



FLORIDA DEPARTMENT OF EDUCATION

Office of Inspector General

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Hands On Employment Services, Inc.

EXECUTIVE SUMMARY

The Office of Inspector General (OIG) performed an audit of the contract administration and performance by the Division of Vocational Rehabilitation (DVR) and Hands On Employment Services, Inc. (HESI). The audit covered activities for the period of October 1, 2009, through September 30, 2010. The contract, #VS078, provided employment services and on-the-job training (OJT) and became effective on October 1, 2008, extending to September 30, 2011.

The purpose of the audit was to evaluate the processes involved with delivering services to DVR clients. During the audit, we determined that appropriate services were provided to clients. The OIG has three findings and associated recommendations to improve contract compliance.

Summary of Findings and Recommendations

Specific conditions identified during the review period included:

1. The DVR's record keeping and file maintenance can be strengthened and improved.
2. HESI record keeping and file maintenance can be strengthened and improved.
3. Facility accessibility can be improved.

Our audit revealed that adequate and appropriate services were being delivered to DVR clients. We also identified areas for improvement and made recommendations to

DVR management to improve internal controls for file management and administration.

We recommend that DVR:

- Ensure Division client case records contain appropriate documentation for services provided to clients.
- Strengthen internal controls for DVR file maintenance and storage to meet contract provisions.
- Ensure all contractor client case records contain appropriate documentation of services provided.
- Strengthen administrative oversight of contractor file maintenance and storage to meet contract provisions.
- Ensure all contractors adhere to ADA standards to increase accessibility.

BACKGROUND

The DVR contracted with HESI to provide employment and OJT services to eligible citizens of the state of Florida. Employment services assist persons with disabilities seeking employment with choosing, obtaining, maintaining and retaining integrated employment in the community. OJT involves services designed to help clients learn basic job skills while they are working.

The HESI agreement is considered a fixed rate, performance based contract with a medium risk level on DVR's Risk Assessment Weight Table, a risk assessment tool used by the DVR's contracting section. HESI provides services for two of six designated areas for

DVR in eleven counties located within the state. There have been two amendments to the contract. The purpose of the first amendment, executed on June 28, 2009, was to modify contract language affecting reporting requirements, timeliness of reports, minimal documents in providers' files and monitoring of the contract. It also added providing OJT services. The second amendment, executed on February 14, 2010, clarified reporting requirements, contractor documentation requirements, added pre-placement training to employment services, and added/adjusted the benchmark (rate) payments for employment services, supported employment services, and OJT. The contractor has not been previously audited or reviewed by DVR or DOE.

- One hundred thirty-six Monthly Progress Reports
- Seven Notifications of Approval
- Twenty-nine invoices
- One Individual Plan for Employment
- Appropriate HESI signatures for fourteen Monthly Progress Reports

Contract provisions, with amendments, state the contractor is responsible for submitting completed MPRs, NOAs, invoices, and using the IPE to direct employment and OJT services. The DVR is responsible for: designating staff to ensure contractual provisions are satisfied; ensuring supporting documentation is submitted by the contractor for employment and OJT services; and assuring DVR and contractor files are maintained and stored according to contractual terms (See Appendix A).

AUDIT RESULTS: FINDING AND RECOMMENDATIONS

Our audit determined that:

- a) Client services are being provided in accordance with contractual terms and conditions.
- b) Contract expenditures are made in accordance with contract terms and rates.
- c) Adequate internal controls are in place to ensure compliance with the delivery of services.

Our results show that the DVR staff did not always ensure adequate supporting documentation was maintained in the contract manager file and client case records. This increases the risk of service failure to clients and decreases accountability.

The OIG has three findings related to contract compliance discussed below.

RECOMMENDATION

FINDING 1

DVR record keeping and file maintenance can be strengthened and improved.

- The DVR should take steps to ensure contract manager files and client case records contain appropriate documentation for services provided to clients through its contractors and evaluate the need to obtain the missing documentation to complete the files.
- The DVR should strengthen controls for file maintenance and storage to meet contract provisions.

The OIG reviewed the DVR contract manager file and client case records for documentation of services provided to 26 clients receiving rehabilitative services through HESI. Specifically, the audit staff reviewed invoices, MPRs, NOAs, IPEs, and supporting documentation detailing employment and OJT services from October 1, 2009, to September 30, 2010. We could not locate:

Management Response:

As explained at the onset of this review, the invoices and required supporting documentation was maintained in the Area Field Office by the Area Contract Liaison for the time period of this review. The invoice process was moved to Tallahassee

Headquarters in September 2010 for this area. DVR completed a process improvement event in December 2010 and has implemented changes to the invoice process as a result. These changes include a requirement that all Counselors review and verify services and reports submitted for payment. Copies of all reports are to be maintained in the customer case files.

FINDING 2

HESI record keeping and file maintenance can be strengthened and improved.

During an on-site visit to the contractor, the OIG reviewed 26 client case records for documentation of services provided through HESI. Specifically, the audit staff reviewed invoices, MPRs, NOAs, and supporting documentation detailing employment and OJT services from October 1, 2009, to September 30, 2010. We could not locate:

- Six Monthly Progress Reports
- Eight Notifications of Approval
- Twenty-nine invoices

The provisions listed within the original contractual agreement, with amendments, as discussed previously, detailed the requirement of the documents being submitted to DVR and maintained by HESI (See Appendix A).

The OIG also reviewed twelve employee files and found that one employee file was missing an FDLE background check and another employee file was missing a signature on the *Affidavit of Good Moral Character*. According to the contract, the contractor must submit a completed *Affidavit of Good Moral Character* and an attestation of a Florida Department of Law Enforcement background check for employees (later revised to specify a copy of the FDLE background check for each employee).

Our results show that HESI staff did not always ensure adequate supporting documentation was maintained in client case records. This increases the risk of service failure to clients and decreases accountability.

RECOMMENDATION

- The DVR should take steps to ensure contractor client case records contain appropriate documentation for services provided and evaluate whether the contractor should be instructed to obtain the missing documentation.
- The DVR should strengthen administrative oversight of contractor file maintenance and storage to meet contract provisions.

Management Response:

The DVR Contract Manager will work with the Area Contract Liaison to provide guidance and technical assistance to the provider to ensure contract compliance in the future.

FINDING 3

Facility accessibility can be improved.

During a visit to HESI, the OIG used a checklist adapted from the New York State Office of Advocate for Persons with Disabilities to assess the accessibility of the contractor's facility. The checklist was used to ascertain whether the facility could be easily accessed by DVR clients who required vocational rehabilitation services. Based on ADA standards and recommendations, we observed:

- Disabled parking spaces are not located close to the building entrance
- Main entrance is not accessible for clients using a wheel chair
- Exterior door to the entrance of the facility cannot be easily opened. It does not have an automatic button for easy operation
- No Braille alternatives exists in the facility to assist persons who are vision impaired

Based on the findings listed above, persons who use a wheelchair or are vision impaired may not be able to easily access the facility.

The lack of access significantly increases the risk of DVR clients not receiving adequate and appropriate rehabilitative services.

The scope included transactions during the period of October 1, 2009 through September 30, 2010.

RECOMMENDATION

The DVR management should ensure all contractors adhere to ADA standards to increase accessibility.

METHODOLOGY

To achieve the objectives, the auditors interviewed appropriate DVR and HESI staff, and reviewed:

Management Response:

The following language has been added to the new rate contract draft to be effective October 1, 2011:

Section II. J. Civil Rights Certification, h. Americans with Disabilities Act, The Contractor understands and agrees all meetings with customers must be held in a location that meets the ADA compliance requirements.

- Federal and state statutes, policies and procedures regarding rate contractual agreements, Rehabilitation Act of 1973 as amended in 1998, DVR's Counselor Policy Manual;
- Monthly invoices, Progress Reports (MPR), Individualized Plans for Employment (IPE), Notifications of Approval (NOA);
- HESI's administrative and personnel files, including staff driver's licenses, vehicle registration, insurance policies; and,
- Policies and procedures associated with the duties and functions of providing employment and OJT services.

OBJECTIVE AND SCOPE

The objectives of the audit were to determine whether:

- 1) Client services are being provided in accordance with contractual terms and conditions;
- 2) Contract expenditures are made in accordance with contractual terms;
- 3) Adequate internal controls are in place to ensure compliance with contractual terms and conditions including the delivery of services; and,
- 4) DVR's internal control system will ensure effective, efficient administration and monitoring of the contractual agreement.

This audit was conducted in accordance with *The International Standards for the Professional Practice of Internal Auditing* published by the Institute of Internal Auditors.

CLOSING COMMENTS

The Office of the Inspector General would like to recognize and thank the administrators of HESI and DVR's Contracting Section for their assistance and cooperation during the course of this audit.

Appendix A

Contractual Terms for Hands On Employment Services, Inc. and The Division of Vocational Rehabilitation

Contractor Responsibilities:

- Attachment A-ES, I.E.1—Upon receipt of the DOE/DVR Referral form from the DOE/DVR Counselor and acceptance of the referral by the Contractor, the Contractor shall furnish services directed at achieving an employment outcome consistent with the definitions, terms and conditions of the Contract, DOE/DVR Referral Form, IPE, and customer choice. **Amendment Two adds the provision that the referral must be signed by the counselor and customer.
- Attachment A-ES, I.E.3—The Contractor shall submit a DOE/DVR Monthly Progress Report to the DOE/DVR Counselor by the tenth of every month for each active Customer. **Amendment Two specifically changed the timeline requirements for submission of the MPRs to “monthly.”
- Attachment A-ES, I.E.4—The Contractor shall submit a DOE/DVR Notification of Approval Form (NOA) within five working days, after the customer’s first day on the job and each subsequent benchmark thereafter, to the DOE/DVR Counselor for each benchmark payment. Each NOA submitted for payment to the DOE/DVR Contract Liaison requires the signature of the Contractor and DOE/DVR Counselor. **Amendment Two specifically changed the timeline requirements for submission of the NOAs to a “timely manner.”
- Attachment C (M)(1)-Standard Terms and Conditions—The Contractor shall submit properly completed monthly invoices in detail sufficient for a proper pre-audit and post-audit thereof and in a form acceptable to the DOE/DVR covering services rendered and/or goods provided under this Contract together with expenditure reports to support all requests for payments.
- Attachment A-ES, I.E.5--The Contractor shall maintain client files and documents to support deliverables in a safe and secure location to protect the integrity of the records and clients’ safety and confidentiality. These records and their location shall be subject to inspection by the DOE/DVR and made available for review upon request of the DOE/DVR.
- Attachment A-ES, I.E.5 of Amendment One--The Contractor shall maintain client files and documentation, including Contractor’s case notes, referral forms, NOA(s), ICP(s), as applicable, signed and dated Monthly Progress Reports, invoices and quarterly employee reports, to support deliverables in a safe and secure location to protect the integrity of the records and the clients’ safety and confidentiality.
- Attachment A-ES, I.E.5 of Amendment Two—The Contractor shall maintain client files and documentation, including contractor’s case notes, referral forms, IPE amendments as applicable, NOA(s), ICP(s) as applicable, signed and dated Monthly Progress Reports, training materials/curriculum used for pre-placement training, invoices and quarterly employee reports, to support deliverables in a safe and secure location to protect the integrity of the records and the clients’ safety and confidentiality. These records and their location shall be subject to inspection by the DOE/DVR and made available for review upon request of the DOE/DVR.
- Attachment A-ES, I.E.6.a—The Contractor shall maintain compliance with all Contract and Vendor Certification requirements, terms and conditions throughout the terms of this Contract. Written notice shall be given to the DOE/DVR Contract Manager within ten (10) days should the Contractor determine they are not in compliance with all Contract requirements. Non-

compliance is cause for suspension, termination, cause for payments to be denied or delayed, or subject to re-payment for any services deemed to have been provided for any period(s) the Contractor may be found to be not in compliance. **Amendment Two states the Contractor shall notify the DOE/DVR immediately should they determine they are not in compliance with all Contract requirements.

DVR Responsibilities:

- Attachment A-ES, I.F.1(a)—To designate a Contract Manager to act for the DOE/DVR in enforcing performance of the terms and conditions of this Contract.
- Attachment A-ES, I.F.1(d)—Records shall be maintained by the DOE/DVR Contract Manager that outline the number of services authorized, and expenditures made to date. **Amendment One states these records shall be maintained by the Contract Liaison.
- Attachment A-ES, I.F.1(g)—All documentation received by the DOE/DVR Counselor, Contract Manager and Vendor Certification will be dated and time stamped upon receipt. **This contractual language was deleted in Amendment Two.

Please see the original contract and subsequent amendments for additional terms and conditions.