



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

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MEMORANDUM

TO: Lee A. Niblock, Community Resources Bureau Chief
Evelyn Rusciollelli, Community Services Director

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

DATE: August 23, 2006

RE: EMERGENCY PRESCRIPTION DRUG PROGRAM

The Internal Audit Division has conducted an audit of the County's financial contributions to the two independent agencies involved in the Emergency Prescription Drug Program. The principal purpose of the audit was to confirm whether the funds were used in accordance with the respective agreements and for the purposes approved by the Board of County Commissioners.

Background

The Emergency Prescription Drug Program was established by Marion County to provide emergency funding for prescription drugs for County residents who need, but cannot financially afford to have the prescriptions filled. The program funds two local agencies to implement this program: Interfaith Emergency Services (IES) and Community Health Services (CHS).

Marion County has funded the Emergency Prescription Drug Program for many years. Budgeted funding for the recent four fiscal years:

FY 2004 - \$14,000 (IES-\$12,000; CHS-\$2,000)

FY 2005 - \$14,000 (IES-\$12,000; CHS-\$2,000)

FY 2006 - \$30,000 (IES-\$26,000; CHS-\$4,000)

FY 2007 - \$30,000 (Tentative; Allocation not finalized)

Marion County has entered into separate agreements with IES and CHS for several years. Both agencies have the same requirements for, among others, ensuring that recipients are County residents and contacting a minimum number of pharmacies for competitive pricing, but there are certain differences.

In FY 2005, CHS filled prescribed medications for residents who were certified by the County as financially eligible to participate in the program. This level had been determined by the County to be 150% of the federal poverty guidelines. In FY 2006, this was changed to allow CHS to fill prescriptions for residents that CHS certifies as financially eligible. CHS continues to base this eligibility on 150% of federal poverty guidelines. IES, on the other hand, had and still maintains an

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existing program to provide emergency payments for prescriptions, and continues to certify residents as financially eligible based on the IES pre-existing guidelines.

Activities Performed

We began our activities by reviewing the authorizing agreements for both agencies. We then performed a preliminary review of payments to the two authorized agencies for FY 2004/05. We examined the documentation submitted by each agency and compared to the respective agreements. We held discussions with Evelyn Rusciollelli, the Community Services Director, and her staff. We reviewed certain accounting and budgetary documentation related to this program as we considered necessary.

Our preliminary review activities resulted in a memorandum to Ms. Rusciollelli, dated December 21, 2005, in which we reported on our results through that stage. We subsequently made arrangements to perform on-site inspections of agency records, which were recently completed.

Our on-site inspections of agency records consisted of examining the documentation that supported the expenditures under this program. We examined the expenditures incurred during the present fiscal year. Each respective inspection included discussions with those agency employees responsible for administering this program.

Findings

As stated in our previous memorandum, we found the following from our preliminary review of documentation provided by the agencies:

- Each agency provided more than the minimum level of information and documentation required by the agreements.
- Community Services staff appropriately reviewed the documentation of invoices submitted by the agencies before preparing a check request to Finance.
- There were no obvious problems or compliance issues during FY 2004/05.

We did have some concerns regarding the level of documentation submitted by the agencies that were contained in the Finance check files. This complete documentation was treated as a public record and included certain patient confidential information. This led us to conclude the County may have an issue with the Health Insurance Portability and Accountability Act (HIPAA). These issues were subsequently resolved satisfactorily. We also noted in our initial review that different formats were used by the two agencies in providing supporting documentation of funds usage. We suggested consistent reporting and documentation. The Community Services Director made immediate changes to ensure consistency in the reporting format.

Based on our recent review of supporting documentation of activities during the first three quarters of the current fiscal year, we found that the agencies were in compliance with the terms of their respective agreements. We found only minor and immaterial issues.

We noted the CHS on one occasion allowed participation by a resident who was certified as being at 200% of the federal poverty guidelines, rather than the required 150%. We consider this to be an immaterial exception since all other transactions were correct. The CHS representative stated that the limits would again be stressed to staff. There is some question whether CHS is required to

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maintain the 150% guideline since the current agreement states that CHS is to certify the County residents as financially eligible. This seems to allow CHS to establish other limits for certification. We suggest that Community Services address this issue and contact CHS if clarification is deemed necessary.

We also noted that CHS limited a few payments to individuals to \$150, rather than the allowable limitation of \$200 under the current agreement. The \$150 limit was correct pursuant the previous agreement, and the current increase apparently was not noticed. This is not an exception since the limitation is "...not to exceed \$200 per person, per quarter."

IES likewise limited a few payments to individuals to \$150, rather than the allowable limitation of \$200 under the current agreement. This appeared to be the result, however, of the standard delay in executing the agreements at the beginning of the County's fiscal year (usually November). The \$150 limit was correct pursuant the previous agreement, and IES changed to the higher level when the current agreement was executed.

As part of our review, we reviewed the manner in which each agency completed the quarterly reporting forms that were revised in December 2005, as noted above. We determined that reporting was appropriate and was consistent between the two agencies. We do suggest that the attestation section on the quarterly report form be revised to reflect the change in language regarding certifying the eligibility of County residents as specified in the current agency agreements.

Conclusion

We have concluded that the Emergency Prescription Drug Program is operating as intended. The agencies are performing in accordance with the respective agreements. The Community Services Department management and staff are performing the required oversight and review of the program.

This audit was performed by Wallace Watford, Sachiko Leon and Kathy Fitzhugh. We wish to commend the agencies for their maintenance of this program; in particular Ms. Elizabeth Long (CHS) and Mr. Gary Linn (IES) for their efforts in establishing procedures to ensure compliance with the respective agency agreements.

- c: Patrick G. Howard, County Administrator
Gisela R. Salas, Deputy County Administrator
John W. Garri, Finance Director
Elizabeth Long, Business Office Manager, Community Health Services of Marion County, Inc.
Gary Linn, Executive Director, Interfaith Emergency Services, Inc.