9</b>	<b>\$ 675.00</b>
<b>Billed Session w/o Supporting Documentation</b>					
05/20/2016	Care Coordination Flex Check-In	N/A	N/A	1	\$ 27.81
				<b>1</b>	<b>\$ 27.81</b>
<b>Grand Total</b>				<b>19</b>	<b>\$ 1,420.81</b>

\*Overlapping session on 02/19/2016 occurs simultaneously with the above mentioned duplicate sessions. For information purposes, one service unit for the above mentioned service categories is equivalent to a minimum of 60 minutes in length, excluding Care Coordination Flexible Check-In services which require a minimum of 45 minutes in length.

The information below provides a brief explanation of the categories identified in the table above:

Internal Audit Report  
 Ayuda Inc. – Financial Invoices Audit  
 September 26, 2016

- Billed sessions with duplicate times  
*Duplicate times and dates consist of sessions that occur on a specific date at the same exact time interval as another by the same facilitator.*
- Billed sessions with overlapping times  
*Overlapping time sessions occur when two separate sessions either begin or end while another session occurs, overlapping by a minute or more, ranging from 5 to 30 minutes over for the tested transactions.*  
*\*Overlapping session on 02/19/2016 occurs simultaneously with the above mentioned duplicate sessions.*
- Nine sessions without transition time  
*Transition time is the time between two separate sessions allowing for travel, preparation, etc. between sessions. According to supporting documentation provided by Ayuda, all sessions identified above were performed at distinct locations.*
- One session without supporting documentation  
*Supporting documentation for a session that occurred on May 20, 2016 could not be found by Ayuda.*

Additionally, seven overlapping sessions and four sessions without transition time were not billed by Ayuda but appear in client record files. Ayuda did not bill these sessions due to the City's Office of Community Services' initial detection of the discrepancies. The table below exhibits the detail of the overlapping sessions and sessions without transition that were excluded from the monthly invoices:

Date	Service Category	Start of Session	End of Session	Service Units	Billed Amount
<b>Sessions w Overlapping Times Not Billed</b>					
06/03/2016	Counseling Session	3:00 PM	4:00 PM	1	\$ 75.00
06/03/2016	Counseling Session	3:40 PM	4:30 PM	1	\$ 75.00
06/03/2016	Counseling Session	4:20 PM	5:20 PM	1	\$ 75.00
06/03/2016	Counseling Session	5:00 PM	6:00 PM	1	\$ 75.00
06/10/2016	Counseling Session	4:20 PM	5:20 PM	1	\$ 75.00
06/10/2016	Counseling Session	5:00 PM	6:00 PM	1	\$ 75.00
06/10/2016	Counseling Session	5:30 PM	6:30 PM	1	\$ 75.00
				<b>7</b>	<b>\$ 525.00</b>
<b>Sessions w/o Transition Times Not Billed</b>					
06/10/2016	Counseling Session*	6:30 PM	7:30 PM	1	\$ 75.00
06/17/2016	Counseling Session	4:30 PM	5:30 PM	1	\$ 75.00
06/17/2016	Counseling Session	5:30 PM	6:30 PM	1	\$ 75.00
06/17/2016	Counseling Session	6:30 PM	7:30 PM	1	\$ 75.00
				<b>4</b>	<b>\$ 300.00</b>
<b>Grand Total</b>				<b>11</b>	<b>\$ 825.00</b>

\*Session without transition time on 06/10/2016 occurs adjacent to overlapping session on 06/10/2016.

Ultimately, Ayuda verbally verified, with clients, that fourteen of the above mentioned thirty sessions, billed and not billed, occurred at different times and provided a list of

revised session times to correct overlapping sessions and sessions without transition. However, no other supporting documentation was given to validate the list with the revised session times and therefore cannot be accurately verified.

Recommendation(s):

Ayuda should review and verify all supporting documentation for services performed on a monthly basis in order to ensure accurate recordkeeping of client files. The Office of Community Services should address the billing of the \$1,420.81 with Ayuda by either requesting the funds to be returned or deducting the monetary amount from the remaining balance of the agreement, decreasing the balance of funds and service units available for the 2015-2016 agreement.

Management's Response (Ayuda):

Ayuda has moved forward in reviewing and verifying every Success University client file and supporting documentation on a weekly basis in order to ensure accurate recordkeeping of client files. Upon contract signing 2016-17, Ayuda will have a designated person to ensure that all services contracted for are accurately cross-referenced prior to invoicing the funding source.

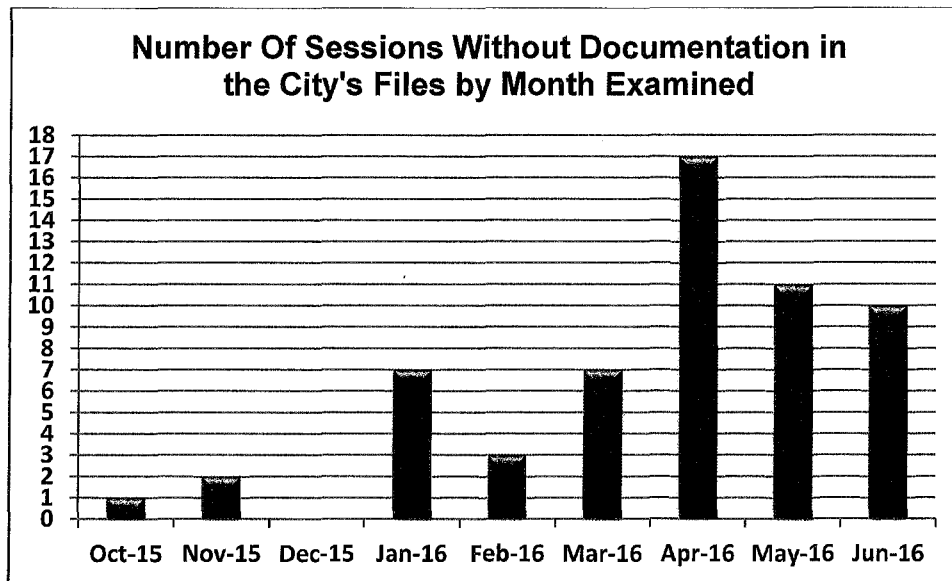
Management's Response (Office of Community Services):

The City acknowledges that there were errors in the back-up documentation provided by Ayuda. The City will ensure that Ayuda is reimbursed only for those services provided with appropriate documentation. The City will also ensure that a fidelity review is performed upon receipt of all future invoices.

2. Finding - *The Contractor did not properly reconcile invoiced items to supporting documentation and did not upload supporting documentation on to the City's designated service partnership website in a timely manner. Additionally, the City did not reconcile the invoices received to the supporting documentation uploaded on to the City's designated service partnership website.*

Ayuda creates monthly invoices for services performed to be billed to the City. These invoices are submitted with a monthly client list that provides the client name, type of service, date of service, date submitted to the City's designated service partnership website, and the month billed. Ideally, all of the supporting documentation for the line items on the client list should appear on the City's designated service partnership website for verification and reconciliation of the invoices to the supporting documentation. However, client files provided by the Office of Community Services were missing supporting documentation for invoiced line items, revealing that the contractor was not reconciling invoices to supporting documentation and not uploading supporting documentation in a timely manner.

A comparison review of all invoiced sessions to client supporting documentation provided by the Office of Community Services, for fiscal year 2015-2016, revealed that fifty-eight invoiced sessions, beginning on October 26, 2015 and ending on June 22, 2016, required verification of supporting documentation. The chart below illustrates the sessions by month, missing supporting documentation not in the Office of Community Services files:



*\*As August 9, 2016, all of the fifty-eight sessions were verified by the contractor and supporting documentation was uploaded on to the City's designated service partnership website by the contractor.*

Furthermore, Ayuda advised that previously a former employee of the Office of Community Services would receive the monthly invoice through a notification email sent by Ayuda. The City employee would then review and verify the invoiced line items with supporting documentation uploaded to the City's designated service partnership website by Ayuda. If any discrepancies and/or missing supporting documentation were identified, the City employee would inform Ayuda and request the missing documents and/or request that discrepancies be corrected. The City employee would then send the corrected invoices to the City's Finance Department requesting payment to be sent to Ayuda. This process allowed Ayuda to rely on the City to accurately verify and reconcile invoices and supporting documentation, which is ultimately the responsibility of Ayuda.

Additionally, recent invoices provided by Ayuda were received and sent to the Finance Department as done in the past, but it is evident that verification and reconciliation of the invoiced items to uploaded supporting documentation did not occur on the City side as well. It is unclear as to the responsibilities of the City employee from the Office of Community Services submitting the invoice for payment, but the increase in occurrence of missing supporting documentation, as illustrated in the chart above, affirms the lack of verification and reconciliation of the invoices by the City.

However, the Office of Community Services did perform a review of the submitted supporting documentation for services billed by Ayuda Inc. for the City's Success University program and found reasons for concern. Their results indicated that a thorough review was necessary in order to identify any previous deficiencies.

Recommendation(s):

Ayuda is ultimately responsible to submit accurate invoices and upload supporting documentation timely for all clients serviced through the City's Success University program. The Office of Community Services should verify and reconcile invoiced items

to supporting documentation submitted by Ayuda. This task should be delegated to an individual in the Office of Community Services.

Management's Response (Ayuda):

Ayuda agrees that the agency is ultimately responsible to submit accurate invoices and upload supporting documentation in a timely manner for all clients serviced through the City's Success University program. Ayuda will have a dedicated person reviewing and cross-referencing all of the documentation for each client during our new contract year 2016-17 so that discrepancies won't re-occur.

Management's Response (Office of Community Services):

The City will ensure that Success University staff reviews and reconciles invoices with supporting documentation to ensure that payment is released when appropriate.

3. Finding - *The City has not executed an amendment allowing the contractor to serve additional clients despite referring clients to the Contractor.*

Ayuda advised that the City requested additional clients be assigned for care coordination and mental health services. An amendment to the signed agreement was requested by Ayuda to reflect the additional clients to be serviced along with the rates for the services provided and an amended total contract amount. The contractor informed Internal Audit that additional clients have been serviced, but the amendment has not been executed. Furthermore, a Program Coordinator at the Office of Community Services confirmed that the amendment has not been executed due to discrepancies found in their review of the supporting documentation submitted by the contractor.

Recommendation(s):

An amendment to the professional services agreement between the City and Ayuda should be executed before any additional clients can be serviced.

Management's Response (Ayuda)

We agree with the recommendation and will ensure that we only service clients that are under contract. A contract amendment was finally executed on August 18, 2016. Ayuda had been asking for the contract amendment since May, 2016 as we had been assigned and were servicing additional clients. We had been advised that the delays were coming from The Children's Trust side and the City's legal department. We know from experience that The Children's Trust agency and the City's Legal Department often experience delays and did not think anything of it. Discrepancies were not mentioned to us until the conference call of July 12, 2016.

Management's Response (Office of Community Services):

While The Children's Trust provided verbal approval to move forward, City staff erred in authorizing services prior to the execution of the contract amendment. The City will ensure that contracted services will not be requested unless all contracts and amendments authorizing said services have been fully executed by all parties regardless of programming deadlines. Further, the City has addressed the importance of this with The Children's Trust as its process could effectively delay approvals by 60 days seriously impacting the City's contractual outcomes and the ability to properly subcontract for services.

4. Finding – *Verification of Employees vs. Subcontractors for Individuals Providing Services.*

Section 10.3 of the signed agreement states “Contractor shall not subcontract, assign, or transfer all or any portion of the work and/or service under this Agreement without the prior written consent of the City Manager, which consent, if given at all, shall be in the Manager’s sole judgement and discretion. Neither this Agreement, nor any term or provision hereof, or right hereunder, shall be assignable unless as approved pursuant to this Section, and any attempt to make such assignment (unless approved) shall be void.”

Yet, a review of Ayuda’s payroll records revealed that independent contractors provided services to clients during the audit period of October 1, 2015 through June 30, 2016. Testing determined that two individuals were subcontracted and assigned work, by the contractor, to perform services under the signed agreement without the City’s approval.

Additionally, the review of the contractor’s payroll records showed that the agency’s executive staff member’s hourly rate was stated as \$200, for in-kind purposes, on invoices submitted to the City for payment and does not accurately reflect the employee’s actual monetary compensation. The contractor advised that the correct hourly rate for this staff member should be \$33.65, but disclosed that they are in the process of re-evaluating this amount. The leverage/match or in-kind section of the invoices submitted for payment to the City reports hours worked but not billed by the contractor in regards to the services performed under the signed agreement.

Ultimately, the City’s Office of Community Services is required to report these in-kind contributions to The Children’s Trust as part of their monthly report and leverage. The inaccurate information provided by Ayuda to the City, regarding the value of their in-kind contributions, represents an overvaluation of the contributions received, which misstates amounts reported to The Children’s Trust.

Recommendation(s):

The contractor should seek the City’s approval before delegating services, outlined under the signed agreement, to independent contractors or subcontractors. Going forward, the contractor should accurately state the hourly rates of employees for reporting purposes on invoices submitted to the City. The City should determine whether to revise its in-kind reporting to the Children’s Trust to reflect a lower amount.

Management’s Response (Ayuda):

Ayuda agrees and is in the process of submitting all of the required documentation for any independent contractor that works for the Success University program. Please be advised that Ayuda had been utilizing the same independent contractor for the past 3 years. The City has been monitoring us on an annual basis, checking staff and independent contractor’s files.

An hourly rate of \$33.75, not \$200.00, is what we internally value the executive staff member’s in-kind services. This is based on a \$70,000 annual salary for the position, should there be enough funds. The \$200 hourly rate had been erroneously left in Success University’s paperwork for the past three years. The City had not mentioned nor questioned it during monitoring.



Management's Response (Office of Community Services):

Under its agreement with The Children's Trust, the City is required to document its total operating costs for the operation of Success University and the Service Partnership. By providing inaccurate information, Ayuda has caused the City, in turn, to report inaccurate information to its funder. The City will have to provide a corrected summary as part of its end-of-year report.

**EXIT CONFERENCE**

An exit conference was held on August 29, 2016 and the participants included Maria L. Ruiz (Office of Housing & Community Services Department Director), Alba A. Tarre (Homeless Outreach Team Program Coordinator), James Sutter (Internal Auditor) and Luis Medina (Auditor). The agreed upon revisions were made in the draft audit report which were subsequently emailed to the agency for review. Management responses were solicited and included above. All parties were in agreement as to the contents of this report.

JJS:LM:lm

Audit performed by Auditor Luis Medina

F:\OBPI\AUD\INTERNAL AUDIT FILES\DOC15-16\REPORTS - FINAL\AYUDA FINANCIAL INVOICES AUDIT RPT.docx

cc:

Kathie G. Brooks, Assistant City Manager  
Maria L. Ruiz, Office of Housing & Community Services - Department Director  
Diana Susi, Ayuda Inc. - President/CEO  
Cecilia De Loof, Ayuda Inc. - Program Director