

**Audit of the Bureau of Monitoring and Quality Improvement  
Report Number A-1617DJJ-005  
June 27, 2017**

**By**

**Office of the Inspector General  
Bureau of Internal Audit**

Robert A. Munson  
Inspector General

Michael Yu, CIA, CIG  
Director of Auditing

Roosevelt Brooks, CPA, CIA  
Auditor-In-Charge

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Christina K. Daly, Secretary


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STATE OF FLORIDA  
DEPARTMENT OF JUVENILE JUSTICE

MEMORANDUM

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**DATE:** June 27, 2017  
**TO:** Christina K. Daly, Secretary  
**FROM:** Robert A. Munson, Inspector General   
**SUBJECT:** Final Report - Audit No. A-1617DJJ-005, Audit of the Bureau of Monitoring and Quality Improvement

Attached is our final report, *Audit of the Bureau of Monitoring and Quality Improvement*, prepared by the Bureau of Internal Audit. We will conduct a follow-up to determine the status of the corrective action taken to address the reported finding.

We would like to thank the Office of Program Accountability and Bureau of Monitoring and Quality Improvement for the assistance extended to our staff during the audit process. Please feel free to contact Michael Yu, Audit Director, at 850-717-2468, if you have any questions.

RM/rb/my

Attachment

Cc: Timothy Niermann, Deputy Secretary  
Fred Schuknecht, Chief of Staff  
Amy Johnson, Director of Program Accountability  
Eric Miller, Chief Inspector General, Executive Office of the Governor  
Sherrill F. Norman, CPA, Auditor General  
Kathy DuBose, Director, Legislative Auditing Committee

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Rick Scott, Governor

Christina K. Daly Secretary

*The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.*

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**Office of the Inspector General  
Bureau of Internal Audit  
Audit of the Bureau of Monitoring and Quality Improvement  
Audit No. A-1617DJJ-005**

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## EXECUTIVE SUMMARY

The Office of the Inspector General, Bureau of Internal Audit has completed an Audit of the Bureau of Monitoring and Quality Improvement (Bureau) for the period of July 1, 2015 through December 31, 2016, and related activities through the end of fieldwork. The objectives of this audit were to provide management with reasonable assurances that:

- Selected program monitoring processes are functioning as required by applicable statutes, contract conditions, rules, policies and procedures; and
- The Department has adequate and effective internal controls in place regarding monitoring and quality improvement operations, reporting, and compliance.

Florida Statutes and Department policies and procedures require the Department to evaluate annually each program operated by the Department or provider under contract with the Department; also, pursuant to CFO Memorandum No. 06 (2011-2012), the Department should have a formal contract monitoring process system in place.

Our audit disclosed, in general, the Bureau has effective monitoring processes and internal controls in place to evaluate state and private providers of services to youth under the Department's jurisdiction. In addition, the Bureau has developed quality improvement standards for Department programs as required by statutes and a formal monitoring process system that is compliant with the Department of Financial Services policies and procedures. However, we noted one area for improvement pertaining to monitoring requirements for providers.

We examined Department records for 26 contracts totaling approximately \$328,757,567, that were active during the period of July 1, 2015 through June 30, 2016; twenty-two of the contracts were both programmatically and administratively monitored.<sup>1</sup> Four of the 26 contracts were only administratively monitored.

Contract criteria for these four entities required both periodic unannounced and announced programmatic and administrative monitoring to assess contract compliance. Based on our review of these contracts, programmatic monitoring was not applicable to these contracts. Therefore, we recommend the Department amend the contract language requiring programmatic reviews for these four contracts.

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<sup>1</sup> **Programmatic Monitoring** – The annual and supplemental assessment of program compliance in areas such as management, operations, and service delivery to youth. **Administrative Monitoring** – The annual review of a provider's compliance with contract terms and conditions incidental to the direct care and/or supervision of Department youth.

## **Audit of the Bureau of Monitoring and Quality Improvement**

### **Audit #A-1617DJJ-005**

#### **INTRODUCTION**

The Office of the Inspector General, Bureau of Internal Audit has completed an Audit of the Bureau of Monitoring and Quality Improvement (Bureau) for the period of July 1, 2015 through December 31, 2016, and related activities through the end of fieldwork. This audit was initiated based on our Fiscal Year 2016-2017 Audit Plan and conducted in accordance with *the International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

#### **Background**

The Bureau is an independent monitoring entity and a component of the Division of Program Accountability, and is responsible for providing the Department with information necessary to assess fiscal and programmatic oversight of service providers, operated by both the Department and contracted providers.

Florida statutes require the Department to evaluate each program operated by the Department or a provider under a contract with the Department annually and establish minimum standards for each program component. The bureau is organized into three regions: North, Central, and South Region. There are fifty-two (52) full time employees in the Bureau.<sup>2</sup>

The Bureau reviews service providers' processes to ensure compliance with applicable rules, laws, and contract conditions. Also, the Bureau has developed a central tracking system to ensure that required monitoring has been completed in accordance with statutes, policies and procedures. The Department and its contracted providers deliver a range of services to youth in the State of Florida, including health care, detention, executive direction, delinquency prevention, probation, and residential services.

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<sup>2</sup> Monitoring and Quality Improvement Organizational Chart as of 03/31/2017

### **Objectives, Scope, and Methodology**

The objectives of this audit were to provide management with reasonable assurances that:

- Selected program monitoring processes are functioning as required by applicable statutes, contract conditions, rules, policies and procedures; and
- The Department has adequate and effective internal controls in place regarding monitoring and quality improvement operations, reporting, and compliance.

Our audit included the selection and limited testing of transactions and program records for the period of July 1, 2015, through December 31, 2016, and related activities through the end of fieldwork. The audit was designed to identify internal control deficiencies and noncompliance with applicable statutes, Department policies and procedures pertaining to programmatic monitoring.

In addition, the audit scope included the observation of two on-site program reviews conducted by the Bureau at the following facilities:

- Probation and Community Intervention - Circuit 6, State operated, March 14-16, 2017, St. Petersburg; and
- Brevard Group Treatment Home, - Circuit 18, contract provider, April 11-14, 2017, Cocoa.

To achieve our audit objectives, we reviewed the following:

- The Bureau of Monitoring and Quality Improvement Web Page;
- Department Policies and Procedures FDJJ-2000, Contract Management and Program Monitoring and Quality Improvement;
- Chief Financial Officer Memorandum No. 06 (2011-2012), June 27, 2012;
- Chief Financial Officer Memorandum No. 07 (2011-2012), June 27, 2012 (Contracts should be recorded in the Florida Accountability Contract Tracking System. This tracking system is hosted by the Department of Financial Services);
- Florida Statutes 985.632, Quality Improvement and cost-effectiveness; Comprehensive Accountability Report (Florida Statutes 985.632(5)(f), Evaluate each program operated by the Department or provider under a contract with the Department annually and establish minimum standards for each program component);
- Monitoring Prioritization Tool Handbook (A risk assessment tool used to prioritize monitoring visits);



- State of Florida Auditor General's Operational Audit of the Department (Report No. 2016-195, May 2016);
- State of Florida Auditor General's Operational Audit of the Department (Report No. 2014-015, October 2013);
- Bureau of Monitoring & Quality Improvement Organizational Personnel Chart; and
- Selected Bureau of Monitoring & Quality Improvement monitoring reports published in Fiscal Year 2015-2016.

As part of our audit procedures, we also communicated with appropriate personnel.

We applied audit procedures to the following contracts noted in the table below to satisfy our audit objectives:

Index	Program Area	Contract Number	Start Date	End Date	Contract Provider	Total Amount Dollars
1	Prevention	10243	08/06/2014	07/31/2017	10243 - PRE-Town of Cutler Bay-Afterschool/Summer Prog	225,000.00
2	Probation	10309	07/01/2015	06/30/2018	HENDERSON BEHAVIORAL HEALTH	24,000.00
3	Residential	10098	07/01/2013	06/30/2018	G4S YOUTH SERVICES, LLC	38,651,217.60
4	Probation	10168	04/17/2014	03/31/2017	GEORGETOWN UNIVERSITY	128,411.96
5	Probation	P2090	07/01/2011	06/30/2021	AGENCY FOR COMMUNITY TREATMENT SERVICES, INC.	9,704,666.12
6	Residential	10138	07/02/2014	07/01/2019	G4S YOUTH SERVICES, LLC	11,571,206.08
7	Residential	10172	04/02/2015	03/31/2020	AMikids, INC.	11,404,316.70
8	Probation	10194	01/01/2015	12/31/2019	HOME BUILDERS INSTITUTE, INC.	2,509,406.40
9	Probation	P2081	03/15/2010	03/14/2017	BAY AREA YOUTH SERVICES, INC.	2,148,840.59
10	Probation	10148	11/01/2013	10/31/2019	SEMINOLE COUNTY SHERIFF'S OFFICE	1,588,700.16
11	Probation	X1718	03/15/2013	03/14/2019	MONROE COUNTY SHERIFF'S OFFICE	880,593.35
12	Residential	R2087	01/01/2010	06/30/2017	G4S YOUTH SERVICES, LLC.	19,136,484.50
13	Prevention	10265	08/01/2014	07/31/2017	10265-PRE Unity Family Community Center, Inc	225,000.00
14	Probation	10157	02/01/2014	01/31/2019	Chrysalis Health Services, Inc.	16,975,932.53
15	Residential	10185	08/11/2014	02/04/2017	GEORGETOWN UNIVERSITY	334,363.65
16	Probation	10150	11/01/2013	10/31/2019	SEMINOLE COUNTY SHERIFF'S OFFICE	2,124,352.68
17	Probation	10114	08/01/2013	07/31/2018	ECKERD YOUTH ALTERNATIVES, D/B/A ECKERD KIDS	15,165,022.75
18	Residential	R2119	01/01/2013	12/31/2017	AMikids, INC.	8,608,755.60
19	Residential	10188	07/01/2015	06/30/2020	G4S YOUTH SERVICES, LLC	65,159,803.70
20	Residential	10144	03/01/2015	02/29/2020	G4S YOUTH SERVICES, LLC	17,539,200.00
21	Probation	P2072	03/15/2010	03/14/2017	BAY AREA YOUTH SERVICES, INC.	1,886,918.80
22	Probation	P2119	07/01/2012	06/30/2017	AMikids, INC.	2,926,068.30
23	Probation	P2118	07/01/2012	06/30/2017	AMikids, INC.	5,357,030.00
24	Probation	P2116	07/01/2012	05/31/2018	MARK RUSSELL	399,432.80
25	Residential	R2104	02/01/2011	01/31/2021	G4S YOUTH SERVICES, LLC	93,861,041.92
26	Prevention	10248	08/06/2014	07/31/2017	The Family Christian Association of America	221,800.50
	Total					\$328,757,566.69

The auditor used judgmental sampling for selecting records for review. Judgmental sampling is a non-probability sampling technique where the auditor selects units to be sampled based on his/her knowledge and professional judgment. Therefore, projection of the auditor's conclusion to the universe based on the selected sample may be different if statistical sampling was used or all items in the universe were subject to our audit procedures for the audit period under review.

## **RESULTS OF AUDIT**

Our audit disclosed, in general, the Bureau of Monitoring and Quality Improvement (Bureau) has effective monitoring processes and internal controls in place to evaluate state and private providers of services to youth under the Department's jurisdiction. In addition, the Bureau has developed quality improvement standards for Department programs as required by statutes and a formal monitoring process system that is compliant with the Department of Financial Services' policies and procedures.

In addition, our audit noted the following attributes and challenges pertaining to monitoring processes:

### **Attributes**

Based on our limited review of the Bureau of Monitoring and Quality Improvement's processes, it appears the Bureau practices continuous quality improvement. There are yearly reviews of monitoring standards in consultation with program management; monitoring standards and checklists are based on statutes, Department policies and procedures, and applicable rules and regulations.

The Bureau has set standards and protocols for monitoring engagements. On-site monitoring findings are thoroughly vetted with providers. It appears Bureau staff operates with the mindset that the process can be continuously improved. We feel the use of peer reviewers from providers enhance the quality of the overall monitoring process. Based on our review of personnel files and on-site observations of Bureau staff, it appears Bureau staff has adequate skill sets to perform their job duties and responsibilities.

### **Challenges**

Monitoring and Quality Improvement review teams are typically composed of a monitoring team lead, monitoring staff, and certified reviewers. Staffing and time frames (1-4 days) for these reviews varies depending on the program. Bureau staff conducted approximately 167 annual compliance reviews during Fiscal Year 2015-16 based on the Bureau Web Site.

Projected annual compliance reviews for Fiscal Year 2016-17 are approximately 254: Central Region, 93; North Region, 84; South Region, 77. It appears the increase in compliance reviews for program monitors is due to monitors participating in prevention programs as reviewers. In general, prevention programs conduct their own monitoring via their contracted services providers.

Along with their annual compliance duties as a lead monitor, monitors are also responsible (not inclusive of all duties) for the following:

- Serve as non-lead monitors on annual compliance or supplemental monitoring reviews;
- Perform bi-weekly reviews where applicable;
- Update all needed information in the Program Monitoring and Management system;
- Assist in providing technical assistance;
- Conduct desk reviews;
- Conduct Standardized Program Evaluation Protocol reviews (Residential Facilities); and
- Complete an annual inventory of state owned property.

Based on our review of specific staff assignments for the 2016-17 Fiscal Year, program monitoring standards, checklists and work papers, time frames for completing various reviews, on-site observations at two program reviews, and a limited replication of the monitors' work on-site, it appears the quality of reviews could be materially impacted if staffing is not increased or job duties and responsibilities reduced in the future.

Notwithstanding the above comments, we noted one area for improvement pertaining to contract language requiring programmatic monitoring of contracts.

## **Finding and Recommendation**

### Programmatic Monitoring

Pursuant to Florida Statutes, 985.632(5), *the Department shall: Evaluate each program operated by the department or a provider under a contract with the department annually and establish minimum standards for each program component*; also, pursuant to CFO Memorandum No. 06 (2011- 2012), the Department should have a formal contract monitoring process in place which includes the following components:

- Risk Assessment;
- Monitoring Plan;
- Monitoring Procedures and Criteria;
- Evidence to support conclusions reached during its monitoring process;
- Corrective Action Plan (if required); and
- Follow-up on Corrective Action (if required).

Monitoring is conducted by the Department to assess if providers are in compliance with Florida Statutes, Department policies and procedures, and applicable laws and regulations. Quality Improvement is essential to the monitoring process. Based on our review of monitoring tools, reports, and two on-site visits, it appears the Department has developed monitoring instruments that are sufficient to conduct monitoring reviews.

We noted no material issues with monitoring instruments used to conduct programmatic monitoring.

The focus of our review was on programmatic monitoring conducted by the Bureau of Monitoring and Quality Improvement versus administrative monitoring; Department policies and procedures defines programmatic monitoring and administrative monitoring, respectively, as following: **Programmatic Monitoring:** *The annual and supplemental assessment of program compliance in areas such as management, operations, and service delivery to accurately and effectively determine the level of performance and quality of services at which juvenile justice programs are achieving the Department's mission.* **Administrative Monitoring:** *The annual review of a provider's compliance with the contract terms and conditions incidental to the direct care and/or equipment, financial reporting packages, financial management practices, provider policies and procedures, and personnel training, licensing and screening.*

We used the following steps to select contracts for review:

- Performed analytical procedures to ensure listing of contracts received from program staff was reasonable;
- Remove contracts that were not pertinent to our review; and
- Use an excel program to randomly select contracts for review.

We examined Department records for 26 contracts totaling approximately \$328,757,567; all contracts reviewed had been either programmatically or administratively monitored. Programmatic monitoring is generally conducted by the Bureau of Monitoring and Quality Improvement whereas administrative monitoring is conducted by the Bureau of Contract Management.

Twenty-two of the 26 contracts were programmatically monitored. Based on our review of the scope of services for the four contracts that were not programmatically monitored, programmatic monitoring was not applicable to these contracts. However, language in their contract states both programmatic and administrative monitoring should be conducted by the Department.

The Department generally uses standard contract language in contracts with adjustments for scope of services and matters pertaining to compensation; but contract conditions such as programmatic monitoring were generally included in all contracts reviewed by the auditor including the four contracts where programmatic monitoring is not applicable. Language pertaining to programmatic monitoring should be excluded from contracts that are not required to be programmatic monitored.

We recommend the Department modify contract language to address contracts not required to be programmatically monitored.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Please address inquiries regarding this report to Michael Yu, Audit

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## APPENDIX

### MANAGEMENT RESPONSE



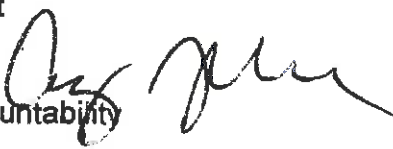
**STATE OF FLORIDA  
DEPARTMENT OF JUVENILE JUSTICE**

**INTEROFFICE MEMORANDUM**

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**DATE:** June 21, 2017

**TO:** Roosevelt Brooks, CPA, CIA  
Office of Inspector General  
Bureau of Internal Audit

**THROUGH:** Amy Johnson, Director   
Office of Program Accountability

**FROM:** Christopher Goodman, Bureau Chief  
Bureau Monitoring and Quality Improvement

**SUBJECT:** Audit No. A-1617DJJ-005  
Response to the Findings in Internal Audit of the Bureau of Monitoring and  
Quality Improvement for July 1, 2015 – December 30, 2016

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Please find attached the Bureau of Monitoring and Quality Improvement's response to the finding from your recent audit of the Internal Audit of the Bureau of Monitoring and Quality Improvement for July 1, 2015 – December 30, 2016. We generally concur with the finding and have taken appropriate steps to ensure corrective actions will be, or have already been, put in place.

The Bureau of Monitoring and Quality Improvement appreciates your professionalism while conducting the audit and feel the audit will enhance the Bureau's operations.

If you have any questions, or if I may be of further assistance, please let me know.

2737 Centerview Drive • Tallahassee, Florida 32399-3100 • (850) 488-1850

Rick Scott, Governor

Christina K. Daly, Secretary

*The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.*



Bureau of Monitoring and Quality Improvement  
Response to Internal Audit No. A-1617DJJ-005

**Finding 1:** The Department generally uses standard contract language in contracts with adjustments for scope of services and matters pertaining to compensation; but contract conditions such as programmatic monitoring were generally included in all contracts reviewed by the auditor including the four contracts where programmatic monitoring is not applicable. Language pertaining to programmatic monitoring should be excluded from contracts that are not required to be programmatic monitored.

We recommend the Department modify contract language to address contracts not required to be programmatically monitored.

**Response 1:** The policy under which the Bureau of Monitoring and Quality Improvement operates (FDJJ 2000 - Contract Management and Program Monitoring and Quality Improvement), addresses our Limited Scope Monitoring Process. The four contracts referenced in your findings have all been deemed Limited Scope in nature. The Department utilizes the Limited Scope Monitoring Process to determine the frequency of monitoring for these contracts and it is used to aid the Department in scheduling resources for the programs/services with the highest needs.

The Department will be making the following changes in our boilerplate contract language in an effort to be more flexible in the future.

"The Department will conduct periodic unannounced and/or announced programmatic and administrative monitoring to assess the Provider's compliance with this Contract and applicable federal and state laws, rules and Department policies and procedures in accordance with FDJJ policy 2000. The Provider shall permit persons duly authorized by the Department to inspect any records, papers, documents, electronic documents, facilities, goods and services of the Provider that are relevant to this Contract, and interview individuals receiving services and employees of the Provider under such conditions as the Department deems appropriate. Following such inspection, the Department will deliver to the Provider a list of its findings, including deficiencies regarding the manner in which said goods or services are provided. The Provider shall rectify all noted deficiencies specified by the Department within the specified period of time set forth in the Department's Monitoring Report. The Provider's failure to correct these deficiencies within the time specified by the Department may result in the withholding of payments, being deemed in breach or default, and/or termination of this Contract."