





MIAMI BEACH

BUDGET AND PERFORMANCE IMPROVEMENT
Internal Audit Division

INTERNAL AUDIT REPORT

TO: Jorge M. Gonzalez, City Manager
VIA: Kathie G. Brooks, Budget and Performance Improvement Director
FROM: James J. Sutter, Internal Auditor



DATE: April 23, 2012
AUDIT: Douglas Gardens Community Mental Health Center Inc. Audit
PERIOD: October 1, 2009 through December 31, 2011

This report is the result of a regularly scheduled audit of the non-profit Douglas Gardens Community Mental Health Center Inc.'s compliance with tested provisions in their annually signed grant agreements in effect between October 1, 2009 and December 31, 2011. Testing did not include Community Development Block Grant monies also given annually by the City of Miami Beach other than to confirm that different expenditures were submitted for reimbursement.

INTRODUCTION

Douglas Gardens Community Mental Health Center Inc. or DGCMHCI was incorporated in the State of Florida on April 18, 1978 to develop and operate a comprehensive, coordinated mental health care delivery system for the residents of Miami Beach, Surfside, Bay Harbor Islands, Bal Harbour and North Bay Village. They administer a variety of services for all ages, including but not limited to inpatient, outpatient, emergency service, consultation and education, aftercare, drug and alcohol abuse, transitional service, screening, and residential and day care centers for the chronically mentally ill, both directly and in coordination with community institutions and agencies.

Additionally, a wide range of mental health services are provided, as well as limited substance abuse services. Services provided include screening, assessment, psychological and psychiatric evaluation, psychiatric medication management, individual and group therapy, case management, homeless program, day treatment, and crisis residence and support.

Their Residential Treatment System program provides residential, day treatment and case management services to older adults age 55 and older, who require intensive psychiatric rehabilitative services to avoid long term inpatient psychiatric care. Services provided within the residential units are available in the Miami-Dade County area.

The Comprehensive Community Service Team was developed by the Florida Department of Children and Families to provide more integrated and comprehensive services to individuals with major mental illness. It combines case management, social rehabilitation, supportive employment, supportive housing, and outpatient services into a seamless and transparent service provided by multiple disciplined team of mental health professionals.

Furthermore, DGCMHCI is a Medicare certified provider and participates in the State of Florida's mental Health Clinic Option and Florida's Medicaid Plan with the residential treatment facilities being licensed and certified for participation in the Optional State Supplement Program.

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This active 501(c)3 organization was affiliated with the Miami Jewish Health Systems until July 2011 when it became a separate entity. While the corporate offices are currently located at 1680 Meridian Avenue, they also operated the following Miami Beach facilities during the October 1, 2009 through December 31, 2011 audit period:

- The Mayfair Residence at 1960 Park Avenue is a transitional housing home for its residents who live in one of its forty-two units. Some residents participate in the Shelter Plus program where they give a percentage of their income, either benefits or pay, to live in the residence. Meanwhile, the other residents are in the Primary Care program which provides a six month stay as they are given specialized treatment for mental health problems and substance abuse with the goal of getting a foot back on the ladder to self-sufficiency.
- The Sandy Shores Residential Treatment Program located at 629 Lenox Avenue was an eight unit facility available to persons between the ages of 18 and 54 who were living with serious and persistent mental illnesses and who were unable to sufficiently recover in order to live independently in a regular community environment. This facility was closed on March 31, 2010.
- The Sunny Cove Residential Treatment Program located at 7100 Rue Granville was an eight unit facility that was closed on June 30, 2011. While open, it provided caring for its HIV positive residents who were over the age of 18 and were willing to contribute 60% of their income toward the cost of room and board.

DGCMHCI is currently governed by a twenty-two member Board of Directors with Daniel Brady currently serving as its Executive Director. The Board of Directors meets monthly to discuss such items as financial data, goals and objectives, etc.

Their primary revenue sources include grants received from the Department of Children and Families, Miami Dade County, Lutheran Social Services, the United States Department of Housing and Urban Development and the City of Miami Beach; payments from Medicare and Medicaid; private contributions; and self-paying customers. Meanwhile, their expenditures consist mainly of salaries and wages; professional fees; facility and equipment maintenance; and insurance.

The focus of this audit is summarized in the following table which compares the amount of Citywide general fund monies awarded by the City Commission with those eligible amounts actually expended and reimbursed during the audit period:

	FY 2009/10	FY 2010/11	FY 2011/12	Total
Grants Awarded	\$21,660	\$21,660	\$21,660	\$64,980
Grants Received *	\$21,660	\$21,660	\$5,460	\$48,780
Difference	\$0	\$0	\$16,260	\$16,260

* DGCMHCI must first expend the monies and then submit an invoice for reimbursement. To date, only City check numbered 326756 dated 02/21/12 for \$5,460 has been issued for the 2011/12 fiscal year.

Once the monies have been awarded by the City Commission and the grant agreement signed, the current process requires the grantee to submit a budget to the City's Grant Administrator or his/her designee for approval detailing how the grant monies received are to be spent. No monies are to be disbursed until the budget is approved. Any subsequent changes must be reported in writing and approved by the Grant Administrator or any monies issued may need to

be repaid or future funding may be jeopardized at the City's discretion.

The grantee must prepare an invoice and deliver it to the City's Finance Department requesting payment of the grant monies by the end of the fiscal year (September 30th) or the monies will be forfeited. The grantee is required to submit copies of their proof of payments (canceled checks, credit card statements, bank statements, etc.) attached to the invoice before payment will be made. All invoices and proof of payments submitted must be complete and agree to the budget previously approved by the City.

Finally, the City, in the current 2011/12 fiscal year, has begun moving toward incorporating performance measures into the grant agreements that tie to the City's Key Intended Outcomes (goals/strategic priorities) in our Strategic Plan. As a result, DGCMHCI selected two Key Intended Outcomes (Improve the Lives of Elderly Residents and Increase Community Satisfaction with City Government) that they will be required to provide and track corresponding performance measures beginning in the 2012/13 fiscal year.

OVERALL OPINION

Douglas Gardens Community Mental Health Center Inc. or DGCMHCI stages a number of community projects in Miami Beach to benefit its clients through its Residential Treatment System program, Comprehensive Community Service Team, etc. City disbursed grant funds totaling \$21,660 annually were properly deposited intact into DGCMHCI's operating account during the audit period. Similarly, reviewed expenditures for pharmaceutical drugs were sufficiently documented and timely paid. However, the following minor items were noted during testing and are in need of improvement:

- Although testing showed that the grantee properly expended the monies on pharmaceutical drugs in adherence to their submitted budget, the grantee did not submit the required proof of payment documents to the City's Grant Administrator in satisfaction of the signed grant agreement's section 2 provisions.
- The grantee did not indicate in their response to the City's letter dated 10/24/11 which performance measures will be used to track their progress with the selected Key Intended Outcomes.

PURPOSE

To determine whether the grantee's revenues and expenses related to the City and other grants were properly accounted for, documented and reported.

SCOPE

1. Confirm that the internal control process and segregation of duties implemented are adequate.
2. Confirm that maintained documentation and software systems are organized, complete and sufficient.

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3. Confirm that the grantee's actual expenditures occurred during the designated fiscal year and were in agreement with the annual budget submitted to the Grant Administrator and approved by both parties.
4. Confirm that the grantee properly submitted an invoice and supporting documentation (canceled check, credit card statement, wire transfer, etc.) by the end of the fiscal year to the Grant Administrator.
5. Confirm that all grant revenues received from the City were deposited intact, properly documented and correctly recorded.
6. Confirm that the grantee has made the necessary payments to the City and is current with all taxes and licenses.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Finding: *Proof of Payment Documentation Was Not Submitted to the City's Grant Administrator for the \$21,660 Received During the 2010/11 Fiscal Year*
Section 2 of the grant agreement signed by both the City and Douglas Gardens Community Mental Health Center Inc. or DGCMHCI reads as follows "The Grantee who receives monies is required to submit each paid invoice attached to a copy of their proof of payment (canceled check, credit card statement, wire transfer, bank statement, etc.) by the end of the fiscal year to the Grant Administrator or designee." Yet, review of the 2010/11 fiscal year documentation provided to the Grant Administrator found that it did not contain a copy of their proof of payment before City check numbered 319336 was issued. Fortunately, DGCMHCI was able to provide Internal Audit with bank statements showing that the grantee's corresponding check numbered 24965 payable to Cardinal Health Pharmaceutical for \$44,980.50 had been cashed.

Recommendation(s):

DGCMHCI should comply with all the terms of the grant agreement and include proof of payment documentation in the records submitted to the designated Grant Administrator from the Office of Community Services. Similarly, the Grant Administrator should not instruct the Finance Department to issue a check to the grantee unless all stated requirements are satisfied.

DGCMHCI Response:

Beginning with the current year and going forward, DGCMHCI will adhere to the City's recommendation.

Community Service Division Response:

In addition to invoices, copies of cancelled checks corresponding to the invoices seeking reimbursement will now be required for all reimbursement requests. For those invoices for which a partial amount is being sought as reimbursement, the invoice with check number and correlating check copy clearly indicated will be required for reimbursement. Finally, copies of cancelled checks have been requested for placement in the file for any prior months for which a cancelled check was not provided as part of the original reimbursement package.

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2. Finding: *The Grantee Did Not Identify Performance Measures or Data Tracked to Show Progress Related to Two Selected City Key Intended Outcomes*

The City sent out a letter dated 10/24/11 informing DGCMHCI that the City is moving toward incorporating performance measures into their agreements that tie to the City's Key Intended Outcomes or KIOs in our Strategic Plan. In response, DGCMHCI properly selected the following two KIOs in which the received \$21,660 grant supports: Improve the Lives of Elderly Residents and Increase Community Satisfaction With City Government.

However, the grantee was also required to identify on the form any performance measures or data tracked to show progress related to these performance measures that it will be required to report on during the 2012/13 fiscal year assuming that the City Commission awards additional grant monies. As this information was not provided by DGCMHCI, Internal Audit sent a 01/26/12 email requesting the corresponding data. They subsequently worked out the details with their designated Grant Administrator and have reached a mutual agreement concerning which performance measures to track and report. These would include the number of low income Miami Beach residents helped, the number of prescriptions given, and the medical insurance co-pay amounts received.

Recommendation(s):

DGCMHCI should continue to track these agreed upon performance measures so that that they can be timely reported in the 2012/13 fiscal year to help prevent future grant funding from being adversely affected.

DGCMHCI Response:

Beginning with the current year and going forward, DGCMHCI will adhere to the City's recommendation.

EXIT CONFERENCE

The draft audit report was initially sent to the City's Grant Administrator for review whereby any agreed upon changes were subsequently made. Next, the revised draft audit report was sent to Douglas Gardens Community Mental Health Center for review and to solicit management responses which were received shortly thereafter and were added to this audit report.

JS:MC:mc

(Audit performed by Mark Coolidge, Senior Auditor)

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cc: Daniel Brady, Executive Director, Douglas Gardens Community Mental Health Center
Hilda Fernandez, Assistant City Manager
Maria Ruiz, Community Services Division Director
Patricia Walker, Chief Financial Officer
Timothy Finch, Budget Officer