



Clerk of the Circuit Court
Board of County Commissioners
Marion County
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Internal Audit Division

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MEMORANDUM

TO: Patrick G. Howard, County Administrator

FROM: David R. Ellspermann, Clerk of the Circuit Court

DATE: April 25, 2006

RE: THE CENTERS, INC. LIMITED REVIEW

The Internal Audit Division has conducted a limited review of the County's financial contribution to The Centers, Inc., formerly the Marion-Citrus Mental Health Centers, Inc. The principal purpose was to understand and confirm, if possible, whether the budgeted amounts requested and paid to The Centers have been appropriate.

Background

The Centers provides a variety of mental health and drug/alcohol abuse services to the residents of Marion County and Citrus County. Both counties have funded The Centers for several years. Budgeted funding for the past three fiscal years: FY 2004/ Marion -\$875,370, Citrus-\$300,588; FY 2005/ Marion-\$919,135, Citrus-\$300,588; FY 2006/ Marion \$965,092, Citrus \$315,600.

Florida Statute 394.76 requires that certain types of funding from the State of Florida for "contracted community alcohol and mental health services and programs" require 25% matching funds from local sources. This local matching includes funding from, but is not limited to, local governments. According to the FS, "the governing bodies within a district or subdistrict shall be required to participate in the funding of alcohol and mental health services under the jurisdiction of such governing bodies. The amount of the participation shall be at least that amount which, when added to other available local matching funds, is necessary to match state funds." Florida Administrative Code 65E-14.005 identifies the rules and requirements for state matching.

Activities Performed

Our review included meetings with Evelyn Rusciolelli, Community Services Director, and her staff. We reviewed certain accounting and budgetary documentation from Marion and Citrus counties as we considered necessary. We examined the last two fiscal years financial statements of The Centers. We contacted the Department of Children and Families (DCF) and obtained some public information and documentation related to this matter. We met with The Centers' interim Finance Director to discuss the various related financial issues.

Findings

The Centers has provided minimal information in the past years to support its budget requests, particularly that specifically relates to required local matching. The funding requests are sent to the Budget Department. The Community Services Director is not part of the budget request evaluation process and has received little detail from The Centers in previous years. In addition, there seems to be no formula for the allocation of the total request between Marion and Citrus counties.

The Centers has several contracts with the state, some that do not require local matching. DCF does not require documentary proof as to the components and extent of local matching sources. Instead, DCF relies upon the annual independent audit of The Centers. In the last two years fiscal year reports (6/30/04 and 6/30/05), the independent auditors opined that The Centers was in compliance, but did not identify all of the local sources.

We found the determination of available and required local matching sources to be quite complicated. We had intended our activities to be a “desk audit” based on available public information, but our analyses required considerable conjecture and supposition because we did not have ready access to the detailed information. We were unable to conclude on the extent of such matching without examining the financial records of The Centers. We therefore met with the interim Finance Director of The Centers and were able to obtain the necessary documentation.

Conclusion

Based on the review performed, we have concluded that the FY 2004 and FY 2005 combined funding contributions to The Centers by Marion and Citrus counties have been appropriately used to provide needed local matching funds for certain state contracts.

Beginning with the FY 2007 budget year, we believe that The Centers should provide information in greater detail as part of the annual budget process. The Centers could detail each State funding source and identify any required local matching. The Centers could then specifically identify the projected other sources of local matching funds. Other funding needs of The Centers not specifically related to the local matching should be separately identified and explained. We also believe it would be beneficial for the budget request to be reviewed by the Community Services Director, who would then provide a funding recommendation to BCC.

We recommend that The Centers, as part of its annual budget request, be required to provide more detailed information on its funding needs and local matching sources, particularly as related to the statutory matching requirements and the amounts allocated to both Marion and Citrus counties. **We also recommend that** The Centers funding request be reviewed and evaluated by the Community Services Director as part of the annual budget process.

This review was performed by Wallace Watford, Sachiko Leon and Kathy Fitzhugh. We would like to express our appreciation to Evelyn Rusciollelli for her cooperation and assistance in the conduct of our review activities.

c: Gisela R. Salas, Deputy County Administrator
Evelyn Rusciollelli, Community Services Director
Michael Tomich, Budget Director
Russell Rasco, Executive Director, The Centers, Inc.