



**State of Florida  
Department of Children and Families**

**Rick Scott**  
*Governor*

**Mike Carroll**  
*Secretary*

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**DATE:** June 14, 2017

**TO:** Mike Carroll  
Secretary

**FROM:** Keith R. Parks  
Inspector General

A handwritten signature in blue ink, appearing to read "KRP", is written over the name "Keith R. Parks".

**SUBJECT:** Six-Month Status Report for Auditor General Report No. 2017-032

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In accordance with Section 20.055(6)(h), Florida Statutes, enclosed is our six-month status report on Auditor General Report No. 2017-032, *Department of Children and Families and Selected Community-Based Care Lead Agencies and Behavioral Health Managing Entities, Cost Allocation Plans, Operational Audit*.

If I may be of further assistance, please let me know.

Enclosure

cc: Eric Miller, Chief Inspector General, Executive Office of the Governor  
Kathy DuBose, Staff Director, Joint Legislative Auditing Committee

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1317 Winewood Boulevard, Tallahassee, Florida 32399-0700

Mission: Work in Partnership with Local Communities to Protect the Vulnerable, Promote Strong and Economically Self-Sufficient Families, and Advance Personal and Family Recovery and Resiliency



DEPARTMENT OF CHILDREN AND FAMILIES

OFFICE OF INSPECTOR GENERAL  
INTERNAL AUDIT

*Enhancing Public Trust in Government*



Mike Carroll  
Secretary

Keith R. Parks  
Inspector General

Project #E-1617DCF-001

June 14, 2017

**Six-Month Status Report**

***Department of Children and Families and Selected  
Community-Based Care Lead Agencies  
and Behavioral Health Managing Entities  
Cost Allocation Plans  
Operational Audit***

**PURPOSE**

The purpose of this report is to provide a written response on the status of corrective actions taken six months after the Auditor General published Report No. 2017-032, *Department of Children and Families and Selected Community-Based Care Lead Agencies and Behavioral Health Managing Entities, Cost Allocation Plans, Operational Audit*.

**REPORT FINDINGS, RECOMMENDATIONS, STATUS & COMMENTS**

The six Community-Based Care Lead Agencies (CBCs) and four Behavioral Health Managing Entities (MEs) selected for audit are listed in the table below. The Department's Office of CBC/ME Financial Accountability provided updated status and corrective action comments to findings and recommendations numbers one through three. The CBC and three MEs in bold print below were required to provide updated status and corrective action comments for finding and recommendation number three.

**CBCs and MEs Selected for Audit**

**Community-Based Care Lead Agencies**

Big Bend Community Based Care, Inc.  
**Community Based Care of Central Florida, Inc. (CBCCF)**  
Devereux Community Based Care, Inc. (Devereux CBC)  
Kids Central, Inc.  
Our Kids of Miami-Dade/Monroe, Inc.  
St. Johns County Board of County Commissioners

**Behavioral Health Managing Entities**

Big Bend Community Based Care, Inc.  
**Central Florida Behavioral Health Network, Inc. (CFBHN)**  
**Southeast Florida Behavioral Health Network, Inc. (SEFBHN)**  
Lutheran Services Florida, Inc. (LSF)

Presented below are the full text of the Auditor General's finding statements and recommendations, and up-to-date corrective action comments and statuses, as reported by the Office of CBC/ME Financial Accountability and the CBCs and MEs in bold print above.

***FINDING NO. 1: Department procedures for the review of CBC and ME cost allocation plans need improvement to ensure that the plans are appropriately prepared and that Department records evidence adequate review of the plans.***

***RECOMMENDATION: We recommend that Department management enhance procedures for the review of CBC and ME cost allocation plans, including the examination of pertinent financial information, to ensure that cost allocation plans accurately identify and appropriately allocate all costs. To demonstrate that cost allocation plan reviews are consistently conducted, we also recommend that Department management ensure that checklists are completed documenting the review of all CBC and ME cost allocation plans.***

***Status (per Office of CBC/ME Financial Accountability staff): Fully Corrected***

The Department developed and implemented written procedures to address this finding at the beginning of fiscal year (FY) 2016-2017.

***FINDING NO. 2: The Department did not always ensure that CBC cost allocation plans were timely reviewed or approved.***

***RECOMMENDATION: We recommend that Department management ensure that CBC cost allocation plans are reviewed and approved in accordance with established contractual time frames.***

***Status (per Office of CBC/ME Financial Accountability staff): Fully Corrected***

The Department developed and implemented written procedures to address this finding at the beginning of fiscal year (FY) 2016-2017.

***FINDING NO. 3: CBC records did not always support the appropriateness or reasonableness of costs included in one CBC cost allocation plan. In addition, some ME cost allocation plans did not accurately describe the methodology used to allocate administrative costs.***

***RECOMMENDATION: We recommend that CBCCF management conduct cost analyses evaluating the reasonableness of all applicable subcontracts and ensure that net revenues, if any, from the subcontract with CBC of Central Florida – Holdings, Inc. are properly reported to the Department and used only for allowable purposes. Additionally, we recommend that CBCCF management ensure that appropriate actions are taken to correct audit cost overbillings. We also recommend that Department and***

*ME management ensure that cost allocation plans accurately reflect the methodology used to allocate costs.*

***Status (per Office of CBC/ME Financial Accountability staff): In Progress***

The Department requested and received additional budget and cost information from CBCCF to address this finding in June 2016 (FY15-16) and required additional information in July 2016, during the review and approval process for their FY16-17 cost allocation plan.

The three MEs listed in this finding submitted cost allocation plans in FY16-17 for DCF approval to address this finding.

***Status (per Community Based Care of Central Florida, Inc. staff): Ongoing***

CBCCF management conducts an ongoing cost analysis each month. Currently, we are at an \$81,262 loss for July – December 2016. CBCCF management will ensure that appropriate actions are taken to correct any audit cost overbillings.

***Status (per Central Florida Behavioral Health Network, Inc. staff): Fully Corrected***

Central Florida Behavioral Health Network has made all necessary revisions to the Cost Allocation Plan.

***Status (per Southeast Florida Behavioral Health Network, Inc. staff) Fully Corrected***

Our current methodology directly charges cost to a specific line item for administration. This change in methodology was incorporated into our 2016-17 cost allocation plan and submitted to the Department of Children and Families on August 31, 2016.

***Status (per Lutheran Services Florida, Inc. staff) Fully Corrected***

Lutheran Services Florida, Inc. (LSF) reviews and validates monthly invoices from their subcontractors/network providers to make sure funding OCAs are used for their intended purposes based on the Chart 8 description.

The Department and LSF have a monthly checklist to make sure that expenditures do not go above the amount allocated from each OCA funding.

Monthly expenditure reports and supporting documentations are reviewed by Lutheran Services, the Department Contract Manager and Department Fiscal Accountability Unit monthly to make sure that funding is spent accordingly, based on the most recent Schedule of Funds (SOF) and Cost Allocation Plan. A final reconciliation for all expenses is also done at fiscal year end.

This follow-up audit was conducted as required by section 20.055(6)(h), Florida Statutes, and section 2500.A1 of the International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. Elton Jones compiled this follow-up audit from representations provided by responsible management. Please address inquiries regarding this report to Steven Meredith, Director of Auditing, at (850) 488-8722.