

Summit County Executive Office
Oriana House Contract
Performance Audit General Report

Prepared for:

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Approved by Audit Committee
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EXECUTIVE SUMMARY

Total Number of Issues –7

Internal Controls

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Bill Reconciliation	1	<ul style="list-style-type: none">• Reconciliation errors	5
Billing	2	<ul style="list-style-type: none">• Incorrect billing rate• Billing errors	6
Credits	4	<ul style="list-style-type: none">• Error in calculating credit population• Individual payments not included in respective month's credit• Insufficient review/approval of fee scales• SCRAM installation credit not received	8

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GENERAL BACKGROUND

The County of Summit is responsible for determining the sentencing for people who have committed crimes or minor misdemeanors within the County. Individuals are sentenced to the applicable program determined by the Court of Common Pleas or the Summit County Adult Probation Department. The County of Summit does not provide any direct service, but contracts with local agencies to provide quality, affordable services for individuals in Summit County for the following programs:

- Work Release Male Felon
- Work Release Male Misdemeanor
- Work Release Female Misdemeanor
- Work Release Female Felon
- Home Incarceration Without Alcohol -Testing
- Home Incarceration Monitoring with Radio Technology
- Radio Technology Installations
- Home Incarceration Electronic Monitoring Installations
- Secure Continuous Remote Alcohol Monitoring (SCRAM) – Continuous Alcohol Monitoring (CAM)
- Remote Breathalyzer Alcohol Monitoring
- Secure Continuous Remote Alcohol Monitoring (SCRAM) – Remote Breath Installations
- Active Global Positioning System (GPS)
- Passive Global Positioning System (GPS)
- Active - Passive Global Positioning System (GPS) Installations
- Intermediate Global Positioning System (GPS)
- Intermediate Global Positioning System (GPS) Installations
- Multiple Offender Program (MOP), Driving Under the Influence (DUI) and Misdemeanants
- Glenwood Jail Direct Commitments
- Summit County Jail Overflows -Transfers
- Employment Placement Male
- Employment Placement Female
- Halfway House Male
- Halfway House Female
- Halfway House Felon
- Day Reporting
- Male Female Criminal Nonsupport
- Driver Intervention Program (DIP) - 3 Day
- Driver Intervention Program (DIP) - 6 Day
- Intensive Outpatient Program (IOP)
- Pretrial Supervision Minimum
- Pretrial Supervision Medium
- Pretrial Supervision Maximum

The County of Summit entered into a contract not to exceed \$5,590,722,28 with the Oriana House on January 1st, 2016 to assist in providing these services.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the County of Summit with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to the County of Summit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Objectives:

- To determine if the County of Summit was billed correctly in accordance with the contractual terms for the provided programs.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by County of Summit from July 1, 2016 through December 31, 2016.

The following were the major audit steps performed:

OBJECTIVE 1 – CONTRACT COMPLIANCE

1. To determine if the County of Summit was billed correctly in accordance with the contractual terms for the provided programs.
2. Investigate discrepancies and summarize results.
3. Make recommendations where appropriate.

DETAILED COMMENTS

I. Contract Compliance Testing

Contract compliance testing was performed in the following areas:

- Bill Reconciliation
- Billing
- Credits

BILL RECONCILIATION

Monthly Account Summaries (invoices) were obtained for the period 7/1/16 through 12/31/16 and client program billing support reports for each program were obtained. IAD reconciled to total billed for each program on the monthly accounting summaries to the client program billing summary reports to ensure the amount billed was properly supported.

The following issue was noted:

1. Issue:

Upon reconciliation of monthly invoices to supporting documentation, IAD noted the following:

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Month	Program	Billing Units	Billing Rate	\$ Amount Over/(Under) Billed
August	SCRAM/CAM	Mandays	\$12.58	(\$427.72)
August	SCRAM/Remote Breathalyzer	Installation	\$54.55	\$163.65
August	Glenwood Jail Direct Commitments	Mandays	\$48.40	(\$96.80)
August	Summit County Jail Overflows/Transfers	Mandays	\$48.40	(\$290.40)
August	Misdemeanor Halfway House	Mandays	\$77.23	(\$77.23)
August	Day Reporting	Mandays	\$16.93	(\$118.51)
September	DIP 6 Day	Client	\$445.20	(\$445.20)
October	Intermediate GPS Installations	Installation	\$72.24	(\$72.24)

Total Overbilled = \$163.65
 Total Underbilled = (\$1,528.10)
 Net Underbilled = (\$1,364.45)

Recommendation:

IAD recommends that the Executive's Office obtain supporting documentation for monthly invoices and reconcile to ensure accurate billing (e.g., number of mandays, clients, etc.).

Management Action Plan:

On a monthly basis, beginning 9/1/2017 the Division of Public Safety under the County Executive will review the detailed statements from Oriana House. If the contract changes the billing cycle, Public Safety will review in accordance with the billing cycle.

BILLING

Accounting Summary Reports were obtained for the period 7/1/16 through 12/31/16 and were footed and cross footed to ensure the invoices were calculated correctly. In addition, IAD reviewed the individual program fees and reconciled the fees charged on the Accounting Summary Reports to the Oriana House Contract to ensure the fees agreed to the contractual terms.

A sample of clients was selected from each program for the period 7/1/16 through 12/31/16 to ensure the services provided were properly supported and invoiced correctly.

Additionally, IAD reviewed and selected all cases that appeared to be billed two or more times in one month to ensure duplicate billing did not occur.

The following general recommendation and issue were noted:

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General Recommendation:

Upon discussion, IAD noted that a one-time payment of \$73,000 was made to Oriana House to cover caseworker salaries due to the termination of a State grant. If this payment continues into future contract periods, IAD recommends that the payment terms be added to the annual contract. This will help to ensure that all funding is properly document in the contract.

2. Issue:

Upon detail testing of invoices for the period 7/1/16 through 12/31/16, IAD noted the following discrepancies:

Program	Billing Units	Billing Rate	\$ Amount Over/(Under) Billed
Hi monitoring w/ Radio Tech	Mandays	\$14.44	\$1,444.00
Radio Tech Installs	Installations	\$72.24	\$144.48
SCRAM	Mandays	\$12.58	\$25.16
SCRAM - RB Installs	Installations	\$54.55	\$109.10
Passive GPS	Mandays	\$12.53	\$12.53
Glenwood Jail Direct Commitments	Mandays	\$48.40	\$3,533.20
SCJ Overflows- Transfers	Mandays	\$48.40	(\$435.60)
Halfway House Felony	Mandays	\$77.23	\$849.53
Day Reporting	Mandays	\$16.93	\$1,151.24
Pretrial Supervision Minimum	Mandays	\$1.32	\$40.92
Pretrial Supervision Medium	Mandays	\$2.64	\$97.68
Pretrial Supervision Maximum	Mandays	\$5.02	\$125.50
Duplicate Billing	Mandays/Installations	Various	\$2,579.18

** See error summary on Appendix A*

Total Overbilled = \$10,112.52

Total Underbilled = (\$435.60)

Net Overbilled = \$9,676.92

Recommendation:

IAD recommends that the Executive’s Office periodically conduct detailed reviews of monthly invoices for services performed by Oriana House. This will help to ensure accuracy of billed services.

Management Action Plan:

On a monthly basis, beginning 9/1/2017 the Division of Public Safety under the County Executive will review the detailed statements from Oriana House. If the contract changes the billing cycle, Public Safety will review in accordance with the billing cycle.

3. Issue:

Upon reconciliation of the fees charged on the monthly invoice selected for testing to the executed contract with

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Oriana House, IAD noted that Summit County's contract with Oriana House was not updated to include the charge for the Remote Breathalyzer Alcohol Monitoring.

Recommendation:

IAD recommends that the payment terms for all programs be added to the contract. This will help to ensure all programs are properly funded in accordance with the contract.

Management Action Plan:

In renegotiating the agreement with Oriana House, program fees and payment terms will be clearly delineated. If programs are changed, added or deleted it will be memorialized by a written addendum to the agreement which is signed by both parties.

CREDITS

Policies and procedures were reviewed and interviews were conducted to gain an understanding of the process for billing clients, collecting fees, and applying subsequent credits on the invoices. The agreement between the County and Oriana House was reviewed to gain an understanding of the types of credits that were agreed-upon to be applied/received.

A sample of clients was randomly selected from each billing testing sample for the period 7/1/16 – 12/31/16, and detail testing was performed to ensure monies received (via client, Medicaid, etc.) were properly credited to the County for the following programs:

- Home Incarceration (HI)/SCRAM
- Work Release
- State Halfway House
- Treatment (Intensive Outpatient Program)
- Day Reporting
- Multiple Offender Program (MOP) Misdemeanants
- Glenwood Jail Direct Commitments
- Reduced Driver Intervention Program (DIP) (3/6 Day)
- Security & Food (Glenwood Jail)

The following issues were noted:

4. Issue:

Upon detail testing of the population of credits issued on the monthly invoices to Summit County for the period 7/1/16 through 12/31/16, IAD noted the following discrepancies:

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Program	Credit \$ Amount Over/(Under)
HI fees (013)/SCRAM fees (213)	(\$13,607.75)
Work Release fees (021)	(\$3,699.73)
State Halfway House	-
Treatment	-
Day Reporting fees (011)	(\$3,189.03)
MOP Misdemeanants	-
Glenwood Jail Direct Commitments	\$500
Reduced DIP Program - 3 Day/6 day	-
Security & Food GWJ	\$110.74

Total Over-credit = \$610.74
 Total Under-credit = (\$20,496.51)
 Net Under-credit = (\$19,885.77)

Recommendation:

IAD recommends the County periodically conduct detailed reviews of monthly invoices, obtaining supporting documentation for credits issued (e.g., credit worksheets) to ensure all payments received for services billed are correctly included in the monthly credit amount. This will help to ensure accuracy of credits issued.

Management Action Plan:

Prior to the issuance of payments to Oriana House (which are currently paid quarterly), the Division of Public Safety will obtain credit worksheets from Oriana House and compare them to the bills to verify credit amounts. Discrepancies will be resolved with Oriana before payment is issued.

5. Issue:

Upon detail testing of State and Medicaid reimbursements and client payments for services billed to Summit County for the period 7/1/16 through 12/31/16, IAD noted the following discrepancies:

Program	Credit \$ Amount Over/(Under)
HI fees (013)/SCRAM fees (213)	(\$270.00)
Work Release fees (021)	(\$804.58)
State Halfway House	-
Treatment	(\$1,981.76)
Day Reporting fees (011)	-
MOP Misdemeanants	-
Glenwood Jail Direct Commitments	-
Reduced DIP Program - 3 Day/6 day	-
Security & Food GWJ	(\$935.61)

* See error summary on Appendix B

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Total Over-credit = \$0
Total Under-credit = (\$3,991.95)
Net Under-credit = (\$3,991.95)

Recommendation:

IAD recommends the County periodically conduct detailed reviews of monthly invoices, obtaining payments received on behalf of clients billed (via client payments, Medicaid reimbursements, and/or State reimbursements) and compare to credit population totals to ensure respective payments/reimbursements are correctly included in the monthly credit amount. This will help to ensure accuracy of credits issued.

Management Action Plan:

Prior to the issuance of payments to Oriana House (which are currently paid quarterly), the Division of Public Safety will obtain documentation from Oriana House regarding third party payments (e.g., Medicaid or other state reimbursements) and compare them to the bills to verify credit amounts. Discrepancies will be resolved with Oriana before payment is issued.

6. Issue:

Upon review of the agreement between the County and Oriana House, Oriana House is to collect payments from participants in the Work Release, Home Incarceration, Chemical Dependency Treatment, Rehabilitation and Supportive Services, and Day Reporting programs, based on a fee scale approved by the County; however, upon discussion with Oriana House and County personnel, the fee scale(s) utilized were not approved, to either of their knowledge.

Recommendation:

IAD recommends the fee scales be incorporated into the agreement between the County and Oriana House, and approved by the appropriate County personnel prior to execution of the agreement. This will help to ensure approval of fees charged/collected by Oriana House and compliance with contract terms.

Management Action Plan:

The scale of fees charged to clients for Work Release, Home Incarceration, Chemical Dependency Treatment, Rehabilitation and Supportive Services, and Day Reporting programs will be approved in advance of contract signing and will be incorporated into the agreement. Thereafter, if the fees are changed it will be memorialized in an addendum to the agreement signed by both parties. Public Safety will then review statements and if both the County and a client have paid the fee for these programs, we will ensure that the County gets reimbursed the fee it paid.

7. Issue:

Upon discussion with Oriana personnel, IAD noted SCRAM installation fees were being billed to the County as well as collected from the client, with no credit issued. However, upon review of the agreement between Oriana House and the County, Oriana House will collect and credit all fees from participants in the SCRAM program and credit to Summit County on a monthly basis.

In addition, credits for fifty-six (56) SCRAM installations, at a rate of \$75 per installation, were noted during the audit scope for a total of \$4,200 that should have been credited to Summit County.

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Recommendation:

IAD recommends that supporting documentation be reviewed for all credits in order to determine that fees for all services billed are credited back to the County, in accordance with contract terms. This will help to ensure credit is received for all services billed.

Management Action Plan:

Prior to the issuance of payments to Oriana House (which are currently paid quarterly), the Division of Public Safety will obtain credit worksheets from Oriana House and compare them to the bills to verify credit amounts, including specific review of clients in the programs noted above. Discrepancies will be resolved with Oriana before payment is issued.