



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – September 6, 2016

Centro Las Americas Inc.

For the period July 1, 2013 through June 30, 2015





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Deborah Gonzalez, PhD, Board Chair
Centro Las Americas Inc.
11 Sycamore Street
Worcester, MA 01608

Dear Dr. Gonzalez:

I am pleased to provide this performance audit of Centro Las Americas Inc. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2013 through June 30, 2015. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to Centro Las Americas Inc. for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Juan Gomez, President and Chief Executive Officer, Centro Las Americas Inc.

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LIST OF ABBREVIATIONS

ADL	activity of daily living
AFC	adult foster care
CEO	chief executive officer
CMR	Code of Massachusetts Regulations
IADL	instrumental activity of daily living
MMIS	Medicaid Management Information System
OSA	Office of the State Auditor
OSD	Operational Services Division
UFR	Uniform Financial Statement and Independent Auditor's Report

EXECUTIVE SUMMARY

Centro Las Americas Inc., located in Worcester, was founded in 1977 as a not-for-profit human-service agency. During our audit period, Centro operated programs that offered various services in the areas of family support, adult foster care (AFC), eldercare, behavioral-health care, and child and family services, primarily in Worcester. Centro receives approximately half of its funding from contracts with state agencies.

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of Centro for the period July 1, 2013 through June 30, 2015. The purpose of our audit was to determine whether Centro complied with certain laws, regulations, and contractual requirements in the areas reviewed. In addition, OSA's Medicaid Audit Division conducted data analytics of the claims for AFC services that Centro submitted to the state's Medicaid agency, MassHealth, to determine whether these claims were in accordance with MassHealth's regulations. The division provided this information to the audit team. This audit was conducted as part of OSA's ongoing efforts to audit human-service contracting activity by state agencies and to promote accountability, transparency, and cost-effectiveness in state contracting.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 7	Centro charged \$57,341 in unallowable administrative expenses against its state contracts.
Recommendations Page 9	<ol style="list-style-type: none">1. Centro should reimburse the Commonwealth for this \$57,341 in nonreimbursable expenses.2. Centro should amend its policies and procedures to ensure that all nonreimbursable expenses are properly identified and reported in its Uniform Financial Statements and Independent Auditor's Reports and that no state funds are used to pay for these expenses. Centro's management should establish monitoring procedures to ensure that this activity is performed effectively.
Finding 2 Page 12	Centro did not use a competitive procurement process when it purchased its chief executive officer's vehicle.
Recommendation Page 13	Centro should establish policies and procedures that ensure that it uses a competitive bidding process for purchases of goods and services over \$25,000.

OVERVIEW OF AUDITED ENTITY

Centro Las Americas Inc., located in Worcester, Massachusetts, was incorporated on May 17, 1977 under Chapter 180 of the Massachusetts General Laws as a not-for-profit human-service agency. During our audit period, Centro provided programs for family support, adult foster care (AFC), eldercare, behavioral-health care, and child and family services, as well as operating the Institute of Latino Arts & Culture. A detailed description of the programs that Centro operated during our audit period appears in the appendix to this report.

During fiscal years 2014 and 2015, Centro received revenue from the following sources.

Summary of Revenue

Revenue Source	Fiscal Year 2014	Fiscal Year 2015
Department of Children and Families	\$ 974,344	\$ 1,545,879
Department of Developmental Services	353,366	372,263
Department of Mental Health	5,761	–
Department of Transitional Assistance	–	37,994
Medicaid—Direct Payment	868,013	2,865,895
Medicaid—Massachusetts Behavioral Health Partnership Subcontract	537,581	791,599
Massachusetts State Agency Non—Purchase of Service	2,500	–
Massachusetts Local Government	188,579	199,009
Purchase-of-Service Subcontract	13,487	14,459
Massachusetts Commission for the Blind	–	1,445
Private Client Third Party / Other Offsets	–	5,730
Private In-Kind*	33,431	67,221
Federated Fundraising	250	–
Contributions, Gifts, Legacies, Bequests	110,912	112,418
Investment Revenue	116	120
Other Revenue	14,617	16,055
Released Net Asset Program	101,014	–
Total	<u>\$ 3,203,971</u>	<u>\$ 6,030,087</u>

* The Commonwealth's Operational Services Division, in its "UFR Audit & Preparation Manual," defines government in-kind/capital revenue as "the imputed revenue value of donated goods and personal services."

Adult Foster Care Program

The Adult Foster Care Program provides elderly or disabled MassHealth members with assistance in performing activities of daily living (ADLs) and instrumental activities of daily living (IADLs). ADLs include activities such as eating, toileting, dressing, bathing, and walking. IADLs are activities related to independent living that are incidental to the care of the member, such as household management, laundry, shopping, housekeeping, meal preparation and cleanup, transportation, and medication management. Members are eligible to receive AFC services if they require assistance or supervision with at least one ADL. Members who receive AFC services live in the private residences of caregivers employed by MassHealth-contracted AFC providers. Each AFC residence may house up to three members. Members receive 24-hour supervision and assistance with ADLs and IADLs. The AFC provider must provide nursing and case-management services for each member. During the audit period, MassHealth paid Centro \$3,685,351 on 3,521 claims for 151 non-duplicative AFC members.

Home Health Services Program

The Home Health Services Program provides payment for home health services, including skilled nursing, home health aides (for ADLs and IADLs), and therapeutic services (physical, occupational, and speech and language) that are medically necessary to eligible MassHealth members who are under the care of physicians and who reside in non-institutional settings, which may include their homes, homeless shelters, or other temporary residences in community settings. Home health services are provided through contracts with home health agencies and independent nurses.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of Centro Las Americas Inc. for the period July 1, 2013 through June 30, 2015.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did Centro's adult foster care (AFC) recipients concurrently receive duplicative home health care services?	Yes, but see <u>Other Matters</u>
2. Did Centro comply with state regulations regarding the processing, payment, and reporting of administrative expenses charged to its state contracts?	No; see <u>Finding 1</u>
3. Did Centro administer its purchases of goods and services in accordance with state regulations?	No; see <u>Finding 2</u>

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls, which were as follows:

- nonreimbursable expenses
- credit-card expenses
- payments to care providers

We identified deficiencies with internal controls regarding nonreimbursable expenses and purchases of goods and services, which are discussed in the Detailed Audit Findings with Auditee's Response section of this report.

In addition, we performed the following procedures:

- We examined organizational charts and financial records, both electronic and hardcopy, including pertinent source documents and the Uniform Financial Statements and Independent Auditor's Reports that Centro filed with the Commonwealth's Operational Services Division annually.
- We identified and reviewed applicable laws, regulations, agency policies, and procedures relevant to our audit objectives, as well as the Commonwealth's general contract terms and conditions for human- and social-service contracts, which applied to Centro's state contracts.
- We interviewed key officials, reviewed all the minutes of the meetings of the Centro board of directors that occurred during our audit period, and requested all performance evaluations of Centro's CEO that the board conducted.
- We determined the reliability of data from Centro's electronic accounting system by tracing certain electronic transactions to original source documents as well as performing other electronic tests of records and making relevant inquiries of the management personnel responsible for data reliability. We determined that the data from the system were sufficiently reliable for the purposes of our audit.
- As part of the audit, we analyzed data stored in MMIS. Additionally, we performed additional validity and integrity tests on all claim data, including (1) testing for missing data, (2) scanning for duplicate records, (3) testing for values outside a designated range, and (4) looking for dates outside specific time periods. Based on the analyses conducted, we determined that the data obtained were sufficiently reliable for the purposes of this report.
- We queried all Centro's AFC and Home Health Services Program claims from MMIS for the audit period. We performed data analytics on these claims to identify (1) the frequency and cost of services performed by the AFC provider, Centro, for members receiving home health services concurrently with AFC and (2) service trends and billing anomalies indicating potential fraud, waste, and abuse.
- We selected 50 out of a population of 984 client files using judgmental sample selection, which we did not project to the population, to determine whether client caregivers were paid the correct amounts and whether payments were supported by attendance records.
- We selected 76 out of a population of 1,192 non-payroll administrative expenses to determine whether costs were allowable. Because of issues we identified with the original sample, we selected an additional 92 transactions using a risk-based approach. Our audit findings are based on these samples and additional documents we reviewed.
- We selected 27 out of a population of 207 debit-card transactions, totaling \$22,911 (63% of the total), to determine whether costs were allowable.
- We selected 56 program and administrative transactions, totaling \$22,495 (53% of the total) out of a population of 948 transactions that totaled \$42,614.
- We reviewed information related to the procurement of the CEO's vehicle.

Whenever sampling was used, we applied a nonstatistical approach, and as a result, we were not able to project our results to the population.

A prior audit conducted by OSA assessed the reliability of information stored in MassHealth's Medicaid Management Information System (MMIS), which the Executive Office of Health and Human Services maintains; tested selected system controls; and interviewed knowledgeable agency officials about the data. The prior audit found that the data were sufficiently reliable.

DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE

1. Centro Las Americas Inc. used \$57,341 in state funds to pay for unallowable administrative expenses.

During our audit period, Centro Las Americas Inc. paid for \$57,341 of administrative expenses (such as meals, travel costs, and donations) that were inadequately documented, were not related to Centro’s social service program activities, or were specifically prohibited by state and federal regulations and therefore represent nonreimbursable costs under Centro’s state contracts. However, Centro did not report these costs as nonreimbursable in the Uniform Financial Statements and Independent Auditor’s Reports (UFRs) it filed with the Commonwealth’s Operational Services Division (OSD). A summary of these expenses by fiscal year follows.

Expenses*	Fiscal Year 2014	Fiscal Year 2015	Total
Meals without Adequate Documentation	\$ 6,588	\$11,813	\$18,401
Two Trips to Puerto Rico for Coffee Project	–	9,358	9,358
Golf Outings, Sponsorships, and Donations	6,446	4,779	11,225
Interest on Working Capital Line of Credit	10,628	4,561	15,189
Gifts and Gift Cards	2,139	1,029	3,168
Total	<u>\$25,801</u>	<u>\$31,540</u>	<u>\$57,341</u>

* Each individual expense was obtained from the auditee. Expenses were grouped by type for reporting reasons.

These expenses were as follows:

- Meal expenses incurred by the chief executive officer (CEO) and other Centro personnel that had inadequate documentation to substantiate their business nature. These expenses included \$117 of liquor purchased for a staff party.
- Expenses related to two trips to Puerto Rico for what Centro calls the Coffee Project. These expenses were for airfare, hotels, car rentals, and other incidental expenses related to investigating the possibility of developing a business that involves reselling Puerto Rican coffee in the United States. In addition to the \$9,358 noted above, Centro’s board also authorized, during our audit period, spending an additional \$21,000 to \$25,000 in fiscal year 2016 to further explore this project.
- Golf outings, sponsorships, and donations, including \$2,500 to the Quinsigamond Community College Foundation for its annual golf fundraiser.
- Interest expenses incurred on a line of credit to make up for temporary shortfalls of cash.

- Gifts and gift cards, such as \$175 of gift cards to a Worcester restaurant, for which there was inadequate documentation to substantiate who the recipients were, as well as \$234 for a baby-shower gift for an employee.

This \$57,341 could have been used by Centro's state contracting agencies to pay for program-related expenses for needy citizens. Additionally, Centro's UFRs for fiscal years 2014 and 2015 did not provide the required level of transparency regarding the CEO's compensation.

Authoritative Guidance

The following are the types of costs we identified as unallowable according to the Code of Massachusetts Regulations (CMR):

- Luxury items (808 CMR 1.05[23]):
All costs associated with luxury items including, but not limited to . . . alcoholic beverages, charitable contributions and donations, and all non-Program entertainment expenses.
- Undocumented expenses (808 CMR 1.05[26]):
Costs which are not adequately documented in the light of the American Institute of Certified Public Accountants statements on auditing standards for evidential matters.
- Non-program expenses (808 CMR 1.05[12]):
Expenses of the Contractor which are not directly related to the social service Program purposes of the Contractor.
- Unallowable costs under the federal Office of Management and Budget Circular A-122 (808 CMR 1.05[22]). The circular states,
Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization's own funds, however represented, are unallowable.
- Fundraising expenses (808 CMR 1.05[10]):
The cost of activities which have as their primary purpose the raising of capital or obtaining contributions, including the costs associated with financial campaigns, endowment drives, and solicitation of gifts and bequests. However, if a Program which receives Commonwealth funds does not, or cannot be reasonably expected to, receive federal funds, the fundraising expenses specifically for raising capital or obtaining contributions for that Program may be off-set against the revenue generated by the fundraising activity except no loss will be reimbursable.

Additionally, the guidelines in OSD's UFR Audit and Preparation Manual require Centro to identify any nonreimbursable costs it incurs in the UFRs it has to submit annually to OSD. According to this manual, if, during an audit, an auditor identifies any nonreimbursable costs that were not reported in an entity's UFRs, the following applies:

It is presumed that Commonwealth and Federal funds have been used to defray non-reimbursable costs when those costs are not appropriately disclosed.

Reasons for Noncompliance

Centro's Accounting Department Policy and Procedures Manual requires employees to identify nonreimbursable costs and exclude them from billings against state contracts but does not give guidance as to what costs are nonreimbursable according to OSD regulations. Centro's management has not established monitoring controls to ensure that any nonreimbursable expenses are identified.

Recommendations

1. Centro should reimburse the Commonwealth for this \$57,341 in nonreimbursable expenses.
2. Centro should amend its policies and procedures to ensure that all nonreimbursable expenses are properly identified and reported in its UFRs and that no state funds are used to pay for these expenses. Centro's management should establish monitoring procedures to ensure that this activity is performed effectively.

Auditee's Response

In its written response to this report, Centro asserts that it does have adequate policies and procedures for nonreimbursable expenses. It also provides the following comments.

- *Meals: [According to] OMB Circular 122 as noted: "The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities, employee counseling services, **and any other expenses incurred in accordance with the non-profit organization's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable.**" In addition to this guideline the occasions of these lunches with other staff members is the best way for our Executive and the staff to meet without interruption and allows for confidential supervision of the staff. . . .*
- *Puerto Rico Trip Coffee Project: This is a project that was a Board of Directors objective to explore opportunity to create a for-profit social enterprise, revenue generating entity in the future to specifically support programs of the agency where state and other funding is declining. We have developed a proposal for the project, initiated contacts with local colleges and universities, and have submitted grant applications to charitable foundations to support the start-up cost of this new endeavor. There were some initial costs for exploration, data gathering and development of the basis of this project however without spending those funds*

*we would not have gathered the necessary information and made the important contacts to even create a proposal for grant submission to charitable foundations. **As stated in Circular No. A-122 #51. Travel costs: a.) General. Travel costs are the expenses for transportation, Lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-profit organization. Such cost may be charged on an accrual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and result in charges consistent with those normally allowed in like circumstances in the non-profit organization's non-federally-sponsored activities. b.) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the non-profit organization in its regular operations. In addition section c. Commercial Air Travel, states that customary standard commercial airfare is allowable.***

- *The net benefit of the fundraising efforts (Golf Outing & Sponsorship) offsets the direct costs to the state with the revenue generated on such events. As it pertains to our expenditures for Golf Outings, Sponsorships & Donations made to other non-profit agencies it has been part of our normal operations to support other agencies who in turn support us. We reciprocate as much as possible. Many of the expenses listed were reported in the Fundraising section of our UFR's. . . .*
- *It is accepted practice of not-for-profit organizations to support the fundraising efforts of partner or collaboration organizations such as in the case of CENTRO's support for [entities such as the Young Men's Christian Association and the Quinsigamond Community College Foundation] and supportive golf tournaments. . . .*
- *This is also the case when it comes to meals as it relates to the CEO or Senior Leadership personnel, and representatives of government, private industry, other providers or philanthropic organizations. . . .*
- *Further we contend that said activities, such as in the case of support for fundraising activities of other organizations have been the accepted practice of multiple non-profit and human services providers for decades.*
- *Finally, in addition to all other required documentation for those expenses, we provided detailed expense reports with copies of all receipts, detailing the reason for the meeting and who the meeting was with, for every such expense and every month of both years audited.*
- *Working Capital Line of Credit: This is the interest expense on the use of our line of credit which we have appropriately reported this expense on the UFR in the line identified as "50E Working Capital Interest 410." . . . For example, when DCF was unable to pay our invoice for June 2015 services totaling in excess of \$145,000.00 in a timely manner we utilized our reserves first and then had to utilize our line of credit. The payment normally would have been received by the third week of July but was not paid until the end of August. Centro continues to pay our payroll on a regular weekly basis as staff would quit if they had to wait and frankly should not be made to wait until we received actual payments for services provided from our state contracts. . . .*

- *Gifts & Gift Cards: We utilize gift cards in the Latino Elder Program and the Southbridge Latino Elder Programs and they are presented to the clients for the holidays. They are tracked and recorded appropriately as client support. In 2015 we had an earmark in support of our [Latino Elder Program] program and we had been audited on the tracking and use of the earmark funds by The Commonwealth of Massachusetts [Executive Office of Labor and Workforce Development] Department of Career Services . . . Division of Career Services Field Management & Oversight Unit with no major findings. One corrective action was implemented for a procedural issue. Gift cards were not found to be a non-allowable cost and are actually a common part of such a program. In addition the Department of Developmental Services specifically instructed our program to purchase gift cards for DDS clients in order to expend the remaining "Flex Funds" at the end of the fiscal year. As for the baby shower gift for an employee, it is standard and common practice for the agency to care for its employees. We send flower arrangements when a death occurs, purchase baby shower gifts on occasion and support our employees and in-turn they are happy, highly productive, and dedicated to our agency mission. This is our way of maintaining and continuously improving employee/employer relations with the result being unparalleled high morale.*

Auditor's Reply

As stated in our report, Centro's controls over the processing of expenses are inadequate in that its policies and procedures do not provide any guidance as to what expenses cannot be charged to state contracts, and management is not ensuring that any nonreimbursable expenses are effectively identified and classified. In fact, Centro did not identify any nonreimbursable expenses in the UFRs it filed with OSD during the two fiscal years covered by our audit.

Regarding the questioned expenses for meals, the Office of the State Auditor (OSA) does not dispute that some meal expenses could arguably be related to Centro's business activities and therefore be allowable under its state contracts. However, Centro is required by state regulations to maintain adequate documentation to substantiate the business nature of such expenses. When an agency does not do so, it is both necessary and proper for OSA to question the expenses. In the instances cited in our report, the receipts provided were not itemized, so it was impossible to determine exactly what was purchased.

Regarding the trips to Puerto Rico, state agencies enter into contracts with Centro for the purpose of providing services to their consumers, and the funding from these agencies is supposed to be used to pay for all the direct and indirect costs of providing the services, not to "create a for-profit social enterprise." Although OSA acknowledges that it is a good business practice for organizations to explore new sources of revenue, the expenses associated with Centro's endeavor to establish a business that involves reselling Puerto Rican coffee in the United States does not benefit the consumers in Centro's state-funded programs and therefore are nonreimbursable under its state contracts.

Although OSA does not dispute that fundraising can financially benefit an organization, OSD regulations require that fundraising expenses be paid for with fundraising revenue, not state contract funding. Centro did use its fundraising account to pay \$1,640 in fundraising costs, but had a net fundraising loss of more than \$52,000 in this account; this means that the remaining fundraising costs were ultimately paid for with state contract funds, not by money raised by Centro through fundraising. As to sponsorships and donations, they are not related to the services provided to the consumers in Centro's state-funded programs, and therefore no state funds should have been used to pay for them.

Centro is correct in its assertion that the UFR has a line designated for "50 E Working Capital Interest 410." However, as noted above, according to OSD regulations, costs incurred for interest on borrowed capital are nonreimbursable under Centro's state contracts. Further, although the example Centro presents in its response for having to borrow money was related to a late payment from DCF, OSA's analysis showed that Centro relied on this line of credit throughout the audit period and used a significant portion of the borrowed funds to pay for employee bonuses and salary upgrades.

Centro did not provide us with any documentation to substantiate that a Department of Developmental Services official instructed Centro to purchase gift cards for DDS clients as part of "flex funds" at the end of the fiscal year. In addition, items such as baby-shower gifts for employees are non-program-related expenses and therefore are nonreimbursable under Centro's state contracts. OSA does not take issue with Centro purchasing gifts for staff members, but it should not use its state contract funding to do so.

Finally, Centro officials told us at the end of our audit that they had emails, budget documents, and log sheets to support the use of gift cards for specific programs, but they did not provide OSA with any of this documentation, so we could not determine whether the cards were used for program-related purposes.

2. Centro did not use a competitive procurement process when it purchased its CEO's vehicle.

In June 2015, Centro purchased a Jeep Cherokee for use by its CEO for \$29,000 without soliciting competitive bids. As a result, Centro cannot be certain that it obtained the best value from this procurement.

Authoritative Guidance

OSD regulations require entities contracting with the Commonwealth to use a competitive process when procuring goods and services. Specifically, 808 CMR 1.03(8) states,

All procurements of furnishings, equipment and other goods and services by or on behalf of a Contractor shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. Capital Items, as defined in 808 CMR 1.02, shall be acquired through solicitation of bids and proposals consistent with generally accepted accounting principles.

Reasons for Lack of Competitive Procurement

Although Centro had established policies and procedures for the procurement of goods and services, they only addressed items that cost up to \$25,000.

Recommendation

Centro should establish policies and procedures that ensure that it uses a competitive bidding process for purchases of goods and services over \$25,000.

Auditee's Response

- *In June of 2015, the Executive Committee of the Board . . . authorized the use of . . . \$3,000 as a down payment for the purchase of . . . a vehicle, and one for which payments would not exceed \$395/month. . . .*
- *In May and June of 2015 the Executive conducted a search of area auto dealers to purchase the vehicle. The Executive visited . . . the vendor of the first vehicle, as well as two local minority vendors. . . . In addition to those three vendors, the Executive consulted a number of e-commerce sites. The most cost effective of the three vendors was [name of automobile dealer]. Similar vehicles to the one chosen ranged from \$1,000 to \$3,000 higher at the other dealers.*
- *The purchase of a vehicle by a provider like CENTRO is not like a purchase of a fleet of vehicles by the state, or by a large provider buying a number of vehicles at once. No small or large dealership would respond to a [request for proposal] by a small provider seeking to purchase simply one vehicle. This process is also not like seeking bids from contractors for electrical or construction work. The purchase of a single vehicle by a provider like Centro is much like the process utilized by any other wise consumer; visits to the dealerships, gathering of information, and making the best possible cost effective choice. That was the process undertaken in this case. The assertion that no process was utilized is inaccurate and is a complete mischaracterization of actual events and of the process that did occur.*

Auditor's Reply

Although Centro states that it received prices from at least three potential vendors, it was not able to provide us with documentation to substantiate this assertion. What it did provide was a written

comparison of vehicles it considered purchasing, along with a document from board officers authorizing the CEO to have the company vehicle in 2010. However, this documentation was not relevant to the vehicle in question, which was purchased in June 2015. Therefore, OSA believes that Centro should establish policies and procedures to ensure that it uses a competitive bidding process for purchases of goods and services over \$25,000.

OTHER MATTERS

MassHealth allowed Centro Las Americas Inc. to bill \$300,004 for unallowable adult foster care services.

During the audit period, Centro Las Americas Inc. billed, and received payments totaling as much as \$300,004 from MassHealth, for adult foster care (AFC) services that were duplicative and not allowable under MassHealth regulations. The services included personal care and assistance with hygiene, bathing, dressing, walking, and medication, as well as skilled nursing care. These are the same services that are to be provided to Centro's clients in their homes under the Home Health Services Program funded by MassHealth. Section 408.437 of Title 130 of the Code of Massachusetts Regulations (CMR) states,

The MassHealth agency does not pay an AFC provider when:

(A) the member is receiving any other personal care services, including, but not limited to . . . home care services under the Executive Office of Elder Affairs regulation 651 CMR 3.03(5).

The regulation 651 CMR 3.01(2) states that these services include "skilled nursing care and home health aide" services. It defines home health aide services as follows:

Services provided to Clients under the supervision of a registered nurse, or a speech, occupational, or physical therapist. This includes personal care; simple dressing changes that do not require the skills of a registered nurse; [and] assistance with medications that are ordinarily self-administered and that do not require the skills of a registered or licensed nurse.

MassHealth enabled this improper practice in a September 15, 2014 email to AFC providers from its then-director of Long-Term Services and Supports. This email informed AFC providers that they could bill for certain home care services to AFC members for which MassHealth's regulations prohibit them from billing. We originally identified this problem of duplicative services in an audit of MassHealth (No. 2016-1374-3M2) and made several recommendations to MassHealth to address it, including a recommendation that it not pay for AFC services for MassHealth members who are receiving these and similar services while residing in rest homes. Based on this, Centro should collaborate with MassHealth to find out whether MassHealth intends to cease paying for these duplicative services.

APPENDIX

Centro Las Americas Inc. Program Descriptions¹

Family Support Services (FSS)

The Family Support Center Program is funded by the Department of Developmental Services (DDS). DDS provides children and adults with developmental disabilities and their families support, information, and the tools to envision a life lived to the fullest. CENTRO offers this program to all DDS eligible individuals. We specialize our services toward multicultural and diverse families in the communities of Worcester County.

Latino Elder Program (LEP)

CENTRO's Latino Elder Program (LEP) offers Seniors 60 and over, who reside in the City of Worcester and Southbridge, the opportunity to participate in recreational activities, socialization, learn about health issues, English classes, advocacy, health screenings, consumer protection and case management. Breakfast and lunch is provided.

CENTRO partners with Elder Services of Worcester, UMass Medical, Visiting Nurses, the Worcester Senior Center, and other local providers to successfully deliver these critical services to this fast-growing segment of the Latino population in the city. . . .

Funding for this program is a compilation of Federal Title III Funds administered by the Central Mass Agency on Aging, the City of Worcester's Executive Office of Elder Affairs, the Greater Worcester Community Foundation, the St. Francis Home Health Care Foundation, and Evercare.

Community Support Services (CSS)

Community Support Services (CSS) is geared towards assisting low-income residents with case management services, citizenship, residency affairs, translations, and other community support services that CENTRO has to offer. By providing these services to low-income residents, we hope to reduce their dependency on government funded public services, while also helping them attain self-sufficiency.

Community Support Services (CSS) offers an array of programs to benefit individuals. The services provided by the CSS of CENTRO include the Completed Citizenship Process, Permanent Resident Renewal, Differed Action, [electronic benefits transfer] applications, and [Special Supplemental Nutrition Program for Women, Infants, and Children]. Furthermore, CENTRO offers Notary Services, translations, open cases for child support, and overall case management for our clients. Through consumer protection and advocacy, clients are treated with respect and dignity. Through these programs, we serve well over 500 individuals every year. . . .

Fully funded by the [Community Development Block Grant] through the City of Worcester.

1. The text of this appendix is quoted from the Centro Las Americas Inc. website at <http://centroinc.org>.

Emergency Food Pantry Services

Emergency Food Pantry Services provides area residents with emergency food provisions. The goal of this program is to reduce hunger among Worcester families and increase their chances of self-reliance by distributing quality food provisions and making appropriate referrals to other services and programs.

CENTRO operates the second largest food pantry in Worcester. *During our pantry's 2014 program year, we served 24,925 individuals and distributed 312,719 pounds of food. The reality is that the number of families who experience food insecurity is increasing dramatically.*

CENTRO's food pantry works in collaboration with the Worcester County Food Bank and other area food pantries to serve this growing need. While 83% of those served are Latino, we are here to serve all area residents in need. Our professional staff and volunteers will ensure that everyone who visits is served with respect and dignity.

Children's Behavioral Health Initiative (CBHI)

The Children's Behavioral Health Initiative (CBHI) was created by Dr. Judy Ann Bigby, [then] Secretary of the Executive Office of Health and Human Services (EOHHS) to implement the remedy in Rosie D v Patrick, a class action lawsuit filed on behalf of Mass Health-enrolled children under age 21 with serious emotional disturbance (SED). Through CBHI, Mass Health requires primary care providers to offer standardized behavioral health screenings at well child visits, mental health clinicians to use a standardized behavioral health assessment tool, and provides new or enhanced home and community-based behavioral health services. CBHI also includes a larger interagency effort to develop an integrated system of state-funded behavioral health services for children, youth and their families.

Youth Support Program

Youth Support Program provides culturally sensitive case-management to Department of Children and Families (DCF) involved adolescents and their families that require intensive support services.

Program components include: academic support, life skills training, parent/adolescent mediation, community service connection, and emergency support.

The goal of this program is to promote the well-being of adolescents/pre-adolescents between the ages of 10 through 17 and their families by providing appropriate culturally and linguistic supportive services, building on the existing strengths of the family, and empowering families to make their own decisions in an effort to reduce or eliminate child abuse and neglect. Visits to the youth are weekly.

Parent Support Services (PSS)

Parent Support Services (PSS) provides culturally sensitive case-management to Department of Children and Families (DCF) involved parents that require intensive support services.

Program components include: parenting skills building, life skills training, parent/child mediation, community service connection, and emergency support.

The goal of this program is to promote the well-being of children between the ages of 0 through 17 and their families by providing appropriate culturally and linguistic supportive services, building on the existing strengths of the family, and empowering families to make their own decisions in an effort to reduce or eliminate child abuse and neglect. We also implement the Nurturing Parenting Curriculum in cases where this intervention is necessary. Visits to the parent and family are weekly.

Intensive Family Stabilization (IFS)

Intensive Family Stabilization (IFS) provides culturally sensitive intensive intervention, through clinical and case-management services utilizing a team-approach by a Master's-level clinician and a BA/BS-level or equivalent case worker.

These cases are typically short-term in nature, and given the significant level of challenges faced by the families involved, are intensive.

The approach requires clinical assessment of needs and strategies identified by DCF, the family, and clinical staff with clinical intervention by the clinician and case management by the Family Support Worker through community service connection, parenting skill building, parent/child mediation, and life skills training. Visits to the family are one visit by each staff member weekly.

Outreach & Tracking

Outreach & Tracking is similar to Youth Support in provision of culturally sensitive case-management to Department of Children and Families (DCF) involved adolescents and their families that require intensive support services.

Program components include: academic support, life skills training, parent/adolescent mediation, community service connection, and emergency support.

The goal of this program is to promote the well-being of adolescents/pre-adolescents between the ages of 10 through 17 and their families by providing appropriate culturally and linguistic supportive services, building on the existing strengths of the family, and empowering families to make their own decisions in an effort to reduce or eliminate child abuse and neglect.

These youth tend to be at higher risk, including court involvement and/or not keeping whereabouts known to their parents, and engaging in dangerous behaviors. Therefore, in addition to intensive support provided to adolescents experiencing a challenging transition period to young adulthood, this program has a 24 hour component.

There is also a tracking component of the service which allows the parent(s)/guardian(s) to contact the assigned staff to assist in locating the youth. Visits to the youth and family are twice weekly.

Institute of Latino Arts & Culture (ILAC)

Funded primarily with event sponsorship dollars and small grants, the Institute of Latino Arts & Culture (ILAC) is responsible for sharing our heritage, art, and culture with the general community. The Institute coordinates and implements several culturally-rich events throughout the year. These include the Latino Film Festival, the bi-annual Viva el Arte Exhibit, as well as our Flagship Event, the Latin-American Festival.

The Latin-American Festival is held on the 2nd Saturday in August on the Worcester Common, behind Worcester City Hall.