



**DIVISION OF INSPECTOR GENERAL**  
Ken Burke, CPA  
Clerk of the Circuit Court and Comptroller  
Pinellas County, Florida



# AUDIT OF HUMAN SERVICES - DIRECTIONS FOR LIVING SERVICES AGREEMENTS



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March 20, 2024

Karen Yatchum, Director, Human Services Department

We have conducted an audit of the Human Services - Directions for Living (DFL) Services Agreements based on an internal risk assessment.

Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the staff of the Human Services Department and DFL during the course of this review.

Respectfully Submitted,

*Melissa Dondero*

Melissa Dondero  
Inspector General/Chief Audit Executive

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# TABLE OF CONTENTS

<b>INTRODUCTION</b>	<b>4</b>
<i>Abbreviations</i>	4
<i>Executive Summary</i>	5
<i>Background</i>	7
<b>SCOPE AND METHODOLOGY</b>	<b>11</b>
<b>OBJECTIVES AND OUTCOMES</b>	<b>12</b>
<b>OPPORTUNITIES FOR IMPROVEMENT</b>	<b>14</b>
1. <i>Invoices Were Not Stamped Consistently And Three Invoices Were Paid Late For HSO And SOAR Program Reimbursements.</i>	14
2. <i>Discrepancies Were Noted During Sample Testing Of The HSO And SOAR Programs.</i>	19
3. <i>The Process Used To Update Written Policies And Procedures For Contract Monitoring Was Insufficient.</i>	23

# INTRODUCTION

## *Abbreviations*

<b>Business Services</b>	Human Services Department, Business Services Division
<b>CAM</b>	Coordinated Access Model
<b>CARF</b>	Commission on Accreditation of Rehabilitation Facilities
<b>CFO</b>	Chief Financial Officer
<b>CHEDAS</b>	Community Help and Electronic Data Application System
<b>CLM</b>	Contract Lifecycle Management
<b>Contract Services</b>	Human Services Department, Contract Services Division
<b>County</b>	Pinellas County
<b>DFL</b>	Directions for Living
<b>F.S.</b>	Florida Statutes
<b>FY</b>	Fiscal Year
<b>HLA</b>	Homeless Leadership Alliance of Pinellas
<b>HS</b>	Human Services
<b>HSO</b>	Homeless Street Outreach
<b>Human Services</b>	Human Services Department
<b>OFI</b>	Opportunity for Improvement
<b>SOAR</b>	Supplemental Security Income/Social Security Disability Insurance Outreach, Access, and Recovery
<b>SSDI</b>	Social Security Disability Insurance
<b>SSI</b>	Supplemental Security Income

## ***Executive Summary***

In January 2023, the Human Services Department (Human Services) received notification of media coverage of an alleged fraud case against a former Chief Financial Officer (CFO) of a non-profit agency funded by Pinellas County (County), Directions for Living (DFL). The charges stemmed from a previous employer of the CFO and not from alleged charges of fraud or misuse of funds at or by DFL. Since the time of this notification, the CFO pleaded guilty and was sentenced to prison for her actions.

In the performance of due diligence to ensure the protection and appropriate use of local funding, Human Services sought the services of the Division of Inspector General to identify any concerns and provide guidance on protective measures.

Based on our risk assessment of the circumstances surrounding the subject fraud case, we conducted an audit of the DFL Services Agreements. The audit scope was limited to the Homeless Street Outreach (HSO) and the Supplemental Security Income/Social Security Disability Insurance Outreach, Access, and Recovery (SOAR) Programs funded through Human Services using General Fund allocations.

The objectives of our audit were to:

1. Determine if DFL internal controls were adequate for the administration of the HSO and SOAR Programs
2. Determine if DFL complied with the requirements of the HSO and SOAR Services Agreements
3. Determine if funds were properly expended for the HSO and SOAR Programs
4. Determine if Human Services had adequate oversight of DFL's HSO and SOAR Services Agreements

Our on-site meeting with DFL's management indicated adequate internal controls and processes were established to ensure compliance with the HSO and SOAR Services Agreements. We noted DFL was accredited by the Commission on Accreditation of Rehabilitation Facilities, an international nonprofit health and human services accreditation organization. Their assessment included a thorough review of policies and procedures, client servicing, and internal controls. We observed that DFL's last assessment report, dated December 2021, resulted in no findings. No compliance issues were noted as a result of our on-site meeting.

Sample testing of invoices for the HSO and SOAR Programs resulted in discrepancies, which included inconsistencies in the mileage rate reimbursed, pre-approval documentation not being retained in the NextGen secure document management system, and invoices lacking a consistent received date stamp by the Human Services Contract Services Division (Contract Services), the latter of which is required per the department's Accounts Payable Policy. Additionally, testing of invoices identified three total invoices, two HSO Program invoices and one SOAR Program invoice, paid past the 45-day Florida Prompt Payment Act requirement. Regarding the two HSO invoices, Human Services provided the documentation to the Clerk's

Finance Division promptly, and we could not determine why the associated check was not issued timely.

We determined Human Services did not maintain all emails containing the DFL invoices and supporting documentation in NextGen. Therefore, the actual received date could not be determined consistently for those invoices missing the received date stamp. During testing, we noted the HSO Program invoices DFL submitted were past the required due date stipulated in the HSO Services Agreement. Human Services works with providers to be flexible on gathering necessary information for complete invoice submission; however, associated requests for invoice submission extensions were not documented and maintained in NextGen. In addition, in two instances, we noted Human Services reimbursed nominal sales taxes paid for qualifying program expenditures, which was non-compliant with the HSO Services Agreement.

Our audit found Contract Services and the Business Services Division (Business Services) adequately monitored services for DFL's HSO and SOAR Programs. Internal controls were adequate, including segregation of duties. We noted no single person or department controlled the review of invoices and supporting documentation and payments to DFL. Human Services maintained invoices and supporting documentation in both contract files and NextGen. The Human Services Contracts and Quality Assurance teams reviewed and tracked program information and outcomes for the HSO and SOAR Programs, as well as regularly reviewed homeless client service data from the secure Homeless Management Information System maintained by the Pinellas Homeless Leadership Alliance. Moreover, Human Services contract managers monitored programs and finances, and Business Services used the Community Help and Electronic Data Application System to electronically track budget thresholds monthly.

During the audit, we identified process improvements that would strengthen internal controls to ensure compliance with the HSO and SOAR Services Agreements and internal policies and procedures. Specifically, we recommend implementing a process to periodically review, approve, and execute changes to Contract Services' written contract compliance and monitoring policies and procedures. We also recommend the policies and procedures be expanded to include additional desk review procedures for invoices and supporting documentation to ensure criteria in the Services Agreements are met and documented and that correspondence regarding invoices is properly documented for the calculation of timely payment.

Within the opportunities for improvement and recommendations presented in this report, we provided additional detail on the discrepancies noted during our testing. Moreover, we provided information supporting the necessity for detailed procedures, including using a compliance checklist to deter future discrepancies.

## ***Background***

The Pinellas County (County) Human Services Department (Human Services) works with its partners to help County residents meet essential needs and increase their self-sufficiency through a range of community programs covering health, homelessness, consumer protection, veteran services, justice coordination services, financial assistance, and more.

Human Services is comprised of the following six divisions:

- Business Services
- Community Connections
- Contract Services
- Health Care Administration
- Program Services
- Veterans Services

Human Services offers in-house supportive social services, such as the Family Housing Assistance Program, Disability Advocacy, and Consumer Protection services, as well as contracted social services through over 200 contracts with over 100 vendors or providers in the following areas (not all-inclusive):

- Behavioral health
- Food and nutrition support
- Healthcare
- Homeless and housing services
- Justice coordination

Human Services works with a variety of program stakeholders, including the following:

- Consumers and citizens
- Local, state, and federal funders
- Non-profit and community organizations
- Other government municipalities and sectors

**Budget**

The Human Services Fiscal Year (FY) 2024 Budget by program is listed below. The programs listed are funded by the General Fund, the Opioid Abatement Settlement Funds Program, the County Health Program, as well as additional state and federal grant funds.

<b>Human Services FY 2024 Adopted Budget</b>				
<b>Human Services Program</b>	<b>FY 2021 Actual</b>	<b>FY 2022 Actual</b>	<b>FY 2023 Budget</b>	<b>FY 2024 Budget</b>
Administration	\$2,539,725	\$3,165,443	\$4,261,340	\$4,339,310
Consumer Protection	1,172,448	1,247,243	1,417,810	1,456,910
Emergency Events	750,539	469,179	969,080	625,000
Homeless Prevention and Self-Sufficiency	6,119,084	6,328,846	7,376,370	7,353,200
Justice Coordination	3,467,900	3,496,370	4,741,050	4,022,590
Juvenile Detention Costs	3,312,864	3,109,116	3,599,080	3,599,080
Matches, Pass-Through and Other Agencies Funded	2,092,675	2,036,329	2,287,550	2,435,100
Opioid Abatement Settlement Funds	-	-	-	23,607,040
County Health Program	23,594,035	23,829,069	29,340,930	28,256,280
State Mandates - Medicaid Match	11,161,219	10,325,819	10,500,000	10,670,100
State Mandates - Other	2,265,763	2,249,622	2,587,990	2,587,990
Veterans Services	593,406	557,555	652,800	723,710
<b>Total Expenditures</b>	<b>\$57,069,658</b>	<b>\$56,814,591</b>	<b>\$67,734,000</b>	<b>\$89,676,310</b>

Human Services had an increase of \$21.9 million, or 32.4%, to \$89.7 million in FY 2024 compared to the FY 2023 budget. This increase was due primarily to the Opioid Abatement Settlement proceeds totaling \$23.6 million in FY 2024. Human Services is supported by the General Fund, the Opioid Abatement Settlement Fund, and American Rescue Plan Act Fund.

**Human Services Accomplishments**

- Increased response to online rental scams aimed at residents by initiating a proactive program to identify and remove fraudulent online rental ads targeting the County housing market. In the first year, department investigations identified over 200 fraudulent advertisements that were flagged and removed from online sites to prevent victimization.
- Worked with community partners to implement the County’s first syringe exchange program under the state of Florida Infectious Disease Elimination Act. The new program is designed to help prevent the spread of infectious diseases while providing expanded access to treatment and supportive community services. In the first 60 days, the program collected over 3,000 syringes and provided over 2,400 new syringes. All participants



received onsite counseling and wound care services and 400 Naloxone kits were distributed.

- Continued implementation of the Coordinated Access Model (CAM). The CAM will serve all County residents in need of a behavioral health appointment and will provide screening, triage, and follow-up to ensure the right service is provided at the right time.

### ***Directions for Living Partnership***

Human Services has multiple services agreements with Directions for Living (DFL) to provide specific services for community programs. Since 1982, DFL has been caring for the most vulnerable populations in Tampa Bay. The County provides funding to DFL through grants or the County's General Fund. According to its services agreements with the County, DFL is reimbursed for eligible expenditures incurred for servicing the County programs. At the inception of our audit, the following were serviced by DFL through services agreements with the County:

- Assisted Outpatient Treatment Program
- Care Connect Initiative
- Cooperative Agreement to Benefit Homeless Individuals
- Pinellas County Health Program
- Homeless Street Outreach (HSO)
- Justice and Mental Health Court
- Justice Assistance Grant Funding
- Supplemental Security Income (SSI)/Social Security Disability Insurance (SSDI) Outreach, Access, and Recovery (SOAR) Program



The scope of our audit included the HSO and SOAR Programs, which were serviced by DFL and funded by the County's General Fund. Details for each program are provided in the following sections.

### ***HSO Program***

In most iterations of the HSO Program, a DFL case manager is paired with a law enforcement partner to provide outreach and engagement services to individuals and families who are street homeless in an effort to connect them to resources and housing. DFL's most recent 36-month HSO Services Agreement with Human Services was effective September 22, 2020, and was designed to provide intensive engagement, basic needs, and services to chronically homeless residents living in places not meant for habitation to transition to safe temporary or permanent placement while seeking referrals to community services under the HSO Program.

Since the HSO Program's inception in 2009, the Homeless Leadership Alliance of Pinellas (HLA) and many stakeholders have had differing views on the best practices and methods for homeless outreach services. After several years of providing hundreds of services to residents in need, DFL terminated its Services Agreement for the HSO Program in March 2023. DFL stated to

Human Services there were challenges straddling the contracted model of services and the needs of various stakeholders. Additionally, there were hiring and salary barriers. Since cancellation of the agreement, Human Services has been working with the HLA and the Pinellas County Homeless Continuum of Care to determine next steps in the most appropriate reallocation of this funding.

### ***SOAR Program***

The SOAR Program is a best practice model designed to increase access to SSI/SSDI benefits for eligible children and adults who are experiencing or are at risk of homelessness and have a serious mental illness, medical impairment, and/or co-occurring substance use disorder. It can be a challenge for people experiencing or at risk of homelessness to gain access to SSI/SSDI benefits. For those individuals who also have serious mental illness, medical impairments, and/or a co-occurring substance use disorder, the challenge can be even greater.

The SOAR model is designed to assist children and adults in applying for SSI/SSDI benefits, including those returning to their communities from jails and hospitals. Youth aging out of the foster care system may apply 180 days before their foster care eligibility ends.

DFL's most recent 62-month SOAR Services Agreement with Human Services was effective September 21, 2021, and was active as of the publishing of this report.

# SCOPE AND METHODOLOGY

We performed a risk assessment of all services agreements between Human Services and DFL. As a result of our risk assessment, the audit covered the Services Agreements for the DFL HSO and SOAR Programs. We reviewed and evaluated the processes and internal controls used for the following:

- Quality assurance for the receipt and processing of invoices and supporting documentation
- DFL's compliance with the HSO and SOAR Services Agreements
- Human Services' oversight of HSO and SOAR Services Agreements

The audit period was January 1, 2020, through December 31, 2023. However, we did not limit the review of transactions and processes by the audit period and scope.

To meet the objectives, we performed the following:

1. Interviewed Human Services management and staff to gain an understanding of the following:
  - The missions and allowable expenses for the HSO and SOAR Programs
  - The Human Services quality assurance process
  - The process used to monitor DFL's compliance with the HSO and SOAR Services Agreements
  - The process used for payment of funds
2. Reviewed the HSO and SOAR Services Agreements and documented compliance requirements to include budget allocation thresholds and incentive payments
3. Performed an on-site observation of the Human Services quality assurance process to ensure internal controls were adequate for fund disbursements from the selected programs
4. Performed sample testing of invoices and documentation submitted by DFL
5. Reviewed applicable regulations and compliance with those regulations
6. Conducted an on-site visit at DFL and performed the following:
  - Interviewed staff to gain an understanding of DFL's processes for the selected programs
  - Interviewed staff regarding its internal controls, including segregation of duties
  - Performed sample testing to determine compliance with the HSO and SOAR Services Agreements

# OBJECTIVES AND OUTCOMES

The objectives of the audit were to:

1. Determine if DFL internal controls were adequate for the administration of the HSO and SOAR Programs
2. Determine if DFL complied with the requirements of the HSO and SOAR Services Agreements
3. Determine if funds were properly expended for the HSO and SOAR Programs
4. Determine if Human Services had adequate oversight of DFL's HSO and SOAR Services Agreements

As a result of the audit, we determined:

1. Our on-site meeting at DFL indicated internal controls were adequate, including segregation of duties. DFL's policies and procedures were detailed and well organized. Moreover, DFL is accredited by the Commission on Accreditation of Rehabilitation Facilities (CARF), which is an international non-profit organization. Our review of CARF's last assessment report, dated December 2021, noted no financial planning and management recommendations. The CARF assessment noted an area of strength. Specifically, DFL had well-developed financial policies that guided the organization's fiscal operations and assisted senior leaders in guiding the organization's direction.
2. DFL complied with the HSO and SOAR Services Agreement requirements with the exception that our testing of the population of HSO Program invoices resulted in four invoices submitted past the number of days stipulated in the HSO Services Agreement. No documentation was available in NextGen to support the invoice due date extension. During our on-site meeting at DFL, the sampled criteria per the HSO and SOAR Services Agreements resulted in no non-compliance issues. Processes for compiling and maintaining program service records were adequate. Electronic records were secured, and the staff was knowledgeable and properly trained on the requirements of the HSO and SOAR Services Agreements.
3. Overall, sample testing indicated program expenditures were legitimate for the HSO and SOAR Services Agreements. However, sample testing of paid invoices resulted in discrepancies for the HSO and SOAR Programs as follows:
  - a. There was one HSO Program invoice and nine SOAR Program invoices not stamped with the received date stamp by the Human Services Contract Services Division (Contract Services), which was non-compliant with the department's Accounts Payable Policy.
  - b. Two HSO Program invoices and one SOAR Program invoice were paid past the 45-day Florida Prompt Payment Act requirement. Regarding the two HSO invoices, Human Services provided the documentation to the Clerk's Finance Division promptly, and we could not determine why the associated check was not issued timely.

- c. Mileage was reimbursed at rates unrelated to the HSO and SOAR Services Agreements on one HSO Program invoice and three SOAR Program invoices.
  - d. Pre-approval documentation, which was a requirement of the HSO Services Agreement, was not available for client expenditures on two invoices. Pre-approval documentation was maintained outside NextGen and not with the invoices and supporting documentation in the application.
  - e. Human Services reimbursed nominal sales tax for two qualifying HSO Program expenditures, which was non-compliant with the HSO Services Agreement.
4. Human Services' monitoring of the HSO and SOAR Services Agreements was adequate. Human Services monitored program outcomes through submission of reports and data, tracked program budgets, participated in on-site visits at DFL and ride-alongs with DFL staff, and reviewed invoices and supporting documentation submitted for reimbursement. The Human Services Quality Assurance team monitored SOAR Program data for trends and service performance. However, we recommended improvement to the Contract Services internal policies and procedures, including additional detail to guide staff to ensure all applicable service requirements were reviewed, as well as implementing a process to ensure periodic review, approval, and execution of changes to the policies and procedures.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Principles and Standards for Offices of Inspector General* and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances.

# OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

## ***1. Invoices Were Not Stamped Consistently And Three Invoices Were Paid Late For HSO And SOAR Program Reimbursements.***

During audit fieldwork, we determined not all invoices DFL submitted to Contract Services were stamped with a received date. Additionally, we noted two HSO Program invoices and one SOAR Program invoice paid that exceeded the 45-day Florida Prompt Payment Act requirement. Our sample testing of invoices and documentation submitted for payment against the HSO and SOAR Programs included one testing criterion used to determine if the received date was stamped or marked on the documentation in NextGen, the Human Services document management system. We also used the payment data provided by the Finance Division to test the entire HSO and SOAR Program populations to determine if invoices were paid within 45 days to ensure compliance with the Florida Prompt Payment Act.



Specific to the HSO Program, our sample size was 10 invoices DFL submitted for reimbursement. Of the 10 invoices, 1 invoice, or 10%, in the sample did not contain the date received stamp by Contract Services. In addition, our testing of the HSO population (39 invoices) resulted in 2 invoices paid that exceeded the 45-day timeframe required by the Florida Prompt Payment Act, or 5.1% of the population. The Business Services Division (Business Services) stamped the invoices with a received date of February 23, 2021, which the Clerk's Finance Division used as the received date and paid with a single check dated April 15, 2021, a difference of 51 days, or 6 days past the Florida Prompt Payment Act requirement. The Clerk's Finance Division received the file for both invoices on March 2, 2021, to process for payment. It could not be determined why the check was not issued until April 15, 2021. The invoices were in the amounts of \$10,394.44 and \$2,960.21, respectively.

For the SOAR Program, our sample size was 10 invoices submitted by DFL for reimbursement. Of the 10 invoices, 9 invoices, or 90%, in the sample did not contain the Contract Services' invoice received date stamp. Although there were various other dates on the documentation, there was no Contract Services received date stamp. Additionally, we tested all records (42 invoices) in the SOAR population to ensure the number of days between the invoice received

date and payment date did not exceed 45 days and identified 1 late payment, or 2.4% of the population.

Regarding the one late SOAR Program payment, the invoice totaled \$11,588.49 with a received date of February 11, 2021, entered by the Finance Division's Accounts Payable staff based on an email date, as there was no Contract Services received date stamp. The payment date was April 5, 2021, for a difference of 53 days, or 8 days past the Florida Prompt Payment Act requirement. The Human Services quality assurance processes identified the delay on March 25, 2021, and the invoice was processed that day. The invoice was held in Contract Services for 42 days.

DFL submits its invoices and supporting documentation for payment on a monthly basis via email to Human Services Contract Services. The contract manager reviews the documentation to ensure DFL's expenditures comply with the applicable services agreements. The contract manager reviews and signs a cover sheet to certify reporting requirements and/or contractual deliverables are current in accordance with Human Services standards as of the invoice processing date. During this phase, the contract manager must stamp the invoice received date per the Business Services Accounts Payable Policy. During sample testing, we noted the emails received from DFL were not retained in NextGen. A date stamp provides a control to ensure compliance with the Florida Prompt Payment Act. However, the email received with the invoice and supporting documentation is a backup reference date if the received date stamp is missing.

After the contract manager certifies the invoice, it is delivered to Business Services by hard copy or encrypted email. A Business Services employee stamps the received date when delivered to their division as a trail to track timeliness. After the Business Services staff uploads the invoice and supporting documentation into NextGen, the system creates an ID number for the invoice. Then, Business Services staff enters the invoice amount and NextGen ID number in the Community Help and Electronic Data Application System (CHEDAS), which stores the Human Services contracts (services agreements) and associated financial details. Invoices and the associated NextGen ID numbers are processed in CHEDAS against existing contracts.

At initial setup in CHEDAS, a contract administrator within Human Services enters the vendor, account string, and budget for each finalized services agreement in CHEDAS. CHEDAS has a built-in Excel template that auto-populates the accounting string after the Business Services staff enters the vendor and invoice amount and then uploads the built-in Excel template to the OPUS Accounts Payable module. CHEDAS will also alert the Accountant I in Human Services if the budget has been exceeded.

CHEDAS sends an email notification to the Finance Division to alert staff that a file has been exported. Finance Division staff emails Human Services confirming the file was received and the amount to be paid. Based on a discussion with the Finance Division's Accounts Payable staff, the received date is entered based on the date stamped on the invoice, which is either the date received stamp by Contract Services, if available, or the Business Services date received stamp. The vendor's email date can be used if a date stamp is missing from the invoice. Sometimes,

the signature date or other date alternatives are used depending on the available information to comply with the 45-day Florida Prompt Payment Act.

For our sample, there were inconsistencies in the date used as the invoice received date. For three invoices, the earliest date was not used, as the Finance Division used a more recent Business Services received date stamp or a handwritten date stating it was okay to pay the invoice. Although the invoices did not have the received date stamp by Contract Services, the contract manager digitally signed the invoice coversheet on an earlier date, which could have been used in the absence of the received date stamp. For the other invoices, the earliest date denoted on the documentation was used from multiple sources, including the handwritten received date, the date digitally signed by the contract manager, or the handwritten date stating it was okay to pay the invoice.

Management stated a process had not been finalized for date stamping during the transition to working from home at the onset of COVID-19. Regarding the payments that exceeded the 45-day payment requirement, management stated there may have been a lapse between Contract Services approving and Business Services receiving the invoice for the HSO and SOAR Programs. However, an employee who performs regular audits identified the problem, and subsequently, Human Services implemented a process where the employee confirms receipt and processing of invoices so management is more readily able to identify lapses.

If the actual receipt date is not recorded and maintained, the County cannot properly track and monitor compliance with the Florida Prompt Payment Act. There would not be an accurate date record should a dispute arise on the timeliness of payment processing, and therefore, the County would potentially be required to pay interest for untimely reimbursements.

The Florida Prompt Payment Act, as codified in § 218.74, Florida Statutes (F.S.), stated the following:

- “(1) Each local governmental entity shall establish procedures whereby each payment request or invoice received by the local governmental entity is marked as received on the date on which it is delivered to an agent or employee of the local governmental entity or of a facility or office of the local governmental entity.*
  
- (2) The payment due date for a local governmental entity for the purchase of goods or services other than construction services is 45 days after the date specified in 218.73....*
  
- (4) All payments, other than payments for construction services, due from a local governmental entity and not made within the time specified by this section bear interest from 30 days after the due date at the rate of 1 percent per month on the unpaid balance.”*



Regarding the invoices we identified as being paid past the 45-day timeframe, all were paid within 30 days of the due date. Therefore, no interest was incurred.

§ 218.73, F.S. stated the following regarding the date calculation:

***“Timely payment for nonconstruction services.—The time at which payment is due for a purchase other than construction services by a local governmental entity must be calculated from:***

- (1) The date on which a proper invoice is received by the chief disbursement officer of the local governmental entity after approval by the governing body, if required; or*
- (2) If a proper invoice is not received by the local governmental entity, the date:*
  - (a) On which delivery of personal property is accepted by the local governmental entity;*
  - (b) On which services are completed;*
  - (c) On which the rental period begins; or*
  - (d) On which the local governmental entity and vendor agree in a contract that provides dates relative to payment periods;*

*whichever date is latest.”*

Human Services interprets § 218.73, F.S. that the received date is when the first County Department representative receives the invoice. To ensure compliance with the Florida Prompt Payment Act, the Business Services Accounts Payable Policy stated the following:

*“All invoices and rent vouchers must be date stamped when received by the Department to comply with the prompt payment act requirements. The date received by the Department must be entered into CHEDAS along with the processing date. The date received is not the date received by Business Services but by the first County Department representative who receives the invoice, i.e. contract manager, grant analyst, etc.”*

***We Recommend Management:***

- A. Adhere to the 45-day Florida Prompt Payment Act requirement for all future invoice payments utilizing a checklist to ensure payment timeliness. Refer to Opportunity for Improvement (OFI) #3 for more discussion.
- B. Stamp all invoices with the received date stamp to ensure that invoices are paid within the 45-day requirement of the Florida Prompt Payment Act utilizing a checklist to ensure completion. Refer to OFI #3 for more discussion.

- C. Require all provider emails to be retained in NextGen with the invoices and supporting documentation in the event the received date stamp is missing.
- D. Revise the Accounts Payable Policy to include requiring that the provider email be attached to the invoice and supporting documentation before submission to Business Services. Business Services should upload the email into NextGen with the invoice and supporting documentation. Refer to OFI #3 for more discussion.
- E. Collaborate with the Finance Division to discuss the invoice review process in Human Services. This will assist the Finance Division in understanding the sequence of the process and how to proceed if the received date stamp is missing.

***Management Response:***

- A. **Management Concur.** Human Services (HS) appreciates the review of the Inspector General through this audit and the determination that both DFL and HS processes and procedures were adequate in ensuring proper utilization of funding. Upon review of recommendations for improvement, HS concurs with the IG recommendations. The current HS information system leveraging CHEDAS/CHEDAS accounting has been insufficient to support automated invoice operations. With the challenge of managing over 230 contracts and agreements in a unified and predictive manner, HS proactively raised this concern several years ago and has been approved to pursue an updated information infrastructure to replace the current antiquated systems that require significant manual intake, communication, and intervention for review. HS is currently in the procurement phase for the new systems which will include a modern approach to automating contract tracking, invoicing, approval flows, partner communications, and tools for administration and compliance. This solution is anticipated to be in place before the end of 2024, and HS concurs with recommendations to improve written procedures and utilizing a checklist until such time as those processes are automated or updated.
- B. **Management Concur.** HS concurs with the recommendation for standardizing documentation of received date. Since the onset of COVID remote work protocols, invoices are no longer primarily received in hard copy, but are received through email. While physical date-stamping is no longer utilized, HS is clarifying procedure guides which require standardized documentation of received date and will include this criterion in a checklist. As of the date of this response, staff have already been retrained in these procedures. It is anticipated that the future Contract Lifecycle Management (CLM) solution described above will automatically track and report on key dates such as date received.
- C. **Management Partially Concur.** HS does not concur with this recommendation as written but concurs with saving documentation of the received date for invoices. HS is implementing a checklist to ensure invoices are properly and consistently date stamped/marked and that this process is confirmed in two different divisions. HS prefers that the Contract Managers also save provider emails in the contract files, but not that the

emails be loaded into NextGen, which primarily functions as the department's electronic health record.

- D. **Management Partially Concurs.** HS concurs with the recommendation to consistently date stamp/mark invoices and to utilize a checklist and review process to ensure consistency. At this time, HS prefers to maintain provider emails in the contract files and not with Business Services or in the NextGen system.
- E. **Management Concurs.** HS concurs with ongoing discussions with the Finance Division. Following the late payment of the HSO invoices noted within this report (and prior to this audit), HS met with the Finance Division to discuss procedures for invoices being held in the Finance Division. Regular review and changes to the Finance Division's procedures have ensured that since that time, invoices have not been held without notification to the department for required follow up.

## ***2. Discrepancies Were Noted During Sample Testing Of The HSO And SOAR Programs.***

### **A. Mileage Reimbursement Rates Did Not Correlate With The Services Agreements.**

Our sample testing of invoices in NextGen identified 1 of 10 invoices, or 10%, for the HSO Program and 3 of 10 invoices, or 30%, for the SOAR Program reimbursed using mileage rates that did not correlate with the associated HSO and SOAR Services Agreements. According to the HSO Services Agreement in effect at the time of the audit, mileage was reimbursed monthly to DFL for travel associated with servicing the program. For the HSO Program, as total compensation for services provided by DFL, a Services Fee was allotted per year for which DFL could allocate 1/12 of the total amount on each monthly invoice. The Services Fee included all travel, lodging, and per diem expenses incurred by DFL in performing services. Specific to the SOAR Program, an annual payment was allotted for services, which included mileage reimbursement. Both the HSO and SOAR Services Agreements contained ambiguous language on the preferred mileage reimbursement rate, referring to both the state reimbursement rate and to Human Services policies.

During the audit, management stated DFL used the County's rate for mileage reimbursement. The County's mileage rates for the audit period followed the Internal Revenue Service guidelines and varied between \$0.575 and \$0.655. However, during our sample testing, we noted that DFL's computed mileage rate varied between \$0.43 and \$0.58, which neither matched the County's nor the state of Florida's mileage rate, per § 112.061 F.S., for the associated time periods.

According to § 112.061 F.S., Section (7) (d) 1. a.:

*“A traveler shall be entitled to a mileage allowance at a rate of 44.5 cents per mile.”*

The “Payment Terms” section of the HSO Services Agreement and Exhibit A, Statement Of Work, in the SOAR Services Agreement, stated the following:

*“Any funds used in conjunction with travel must be made in accordance with Florida Statute 112.061 or other policies as may be approved by Pinellas County Human Services in advance of travel.”*

We could not conclude whether overpayments or underpayments were reimbursed to DFL due the ambiguous language in the HSO and SOAR Services Agreements. Moreover, we were unable to determine why DFL used a rate other than the County’s or the state of Florida’s mileage rates.

Management was unsure as to the intent of the stipulation, *“Other policies as may be approved by Pinellas County Human Services in advance of travel.”* We noted the prior HSO Services Agreement did not include language specifically for travel reimbursements.

Although there was nominal difference in the computed mileage rates used for reimbursement, on a larger scale, potential risks exist for loss of County funds.

#### **B. Pre-Approval Documentation On Four HSO Program Expenditures Was Missing In NextGen.**

Our sample testing of the HSO Program invoices in NextGen resulted in 4 of 10 invoices, or 40%, that did not contain pre-approval documentation for receipt-based expenditures. According to management, DFL typically provides pre-authorizations with its invoices. However, pre-approval documentation was missing in NextGen for the following categories of expenditures reimbursed to DFL:

- Greyhound bus pass for a client
- Hotel stays for clients
- Storage unit rental for a client
- U-Haul rental for a client

During the audit, management could provide all requested pre-approval documentation for two of the four invoices. However, management did not locate the pre-approval emails for the other two invoices. Management stated it would have a difficult time trying to locate the pre-approval emails for the other two invoices, which may have been archived in a former employee’s mailbox. Pre-approval documentation is evidence that DFL is in compliance with the services agreements. Disputed reimbursement requests may arise if pre-approval documentation cannot be located for applicable expenditures.

The State of Florida General Records Schedule GS1-SL for State and Local Government Agencies requires non-capital improvement services agreements be retained five FYs after completion or termination. Therefore, documentation supporting compliance with those services agreements should be maintained in NextGen for a minimum of five years.

An amendment to the HSO Services Agreement stated the following in Section 7. e. ii. of Attachment A, Statement of Work, regarding hotel placements:

- “1. Hotels expenses will not be reimbursed by the **COUNTY** unless approved in writing prior to use.*
- 2. If hotel placement is required because there are no available units at approved shelters, a designated Program staff member will immediately notify the Human Service Contract Manager and/or Homeless Section Manager so that additional capacity or locations can be secured and so that capacity deficiencies can be tracked.”*

An amendment to the HSO Services Agreement stated the following in Section 7. e. iv. of Attachment A, Statement of Work, for relocation assistance:

- “2. Funds shall not be used for air travel, car or moving van rental, storage unit rental, or other moving expenses, unless approved in accordance with section (v) herein.”*

The HSO Services Agreement stated the following in Section 8. e. v. of Exhibit A, Statement of Work, pertaining to other assistance:

- “Other forms of assistance are allowable only if preapproved by the Director of Human Services or his/her designee in writing.”*

### **C. Sales Tax Was Reimbursed For Two HSO Program Expenditures.**

Our sample testing of HSO Program invoices in NextGen resulted in 2 of 10 invoices, or 20%, reimbursed for nominal sales tax paid in the amounts of \$0.70 and \$11.45. Both expenditures were eligible for reimbursement; however, the sales tax should not have been reimbursed per the HSO Services Agreement.

The HSO Services Agreement stated the following in Section 5. for taxes:

- “**D. Taxes.** Contractor acknowledges that the County is not subject to any state or federal sales, use, transportation and certain excise taxes.”*

Management stated, most likely, taxes were inadvertently reimbursed for the two invoices. The sales tax paid were nominal in value. However, not monitoring each receipt for sales tax could

potentially accumulate to a greater amount, which would impact the program's budget and compliance with the services agreement.

**D. Invoices Were Submitted Untimely For The HSO Program.**

We performed testing of the HSO Program, which consisted of all payments to DFL for the time period of January 1, 2020, through March 9, 2023. For the population testing, we compared the month of services to the invoice date. Our testing resulted in 4 of 39 invoices, or 10.3%, DFL submitted past the time required in the HSO Services Agreement, which was within 30 days of the end of each month.

Management stated the contract managers work closely with agencies, allowing them timing extensions when needed. Although there was no fiscal impact associated with dates the invoices were received, untimely submittals could hinder the County's FY-end process. Moreover, the program budget would not be tracked timely. The appearance of non-compliance could exist if invoice submission extensions are not documented.

Exhibit C, Payment Schedule, of the HSO Services Agreement stated the following in Section 1. for payment terms:

*"b. Invoices shall be sent electronically to the Contract Manager on a monthly basis within thirty (30) days of the end of each month. Invoicing due dates may be shortened as necessary to meet fiscal year deadlines or grant requirements."*

**We Recommend Management:**

- A. Revise the SOAR Services Agreement to clarify the mileage rate to be used for travel reimbursement. Future HSO Services Agreements should also contain clarification on the mileage rate to be used for travel reimbursement.
- B. Maintain all pre-approval emails and attach them to the invoice and supporting documentation in NextGen when received from the provider.
- C. Utilize a checklist to ensure sales tax is not reimbursed for applicable expenditures. Refer to OFI #3 for more discussion.
- D. Monitor the timeliness of invoice submittals through the utilization of a checklist. Refer to OFI #3 for more discussion.
- E. Monitor the mileage rate for travel reimbursements through the use of a checklist. Refer to OFI #3 for more discussion.
- F. Document invoice submission extensions in an email and attach them to the invoice and supporting documentation in NextGen.

**Management Response:**

- A. **Management Concur.** HS concurs with clarifying the mileage rate to be used for travel reimbursement. Per the SOAR Services Agreement, Exhibit A: Statement of Work, Section 6c, any funds used in conjunction with travel will be in accordance with statute **or** HS will request, review, and approve alternative reimbursement in advance of travel. For this current agreement, HS will request and document the currently acceptable and approved rate. Any future HS service agreements will contain clarifications on mileage rates for travel, as applicable.
- B. **Management Partially Concur.** HS concurs with maintaining any required pre-approval emails but prefers to maintain them in the contract folders and not NextGen for reasons outlined above.
- C. **Management Concur.** HS concurs with use of a checklist as noted in previous responses. Will ensure the steps from the checklist are implemented with the software solution noted above.
- D. **Management Concur.** HS concurs with use of a checklist as noted in previous responses. Will ensure the steps from the checklist are implemented with the software solution noted above.
- E. **Management Concur.** HS concurs with use of a checklist as noted in previous responses. Will ensure the steps from the checklist are implemented with the software solution noted above.
- F. **Management Concur.** HS concurs with standard documentation of invoice submission extensions. HS has developed an improved invoice coversheet to track this information in a standardized manner and relay information to Business Services, and to the Finance Division via NextGen.

### ***3. The Process Used To Update Written Policies And Procedures For Contract Monitoring Was Insufficient.***

Contract Services had formalized policies and procedures for contract compliance and monitoring but no structured review and approval process for updates made to them. During the audit, management provided written policies and procedures that contained markup from iterations of changes. Management indicated it considered this document to be a living document with required changes being made, as necessary. However, by maintaining the

changes in markup, there was no indication the suggested changes were approved and executed.

The policies and procedures included general guidance for the following responsibilities performed by Contract Services staff:

- Contract fiscal monitoring
- Corrective action
- Desk monitoring
- Health Insurance Portability and Accountability Act compliance
- Risk assessment
- Site visit monitoring

During our sample testing of invoices submitted by DFL, as described in more detail within OFIs #1 and #2, we noted the following discrepancies:

- Missing date received stamp by Contract Services for HSO and SOAR Program invoices
- Payments on HSO and SOAR Program invoices that exceeded the Florida Prompt Payment Act requirement
- Mileage rate reimbursement inconsistencies for the HSO and SOAR Programs
- Missing pre-authorization documentation for HSO Program expenditures
- Sales taxes reimbursed on HSO Program expenditures
- Lack of documentation in NextGen approving the extension of HSO Program invoice submissions

Although the policies and procedures provided guidance, additional detailed guidance, such as a desk checklist for invoices, would benefit Contract Services to ensure all services agreement criteria were met. The checklist should be signed by the contract manager and scanned into NextGen, the Human Services document system, with the supporting documentation received. In addition to the checklist, all pre-authorizations and other supporting documentation should be scanned into NextGen with the applicable invoice and email received from the provider.



Management stated the Contract Services team followed the policies and procedures actively and updated the policies and procedures, as needed. However, management stated it had not gotten the opportunity to meet with director-level leadership for a final stamp of approval. Without a process to periodically review, approve, and execute changes to policies and procedures, there is a lack of assurance that suggested changes are necessary and accurate. There could also be multiple versions of policies and procedures in circulation, risking inconsistent direction. In addition, without adequate written policies



and procedures, deviations could occur and cause non-compliance with the services agreements. Moreover, there could be insufficient written guidance available to new employees or employees cross-training for contract compliance and monitoring responsibilities.

Written policies and procedures provide the guidance necessary to carry out departmental activities at a required level of quality consistently and adequately. Establishing policies and procedures allows management to ensure adequate processes and internal controls exist. Policies and procedures also support the cross-training and backup for essential staff functions. The policies and procedures should be sufficient to provide standard performance criteria and reduce the risk of misunderstanding and unauthorized deviations that could cause processing errors.

Baker Tilly US, LLP, a leading advisory, tax, and assurance firm, stated the following regarding policies and procedures:

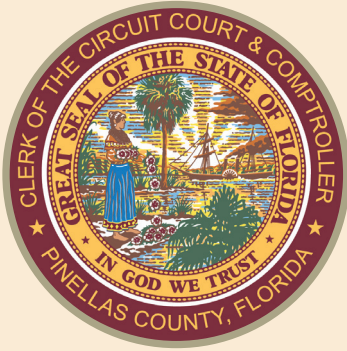
*“Internal controls are the mechanisms, rules and procedures implemented by a company to ensure the integrity of their financial and accounting information, promote accountability and prevent fraud. These procedures and policies help maintain consistent practices across an organization, as well as improve the operational efficiency by improving the accuracy and timeliness of financial reporting.”*

***We Recommend Management:***

- A. Implement a process to periodically review, approve, and execute changes to the contract compliance and monitoring policies and procedures.
- B. Develop, implement, and incorporate into the policies and procedures the use of a detailed review checklist to include, at a minimum, the following services agreement requirements for provider reimbursement:
  - Received date stamp
  - Email received from the provider attached to the invoice and supporting documentation
  - Payment timeliness
  - Mileage rate validation
  - Email(s) for the pre-authorization of applicable expenditures attached to the supporting documentation
  - Sales taxes not charged and reimbursed
  - Email(s) and/or documentation of other provider correspondence approving the extension of the invoice submission

***Management Response:***

- A. **Management Concur.** HS has a robust Contract Division Procedural Guidelines document that serves as a working document to be updated when internal processes change. HS concurs with formalizing the process of reviewing and tracking updates to these guidelines.
  
- B. **Management Concur.** As noted above, HS is currently in the procurement phase for a new software solution which will include a modern approach to automating contract tracking, invoicing, approval flows, partner communications, and tools for administration and compliance. This solution is anticipated to be in place before the end of 2024 and will directly shift the current manual receipt and review process for invoices to a more automated and efficient process. HS concurs with recommendations to improve written procedures and utilize a checklist until such time as the CLM system is in place. As of the date of this response, the improved checklist is in development and training for HS staff responsible for invoice processing.



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