

Neil Kelly
Clerk of the Circuit and County Courts
Lake County, Florida

Audit of Human Services Grant Program

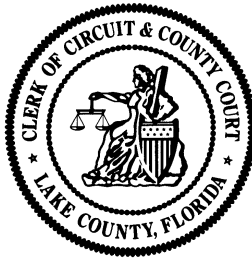
Internal Audit Division Audit Report

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January 10, 2014

Honorable Members of the Board of County Commissioners

We have conducted an audit of the Human Services Grant Program function of the Board of County Commissioners' Health and Human Services Division, as scheduled per the Clerk's Annual Internal Audit Plan.

We appreciate the cooperation and assistance provided by the Health and Human Services Division and also other local county and governmental entities contacted during the course of our audit.

Respectfully Submitted,

Bob Melton

Bob Melton
Director of Internal Audit

CC: Honorable Neil Kelly, Clerk of Circuit Court
David Heath, County Manager
Dorothy Keedy, Director of Community Services

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EXECUTIVE SUMMARY

We conducted an audit of the Human Services Grant Program of the Lake County Board of County Commissioners Health and Human Services Division, as scheduled per our Annual Audit Plan. We conclude that administration of the Human Services Grant Program is adequate and efficient. Except as noted in our report, we conclude that the structure and operation of the Children's Services Council and the Human Services Grant Advisory Committee are adequate to accomplish program goals. We conclude that grantees are in material compliance with grant contracts. We noted several opportunities for improvement.

Currently, an insignificant level of funding in Human Services Grants and Children's Services grants is distributed to several causes, when a larger impact could be made to one to two areas of need by targeting funds to those areas. The current Human Services Grants serve a wide variety of programs within the community with a limited amount of funds. The County provides information stating that 5,218 people have been served in the Human Services Grant Program. However, with only \$47,500 designated for the program, the monetary assistance results in an average assistance of \$9.10 per person. We question the effectiveness of the \$9.10 assistance to the 5,218 people. Additionally, though the Children's Services Council receives \$150,000 in funding for Children's Services, the funds are spread to ten varying perceived needs. Regarding Children's Services, the County provides information stating that 3,745 children have been served. However, the monetary assistance provided results in an average assistance of \$40.26 per child. We question the effectiveness of the \$40.26 assistance to the 3,745 children.

Neither the Children's Services Council nor the Human Services Grant Advisory Committee performs a formal needs assessment. The committees do not formally reevaluate the needs within the community, the level to which they are currently met, or where the County funds would best be served. Identifying the needs within the County and the level to which they are served is the first step in evaluating which needs to place as priority as well as those in which County funds could create the most impact.

The Children's Services Council and Human Services grant programs are currently funded by the County's General Fund. To preserve funds needed to provide basic services and to enhance the funding available to assist those in need, alternative funding sources should be sought. During the course of our review, we noted that several federal, state, and private grants may be available for these types of programs. However, management has not actively pursued these grants.

No centralized grant solicitation function has been established in Lake County government. As a result, each department is responsible for identifying possible funding and writing a grant application. The identification and solicitation of grants is a specialized area requiring training and expertise to

maximize the amount of grants received. Therefore, this function is best performed at a centralized level.

The governing documents of the Human Services Grant Advisory Committee and the Children's Services Council as well as the written by-laws do not prevent members with a conflict of interest from being voting members of the committee. The opportunity for a conflict of interest could be reduced by requiring a majority of the committee to be independent of any organization which could be considered for funding. This would ensure there is no quid pro quo occurring in the committee. We also noted the goals, outcome measures, meeting frequencies, and the evaluation process for funding applications from organizations should be reviewed. Additionally, we noted opportunities for improvement regarding monitoring of grant recipients, grantee outcome measures, and various contract provisions.

Our report includes a total of 33 recommendations for improvement.

INTRODUCTION

Scope and Methodology

We conducted an audit of the Human Services Grant Program of the Lake County Board of County Commissioners Health and Human Services Division, as scheduled per our Annual Audit Plan. Our audit objectives were:

1. To determine whether administration of the Human Services Grant Program is adequate and efficient.
2. To determine whether the structure and operation of the Children's Services Council and the Human Services Grant Advisory Committee are adequate to accomplish program goals.
3. To determine whether the grantees are in compliance with grant contracts.

To determine whether the administration of the Human Services Grant Program is adequate, we reviewed current policies and procedures as well as actual processes, observed Human Services Division staff in their day-to-day activities, interviewed staff, and reviewed documentation prepared by, reviewed, and housed by staff.

To determine whether the structure and operation of the Children's Services Council and Human Services Grant Advisory Committee are adequate to accomplish program goals, we reviewed County Code and Resolutions related to each committee, reviewed committee by-laws, goals, and other documentation; attended committee meetings; and reviewed meeting minutes, notes, handouts, and progress reports.

To determine that the grantees are in compliance with funding contracts we reviewed the current grant contracts, obtained and reviewed supporting documentation submitted by the grantees, and made site visits during which physical observations were made and additional documentation was reviewed.

Overall Conclusion

We conclude that administration of the Human Services Grant Program is adequate and efficient. Except as noted in our report, we conclude that the structure and operation of the Children's Services Council and the Human Services Grant Advisory Committee are adequate to accomplish program goals. We conclude that grantees are in material compliance with grant contracts.

Background

The Human Services Grant Program is managed by the Health and Human Services Division. The program offers two types of grants: Children's Services Council (CSC) grants and Human Services grants.

Children's Services Council grant recipient recommendations are made by the CSC. The mission of the CSC is "To improve our quality of life in Lake County by providing coordination and funding for prevention and intervention programs for children, youth, and families through collaborative, community-based services." The various programs geared towards at-risk children that are funded through the CSC grants include:

- Safeguarding physical health
- Abuse and neglect prevention and intervention
- Delinquency prevention
- Afterschool and out of school programs
- Developmental screening, assessments and access to appropriate interventions
- Prevention and/or intervention
- Kinship care
- Subsidized child care
- Children with special, physical, developmental and behavioral needs
- Nutritional education and the reduction of childhood obesity

The Human Services grant recipient recommendations are made by the Human Services Grant Advisory Committee. In addition to making grant funding recommendations, this advisory board was created to "devise a funding plan to ensure accountability of organizations awarded funds [and] provide fair and equitable funding to emerging and established not-for-profit organizations that are working creatively on "need-based" issues and concerns." These grants are directed toward serving the following emergency needs:

- Rental or mortgage assistance
- Utility assistance
- Deposits (utility or housing)
- Food
- Achievement of economic self-sufficiency

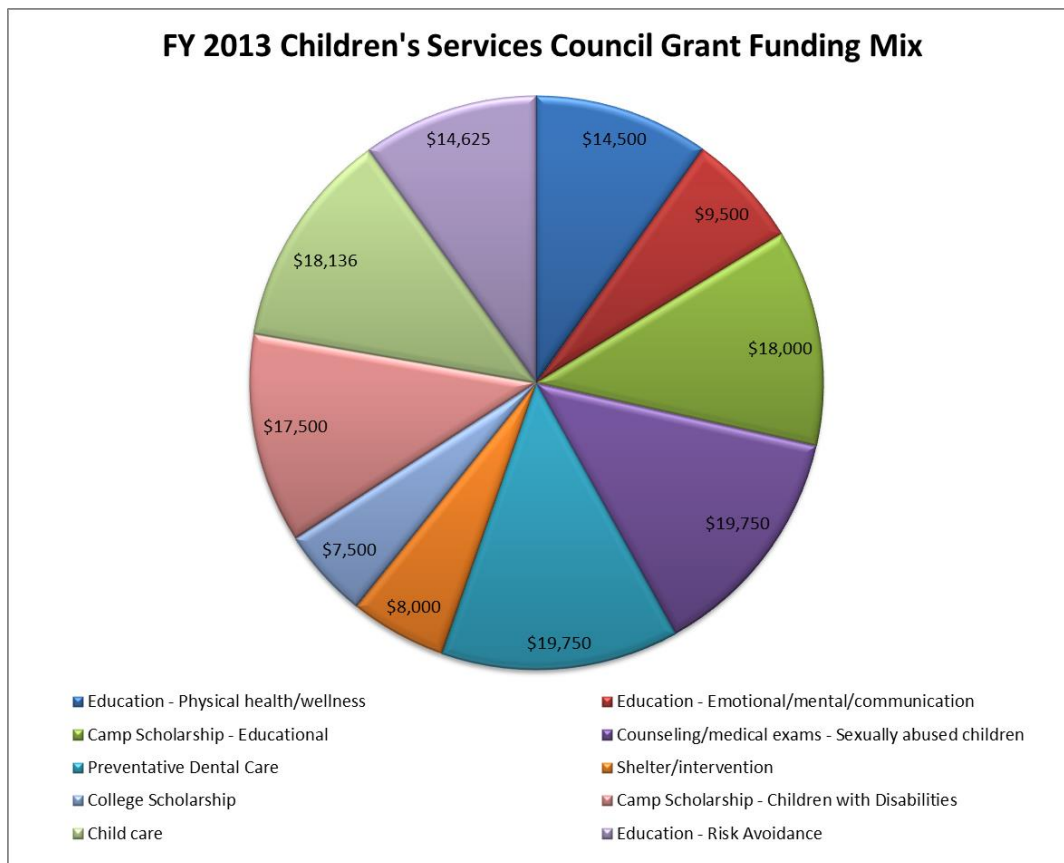
For FY 2013, a total of \$198,261 in grants funds were distributed to 17 agencies within Lake County.

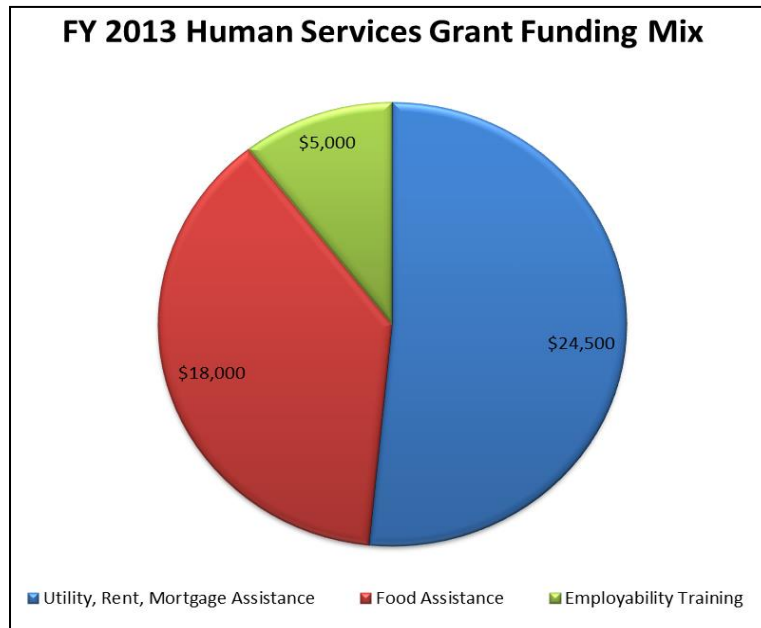
OPPORTUNITIES FOR IMPROVEMENT

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.

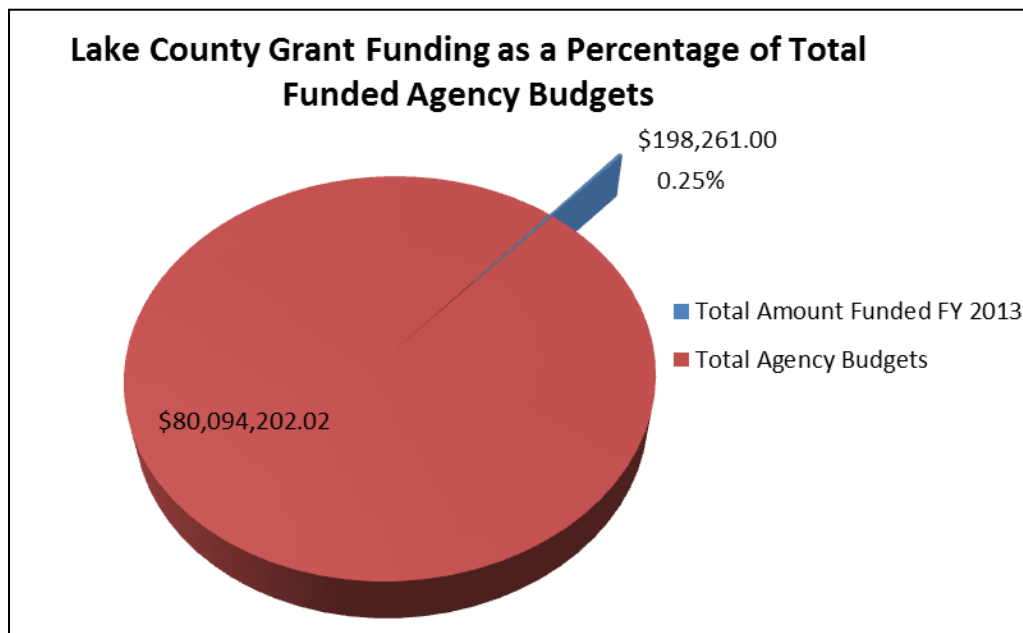
1. An Impact Based Approach Should be Considered for Funding of Programs.

The current Human Services Grants serve a wide variety of programs within the community with a limited amount of funds. The current funding mix shows that funds are stretched to small amounts of funding to each of the perceived needs identified within the county rather than focusing on the most urgent needs identified. In effect, an insignificant level of funding is distributed to several causes, when a large impact could be made to one to two areas of need by targeting funds to those areas. The charts below show the current mix of funding for each grant program.





The CSC grant funding has steadily decreased each year from a maximum of \$254,000 in FY 2007 to its current level of \$150,761, and the Human Services grant funding has decreased from \$99,000 in FY 2008 to its current level of \$47,500. These amounts are planned to further decrease in FY 2014.



As available funding levels are decreasing, it is becoming the trend in other not-for-profit organizations to adopt an impact based approach to funding. Organizations such as the United Way Worldwide have been using this approach for several years. The organization has selected a few areas

it wishes to serve and concentrates funding to those causes, creating a visible impact in those areas. To make this process successful, organizations such as United Way have identified the needs to be served by their organization, established clear, measurable goals and outcomes, and developed a plan for achieving those goals. According to United Way, in addition to making a strong impact on the selected needs, there is research to suggest that a focus on one to two main areas of need aids in fundraising efforts.

Neither the Children's Services Council nor the Human Services Grant Advisory Committee performs a formal needs assessment. The committees do not formally reevaluate the needs within the community, the level to which they are currently met, or where the County funds would best be served. (See Opportunity for Improvement Nos. 6 and 7) Identifying the needs within the County and the level to which they are served is the first step in evaluating which needs to place as priority as well as those in which County funds could create the most impact.

The current perceived needs list, particularly in the case of Children's Services, is lengthy and touches on a wide variety of issues. Focusing on a narrower set of needs will create a visible impact to the community, maximize the use of County funds, and strengthen the buying power of the funds through the organizations funded. The Human Services grant program has targeted funding to three areas – food assistance, employability training, and utility, rent and mortgage assistance. The County provides information stating that 5,218 people have been served. However, with only \$47,500 designated for the program, the monetary assistance results in an average assistance of \$9.10 per person. We question the effectiveness of the \$9.10 assistance to the 5,218 people. Additionally, though the Children's Services Council receives \$150,000 in funding, the funds are spread to ten varying needs. Regarding Children's Services, the County provides information stating that 3,745 children have been served. However, the monetary assistance provided results in an average assistance of \$40.26 per child. We question the effectiveness of the \$40.26 assistance to the 3,745 children.

For an impact based model to be successful, the community should be made aware of the new approach and the impact it will make to the community. One way to raise this awareness would be to update the Request for Proposals (RFP) annually to reflect the identified needs to be served within the community. Additionally, once needs are identified, the committees should establish and publish measurable goals and outcomes as well as a plan for achieving those goals. This practice will allow non-profit agencies within the community to better align with program goals.

We Recommend management develop an impact based approach for funding the grant programs.

Management Response:

- The Human Services Grants needs are identified through communication with local agencies, direct phone calls, and local statistics compiled by state and local agencies.
- The Council and Committees are composed of a diverse group of community leaders from various social service agencies and provide extensive knowledge and contacts to assist in determining the County's needs.

- Concentrating on only one or two areas of need would create a huge gap in services that are needed due to the ability of the agencies to leverage the county's grant dollars to secure other funding.
- While CSC and Human Services funds have decreased since 2007, the BCC has not decreased the amount allocated for these programs in two years. Instead, the BCC has chosen to make the funding of those local agencies that provide the services a budgetary priority.
- Identifying the needs within the County and the level to which they are served is the first step in evaluating which needs to place as priority to create the most impact. However, a lack of funding has made contracting out a local assessment cost prohibitive.
- The effectiveness of the funding for both grants leverage thousands, and in some cases, hundreds of thousands of local, state and federal dollars. Therefore the \$9.10 per client for HS grants and \$40.26 per child for CSC is not an accurate measure to determine average assistance per person or the overall impact of the funding.
- The RFPs are reviewed annually, and amended when necessary as determined by the existing staff person and the volunteers serving on the Boards.

Auditor's Comment:

As noted in Opportunity For Improvement No. 7, the CSC members are provided information as to the needs in Lake County through not-for-profit organizations attending the meetings, background information provided in the RFPs, and through various publications such as the "Quality of Life: A Snapshot of Lake County" published by the Safe Climate Coalition of Lake County. Though this information is disseminated to each of the members, there is no formal evaluation of the data provided, no consensus made as to the unmet needs within the County, and no direction provided through by-laws or the strategic plan to perform a formal needs assessment to determine where unmet needs lie and where funding will be most effective. Therefore, needs assessment activities are inadequate. Without an adequate needs assessment, there is no assurance that funding is being used in the most effective manner. We are not suggesting that a needs assessment must be "contracted out."

As a part of the application process, each organization is required to describe how the program would be "continued/maintained or sustained in the absence of grant funds." Therefore, it is unclear as to whether there are any additional significant services provided as a result of County funding that would not have otherwise been provided.

2. Emphasis Should be Placed on Obtaining Alternate Funding Sources.

The Children's Services Council and Human Services grant programs are currently funded by the County's General Fund. Over the past several years, the funds allocated to the program have declined. For Fiscal Year 2012-13, the total amount allocated to both programs is \$198,261. We noted the following concerns:

- A. The General Fund receives 69% of its revenue from tax dollars, and the General Fund is used to fund necessary government services to the citizens. While incremental funding of programs to

assist those citizens in need is a legal use of funds, the use of citizens' tax dollars for these purposes must be weighed against the necessary basic services that the County is responsible for providing. In addition, as noted in Opportunity for Improvement No. 1, the impact of these limited funds to those persons in need is questionable. Therefore, to preserve funds needed to provide basic services and to enhance the funding available to assist those in need, alternative funding sources should be sought.

During the course of our review, we noted that several federal, state, and private grants may be available for these types of programs. However, management has not actively pursued these grants. In some instances, we noted management was aware of the availability of funds, but passed the information along to the nonprofit organizations so they could solicit the funding while the department continued to use General Fund monies rather than solicit any other funds themselves.

As a result, limited General Fund monies are being used to a minimal extent that results in minimal, if any, impact to the citizens when non-county funds could potentially be used instead. This additional funding could be used to help many more citizens than the current General Fund monies. The table below shows possible additional funding sources that we identified.

Funding Sources Available to Grantees

(Funding sources highlighted in **blue** represent resources being utilized by current grantees.)

Mathew and Mildred Hunter Foundation	State Revenue Grants
National Children's Alliance	U.S. Department of Agriculture
Publix Charitable Trust	Florida Division of Blind Services
Hans and Cay Jacobsen Foundation	Economic Development Administration
G. Roxy and Elizabeth C. Martin Charitable Trust	U.S. Department of Public Welfare –Low Income Home Energy Assistance Program (LIHEAP)
U.S. Department of Housing and Urban Development (HUD)	Office Depot Foundation
Community Foundation of South Lake	Wilde Ones Environmental Education Grants
Disney World	Economic Development Administration
JustMatchIt.org	Heinz Endowment Grants
Kiwanis Club	Plum Creek Foundation
Earl and Sophia Shaw Foundation	U. S. Department of Health and Human Services
TD Charitable Foundation	Target Early Childhood Reading Grants
McLin Foundation	Wal-Mart Local Giving Program
United Way	Bi Lo Winn Dixie Foundation
Medicaid	Lowes Charitable and Educational Foundation
Federal Emergency Management Agency (FEMA)	Home Depot Community Impacts Grants Program
Victims of Crime Act	Ronald McDonald House Charities
Florida Council Against Sexual Violence	AT&T Grant Support Program for Education
Florida Council Against Domestic Violence	Educational Foundation of America

Note - This table does not represent all available funding opportunities.

- B. No centralized grant solicitation function has been established in Lake County government. As a result, each department is responsible for identifying possible funding sources and writing a grant application (for approval by the Board of County Commissioners and submission to the potential grantor).

The identification and solicitation of grants is a specialized area requiring training and expertise to maximize the amount of grants received. Therefore, this function is best performed at a centralized level. This centralized operation would have the responsibility of searching for all potential grants available for various components of County operations and would have the expertise to write the grant applications in such a manner as to maximize the opportunities to receive additional funding.

Considering the overall financial condition of the County and the lack of available funds for core services, an emphasis on obtaining assistance through federal, state, and private grants could significantly enhance the services that could be provided by the County to its citizens. It would also facilitate funding services for those citizens that are in need.

We noted one Florida County that has implemented this approach within the last two years and has noted thousands of dollars in additional revenue. We noted that another County is hoping to also adopt this approach in the future.

We Recommend management:

- A. Reconsider the use of General Fund monies to fund these programs, and instead, maximize the use of alternative funding sources.
- B. Consider establishing a centralized grant solicitation function that would be responsible for identifying funding sources and writing the corresponding grant proposal.

Management Response:

- A. This funding allows the agencies to leverage additional dollars and in some cases use the County funding as a match in applying directly for state, federal and private grant funds.
 - Funding for both grants leverage additional dollars, therefore the impact is not minimal.
 - The Division does not provide services directly to the citizens, so government applying for social service funds would result in direct competition with the local nonprofit agencies.
 - Pursuing funding from other sources would require additional staff.
- B. A grant solicitation function will be evaluated as part of the next budget process.

Auditor's Comment:

We recommend the Division reconsider its philosophy of not seeking funds to provide needed services to Lake County citizens so as not to “compete” with Lake County nonprofit organizations.

The Division does not have a formal application evaluation process which would include formal criteria to evaluate the amount of leveraged funds received by the nonprofit organization, if any, directly as a result of Lake County funding and the numbers of Lake County citizens directly served as a result of that funding.

3. Grantee Contract Provisions Should be Improved.

The current grant contracts between the Lake County Board of County Commissioners and the Grantees may not minimize liability to the county or properly convey grantee requirements with regard to the County issued grant funds. We noted the following concerns:

- A. Contracts neither prevent nor prohibit duplication of funding (sometimes commonly referred to as “double dipping”). Duplication of funding can occur in many forms. Examples could include one family receiving the same type of funding from the same or multiple agencies or an agency

receiving Lake County grant funds directly through the grant program and indirectly through another grantee with a similar program.

We noted that two of the agencies funded in FY 2013 partner with one another to provide services. Though the Human Services Grant Advisory Committee is aware that one of these agencies is funded by the other, it is not specified in the contract that funds cannot be disbursed to other Lake County grant funded organizations.

While the Human Services grant contracts specify the unduplicated number of clients served, the CSC grant contracts do not. This paired with inadequate reporting of program recipients could lead to a decrease in impact to the community as funds could potentially be going to the same family/individual rather than multiple families. During our review of reports submitted by the grant funded agencies, we did note one instance in which half of the funds granted to the agency appear to have been disbursed to members of the same family. (See Opportunity for Improvement No. 4)

- B. Contracts do not require adherence to all applicable laws and regulations. Only one of the 33 grant contracts issued in FY 2012 and FY 2013 includes a clause which requires documents to be “in accordance with all applicable laws, including without limitation the federal Health Insurance Portability and Accountability Act of 1996 (HIPPA).” A requirement to observe all applicable laws and regulations is needed to help ensure compliance and to reduce liability to the County.
- C. The contract does not state the County’s requirements to both maintain current liability insurance for the course of the contract and to include the County as a named insured on such policy. During the Request for Proposal (RFP) process, the grant selection committees do check that grantees have current liability insurance at the time of application. Often times, however, these policies expire and must be renewed during the course of the contract. Maintaining current liability insurance, with the County as a named insured, helps to protect the County.
- D. The grant contracts do not contain a conflict of interest statement. A conflict of interest can occur, in fact or in appearance, when a member of the committee is affiliated with an organization which has applied for funding. Although measures have been put in place which prohibit a member from voting on funding for his organization, and providing also that the member must leave the room when his organization is being discussed, the potential for conflict of interest still exists. For example, the table below illustrates the potential for conflicts of interest by committee members through their organizational affiliations:

Potential Conflicts of Interest

Member	Organization
A	<ul style="list-style-type: none"> • Golden Triangle YMCA • Advocating for Kids
B	<ul style="list-style-type: none"> • E2 Family Solutions
C	<ul style="list-style-type: none"> • Boy Scouts of America
D	<ul style="list-style-type: none"> • Take Stock in Children • Lake Sumter State College
E	<ul style="list-style-type: none"> • LifeStream Behavioral Center • Safe Climate Coalition • Children's Foundation of Lake County • Mid Florida Homeless Coalition • Lake County KidCare Coalition • Eustis Main Street, Inc
F	<ul style="list-style-type: none"> • Lake Sumter State College
G	<ul style="list-style-type: none"> • LifeStream Behavioral Center
H	<ul style="list-style-type: none"> • New Vision for Independence • Kids in Safety Seats (KISS) • Safe Climate Coalition of Lake County

The potential for committee members to provide “reciprocal funding” to other committee members is significant, along with the perception of such, even though it may not occur in fact. Therefore, it is important that the requirements for members of the committee be structured to ensure some members, preferably the majority, do not represent organizations soliciting funding.

- E. Though the contract lists specific dates and forms required for quarterly funding disbursements, it does not include consequences for untimely or incomplete documentation. During our review, we noted at least three instances in which required reporting was submitted past the due date. Additionally, seven of the 16 agencies funded in FY 2012 did not provide adequate documentation of expenditures in their quarterly reports; and nine of the FY 2012 funded agencies did not submit adequate documentation to support all activity and outcome goals.

For use of funds to be adequately monitored, reporting must be done on a timely basis. In addition, reports must contain sufficient detail to reasonably determine compliance with the contract. When reports are not adequate and are not filed on a timely basis, there is an increased risk that nonperformance could exist without timely detection.

- F. While all grant contracts for FY 2012 included both activity and outcome measures, this practice was dropped for the FY 2013 contracts. FY 2013 grants do not include measurable outcome goals. Additionally, the contracts have no provisions for agencies that are unable to meet their goals as described in the contract. This action by management severely inhibits the ability of the County to

monitor the effectiveness of the use of public funds, and the requirements should be reinstated immediately with any new contracts. These are some examples of the outcome measures that were eliminated:

Activity Measure	Related Outcome Measure
12 unduplicated Lake County families to receive one-time rent/mortgage/utility assistance to avoid eviction or disconnection of service.	80% of families to remain housed after 6 months to be evidenced by a follow up phone call
575 Lake County children to participate in primary prevention program	<ul style="list-style-type: none"> • 80% of enrollees in the prevention classes will complete the program • 75% of students taking pre and post- tests will show an increase in knowledge measurable by knowledge gains in course topics.
Approximately 3,109 Lake County children will receive financial assistance for child care	95% of families and child care providers shall report satisfaction with the Agency's services.
Approximately 120 Lake County children aged 3-5 years old will receive comprehensive vision exams and corrective eyeglasses.	50% of the children will demonstrate improved performance in fine motor and pre-reading skills due to the vision intervention.
48 unduplicated deaf or hard of hearing Lake County clients will receive audiology and Safety Notification Equipment	100% of clients will receive the proper equipment based on hearing bank and safe living measurements.

Outcome measures are necessary for tracking the impact of the funds to the community served. Awareness of outcome measures, or reasons for not meeting them, allow the County to determine whether funds were used effectively and gives the grant RFP committees useful information when making future fund recommendations.

- G. Five of the 17 grant contracts reviewed for FY 2013 did not provide specific allowable uses of funds (e.g., to fund salaries for a program coordinator, to provide direct utility assistance, etc.). For instance, one grant contract reads that funds should "be used for 575 enrollees" in an educational program. This statement does not indicate whether funds may be used for salaries, program supplies, student award/incentives or other specific uses. Another program, which distributes food and other services to low income individuals, does not include funding restrictions. Per the contract, it is not clear whether funds are to be used to purchase direct items such as food and supplies or whether they may be used for indirect costs such as fuel and transportation. A clear statement indicating specific usage allowances of funds increases accountability and ensures funds

are used as intended by the County. We noted one instance in which funds were not used in entirety as required by the contract.

- H. Grant contracts do not account for funds which have been disbursed to the grant funded agency but which cannot or have not been used for the grant funded program. As grant funds have been continually reduced over the past several years, it becomes increasingly important for all funds to be used in a way to maximize impact to the citizens. Having a provision in the contract that specifies actions to be taken in the event that disbursed funds are not used ensures that unused funds will be redistributed in a manner to maximize impact.
- I. Grants contracts do not contain a public entity crimes disclosure. A public entity crime is defined in Section 287.133(1)(a) Florida Statutes as:

“A violation of any state or federal law by a person with respect to and directly related to the transactions of business with any public entity or with an agency or political subdivision of any other state or with the United States including, but not limited to any bid or contract for goods or services to be provided to any public entity or any agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.”

Without requiring this disclosure, the County has no assurance that persons within the organization have not been convicted of public entity crimes. As a result, chances are increased of the County granting funds to entities under the control of individuals who may have committed past crimes involving public funds.

We Recommend management:

- A. Create a provision in the contract to prevent and prohibit duplication of funding.
- B. Include a provision in the contract to adhere to all applicable laws and regulations.
- C. Require that liability insurance remain valid for the entire life of the contract, and ensure that the County is listed as a named insured on such policy.
- D. Include a conflict of interest statement in all grant contracts.
- E. Include written consequences for untimely or incomplete submittal of required supporting documentation.
- F. Restore measurable outcome and activity goals for all grant contracts.
- G. Include specific allowable uses for funds in all grant contracts.
- H. Develop procedures for collection and redistribution of unused funds.
- I. Include a public entity crimes disclosure in all grant contracts.

Management Response:

- A. Subsequent RFP's will ensure agencies disclose if they have applied for other sources of grant funding or created or used subsidiaries to apply for more than one source of grant funds.
 - Payments for services are made directly to the vendor, not the client, which reduces duplication.

- Agency collaboration is common, which also reduces duplication.
- B. Future contracts will require “adherence to all applicable laws and regulations.”
- C. The RFP requires that “proof of organization’s liability insurance” be submitted along with the grant funding application. Agencies must submit all items on the RFP checklist in order to be considered for grant funding. A provision will be added to require that the County be included as a named insured on the policy.
- D. The resolution establishing the Committees will be amended to prohibit conflicts of interest.
- E. The contract provides for termination as a consequence of incomplete or untimely submission of required documentation. The statement that “reports must contain sufficient detail to reasonably determine compliance with the contract” is vague and does not provide enough information to prepare a response.
- F. Audit comments concerning activity outcomes and measures appear to be based on older contracts (2011). Contracts for grants awarded in FY 12/13 and FY 13/14 included general descriptions of programs and the specific number of clients served and also included a reporting form which ask for a statement of the goal/outcome and how the grantee measures achievement of this goal.
- G. The audit report states that two contracts create a question as to whether “indirect costs” such as fuel and transportation may be purchased with funds allocated for food distribution. Recent contracts (since FY 2012/13) require the funds be used specifically for food procurement which would clearly appear to prohibit such “indirect costs” as suggested by the audit.
- Staff cannot respond to the 5 contracts that reportedly did not provide specific allowable uses of funds without identifying those 5 contracts. When such information is provided, staff will prepare a response.
- H. The audit comment regarding contracts not accounting for funds disbursed but not used was resolved in all contracts approved in FY 13/14.
- I. The public entity crime statute cited in the audit is inapplicable to past grant contracts in that the recipients were not providing services to Lake County, constructing/repairing a public building, or leasing real property to Lake County and in recent years, have not received more than \$20,000 in grant funds from the County as required by the cited statute. The reference will be added in future contracts.

Auditor’s Comment:

- C. While the County should be added as an additional insured on the policy as indicated in management’s response, it is also important that a provision be added to the contract requiring the insurance to remain in force for the duration of the contract.
- E. As noted in the Opportunity For Improvement, documentation should be sufficient to verify expenditures and also to verify performance measures that are reported.
- F. In the past, specific outcome measures were included in the contract; now, they are not. The focus seems to now be on activity measures, which do not necessarily measure program effectiveness.
- I. We did not state that management violated the statute. Rather, our point is that this provision should be included to help protect the County.

4. Monitoring of Reports Should be Improved.

In order to ensure compliance with the contracts, the grant funded agencies are monitored through the quarterly reports which are submitted to the Human Services division staff for review; and in the case of the Children's Services Council through site visits performed by the committee members. During our review of the contract monitoring, we noted the following concerns:

- A. Quarterly reports submitted by funded agencies are not adequately reviewed by Human Services staff.
 - a. Staff review of quarterly reporting is not documented. There exist no log(s) indicating the date reports are received; comments or notes indicating the results of the review; initials or signature indicating the person reviewing documents; or indication of follow-up performed by program staff including logs of phone calls, request for additional documentation, or site visits performed. Documenting the review of supporting documentation makes program staff accountable for ensuring the appropriate use of County funds. Additionally it serves as a method for ensuring that all required documentation has been submitted as required.
 - b. Documentation provided in the quarterly reports is not adequate to support program activities and expenditures. We reviewed quarterly reports submitted for the FY 2012 grants and noted the following:
 - i. Only 7 of the 16 agencies supported adequate documentation of expenditures
 - ii. Only 4 of the 16 agencies submitted adequate documentation to support achievement of all activity and outcome goals as indicated in the contract.
 - 1. In some cases, activity and outcome goals were not met or we were not able to determine if these goals were met.
 - iii. We noted one instance in which funds were not used in accordance with the contract.
 - iv. In another instance, it appears funds are co-mingled with funds for out of county recipients. We were not able to determine which funds were allocated to Lake County citizens vs. non-citizens.

There is no indication that program staff followed up with the grant funded agencies to obtain adequate documentation. Additionally, as there is no documentation to demonstrate a staff review of submitted reporting, it is unclear whether these reports were reviewed and the extent to which they were reviewed. Proper review and follow up of supporting documentation creates accountability for funded agencies and ensures the County funds are being used as intended.

- B. One of the priorities for the Children's Services Council board members includes "Visiting liaison agencies, at least twice a year, and submitting Agency Observation forms for each visit." The Human Services Grant Advisory Committee does not require or perform site visits. The purpose of

the site visits is solely to make observations of the program activities observed; no additional review of agency documentation or contract compliance is performed as part of the site visits. Accordingly, the observations do not include areas for identifying review of program documentation or contract compliance. We noted some specific concerns regarding site visits:

- a. We performed site visits of eight of the agencies funded for FY 2013. During those site visits we noted the following:
 - i. Only two agencies were able to provide proof of Lake County residency for program participants,
 - ii. Three agencies provided aid to individuals who were not yet established Lake County residents,
 - iii. Six of the agencies were not in compliance with the signage requirements set forth by the contract, and
 - iv. One agency did not expend funds in accordance with the contract.

The limited review of documentation by CSC liaisons and program staff, leaves little incentive for Agencies to ensure compliance with the contract, and creates the opportunity for misuse of County funds. Site visits should include a review of program documentation including proof of Lake County residency for those benefiting from the programs, program sign-in sheets, signage requirements as required per the contract, and adequate documentation of expenditures. Documents such as program sign-in sheets and proof of Lake County residency may not be feasible to include in quarterly reports. Additionally, laws and regulations may prevent agencies from routinely transmitting names and identification which can be reviewed during site visits. It is important to review these items to ensure grant compliance, safeguard county funds, and promote agency cooperation to encourage grant program funding in future years.

- b. Though the CSC has established a guideline to make two site visits per agency per year, site visits for only two of the ten FY 2013 CSC funded agencies were performed. As the CSC members operate on a volunteer basis, it may be unreasonable to require the additional time commitment necessary to perform site visits. Additionally, as the County is ultimately responsible for safeguarding County issued funds, it would be prudent to assign County staff to make site visits and review program documentation and activities. County staff has a vested interest in the safeguarding of funds and can be held accountable for overlooking misuse of County funds.
- C. Currently, Children's Services Council members give a brief overview of results of site visits to members during the monthly council meetings. Council members also receive monthly program updates from each of the funded agencies at these meetings. As the Human Services Grant Advisory Committee does not perform site visits or require agency participation at meetings, members do not receive status updates for the funded agencies. The Human Services staff does not report the results of the quarterly reports to either committee.

As the duties of both committees include ensuring the accountability of County funds and maximizing the effectiveness of those funds, it is important for members to be aware of an agency's inability to meet program goals, improper use of County funds, use of funds for non-Lake County residents, or other non-compliance issues. This knowledge would allow the committees to make the decision to redistribute funds, reconsider funding of non-compliant agencies for future funding years, or require immediate action be taken to correct improper action.

We Recommend management:

- A. Improve the document review process by:
 - a. Documenting review of quarterly reports.
 - b. Requiring adequate documentation to be submitted to support reported activities and expenditures.
- B. Reevaluate the current process of site visits by:
 - a. Developing a more detailed process for performing site visits.
 - b. Considering requiring Human Services staff to perform site visits rather than CSC members.
- C. Report the results of the review of documentation submitted by funded agencies to each committee during regularly scheduled meetings.

Management Response:

- Existing logs have been modified to include the date reports are received and reviewed.
- The references to "inadequate documentation" do not allow staff response as it referenced no specific contracts or what documentation was missing.
- Program manager will conduct on-site visits to all agencies twice a year.
- Program manager will meet with each agency to ensure proper documentation is submitted.
- Program manager will present quarterly reports to the CSC and H&HS committee.

Auditor's Comment:

Issues relating to documentation were discussed with management. However, we would be pleased to provide management with additional guidance as needed.

5. Evaluation of Funding Applications Should be More Formalized.

Each year, not-for-profit agencies seeking funding for the Human Services grant programs must go through a Request for Proposal (RFP) process wherein the County is requesting organizations to submit proposals for funding. The RFPs outline the types of service programs eligible, the documentation and data required, and the format and due date of the proposals. Once the due date has passed and all proposals have been received, an RFP committee meeting is scheduled to review the proposals and make recommendations to the Board of County Commissioners for funding. While reviewing the process of making funding recommendations, we noted the following concerns:

- A. The RFPs for both the Human Services and Children's Services Council Grants require applicants to give a summary of the proposal, administrative and operational capacity, description of the target

population and community need for the program, a program narrative, measurable outcomes and evaluation, the sustainability and maintenance of the program, and a budget summary. It is on these areas that the proposals are evaluated and selected.

Each committee member is given a "Grant Proposal Review Form" for each proposal on which notes or comments can be written in regards to each of the areas listed. The selection process may not maximize objectivity in the selection process. We noted the following:

- a. The review form does not include a grading or ranking method for a more quantitative comparison between applications. Such a system could include a numerical methodology for ranking each category, applying different weights to categories with varying significance, and ranking applications by score to allow an objective, unbiased approach to grant selection. This would reduce the appearance of favoritism or bias toward specific grant applicants.
- b. Though review forms are provided to each committee member for each application, they are not used as intended. Some committee members simply choose not to use the review forms, while others may not use them for all applicants or may not complete all sections of the form. The use of the review forms gives credibility to the review process and ensures that committee members have both reviewed the application in entirety and have considered each relevant area of significance.
- c. Review forms do not include such criteria as:
 - i. The greatest number of residents served or the greatest impact to the community
 - ii. The long term or resonant benefits of the program
 - iii. The uniqueness of the program or the program's ability to fill needs unmet by other agencies within the County
 - iv. Interagency coordination efforts developed through the program.

The evaluation of the proposals for funding should align with each committee's respective goals and objectives. Encompassed in these goals should be maximizing the use of the County's limited resources, maximizing the impact to the community, and promoting interagency coordination.

- d. The RFP committees do not maintain written processes or procedures for performing the evaluations. This includes a lack of criteria for automatically eliminating a proposal from review including late submittal, non-attendance of any mandatory pre-proposal meetings, lack of proof of 501 (c)(3) status, lack of current liability insurance, etc. During our review of the RFP committee meetings, we noted that lack of proper documentation led to automatic dismissal of one agency while another was given leniency and the opportunity to provide that proof. Written criteria reduce the appearance of preferential treatment toward or against an agency by ensuring that all proposals are considered equally.

- B. Each year during the RFP process, a Bidder's Conference is made available to the applicants. While in some years the Bidder's Conference is optional, it was mandatory for the FY 2014 grant proposals. The purpose of this conference is to highlight program rules and eligibility, walk applicants through the application process including how to fill out the application and the proper documentation to submit, and address comments and concerns from the applicants. While this information may be useful to new applicants, these instructions are clearly detailed in the RFPs for both grant programs, making the conference unnecessary for some. Additionally, the timing and location of the bidder's conference may make attendance difficult for some applicants; this, coupled with the time and cost of attendance may preclude some organizations from attending. The burden of this requirement is exacerbated by the relatively small amounts received by the organizations, as compared to their other revenues.

We Recommend management:

- A. Review the application selection process and:
- a. Develop a quantitative method for evaluating and selecting grant funding recipients.
 - b. Require Grant Proposal Review Forms to be completed by each committee member for each proposal reviewed.
 - c. Reevaluate grant proposal review criteria and ensure that funded programs are in line with committee goals and objectives.
 - d. Develop written criteria for evaluating grant proposals.
- B. Re-consider the need to make attendance at the Bidder's Conference mandatory.

Management Response:

- A. Ranking forms will be used in future review processes.
- Completion of review forms by Committee members will be mandatory.
 - Written review and evaluation criteria will be added to future RFP's.
- B. Staff believes requiring mandatory attendance at Bidder's Conference is important to the success of the grant allocation and implementation process.

6. Human Services Goals Should be Established.

The Human Services Grant Advisory Committee has been established by Lake County Resolution. According to Resolution 2013-71, the purpose of the committee is to "devise a funding plan to ensure accountability of organizations awarded funds; provide fair and equitable funding to emerging and established not-for-profit organizations that are working creatively on "need-based" issues and concerns; and supply recommendations to the Board of County Commissioners for annual budgeting purposes."

The committee meets once per year. Members are current members of other existing advisory boards including the Elder Affairs Coordinating Council, Children's Services Council, Lake County Library Advisory Board, and the Lake County Transportation Disadvantaged Coordinating Board. While

reviewing the current practices of the Human Services Grant Advisory Board, we noted the following concerns:

- A. All Committee member terms expired during 2012. The Board resolution does not prevent this from occurring by requiring staggered terms for members. When all member terms expire simultaneously, there is the potential that the resulting board will be composed of new, inexperienced members who may not have the knowledge or expertise to promote the Committee's intended goals. One of the purposes of staggered member terms is that current members can initiate new members into the process.
- B. There are no planning tools created or used by the Human Services Grant Advisory Committee including by-laws, procedures, a strategic plan, a community needs assessment, or goals. As all members serve on a volunteer basis and terms are limited in duration, it is imperative for these tools to be available. The existence of a clear statement of goals and a process for achieving those goals will allow the board to realize its purpose.
- C. The Resolution states that the Committee "shall meet once annually for the purpose of reviewing and ranking the Request for Proposal/Concept papers submitted by area not-for-profit agencies seeking County funding for programs." The one meeting is dedicated to making funding recommendations and leaves little or no time for the Committee members to fulfill their other duties which include ensuring accountability of funded organizations and determining the needs within the County. Additional time may be needed to perform these duties. (See Opportunity for Improvement Nos. 1, 4, and 8)

We Recommend management:

- A. Evaluate the need to require member terms to expire on a staggered basis.
- B. Develop planning tools including defining the purpose of the committee, developing goals with measurable outcomes, formulating a strategic plan, and implementing a formal needs assessment.
- C. Consider increasing Committee meeting frequency or removing other responsibilities from the committee.

Management Response:

The Human Services Committee Resolution is in the process of being amended to address these comments.

7. Children's Services Council Goals Should be Reviewed.

The Children's Services Council has been established under Lake County Code. The CSC has a clear purpose, set of duties, and membership and meeting requirements. In addition to the guidelines set forth by the County code, the CSC has established a formal mission statement, by-laws, goals and guiding principles, board member priorities, and strategic plan. During a review of these documents, we noted the following concerns:

- A. There are no outcome measures by which to evaluate goals. Goals include making the information of the activities, services and opportunities provided to children available to Lake County residents; providing all Lake County Children with access to services needed to maintain health, education, and welfare; to identify and evaluate the present needs of Lake County children; and to have interagency coordination of children's services to maximize existing resources. The Inclusion of measurable outcomes would allow the CSC to evaluate its performance, measure progress, and re-evaluate the direction of activities, as necessary, to achieve those goals.
- B. The strategic plan outlines objectives and activities for accomplishing each goal; however, objectives and activities for some goals may be too broad and may not properly align with goals set. For example, the objective for satisfying the goal to have interagency coordination of children's services to maximize existing resources is to increase awareness of Lake County services for children. While knowledge of available services is important to meeting the children's needs, it does not promote interagency activities.
- C. One of the duties of the CSC as laid out in the by-laws and the strategic plan is to evaluate the needs of Lake County children. The CSC members are provided information as to the needs in Lake County through not-for-profit organizations attending the meetings, background information provided in the RFPs, and through various publications such as the "Quality of Life: A Snapshot of Lake County" published by the Safe Climate Coalition of Lake County. Though this information is disseminated to each of the members, there is no discussion or evaluation of the data provided, no consensus made as to the unmet needs within the County, and no direction provided through by-laws or the strategic plan to perform a formal needs assessment to determine where unmet needs lie and where funding will be most effective. (See Opportunity for Improvement No. 1) Developing a formalized process for identifying needs within the County will enable the CSC to develop more effective goals and strategies for future funding years.
- D. Though the CSC has developed a strategic plan, the plan outlines goals for the Council through FY 2012. As County dynamics change and budgets fluctuate, it is important to regularly re-evaluate plans, goals, and objectives to reflect the needs of the community and the available resources of the Council. An outdated strategic plan can hinder forward growth of the organization.
- E. The strategic plan does not provide goals for ensuring the sustainability of the grant program, including seeking additional sources of funding. As the funds allocated from the BCC to the grant program continue to decrease, it becomes increasingly important for the CSC to seek additional funds to maintain the program and serve its intended purpose. (See Opportunity for Improvement No. 2)

We Recommend management:

- A. Develop quantifiable outcome measures for achieving CSC goals.
- B. Re-evaluate objectives and activities to better align with CSC goals.
- C. Develop a formal process for evaluating the needs of Lake County citizens.

- D. Develop a process for regularly re-evaluating plans, goals, and objectives to reflect current needs in the community.
- E. Develop appropriate goals to provide for needed funding in future years.

Management Response:

A-C. These recommendations are covered in the strategic plan, which is in the process of being updated.

D-E. Staff will review the goals, objectives and activities and needs priority list on an annual basis with the council and amend the list when necessary.

Auditor's Comment:

A-C. We encourage those involved in development of the strategic plan to develop measurable outcome measures rather than only the inclusion of general goals.

8. Committee Meeting Frequencies Should be Reviewed.

Current committee meetings may not foster the achievement of committee goals and requirements. We noted the following concerns:

- A. The Children's Services Council meets once per month with the exception of July and December. In addition to the monthly meetings, the RFP committee meets once per year to review RFPs and make funding recommendations for the Children's Services Council grants.

Each of the grant funded agencies is required to attend all of the monthly meetings and provide both written and oral progress reports. These monthly progress reports are in addition to the quarterly reports required per the contract.

The CSC meetings generally consist of approval of minutes, new business, an educational component, introductions, community, staff, or program updates, and the progress reports made by the grantees. The meetings usually last around three hours. We noted the following concerns:

- a. While focus is aimed at the CSCs duties to "serve as a clearinghouse for information regarding children and children's services" the meetings are not geared to the ultimate goals of the Council to "seek and provide funding for unmet needs" within the County or "evaluate the effectiveness of activities, services, and programs offered by the council and other Lake County service providers...including the cost effectiveness of such activities, services, and programs."

A core aspect of providing for unmet needs includes obtaining studies to determine the greatest needs within the County, evaluating the level to which needs are being met by existing community organizations, determining where the grant funds would serve the greatest impact to the citizens, and seeking additional funding sources to meet those needs. (See Opportunities for Improvement Nos. 1 and 2)

Though information regarding existing programs and available funding sources is disseminated to the Council members, there is no discussion, evaluation, or group review of this information. A focus on evaluating this information would allow the Council to make effective funding recommendations that would maximize the impact of County funds.

- b. Funding for each of the ten Children's Services Council grants for FY 2013 ranges from \$7,500 - \$ 19,750 per grant. These amounts represent, in most cases only a fraction of a percentage of the funded agencies' budgets. Additionally, some of the funded agencies have a small core of paid administrative staff dedicated to the grant funded programs and rely largely on volunteers for program operations. As the monthly meetings require an update of administrative data, often times the paid program staff must attend the monthly meetings. It may be an unrealistic and uneconomical expectation to require organizations to attend all CSC monthly meetings. The cost of providing a program staff member for roughly 30 hours per year plus travel time and transportation costs in addition to the required monthly reporting may outweigh the benefits of the funding received.

- B. The Human Services Grant Advisory Committee meets only once per year. The sole purpose of this meeting is to review RFPs and make funding recommendations to the Board of County Commissioners.

To ensure that County funds are being spent on programs in the "most efficient, effective manner possible" as required by Resolution 2013-71 would require members to have an understanding of the most urgent needs within the County, where the biggest impact could be made with the use of limited funds, and the impact of funds spent in prior years. As the sole meeting is focused on making funding recommendations to the BCC, the Committee members are not given the opportunity to discuss areas of need, determine impact of funds, or review the reporting provided by the funded agencies. Additionally, as members serve on a variety of committees, they may have opposing viewpoints as to the most urgent needs within the community. A formal needs assessment followed by discussion and review would allow the group to form a consensus as to funding goals and objectives.

We Recommend management:

- A. Consider shifting the focus of the Children's Services Council meetings to include a formal assessment of needs within the County. Management should also consider reducing the meeting attendance requirements for grant funded agencies.
- B. Consider increasing meeting frequencies and reevaluating meeting agendas to include a formal needs assessment and a review of reporting provided by grant funded agencies.

Management Response:

Staff will take these recommendations under consideration.

9. Composition of Council/Committee Should be Re-evaluated

During our review of the Children's Services Council and the Human Services Grant Advisory Committee, we noted the following concerns:

- A. The governing documents of each committee as well as the written by-laws do not prevent members with a conflict of interest from being voting members of the committee, nor do they require members to abstain from voting on issues in which there is a potential conflict of interest (other than the practice of not voting for funding for their own organization).

Conflicts of interest can arise from member affiliations with agencies applying for funds or their competitors, membership on multiple boards in the same field, representing an organization whose type of services are a consideration for County funding, or relationships among other board members. Conflicts of interest can lead to a reduced impact of funds as funding decisions could be biased toward or against applying agencies for a perceived or actual personal benefit to the voting member or to the organization to which the member is affiliated.

On the Human Services Grant Advisory Board, at least two of the five voting members are affiliated with the same not-for-profit organization. If any additional members were to report a conflict of interest with that not-for-profit, there would no longer be a quorum available to make an official decision regarding funding of that agency. Member affiliations were only available for two of the five voting members, so it is not clear whether any additional conflicts exist.

A clearly defined conflict of interest policy defines a conflict of interest, requires full disclosure of all conflicts of interest, and prohibits members from discussion of and voting on issues in which a conflict exists. This type of policy, as well as a quantitative method for evaluating RFPs (See Opportunity for Improvement No. 5) can help reduce the possible negative effects resulting from a conflict of interest.

The opportunity for a conflict of interest could be reduced by requiring a majority of the committee to be independent of any organization which could be considered for funding. This would ensure there is no quid pro quo occurring in the committee. The result would be enhanced public and organization confidence in the process.

- B. Committee member term limits are not established. Many members of both the Children's Services Council and the Human Services Grant Advisory Committee have been serving on the committees for several years. Allowing members to serve for unlimited terms serves to prevent others from entering the Board, reduce the introduction of new ideas and perspectives to aid in maximizing County funds, and inhibit the creation of new community partnerships as new members with fresh ideas may not be given the opportunity to serve. Additionally, as members serve on a volunteer basis, repeated appointment to the committees may lead to burnout.

- C. During any discussion of or voting on RFPs, any members with a conflict of interest must excuse themselves from the discussion and abstain from voting. Additionally, they must fill out a Florida “Form 8B Memorandum of Voting Conflict for County, Municipal, and Other Local Public Officers” to be immediately issued to each of the members as well as included in the meeting minutes. This form is required under Florida Statutes. The form states, “a copy of the form must be provided.”

We noted that while members with a conflict of interest do fill out the Form 8B and abstain from discussion and voting, the form is not immediately distributed among the members of the committee, nor is it read publicly at the next meeting. The statute is established to protect the interests of the public and safeguard County resources. Not satisfying this requirement is a violation of Florida Statute.

We Recommend management:

- A. Develop a clearly defined conflict of interest policy for both the Children’s Services Council and the Human Services Grant Advisory Committee. Consideration should be given to requiring that a majority of the committee members be independent of any organization which may apply for funding.
- B. Establish term limits for committee members of both the Children’s Service Council and the Human Services Grant Advisory Committee.
- C. Comply with Florida law regarding conflict of interest forms.

Management Response:

The Human Services and Children’s Service Council Resolutions are being amended to address these comments.