AUDIT REPORT

CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Samaritan Village Contract with the Department of Correction to Operate the Rikers Island Discharge Enhancement Program

ME07-059A

June 26, 2007

THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the responsibilities of the Comptroller contained in Chapter 5, § 93, of the New York City Charter, my office has conducted an audit to determine whether Samaritan Village (Samaritan) complied with the provisions of its contract with the New York City Department of Correction (DOC) to operate the Rikers Island Discharge Enhancement (RIDE) program.

DOC provides for the care, custody, and control of persons accused of crimes or persons convicted and sentenced to one year of incarceration or less. One of its objectives is to ensure that inmates have access to rehabilitation programs. Under its RIDE contract with DOC, Samaritan provides discharge planning and post-release rehabilitation services to City-sentenced adult males. We audit contracts such as this to ensure that entities with City contracts comply with the terms of their agreements.

The results of our audit, which are presented in this report, have been discussed with DOC officials and their comments have been considered in preparing this report. Their complete written response is attached to this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

William C. Thompson, Jr.

WCT/EC

Report: ME07-059A
Filed: June 26, 2007

Table of Contents

The City of New York
Office of the Comptroller
Bureau of Management Audit

Audit Report on the Samaritan Village Contract with the Department of Correction to Operate the Rikers Island Discharge Enhancement Program

ME07-059A

AUDIT REPORT IN BRIEF

This report determined whether the Samaritan Village (Samaritan) complied with the provisions of its contract with the Department of Correction (DOC) to operate the Rikers Island Enhancement (RIDE) program. The audit also determined the adequacy of DOC's monitoring of its contract with Samaritan. RIDE is a multi-service program in which inmates are assisted during incarceration and after release. Through RIDE, inmates are referred to aftercare programs that provide family, employment, housing, and substance abuse treatment services. Under the terms of the contract, DOC agreed to pay Samaritan an amount not to exceed $965,017 in Fiscal Year 2006.

Audit Findings and Conclusions

The audit revealed that Samaritan generally complied with the provisions of its RIDE contract with DOC as they relate to providing services to clients. However, our review revealed that Samaritan did not consistently comply with the provisions related to obtaining client signatures and providing milestone-completion dates to support its claims for reimbursement. Of the 116 claims we reviewed, 46 (40%) of them did not contain the client's signature or the milestone-completion date. In addition, Samaritan billed DOC twice for 31 deliverables relating to 19 clients who were re-incarcerated during Fiscal Year 2006. As a result, Samaritan overbilled DOC, and this resulted in an overpayment of $10,675. Our audit also revealed that DOC's monitoring of Samaritan's performance needs to be improved. DOC did not consistently apply its milestone verification standards in relation to obtaining client signatures and milestone-completion dates. In addition, it did not consistently ensure that Samaritan's monthly statements of deliverables were properly reviewed, that claim disallowances were properly applied to related claims, or that percentage disallowances were applied to an entire audit period as per DOC's own policy. Our review of Samaritan Village's Monthly Statement of Deliverables and respective bill attachments, as well as DOC audit reports, revealed four instances involving a total of $4,442 in which DOC did not properly review claims, seek recoupment of incorrect payments, or apply a percentage disallowance correctly.

Audit Recommendations

To address these issues, the audit recommends that Samaritan:

- Ensure that the supporting documentation for its claims contains client signatures confirming arrival at and continued participation in aftercare programs, as well as the dates of milestone completion.

- Track its milestone claims to ensure that in the case of client re-incarceration, it does not bill for milestones already claimed during the prior incarceration.

The audit also recommends, among other things, that DOC:

- Ensure that Samaritan consistently requires its clients to sign confirmation forms verifying arrival at and continued participation in an aftercare program.

- Ensure that Samaritan consistently requires its aftercare programs to document the date of milestone completion.

- Track milestone claims to ensure that in the case of a client's re-incarceration, it does not pay for milestones relating to the prior incarceration for which Samaritan has already received payment.

- Ensure that Monthly Statements of Deliverables are carefully reviewed to prevent double payments for the same claim.

- Ensure that disallowances for claims pertaining to clients are applied to those clients' related claims when appropriate.

- Ensure that percentage disallowances are applied to the entire audit period as per its own policy.

Agency Response

DOC officials generally agreed with the audit's findings and recommendations. However, DOC and Samaritan officials disagreed with the audit finding related to obtaining client signatures on supporting documentation for Samaritan claims. Samaritan officials also disagreed with the audit finding that it had improperly billed for several clients who were re-incarcerated during the fiscal year. Samaritan did not respond to the audit's recommendations.

INTRODUCTION

Background

The Department of Correction provides for the care, custody, and control of persons accused of crimes or persons convicted and sentenced to one year of incarceration or less. One of its objectives is to ensure that inmates have access to rehabilitation programs, including educational opportunities, drug treatment programs, and vocational training.

DOC has a contract with Samaritan Village and five other vendors to operate the Rikers Island Discharge Enhancement program. RIDE, implemented in 2004, is a multi-service program in which inmates are assisted during incarceration and after release. Through RIDE, inmates are referred to aftercare programs that provide family, employment, housing, and substance abuse treatment services.

Samaritan provides discharge-planning services in the Rikers Island Eric M. Taylor Center, which serves City-sentenced adult males. Samaritan offers pre- and post-release assistance designed to support a successful transition from Rikers to the community. Samaritan refers clients to aftercare programs that provide a variety of rehabilitation services. Samaritan also provides case-management services and monitors each client's progress toward achieving defined goals.

Under the terms of its contract, DOC agreed to pay Samaritan an amount not to exceed $965,017 in Fiscal Year 2006 for providing transportation services for released inmates and for meeting six specified milestones. These milestones were as follows:

1. Recruitment—Samaritan received a payment of $245.64 for every client (up to a maximum of 550 inmates) who signed a Memorandum of Agreement (MOA) to participate in the RIDE program.

2. Discharge Plan—Samaritan received a payment of $456.19 for every client (up to a maximum of 550 inmates) who signed a discharge plan that called for participation in at least one rehabilitation program.

3. Confirmation of Arrival (COA)—Samaritan received a payment of $300.78 per client (for a maximum of 385 clients) upon confirmation that the client arrived and enrolled in an aftercare program within 30 days of release.

4. 30-Day Retention in Aftercare—Samaritan received a payment of $402.09 per client (for a maximum 288 clients) upon confirmation that, 30 days after a confirmed arrival in an aftercare program, the client was still engaged in the discharge plan or has completed the objective of the discharge plan.

5. 60-Day Retention in Aftercare—Samaritan received a payment of $512.40 per client (for a maximum of 226 clients) upon confirmation that, 60 days after a confirmed

arrival in an aftercare program, the client was still engaged in the discharge plan or has completed the objective of the discharge plan.

6. 90-Day Retention in Aftercare—Samaritan received a payment of $1,021.78 per client (up to a maximum of 170 clients) upon confirmation that, 90 days after a confirmed arrival in an aftercare program, the client was still engaged in the discharge plan or has completed the objective of the discharge plan.

Samaritan can receive up to $2,938.88 for a client who reaches all six milestones. In addition to the milestone payments, Samaritan received a monthly payment of $4,825 for the cost of a van and driver to transport Samaritan clients and other men, as requested by DOC.

The DOC Programs and Discharge Planning Services Division is responsible for the RIDE program. This division designs and implements various discharge planning programs to help reduce the odds of the re-incarceration of those leaving City jails. The division's Program Monitoring Unit (PMU) is responsible for auditing and monitoring service providers under the RIDE program to make sure that each complies with its contract. PMU audits Samaritan three times (once every four months) during the contract year. The audit periods are as follows:

- First Audit Period: July 1, 2005 through October 31, 2005
- Second Audit Period: November 1, 2005 through February 28, 2006
- Third Audit Period: March 1, 2006 through June 30, 2006

For each audit, PMU randomly selects for review 10 percent of all paid deliverables (claims) in a milestone category. PMU pulls the client files that the pre-selected claims pertain to and confirms whether documentation in the files supports Samaritan's claim for each audited milestone. In a given milestone category, missing records or incomplete supporting documentation for milestones claimed on Samaritan's monthly bill would constitute a disallowance. During the third audit period, DOC initiated a policy of deducting the percentage of claims of a particular milestone type that were disallowed during the PMU audit from all the claims Samaritan submitted for that milestone during the audit period.

DOC utilizes an Inmate Information System (IIS), which is designed to collect data and provide aggregate reports on inmates. PMU checks every client listed on Samaritan claims against IIS to determine whether clients being claimed by Samaritan were not incarcerated during the period for which Samaritan is seeking payment for pre-release services or were re-incarcerated during the period for which Samaritan is seeking payment for post-release services.

In Fiscal Year 2006, Samaritan submitted to DOC a total of 1,077 claims and was paid a total of $674,006. The 1,077 claims pertained to 640 clients.

Objective

The objective of this audit was to determine whether Samaritan complied with the provisions of its contract with DOC to operate the RIDE program. The audit also determined the adequacy of DOC's monitoring of its contract with Samaritan.

Scope and Methodology

The scope period covered by this audit was July 1, 2005 through June 30, 2006 (Fiscal Year 2006).

To gain an understanding of DOC policies, procedures, and practices concerning the oversight of its contract with Samaritan to operate the RIDE program, we conducted interviews with DOC officials in the Programs and Discharge Planning Division, the RIDE program, and PMU. We reviewed the scope of services as specified in DOC's contract with Samaritan. DOC policies and procedures relating to PMU's audit and verification process were also reviewed.

To gain an understanding of the pre- and post-release services provided by Samaritan, interviews were conducted with Samaritan officials and case managers. Furthermore, field visits were conducted to two of the aftercare programs to which Samaritan referred clients.

To determine Samaritan's compliance with the provisions of its Fiscal Year 2006 contract with DOC, we reviewed Samaritan's Monthly Statements of Deliverables along with the accompanying billing attachments that Samaritan submitted to DOC, and the DOC-approved payments to Samaritan for these deliverables.

From the 1,077 claims submitted by Samaritan during Fiscal Year 2006, we reviewed a total of 116 claims. We first randomly selected a sample of 17 claims for milestones achieved for 15 clients. To determine the adequacy of the supporting documentation for Samaritan's claims, we reviewed and analyzed all the milestones claimed by Samaritan for these 15 clients in Fiscal Year 2006. This totaled 66 claims (including the 17 claims initially selected). Three of these claims also related to our audit test of PMU's review of post-release claims (described in the following paragraph), so we removed them from this sample. The remaining 63 claims related to: 14 MOAs; 14 Discharge Plans; 12 COAs; and ten 30-Day, seven 60-Day, and six 90-Day Retentions in Aftercare. The 63 claims were for a total of $27,173.

We next selected for review all 53 post-release claims (totaling $23,176) that were selected and reviewed by PMU in its three audits of Samaritan during Fiscal Year 2006. We then performed similar documentation reviews to those conducted by PMU. The 53 claims related to 27 COAs and 12 30-Day, eight 60-Day, and six 90-Day claims. We compared the results of our review of these claims to PMU's results.

To determine the reliability of IIS data, we randomly selected a sample of 50 claims from the total of 1,077 Fiscal Year 2006 claims submitted by Samaritan. The 50 claims pertained to

49 clients. For the 49 clients, we obtained IIS printouts indicating each client's history of incarceration. We also obtained documentation from the 41 of the 49 inmate hard-copy files that were available. We compared information in these 41 files on each client's New York State Identification (NYSID) number, date of incarceration, date of discharge, and date of any re-incarceration within 90 days of discharge to the information on the IIS printouts to determine whether the information was correctly entered in IIS. We also determined whether these clients were incarcerated during the time they were supposed to be receiving post-release services.

The results of the above tests in which samples were drawn, while not statistically projected to their respective populations, provide us with a reasonable basis to assess Samaritan compliance with the provisions of its contract and DOC monitoring of the services provided by Samaritan.

This audit was conducted in accordance with generally accepted government auditing standards (GAGAS) and included tests of records and other auditing procedures considered necessary. This audit was performed in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

Discussion of Audit Results

The matters in this report were discussed with DOC officials during and at the conclusion of this audit. A preliminary draft report was sent to DOC officials on May 2, 2007, and was discussed at an exit conference held on May 15, 2007. On May 25, 2007, we submitted a draft report to DOC officials with a request for comments. We received a written response from DOC officials on June 11, 2007. Samaritan forwarded its written response on June 4, 2007. DOC officials generally agreed with the audit's findings and recommendations. However, DOC and Samaritan officials disagreed with the audit finding related to obtaining client signatures on supporting documentation for Samaritan claims. Samaritan officials also disagreed with the audit finding that it had improperly billed for several clients who were re-incarcerated during the fiscal year. Samaritan did not respond to the audit's recommendations.

The full texts of the DOC and Samaritan responses are included as addendums to this report.

FINDINGS AND RECOMMENDATIONS

Our audit revealed that Samaritan generally complied with the provisions of its RIDE contract with DOC as they related to providing services to clients. Samaritan provided pre- and post-release services to its clients to aid in their transition from Rikers to the community, offered clients access to a comprehensive range of aftercare services, provided case-management services upon release, and monitored clients' progress towards achieving defined goals.

Nevertheless, our review revealed that Samaritan did not consistently comply with the provisions related to obtaining client signatures and providing milestone-completion dates to support its claims for reimbursement. Of the 116 claims we reviewed, 46 (40%) of them did not contain the client's signature or the milestone-completion date. In addition, Samaritan billed DOC twice for 31 deliverables relating to 19 clients who were re-incarcerated during the fiscal year. As a result, Samaritan overbilled DOC, and this resulted in an overpayment of $10,675.

Our audit also revealed that DOC's monitoring of Samaritan's performance needs to be improved. DOC did not consistently apply its milestone verification standards in relation to obtaining client signatures and milestone-completion dates. In addition, it did not consistently ensure that Samaritan's monthly statements of deliverables were properly reviewed, that claim disallowances were properly applied to related claims, or that percentage disallowances were applied to an entire audit period as per DOC's own policy. Our review of Samaritan Village's Monthly Statement of Deliverables and respective bill attachments, as well as PMU audit reports, revealed four instances involving a total of $4,442 in which DOC did not properly review claims, seek recoupment of incorrect payments, or apply a percentage disallowance correctly.

These findings are discussed in more detail in the following sections of the report.

Supporting Documentation for Samaritan Claims Often Lacked Client Signatures Or Milestone-Completion Dates

Our review of 63 randomly selected milestone claims that were submitted by Samaritan in Fiscal Year 2006 revealed that supporting documentation for 20 of these claims lacked client signatures or milestone-completion dates.

The scope of work as outlined in Samaritan's contract specifies that during the recruitment stage, inmates who choose to receive transitional planning and post-release services are required to sign an MOA. Samaritan then develops a discharge plan for each client that involves participation in at least one aftercare program. The client is required to sign the completed discharge plan before he is released. Once Samaritan transports its clients to a destination consistent with the client's discharge plan, it is required to ask the aftercare provider to confirm each client's arrival and enrollment. If, upon 30, 60, or 90 days after confirmed arrival at the aftercare program, the client is still receiving services related to his discharge plan, then Samaritan is required to ask the aftercare provider to confirm the client's continued attendance. DOC officials informed us that they will pay a post-release claim without an aftercare provider's confirmation as long as the Samaritan case manager's notes indicate that Samaritan continued to work with the client through the provision of case-management services.

According to the reporting and documentation requirements as specified in its contract with DOC, Samaritan is required to establish a case file for each participant to support claims for payment. To obtain payment, Samaritan must complete documentation that identifies the aftercare provider, the date of arrival at the aftercare program, the milestone completion date, and verification by the aftercare provider staff of arrival at or attendance in the aftercare program. In addition, there should be a client signature in the file that attests to the receipt of aftercare services. According to the assistant director of PMU, if the DOC COA or Program Participation forms did not provide all of this information, the unit would still have accepted the claim if an earlier version of the form (known as the Aftercare Confirmation/Completion Consent Form) was in the file and contained the missing information. If neither of these forms provided the necessary information, the Samaritan case manager's notes on the client were checked to verify confirmation of arrival or continued engagement in the aftercare program. These notes could verify the continued provision of case-management services by Samaritan to the client even if there were incomplete information in the file concerning continued engagement by the client in the aftercare program. However, the case notes would not substitute for the independent verification of the receipt of services that the client's signature represents.

The 63 claims we reviewed consisted of the following: 14 MOA claims, 14 discharge planning claims, 12 COA claims, and ten 30-day, seven 60-day, and six 90-day retention claims. Of the 63 claims, 20 (32%) lacked client signatures or milestone-completion dates.

The case files for the 63 claims revealed the following:

- In 7 of the 12 COA claims, there was no client signature verifying arrival at the aftercare program.

- For 6 of the 10 claims for 30-day retention, there was no client signature verifying continued participation in the aftercare program.

- For 4 of the 7 claims for 60-day retention, there was no client signature verifying continued participation in the aftercare program.

- For 3 of the 6 claims for 90-day retention, supporting documentation did not meet PMU standards. In two cases, there were no client signatures verifying continued participation in the aftercare program. In the third case, there was no 90-day milestone completion date indicated, and the case manager's case notes did not substantiate that the client remained engaged in the discharge plan 90 days after the client's confirmed arrival at the aftercare program.

The Samaritan case managers' case notes for these claims generally indicate that case-management services were provided to the clients for whom these claims were made. Nevertheless, Samaritan should ensure that its supporting documentation for its milestone claims contains client signatures confirming arrival at and continued participation in aftercare programs, as well as the dates of milestone completion.

At the May 15, 2007 exit conference, Samaritan officials argued that they were not required to obtain client signatures confirming client arrival at and continued participation in the aftercare programs until after DOC revised the COA and Program Participation forms in October 2005 to specifically require such signatures. DOC officials stated that the new forms were not in full use until early 2006. Nevertheless, the "Scope of Work" attachment for both the Fiscal Year 2005 and 2006 DOC contracts with Samaritan stated that these forms had to be signed by the clients for Samaritan to qualify for payment. Therefore, Samaritan, which signed the Fiscal Year 2005 contract in November 2004, was put on notice by DOC well before the Fiscal Year 2006 contract began on July 1, 2005 that client signatures were required. DOC clearly should have provided forms specifically requiring client signatures as soon as client signatures became a contract requirement. However, Samaritan could have obtained client signatures as required by the contract even if the DOC form did not specifically require such signatures.

> ***Samaritan Response:*** "While we agree that there could and should be better attempts made to obtain client signatures in the discharge planning process, we take issue with the representation in paragraph 2 on page 9 that we failed to live up to the contract language in contract years 2004-2005 and 2005-2006 by not obtaining client signatures.
>
> "At the May 15th exit conference, it was stated by Samaritan Village and it was in our written response to the Auditor's preliminary draft, and it continues to be our contention that during the course of the 2005-2006 contract we used the forms that were attached to the contract. In the spirit of cooperation, we also utilized the revised forms that were subsequently supplied by the DOC Program staff without benefit of a contract amendment. We also used the forms referenced by the Comptroller's staff in the 2004 contract (Aftercare/Confirmation form and Consent To Release Information form) and obtained the signatures as required by that form. It should be pointed out that those two forms were actually one form which the clients signed before release from jail and which authorized us to contact agencies on their behalf."
>
> ***DOC Response:*** "The auditors are correct in stating that DOC developed aftercare forms for Samaritan's use during the FY '06 contract period, which it later realized did not have appropriate lines for client signatures or for a date a specific milestone was achieved. However, upon discovery of this error, both Samaritan Village and the DOC Program Monitoring Unit (PMU) personnel were instructed by DOC management, that, until further notice, the one page, DOC Aftercare/Completion Consent form used exclusively throughout the FY '05 contract period, should continue in effect in FY '06. Along with the use of this one page form, PMU personnel were also instructed to continue receiving the new aftercare forms that were created without a space for a signature. The combination of these forms was used by the PMU, to audit/verify the completion of

milestones. Of the 26 claims found by the City Comptroller's auditors to contain insufficient information (mostly missing client signatures), DOC found that 18 of these claims actually contained the signed DOC Aftercare/Completion Consent form in the files, which the auditors failed to acknowledge in their report. This form required the inmate/client signature, before his release from incarceration. This signature on Part A of this form authorized both DOC and Samaritan Village to receive confirmatory information regarding details of arrival and dates of specific achievements of completion of milestones or, if it was the case, non-completion of milestones of each phase of aftercare, directly from each provider. The auditors chose to consider this form merely as a consent form and so dismissed its use by the PMU, which had been directed to review all the information on this signed document during their scheduled audits of claims."

Auditor Comment: As noted above, client signatures were a contract requirement before the Fiscal Year 2006 contract year. The "Scope of Work" attachments for both the Fiscal Year 2005 and 2006 DOC contracts with Samaritan state that, in reference to the Aftercare Confirmation/Completion and Consent to Release Information forms, "the inmate must sign these forms for Samaritan to qualify for payment." The contract is, therefore, referring to the need for client signatures to confirm the provision of aftercare services and to authorize the release of client information. While there were client signatures for the claims we questioned, all of the signatures provided consent to the release of information—none confirmed the receipt of post-release services. Therefore, these signatures cannot be relied upon as verification of clients confirmed arrival at or continued participation in the aftercare programs, as required by the contract. Accordingly, we reaffirm our audit finding.

Recommendation

1. Samaritan Village should ensure that the supporting documentation for its claims contains client signatures confirming arrival at and continued participation in aftercare programs, as well as the dates of milestone completion.

Samaritan Response: Samaritan Village did not respond to this recommendation.

DOC Did Not Consistently Apply Its Milestone Verification Standards on Obtaining Client Signatures And Milestone-Completion Dates

Our review of the 53 post-release milestone claims that were audited by PMU in Fiscal Year 2006 revealed that DOC did not consistently apply its milestone verification standards in relation to obtaining client signatures and milestone-completion dates. Contrary to PMU's findings, the client files for 26 of these claims did not fully support the milestone claim.

These 53 post-release claims consisted of: 27 COA claims and 12 30-day, eight 60-day, and six 90-day retention claims. Of these, 26 did not fully support the milestone claim, as outlined below:

- For 11 of the 27 COA claims, there was no client signature verifying arrival at the aftercare program.

- For 7 of the 12 claims for 30-day retention, documentation in the client file did not contain client signatures confirming continued participation in the aftercare programs. For one of the seven claims, documentation did not indicate when the client met the 30-day milestone, and the case manager's case notes did not substantiate that the client remained engaged in the discharge plan 30 days after the client's confirmed arrival at the aftercare program.

- For 4 of the 8 claims for 60-day retention, documentation in the client file did not contain client signatures confirming continued participation in the aftercare programs. For one of the four claims, documentation did not indicate when the client met the 60-day milestone, and the case manager's case notes did not substantiate that the client remained engaged in the discharge plan 60 days after the client's confirmed arrival at the aftercare program.

- For 4 of the 6 claims for 90-day retention, documentation in the client file did not contain client signatures confirming continued participation in the aftercare programs.

The Samaritan case managers' case notes for these claims generally indicate that case-management services were provided to the clients for whom these claims were made. Nevertheless, PMU should ensure that documentation fully supports each milestone claim. This documentation should contain client signatures confirming arrival at and continued participation in the aftercare programs, as well as the date of completion of the milestone.

To ensure that it is paying for services rendered, DOC needs to make certain that Samaritan substantiates client participation in aftercare programs by obtaining client signatures when milestones are achieved. In October 2005, DOC revised the COA and Program Participation forms to require client signatures for both arrival at and continued participation in aftercare programs. However, the forms did not require the client signatures to be dated. Client-signature dates could help to further substantiate the validity of Samaritan's claims.

The October 2005 forms also required the signatures of the aftercare programs' contact persons.[1] These contact persons verify that the client arrived at the program or continued to participate in the program during the 30-, 60-, or 90-day period following confirmed arrival. PMU could attain a higher level of assurance concerning the validity of these verifications by calling the aftercare program contact persons for the claims audited to ensure that these persons had in fact been the ones who completed the COA or Program Participation forms for those

[1] The DOC forms were revised again in May 2006 to require confirmed arrival and milestone-completion dates.

claims. Since the aftercare programs are usually not affiliated with Samaritan, the aftercare programs' contact persons represent an independent source of information on the validity of the claims.

On a related matter, PMU informed us that the unit's assistant director and auditor conduct each audit of Samaritan. However, for two of the three audit reports (Audit Receipt Forms) prepared for Fiscal Year 2006, the signature of only one of the two PMU employees appears on the report. One of the reports is signed by the assistant director; the other is signed by the auditor. Both signatures would help establish that audits are properly supervised.

Recommendations

DOC should:

2. Ensure that Samaritan consistently requires its clients to sign confirmation forms verifying arrival at and continued participation in an aftercare program.

DOC Response: "In October 2005, these forms were modified to include the client's signature and in March 2007, the forms were modified for use in the FY '07 contract, to include the client signature and date of milestone completion. These new completed forms must be present in the client's file at the time of audit by the Program Monitoring Unit or the milestones will not be accepted, which will result in appropriate disallowances."

3. Ensure that Samaritan consistently requires its aftercare programs to document the date of milestone completion.

DOC Response: "Please see response to Recommendation #2"

4. Revise its Confirmation of Arrival and Program Participation forms to obtain client signature dates.

DOC Response: "Please see response to Recommendation #2"

Auditor Comment: DOC's response to Recommendation #2 does not address Recommendation #4.

5. Call aftercare program contact persons for audited claims to verify their signatures on Confirmation of Arrival and Program Participation forms.

DOC Response: "Although this would require the adoption of new forms and consents, we will consider selecting a random sample of aftercare milestones for which PMU will call the aftercare programs to verify signatures on audited claims."

6. Require the signatures of PMU's assistant director and auditor on its audit reports.

DOC Response: "The Program Monitoring Unit has modified the audit report and is currently requiring both signatures of the assistant director and the auditor."

Improper Billings and Payments for Services Provided to Clients Who Were Re-incarcerated

Our review of the 1,077 claims that were submitted by Samaritan in Fiscal Year 2006 revealed that the provider improperly billed for and DOC improperly accepted 31 claims relating to 19 clients who were re-incarcerated during the fiscal year. Samaritan had previously billed DOC for the same deliverables for these 19 clients earlier in the fiscal year. The 31 instances resulted in DOC incorrectly overpaying Samaritan a total of $10,675 during Fiscal Year 2006.

As specified in DOC's contract with Samaritan, if a client does not complete all post-release milestones and is subsequently re-incarcerated during the fiscal year, Samaritan can attempt to re-engage the client in the discharge-planning process during the new incarceration but can only bill for milestones relating to the prior incarceration for which Samaritan has not already received payment.

According to DOC's written standards for its audit and verification process, Samaritan is required to use the Monthly Statement of Deliverables to bill DOC for services rendered. The statement is used to report the number of deliverables attained in each applicable milestone category. Included with the Monthly Statement of Deliverables is the bill attachment, which identifies all clients that Samaritan is claiming payment for in each milestone category. Each monthly statement is submitted to the DOC Program and Discharge Planning Services Division. The division's Senior Program Specialist reviews each statement for discrepancies in milestone completion dates, verifies whether the number of clients claimed on the bill attachment matches the number of clients billed for on the Monthly Statement of Deliverables, and determines whether the total amount billed by Samaritan is accurate.

We reviewed all the claims submitted by Samaritan during Fiscal Year 2006 and found 31 instances involving 19 re-incarcerated clients in which Samaritan had re-engaged the client but had billed for the same milestones for which it had previously received payment. This was improper under the contract because the clients had not previously completed all the post-release milestones. The 31 instances involved 13 MOA, 12 DP, four COA and, two 30-day milestones. (There were no repeated claims for the 60- and 90-day milestones.) As shown in Table I below, the 31 instances resulted in DOC overpaying Samaritan by a total of $10,675.

Table I
Instances in Which Samaritan Billed DOC Again for
Deliverables Previously Paid for Re-incarcerated Clients

Milestone	Number of Instances Milestone Billed For More Than Once	Payment Amount per Client	Amount Overpaid
MOA	13	$245.64	$3,193.32
DP	12	$456.19	$5,474.28
COA	4	$300.78	$1,203.12
30-day	2	$402.09	$804.18
Totals	**31**		**$10,674.90**

For instances in which clients are re-incarcerated, Samaritan should track milestone claims to prevent it from submitting additional claims for milestones relating to prior incarcerations for which it has already received payment. DOC should review the full history of claims for each client upon claim submission to ascertain whether repeated claims were made for the same milestone. Tracking all the claims submitted for each client during the contract period will help ensure the accuracy of claim determinations.

> ***Samaritan Response:*** "We also do not agree with the findings beginning on page [13] which assert that our agency improperly billed for client services. The contract states on page 5 of the Scope of Services:
>
> > 'In the case of a client's re-incarceration during the 90-day aftercare periods, Contract[or] will attempt to re-engage the client in the discharge planning process during the new incarceration which may include an (unbilled) update of the discharge plan. To the extent that the re-incarcerated client achieves post-release milestone[s], Contractor agrees to bill only for milestones not billed during the prior incarceration. In the case of a client's re-incarceration after the 90 day aftercare period, Contractor will be permitted to re-enroll client into RIDE only once and receive payment for any milestones the client meets as a re-admission to the RIDE program.'
>
> "The auditors simply disregarded this language in the contract but instead focused on inconsistent language that follows on page 6 of the Scope of Services:
>
> > 'In the case of client's re-incarceration, Contractor will attempt to re-engage the client in the discharge planning process during the new incarceration, which may include an (unbilled) update of the discharge

plan. Contractor agrees to bill only once for each milestone by each client.'

"It would appear that both DOC and Samaritan understood that they would interpret the language on page 5 of the Scope of Services to be the controlling language and that Samaritan was justified in billing for clients who were re-incarcerated after the 90 Days aftercare period.

"It is basic contract law that the parties to a contract interpret the meaning of its terms and conditions and not a third party.

"We strongly object to the auditors' characterization that Samaritan improperly billed for those re-incarcerated clients and believe that with the exception of 2 clients the clients for whom we billed DOC were re-admitted clients with an average of 8 months between service periods."

Auditor Comment: While it is true that clients can be permitted to re-enroll in the RIDE program after the 90-day aftercare period, the client must have been enrolled in the program for the full 90 days after the initial discharge. As confirmed by DOC officials, the expression "90 Day aftercare period" means that the client was engaged in the program for a full 90 days after release, and not as Samaritan interprets it as the client simply having been out of jail for 90 days.

With regards to Samaritan's comment that both DOC and Samaritan understood the language in the Scope of Services the same way, in its response to this report, DOC agreed with our finding that Samaritan improperly billed for services provided to several clients who were re-incarcerated during the fiscal year. (See DOC's response to Recommendations #8 and #9 below.) Accordingly, we reaffirm our audit finding.

Recommendations

7. Samaritan should track its milestone claims to ensure that in the case of a client's re-incarceration, it does not bill for milestones relating to the client's prior incarceration for which Samaritan has already received payment.

Samaritan Response: Samaritan Village did not respond to this recommendation.

8. DOC should track milestone claims to ensure that in the case of a client's re-incarceration, it does not pay for milestones relating to the client's prior incarceration for which Samaritan has already received payment.

DOC Response: "We are currently in the process of developing a database that will track the milestones that have been paid to this provider as well as other contracted providers. Before payment is made, each milestone claimed will be entered into the database and checked by the Program Monitoring Unit to ensure that the provider has not been previously paid for that milestone. As a result, duplicate claims will be identified and removed from the invoice prior to payment. It is anticipated that this database will be completed by September of this year."

9. DOC should recoup the $10,675 identified in this audit that was incorrectly paid to Samaritan for milestones relating to clients' prior incarcerations for which Samaritan had already received payment.

DOC Response: "We agree with the auditors' assessment that these additional payments for claims made by Samaritan were improper under the contract. We will, therefore, recoup the amount of $10,675.00 identified in the audit report for instances in which Samaritan re-engaged the client but had billed DOC and had been paid for the same milestones for which it had previously received payment."

Other Reimbursement Issues

DOC's Program and Discharge Planning Services Division did not consistently ensure that Samaritan's Monthly Statements of Deliverables were properly reviewed, that claim disallowances were applied to related claims, or that percentage disallowances were properly applied to an entire audit period. Our review of Samaritan Village's Monthly Statement of Deliverables and respective bill attachments, as well as PMU audit reports, revealed four instances involving a total of $4,442 in which the division did not properly review claims or seek recoupment of incorrect payments, or did not apply a percentage disallowance correctly. In two instances, PMU claim disallowances were not applied to related Samaritan claims. In another instance, DOC paid twice for a client meeting the same milestone. In the fourth instance, DOC did not apply a percentage disallowance to the entire audit period, as required by its own policy.

As mentioned earlier, in a given milestone category, missing records or incomplete supporting documentation for deliverables claimed on Samaritan's monthly bill would constitute a disallowance. During the first audit period, PMU disallowed a claim for a discharge planning milestone because the client file was missing. As a result, a simultaneous claim (for $301) for a COA milestone in August 2005 should have been recouped. During the third audit period, PMU disallowed a 60-day claim for one client because he was not enrolled in the aftercare program in May 2006. Samaritan had submitted a related claim for the client reaching the 90-day milestone, which DOC paid. Since the PMU audit determined that this client never met the 60-day milestone, DOC should not have paid $1,022 for the 90-day claim, which now must be recouped.

In June 2006, a client was claimed twice by Samaritan for a COA milestone in its Monthly Statement of Deliverables. DOC should have identified this double claim and avoided paying an additional $301 on this claim, which now must be recouped.

During the third audit period, DOC initiated a policy of deducting the percentage of claims of a particular milestone type that were disallowed during the PMU audit from all the claims Samaritan submitted for that milestone during the audit period. PMU identified one disallowance during the third audit period. It determined that one of the four audited claims for 60-day retention did not qualify for payment because the client was not enrolled in the aftercare program. As a result, the Program and Discharge Planning Services Division should have deducted 25 percent ($4,483) from the 35 60-day retention claims (totaling $17,934) that Samaritan submitted during the third audit period. However, the division only deducted 25 percent ($1,665) from the 13 60-day retention claims (totaling $6,661) that Samaritan submitted for the month of June 2006. It overlooked the remaining 22 60-day retention claims (totaling $11,273) for the preceding three months. As a result, the division did not deduct 25 percent of this amount, which would have led to an additional deduction of $2,818.

DOC should ensure that it recoups payments for subsequent claims that Samaritan was no longer eligible for due to disallowances found by PMU during its audit. Furthermore, DOC should conduct a thorough review of the Monthly Statement of Deliverables and bill attachments to ensure the accuracy of claim determinations and the proper application of percentage disallowances.

Recommendations

DOC should:

10. Ensure that Monthly Statements of Deliverables are carefully reviewed to prevent double payments for the same claim.

DOC Response: "Please see response to Recommendation #8"

11. Ensure that disallowances for claims pertaining to clients are applied to those clients' related claims when appropriate.

DOC Response: "We have revised the audit process used by the Program Monitoring Unit to review the impact of a disallowance of a claim on other milestones that are claimed for the client."

12. Ensure that percentage disallowances are applied to the entire audit period as per its own policy.

DOC Response: "Given that this was a newly implemented policy, it appears that all staff involved in the process did not have a proper understanding of the deduction methodology, although the formula is currently imbedded in the electronic version of the disallowance form. We will modify the form to include written instructions for completing this document by hand and will train all staff involved in its proper preparation."

13. Recoup the total of $4,442 identified in this audit that was inappropriately paid to Samaritan for a double payment for the same claim, for certain claims related to disallowed claims, and for a percentage disallowance that was incorrectly applied.

DOC Response: "Given the errors discovered by the auditors and confirmed by DOC, the erroneous payment of $4,442.00 will be recouped from Samaritan Village."

The City of New York

NEW YORK CITY DEPARTMENT OF CORRECTION
Martin F. Horn, Commissioner
Office of the Commissioner

60 Hudson Street
New York, NY 10013

212• 266 • 1212
Fax 212•266 • 1219

June 11, 2007

John Graham
Deputy Comptroller
Audits, Accountancy and Contracts
Municipal Building
One Centre Street
New York, NY 10007-2341

Dear Mr. Graham:

Attached is this agency's response to your Draft Audit Report on the Samaritan Village Contract with the Department of Correction to Operate the Rikers Island Discharge Enhancement Program (ME07-059A). Please include our response and this cover letter in the body of the final report and as an appendix to the final report.

If you have any questions regarding this response, please contact Brian Suprenant, Deputy Warden, Internal Audit Review Unit at (212) 266-1065.

Sincerely,

Martin F. Horn

MARTIN F. HORN

Cc: Jeffrey Kay, Director, Mayor's Office of Operations

New York City Department of Correction Response

Audit Report on the Samaritan Village Contract with the Department of Correction to Operate the Rikers Island Discharge Enhancement Program. (ME07-059A)

Agency Response to Finding on Page 9 that "DOC Did Not Consistently Apply Its Milestone Verification Standards on Obtaining Client Signatures And Milestone-Completion Dates"

The auditors are correct in stating that DOC developed aftercare forms for Samaritan's use during the FY '06 contact period, which it later realized did not have appropriate lines for client signatures or for a date a specific milestone was achieved. However, upon discovery of this error, both Samaritan Village and the DOC Program Monitoring Unit (PMU) personnel were instructed by DOC management, that, until further notice, the one page, DOC Aftercare/Completion Consent form used exclusively throughout the FY '05 contract period, should continue in effect in FY '06. Along with the use of this one page form, PMU personnel were also instructed to continue receiving the new aftercare forms that were created without a space for a signature. The combination of these forms was used by the PMU, to audit/verify the completion of milestones. Of the 26 claims found by the City Comptroller's auditors to contain insufficient information (mostly missing client signatures), DOC found that 18 of these claims actually contained the signed DOC Aftercare/Completion Consent form in the files, which the auditors failed to acknowledge in their report. This form required the inmate/client signature, before his release from incarceration. This signature on Part A of this form authorized both DOC and Samaritan Village to receive confirmatory information regarding details of arrival and dates of specific achievements of completion of milestones or, if it was the case, non-completion of milestones of each phase of aftercare, directly from each provider. The auditors chose to consider this form merely as a consent form and so dismissed its use by the PMU, which had been directed to review all the information on this signed document during their scheduled audits of claims. The importance of this one page form is acknowledged for the purpose of payment of claims in the FY '05 contract which states that "the Contractor shall ensure that the client signs Part A of this form in order to be considered for client payment."

This one page form not only contained the signature of the inmate/client but also included independent verification from the providers, who reported all confirmatory critical milestone information directly on this same form (Part B). Each time another milestone was achieved, the completed form was faxed by the provider's and placed in the Samaritan case files. When performing their 10% random audit of claims, the PMU not only reviewed the aftercare provider's information reported on the form and determined that the form was signed, but in addition, reviewed the client's case manager's case notes if there were questions on the milestone achievement, to further ensure that services that had been paid for were actually provided.

The City Comptroller's report acknowledges, to the benefit of DOC and Samaritan, that the Comptroller's review of Samaritan managers' case notes for FY '06 indicated that case management services were generally provided to the clients for whom claims were made. In summary, although the forms initially conceived for use in the FY 06 contract were not properly designed, the PMU used all necessary alternate measures as directed by DOC management, to ensure that claims audited by them were supported by appropriate documentation while corrections were made to the forms.

RESPONSES TO RECOMMENDATIONS

Recommendation #1

Samaritan Village should ensure that the supporting documentation for its claims contains client signatures confirming arrival at and continued participation in aftercare programs, as well as the dates of milestone completion.

Agency Response:

As this recommendation is addressed to Samaritan Village, please refer to their written response that was forwarded to the Comptroller's Office under separate cover

Recommendation #2

DOC should ensure that Samaritan consistently requires its clients to sign a confirmation form verifying arrival at and continued participation in an aftercare program.

Agency Response:

In October 2005, these forms were modified to include the client's signature and in March 2007, the forms were modified for use in the FY '07 contract, to include the client signature and date of milestone completion. These new completed forms must be present in the client's file at the time of audit by the Program Monitoring Unit or the milestones will not be accepted, which will result in appropriate disallowances.

Recommendation #3

DOC should ensure that Samaritan consistently requires its aftercare program to document the date of milestone completion.

Agency Response:

Please see response to Recommendation # 2

Recommendation #4

DOC should revise its Confirmation of Arrival and Program Participation forms to obtain client signature dates.

Agency Response:

Please see response to Recommendation # 2

Recommendation #5

DOC should call aftercare program contact persons for audited claims to verify their signatures on Confirmation of Arrival and Program Participation forms.

Agency Response:

Although this would require the adoption of new forms and consents, we will consider selecting a random sample of aftercare milestones for which PMU will call the aftercare programs to verify signatures on audited claims.

Recommendation #6

Require the signatures of PMU's assistant director and auditor on its audit reports

Agency Response:

The Program Monitoring Unit has modified the audit report and is currently requiring both signatures of the assistant director and the auditor.

Recommendation #7

Samaritan should track its milestone claims to ensure that in the case of a client's re-incarceration, it does not bill for milestones relating to the clients prior incarceration for which Samaritan has already received payment.

Agency Response:

As this recommendation is addressed to Samaritan Village, please refer to their written response that was forwarded to the Comptroller's Office under separate cover.

Recommendation #8

DOC should track milestone claims to ensure that in the case of a client's re-incarceration, it does not pay for milestones relating to the client's prior incarceration for which Samaritan has already received payment.

Agency Response:

We are currently in the process of developing a database that will track the milestones that have been paid to this provider as well as other contracted providers. Before payment is made, each milestone claimed will be entered into the database and checked by the Program Monitoring Unit to ensure that the provider has not been previously paid for that milestone. As a result, duplicate claims will be identified and removed from the invoice prior to payment. It is anticipated that this database will be completed by September of this year.

Recommendation #9

DOC should recoup the $10,675.00 identified in this audit that was incorrectly paid to Samaritan for milestones relating to clients' prior incarcerations for which Samaritan has already received payment.

Agency Response:

We agree with the auditors' assessment that these additional payments for claims made by Samaritan were improper under the contract. We will, therefore, recoup the amount of $10,675.00 identified in the audit report for instances in which Samaritan re-engaged the client but had billed DOC and had been paid for the same milestones for which it had previously received payment.

Recommendation #10

DOC should ensure that Monthly Statements of Deliverables are carefully reviewed to prevent double payments for the same claim.

Agency Response:

Please see response to Recommendation #8

Recommendation #11

DOC should ensure that disallowances for claims pertaining to clients are applied to those clients' related claims where appropriate.

Agency Response:

We have revised the audit process used by the Program Monitoring Unit to review the impact of a disallowance of a claim on other milestones that are claimed for the client.

Recommendation #12

DOC should ensure that percentage disallowances are applied to the entire audit period as per its own policy.

Agency Response:
Given that this was a newly implemented policy, it appears that all staff involved in the process did not have a proper understanding of the deduction methodology, although the formula is currently imbedded in the electronic version of the disallowance form. We will modify the form to include written instructions for completing this document by hand and will train all staff involved in its proper preparation.

Recommendation #13

DOC should recoup the total of $4,442.00 identified in this audit that was inappropriately paid to Samaritan for a double payment for the same claim, for certain claims related to disallowed claims, and for a percentage disallowance that was incorrectly applied.

Agency Response:

Given the errors discovered by the auditors and confirmed by DOC, the erroneous payment of $4,442.00 will be recouped from Samaritan Village.

Samaritan Village, Inc.

138-02 Queens Blvd., Briarwood, New York 11435-2647
TEL: 718-206-2000 FAX: 718-206-4055
www.samaritanvillage.org

June 4, 2007

VIA OVERNIGHT MAIL

Mr. John Graham
Deputy Comptroller for Audits
Accountancy and Contracts
Municipal Building
One Centre Street
New York, N.Y. 10007-2341

Dear Mr. John Graham:

Samaritan Village is very proud of its reputation and its attempts to live up to contractual requirements in a literal sense as well as in the spirit of the contract. While we agree that there could and should be better attempts made to obtain client signatures in the discharge planning process, we take issue with the representation in paragraph 2 on page 9 that we failed to live up to the contract language in contract years 2004 – 2005 and 2005 – 2006 by not obtaining client signatures.

At the May 15th exit conference, it was stated by Samaritan Village and it was in our written response to the Auditor's preliminary draft, and it continues to be our contention that during the course of the 2005-2006 contract we used the forms that were attached to the contract. In the spirit of cooperation, we also utilized the revised forms that were subsequently supplied by the DOC Program staff without benefit of a contract amendment. We also used the forms referenced by the Comptroller's staff in the 2004 contract (**Aftercare/Confirmation form and Consent To Release Information form**) and obtained the signatures as required by that form. It should be pointed out that those two forms were actually one form which the clients signed before release from jail and which authorized us to contact agencies on their behalf. (Attached)

With reference to the Comptroller's recommendation that all forms contain client's signature, Samaritan has been obtaining said signatures as soon as the new forms were issued by DOC.

We also do not agree with the findings beginning on page 11 which assert that our agency improperly billed for client services. The contract states on page 5 of the Scope of Services:

In the case of a client's re-incarceration during the 90-day aftercare periods, Contract will attempt to re-engage the client in the discharge planning process during the new incarceration which may include an (unbilled) update of the discharge plan. To the extent that the re-incarcerated client achieves post-release milestone, Contractor agrees to bill only for milestones not billed during the prior incarceration. **In the case of a client's re-incarceration after the 90 day aftercare period, Contractor will be permitted to re-enroll client into RIDE only once and receive payment for any milestones the client meets as a re-admission to the RIDE program.**

The auditors simply disregarded this language in the contract but instead focused on inconsistent language that follows on page 6 of the Scope of Services:

In the case of client's re-incarceration, Contractor will attempt to re-engage the client in the discharge planning process during the new incarceration, which may include an (unbilled) update of the discharge plan. Contractor agrees to bill only once for each milestone by each client.

It would appear that both DOC and Samaritan understood that they would interpret the language on page 5 of the Scope of Services to be the controlling language and that Samaritan was justified in billing for clients who were re-incarcerated after the 90 Days aftercare period.

It is basic contract law that the parties to a contract interpret the meaning of its terms and conditions and not a third party.

We strongly object to the auditors' characterization that Samaritan improperly billed for those re-incarcerated clients and believe that with the exception of 2 clients the clients for whom we billed DOC were re-admitted clients with an average of 8 months between service periods. This is clearly reflected in Attachment 7 of Samaritan Village's Comments to the Comptroller's Preliminary Report.

Sincerely,

Joseph Guarino
Counsel