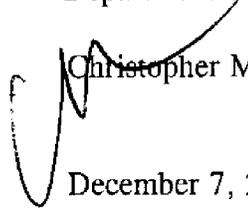




Memorandum

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visit our website at www.miamidadeig.org

To: Ms. Phyllis Tynes-Saunders, Director
Department of Human Services

From:  Christopher Mazzella, Inspector General

Date: December 7, 2007

Subject: OIG Final Report Re: Miami-Dade Department of Human Services'
Social Services Contracts with De Hostos Senior Center, Inc.
Ref. IG07-29

Attached please find the Office of the Inspector General's (OIG) Final Report in the above-captioned matter. The OIG had previously provided Ms. Esther Couvertier, Executive Director for De Hostos, with a copy of this report in draft form advising her that she could provide a response if so chose to. A copy of De Hostos response is attached as Appendix A.

This report concludes the OIG's involvement in this matter. Please do not hesitate to contact me should you have any other questions.

Attachment

cc: Ms. Irene Taylor-Wooten, Special Assistant for Social Services
County Executive Office

Mr. Richard Harris, Director of Contract Management Division
Department of Human Services

Ms. Esther N. Couvertier, Executive Director, De Hostos Senior Center, Inc.
(under separate cover)

Clerk of the Board (copy filed)

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Miami-Dade Department of Human Services
Social Services Contracts with De Hostos Senior Center Inc.
Contract No. HRNP-03 and Contract No. SA0607-23

INTRODUCTION & SYNOPSIS

In April of 2007, the Office of the Inspector General (OIG) received information from Mr. Richard Harris, the Director of the Contract Management Division, Miami-Dade County Department of Human Services (DHS) that De Hostos Senior Center Inc. (De Hostos) may not be providing meals and services to its elderly clients as required by its grants with Miami-Dade County (the County). The OIG's review covered Contract HRNP-03, which is the grant to fund meals to the elderly, and Contract SA-0607-23, which covers various senior activities and transportation.

Our review concluded that De Hostos' reimbursement requests and supporting records contained inconsistencies, thereby questioning their reliability. However, as to the provision of meals, specifically take-home meals that are picked-up by its clients at the center, a majority of the clients contacted stated that they did receive the meals regularly and were satisfied by the services provided by the organization.

This report, as a draft, was provided to De Hostos and DHS, for their comment, if so chosen. De Hostos' response is attached as Appendix A.

Regarding DHS' current finding of non-compliance and its *Cease and Desist* order, the OIG recommends that DHS not pay De Hostos until De Hostos provides sufficient documentation to DHS' satisfaction that services were provided consistent with the grant agreements.

BACKGROUND

De Hostos, which is located at 2902 N.W. 2nd Avenue, Miami, is a private, not-for-profit, 501(c)(3) organization, that provides a variety of services to elderly clients. De Hostos provides several different types of meals to its clientele, including meals served at the center, meals delivered to home-bound clients, and boxed-meals picked up at the center. The third type of meals—boxed meals picked up at the center—are referred to as "high-risk" meals and are provided to qualified clients with special dietary needs. In addition to providing meals, De Hostos also provides senior activities and limited transportation to assist clients with daily tasks such as trips to banks and local markets.

In October 2006, De Hostos received a grant of \$27,572 from the County to provide high-risk boxed meals to twenty-nine (29) qualified clients, at the center, five (5) days a week. The contract for this grant, Contract HRNP-03, between DHS and De Hostos, covers the period October 1, 2006 to September 30, 2007. The contract was signed by Ms. Esther N. Couvertier, Executive Director of De Hostos.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Miami-Dade Department of Human Services
Social Services Contracts with De Hostos Senior Center Inc.
Contract No. HRNP-03 and Contract No. SA0607-23

In December 2006, De Hostos received a grant of \$100,000 from the County to fund transportation and activities provided to its clients. The contract for this grant, Contract SA-0607-23, between DHS and De Hostos, covers the period October 1, 2006 to September 30, 2007. The contract was signed by Mr. Jose M. Vega, a board member of De Hostos, and Ms. Esther Couvertier, Executive Director of De Hostos. Examples of the types of services covered by Contract SA-0607-23 include trips to the social security office, banks, local markets and activities at the center, such as arts and crafts and daily exercise classes, as well as activities at other locations, such as trips to the Carnival Center and the Jackie Gleason Theater of the Performing Arts.

Contract SA-0607-23 provides for performance based payments based upon the submission of a satisfactory Monthly Performance Report and a satisfactory Monthly Summary of Expenditures Report. The approved budget for the \$100,000 included approximately \$25,000 to directly fund activities, and the remaining \$75,000 to fund staff salaries, professional services, and office overhead. The contract also allowed the grantee to receive 25% of the grant amount (\$25,000) upon execution of the contract and providing proof of insurance. Thereafter, the remaining 65% was to be allocated among eleven reimbursement payments, and the final 10% was to be paid as the final installment contingent upon De Hostos meeting certain requirements.

According to DHS, De Hostos only received the initial \$25,000 payment. Thereafter, De Hostos' requests for reimbursement were so inadequately documented and/or were submitted for activities outside the scope of services covered by the grant that DHS made repeated requests to De Hostos to provide additional supporting documentation and/or to revise the reimbursement request. After several months of not receiving the supporting documentation required, DHS issued De Hostos a *Cease and Desist* letter on April 11, 2007. While the letter officially addresses only the SA-0607-23 contract, DHS has also suspended reimbursements to De Hostos for the take-home meals in light of the detected irregularities.

At present, the *Cease and Desist* is still in effect and De Hostos has not been paid. Under Contract SA-0607-23, De Hostos has submitted \$10,330 in requests for reimbursement, none of which has been paid.

INVESTIGATION

The OIG investigation included an extensive review of pertinent documents and interviews with past and present De Hostos staff, including the current executive

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Miami-Dade Department of Human Services
Social Services Contracts with De Hostos Senior Center Inc.
Contract No. HRNP-03 and Contract No. SA0607-23

director. The investigation revealed a consistent pattern of poor documentation of services rendered and shoddy record keeping by De Hostos.

Regarding Contract HRNP-03, there was a disparity noted between the amount of high-risk meals purchased by De Hostos and the amount of reimbursement it requested from the County. In October of 2006, De Hostos submitted a reimbursement request in the amount of \$2,296.80 for 638 high-risk meals. DHS learned that no high-risk meals had been purchased by De Hostos from the vendor for the same corresponding period, and this amount was recovered by DHS the following month. Documentation later acquired by the OIG during the course of our investigation from the meals-preparation vendor confirmed that no meals were purchased for the month of October. For one other month, November 2006, we found a discrepancy of 53 meals, which amounts to approximately 10% of the month's purchases. Vendor documentation for the other months reviewed did not reveal discrepancies. Furthermore, our review of De Hostos' high-risk program sign-in logs (i.e. for meals picked-up) revealed additional inconsistencies between the number of meals provided and the amount of meals charged to the County. These inconsistencies were noted in five (5) months—October, November, January, February and March of the contract year.

The OIG review of Contract SA-0607-23 revealed several attempts by De Hostos to seek reimbursement for services not covered under the contract, and inconsistencies with one activity in particular. De Hostos organized a SeaEscape cruise for its clients on October 13, 2006. Documents submitted by De Hostos to DHS for reimbursement in December 2006 contained inaccurate information relating to the number of clients attending the trip as well as the funds expended by De Hostos for the cost of the trip. De Hostos sought reimbursement for the cost of the cruise, however, the OIG learned that the individuals participating paid their own cruise fare. This particular reimbursement request was for \$778.50. For several months, DHS requested additional information from De Hostos in order to resolve these inconsistencies. De Hostos failed to provide the documentation required by DHS and eventually by April 2007, DHS had issued its *Cease and Desist* letter. De Hostos has not received reimbursement relative to the SeaEscape Cruise or any other reimbursement request. It did, however, receive its upfront allocation of \$25,000 as authorized under the contract.

As part of this review, the OIG interviewed Ms. Esther Couvertier, the Executive Director of De Hostos. We asked her about the inaccuracies and inconsistencies in the documents that De Hostos provided to the County. Ms. Couvertier stated that she was responsible for the review and approval of all monthly reports prepared by her staff, and by her own admission, did not read everything that she signed and did not provide the close scrutiny necessary to ensure the accuracy of reports provided to DHS.

MIAMI-DADE COUNTY OFFICE OF THE INSPECTOR GENERAL
Final Report Re: Miami-Dade Department of Human Services
Social Services Contracts with De Hostos Senior Center Inc.
Contract No. HRNP-03 and Contract No. SA0607-23

During the course of our review, we were assisted by Mr. Stanley Behmke, Inspector General with the State of Florida Department of Elder Affairs, and his staff, who were also conducting their own review of De Hostos. They conducted a survey of high-risk clients in an attempt to verify the services provided by De Hostos. A majority of the clients contacted stated that they received the high-risk meals regularly and were satisfied with the services provided at De Hostos.

De Hostos receives funding from a variety of sources in addition to Miami-Dade County (MDC), including the State of Florida, the City of Miami, and the Alliance for Aging. The City of Miami Department of Community Development (the City) and the State of Florida Department of Elder Affairs (the State) have concluded their investigations into De Hostos. The State report found significant problems with the management, oversight, and record-keeping at De Hostos, and the report prepared for the City contained many similar findings in which documentation provided by De Hostos was either inadequate or inconsistent with other documents they provided to the City. The status of any other investigations is unknown to the OIG.

CONCLUSION & RECOMMENDATIONS

While it cannot be conclusively sustained that De Hostos did not provide its clients with the take-home meals requested for reimbursement, except for the month of October 2006, our review does conclude that deficiencies were found in the current record keeping and reporting systems at De Hostos, which must be addressed prior to any additional remittances of grant proceeds by the County. De Hostos consistently provided support documentation and reports to MDC which contained inaccurate and unreliable information. The executive director must make sure that the information contained in reports provided to DHS is accurate. Should the County, through DHS, continue to fund De Hostos in the future, effective internal controls must be put in place at De Hostos to ensure that services are properly documented and that information provided to DHS is reliable and accurate. In addition, regular communication between all governmental entities that provide funding to De Hostos must be maintained to ensure effective monitoring of services provided by De Hostos.

DHS staff should be commended for their early identification of irregularities in the documents provided to them by De Hostos.

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November 19, 2007

Christopher Mazzella
Inspector General
Miami-Dade County
19 West Flagler St., Suite 220
Miami, FL 33130

And by telefax to (305) 579-2656

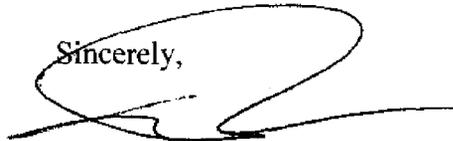
Re: OIG Draft Report – IGO7-29

Dear Mr. Mazzella:

I am counsel for De Hostos Senior Center, Inc., and in that regard, I have received and reviewed the OIG draft report referenced above. As requested, and pursuant to Section 2-1076(f) of the Code of Miami-Dade County, I have prepared, and enclose, a written response to the report.

Thank you for your attention to this matter.

Sincerely,



DANIEL E. JONAS, Esq.

DEJ/dj

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Written Response to OIG Draft Report IG07-29

This document shall be considered the Written Response of De Hostos Senior Center, Inc. ("De Hostos") to the draft report of the Office of Inspector General regarding Contract No: HRNP-03 and SA0607-23. It is submitted pursuant to §2-1076(f) of the Miami-Dade County Code.

De Hostos acknowledges that there have been some problems in their documentation. However, the extent of the problem has been grossly exaggerated in the draft report, and which frequently lacks any detail whatsoever. In addition, the OIG has failed to provide the context for some of the problems, even though that information was provided to their office. Without that context, and by the vague and often hyperbolic language used in the report, a reader may conclude that the problems are worse than they really are. De Hostos hopes that by considering the information contained in this response, the reader will have a more complete picture of what are actually minor, and already corrected, bookkeeping problems.

The "context" referred to above is related to the employment, and sudden resignation, of De Hostos' in house accountant, Elvis Salvador. Mr. Salvador was engaged as the Center's accountant for several years. At some date in 2006, he became associated with Sunshine for All, Inc., a competitive agency, which he did not disclose to De Hostos. Starting in October 2006, we believe that Mr. Salvador began falsifying a number of records of De Hostos, with the intention of sabotaging their operation and trying to cause the termination of their funding relationships (including with Miami-Dade County). Mr. Salvador abruptly resigned in February 2007, and immediately began reporting De Hostos to a number of government agencies, including (that we are aware of) IRS, Alliance for Aging, State of Florida, Miami-Dade County, City of Miami and EEOC. Many of the complaints were made anonymously, and some where he admitted his identity. It is not known whether Mr. Salvador was interviewed by OIG, but if so, his statements should be placed in this context, and the fact that the records that the OIG complains of were usually prepared by Mr. Salvador given appropriate significance.

October 2006 High Risk Meals

The report accurately identifies the fact that De Hostos requested reimbursement for high risk meals for October 2006, even though no such meals had been served. The reimbursement request was prepared by Mr. Salvador (though Ms. Couvertier's obligation to review such requests, and to be responsible for the information contained therein, is admitted). Ms. Couvertier assumed that Mr. Salvador would not deliberately request reimbursement for meals that had not been served. The error was discovered, and the amount previously paid was recovered as noted in the report.

November 2006 High Risk Meals

Reimbursement for November 2006 was requested for 638 meals. Any discrepancies (53 meals, according to the OIG report) arose from bookkeeping errors, or, possibly, deliberate errors in the documents which were, at that time, being prepared by Mr. Salvador, who had

already begun planning his exit from De Hostos, and was in the process at that time of creating a trail of mistakes that he could later report to funding sources. That reimbursement request was, in fact, prepared by Mr. Salvador.

Other High Risk Meal Discrepancies

In the report, the OIG vaguely states that “our review of De Hostos’ high-risk program sign-in logs (i.e. for meals picked-up) revealed additional inconsistencies between the number of meals provided and the amount of meals charged to the County. It is not known what is the level of these “inconsistencies”; if the records are off by very few meals, such errors can easily result from a missed signature or other minor error.

De Hostos states with absolute certainty that they have **never knowingly billed the County for a meal that was not served to an eligible client. Never.** Since the events described in the report, the Center has instituted a number of internal checks and balances, to assure that these errors will never reoccur, just as they had never occurred in the decades that the Center has been serving the community.

Sea Escape Cruise

De Hostos has had several Sea Escape cruises arranged for clients. It has never previously billed for those trips, and never considered them to be reimbursable, for the simple reason that the clients (and their families) paid the cost of the trips in full.

As noted above, Mr. Salvador resigned abruptly on February 28, 2007, with absolutely no notice, coupled with a threat by him (made anonymously but tracked to his telephone number) that Ms. Couvertier was going to be in trouble. De Hostos scrambled to find a replacement accountant, and retained Carmen Zayas for that position. The demands for additional documentation from the County were sent on February 28 (the same day of Mr. Salvador’s resignation) and March 6, 2007, days after Mr. Salvador’s resignation.

Prior to March 2007, funding requests to the County were made on a performance based reimbursement schedule. Ms. Zayas initially submitted a request for reimbursement on that basis for February 2007. De Hostos was then advised that the contract would be handled on a cost basis, retroactive to the commencement of the contract in October. As a result, a new request was prepared, which, by necessity, had to be backed up by invoices for expenditures to justify the request. In that process, and with a new bookkeeper, and increasing pressure on the Center from the County (and with Mr. Salvador having filed complaints with a number of other agencies, all of whom had commenced some level of investigation), and with the panic of being falsely accused, the expenses of the cruise were accidentally included in the reimbursement request.

Obviously, there should have been no request for reimbursement of the cruise, and the inclusion in the request was an error.

Conclusion

The OIG states in its report that several agencies "are conducting their own investigations of the services provided by De Hostos". That statement, which is not true, illustrates the problem with the report. To De Hostos' knowledge, the other agencies, which have indeed conducted investigations into the Center, have closed the investigations finding no significant misconduct. Likewise, the errors identified in the OIG report all stem from an extremely vindictive and determined former employee, who stands to benefit if De Hostos is shut down.

De Hostos has been providing services to the Wynwood Community for more than 30 years, without problem. The mistake of the center was to trust an employee who had previously been trustworthy, but who had decided to sabotage the center. While the Center, and its Executive Director, bear responsibility for ALL errors in reports and requests for funding, there is a difference between errors of omission, and errors of commission. The De Hostos Senior Center has never knowingly attempted to receive funds for services, or meals, not actually provided, and has no intention of doing so. Viewing the mistakes made in the context of the history of the Center, and the motives of people out to hurt the Center, it is clear that the acts complained of were those of failing to properly supervise an errant employee, bound on attempting to get the County, and other agencies, to stop funding. The Community being served by the Center deserves to continue to receive services from them.