



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Charlie Janssen
State Auditor

Charlie.Janssen@nebraska.gov
PO Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
auditors.nebraska.gov

October 22, 2021

Dannette R. Smith, Chief Executive Officer
Nebraska Department of Health and Human Services
301 Centennial Mall South
Lincoln, NE 68509

Dear Ms. Smith:

As you know, the Nebraska Auditor of Public Accounts (APA) received allegations that St. Francis Ministries (St. Francis) had been misleading the Department of Health and Human Services (DHHS) regarding transportation services provided under a contract with the State of Nebraska. As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA requested specific financial records and other relevant documentation from DHHS. The APA noted also that St. Francis is currently the subject of several other ongoing investigations, legislative studies, and audits. Resulting from one of these inquiries is the recent Office of Inspector General of Nebraska Child Welfare Special Report, released on September 23, 2021, which disclosed the apparent failure of St. Francis to meet key terms of the State of Nebraska contract and recommending that DHHS terminate that agreement. Given such ongoing scrutiny, the APA has determined that a separate financial audit or attestation by this office of the entire State of Nebraska contract with St. Francis would not be cost effective at this time.

Nevertheless, during the course of our preliminary planning work, the APA noted the following issues, which merit corrective action.

Background Information – Contract with St. Francis

According to its own website (<https://saintfrancisministries.org/our-story/>), St. Francis is “an independent not-for-profit organization dedicated to the protection, nurturing, and healing of children and families in body, mind, and spirit.” St. Francis pursues that goal, the website explains further, by “partnering with government agencies in supporting children and families in crisis[.]” In July of 2019, the State of Nebraska contracted with St. Francis to assume the administration of its child welfare services case management, which included the provision of transportation services to juvenile clients. The parties signed a subsequent emergency contract in January of 2021, prompted by St. Francis’ having reported the pending exhaustion of its funds to the State of Nebraska.

DHHS provided the APA with the following summary of the monthly payment process to St. Francis under the current contract:

Prior to the start of the month, Saint Francis will submit a prepayment request for the upcoming month. That prepayment request is reviewed for reasonableness. Adjustments are made for prior month’s corrections and the 3% retainage is subtracted. The remaining amount is what will be paid to Saint Francis.

The month after the expenses are incurred, Saint Francis will submit their financial statements to DHHS along with a Transaction Journal itemizing all expenses. Those actual expenses are reconciled with what was paid in the prepayment request. Any over/underpayments as a result of that reconciliation is added/subtracted from their upcoming prepayment request.

Example:

- *December 30th, SFM submitted their prepayment request for January.*
- *January 14th, DHHS paid SFM \$5,349,177.39 for January.*
- *February 19th, SFM submitted their actual expenses for January.*
- *DHHS overpaid SFM \$98,985.05 in January so that amount was deducted from the March prepayment.*

Afterwards, DHHS selects a random sample of transactions for review. Documentation is requested from SFM to ensure accuracy and allowability of those expenses. This documentation review should be conducted the month after financials statements are received.

In addition to receiving several complaints regarding performance and payments under the State of Nebraska contract with St. Francis, the APA was asked by the Nebraska Attorney General and the Nebraska State Patrol (State Patrol) to assist in analyzing transportation services records for an investigation by that law enforcement agency. The State Patrol's investigation was sparked by complaints that, among other things, St. Francis directed drivers to bill for supposed "no-show" trips during Christmas break, despite knowing there was no need to transport any children throughout that holiday interim. The APA narrowed the focus of its analysis to the transportation records for December 2020 and January 2021.

The following timeline details the APA's procedures in analyzing the St. Francis transportation services records:

- On April 8, 2021, the APA requested from DHHS all driver records for Omaha-area transportation services provided during the months of December 2020 and January 2021 under the State of Nebraska child welfare contract with St. Francis. The APA specified that the requested records should include the completed Trip Request forms, containing the names of both the driver and client, the trip date, and other trip information. See **Attachment A** for an example of a Trip Request form. The APA also requested a listing of all trips for December 2020 and January 2021 that were paid through the State of Nebraska contract. DHHS staff responded that St. Francis could provide the information by April 26, 2021. Although a few additional days would be required to review the information received, DHHS could forward the records to the APA by April 30, 2021.
- On April 29, 2021, the APA received some of the driver records from DHHS; however, the Trip Request forms specifically requested were not included.
- On May 4, 2021, the APA emailed DHHS about the absence of the Trip Request forms. DHHS staff responded on May 11, 2021, that the missing information should be available within a week.
- On May 20, 2021, the APA received Trip Request forms for December 2020 and January 2021.
- On June 14, 2021, the APA met with a St. Francis driver to review trip information contained in the records received from DHHS.
- On June 29, 2021, the APA notified DHHS by email that true copies of the completed Trip Request forms had not been provided, and audit staff would go to St. Francis' office in Omaha to analyze the actual records. We also pointed out that some drivers had fewer than 15 trips during the period examined but were paid full-time salaries, so it did not appear we had received all pertinent information relating thereto. No response was received from DHHS.
- On July 6, 2021, the APA called St. Francis, seeking to schedule a time for audit staff to scan the Trip Request forms on file at the Omaha office. When no response was forthcoming, the APA emailed St. Francis on July 16, 2021, reiterating the initial request.
- On July 27, 2021, APA staff traveled to the Omaha office of St. Francis to scan the Trip Request forms on file there. A St. Francis staff member assisted the APA in pulling the records but stated that many of the documents sought might not be available. Despite being told that some of the Trip Request forms would likely be missing, APA audit staff found boxes of those forms – along with a significant amount of supplementary documents for the drivers being analyzed.

The APA was also provided with certain information from Camelot Transportation, Inc., a company with which St. Francis contracts for auxiliary transportation services. It is the APA's understanding that St. Francis attempts to provide all services needed with its own personnel, but Camelot Transportation, Inc., drivers are utilized when that is not possible. The APA was also given a general ledger for St. Francis that included allocated costs for December 2020 and January 2021. Several lines therein could be attributable to transportation expenses made by St. Francis employees, including salaries, overtime, payroll taxes, insurance, vehicle lease, fuel, and other items; however, none of that information coincides directly with the trip documentation provided.

The following comments and recommendations, which have been discussed with the appropriate members of DHHS and its management, are intended to improve internal control or result in other operating efficiencies.

Comments and Recommendations

1. Transportation Services

The APA found that DHHS did not follow policies and procedures implemented to ensure the availability of documentation, as required by the State of Nebraska contract, to support transportation services provided by St. Francis. The APA noted the following shortcomings with the supporting documentation for St. Francis transportation services.

Trip Request Forms Not Completed

The APA received over 1,500 Trip Request forms for December 2020 and January 2021, none of which was a true copy of the actual completed Trip Request form. Given that DHHS reviewed the documents provided by St. Francis prior to forwarding them to the APA, we would have expected to be notified of the incomplete information delivered. It is unclear why St. Francis would have provided DHHS with incomplete documentation to forward to the APA – especially when, during the trip to St. Francis' office in Omaha, audit staff found several large boxes of completed Trip Request forms turned in by the drivers.

Representative of the incomplete Trip Request forms received by the APA is the one copied below for St. Francis transportation services provided on December 1, 2020:

Signature: _____		Signature: _____	
Time: _____		Time: _____	
DRIVER TIME CLOCK:			
IN		OUT	
IN		OUT	
IN		OUT	
Vehicle: _____		Start Location: OMAHA	St. Francis Ministries
Car START Route Miles:	Car END Route Miles:	Car TOTAL Route Miles:	
Child IN Car:	Child EXIT Car:	Child TOTAL Miles:	
Total Number of Trips for Children on this Route: _____			

In contrast to the incomplete form shown above, the actual Trip Request form for the December 1, 2020, transportation services, which the APA scanned during the visit to the Omaha office of St. Francis, is shown below:

Signature: _____		Signature: _____	
Time: 3:54		Time: 4:08	
DRIVER TIME CLOCK:			
IN	2:00	OUT	6:00
IN		OUT	
IN		OUT	
Vehicle: # 9		Start Location: OMAHA	St. Francis Ministries
Car START Route Miles: 15573	Car END Route Miles: 10581	Car TOTAL Route Miles: 8	
Child IN Car: 15576	Child EXIT Car: 15581	Child TOTAL Miles: 5	
Total Number of Trips for Children on this Route: _____			

St. Francis staff may have had no intention of misleading the APA with the incomplete forms. Nevertheless, the reason for providing 1,500 Trip Request forms that were not only incomplete but also markedly different from the original documents on file has yet to be explained.

Furthermore, neither the incomplete Trip Request forms forwarded to the APA nor the actual documents found at the Omaha office of St. Francis were signed by an adult, as policy requires. The “Trips” section of the Revised November 11, 2019, “Saint Francis Ministries Driver Guidelines” contains the following:

The Trip Request has a designated area to be completed above the Pick-Up location . . . The Adult receiving the child will sign and time/date pick-up on Trip Request[.] When you reach the Drop-Off location, once again . . . The Adult receiving the child will sign and time/date drop-off on Trip Request[.]

Trip Request Forms Not Received

From the December 2020 and January 2021 Trip Request forms, the APA selected two transportation drivers for whom to compare Trip Request forms received from DHHS to those the APA scanned at the Omaha office of St. Francis on July 27, 2021. That comparison revealed serious issues with the St. Francis documents forwarded by DHHS.

For one driver tested, the APA received 22 Trip Request forms in response to the initial request to DHHS. Upon scanning that same driver’s records at the Omaha office of St. Francis, however, the APA found that over 160 trips had been completed. Similar issues were noted when comparing records for the second driver.

The table below summarizes the missing Trip Request forms for the two drivers tested:

Driver #	Total Trips Per Forms Received from DHHS	Total Trips Per Forms Scanned by APA	# of Missing Forms Per Driver
1	22	169	147
2	84	240	156

Trip Summary Information Not Correct

In the initial request to DHHS, the APA had asked also for a summary listing of all trips performed by St. Francis during December 2020 and January 2021. In response to that request, the APA received two PDF files titled “December 2020 SFM Driver Trips” and “January 2021 SFM Driver Trips.” The APA found disconcerting the lack of correct trip information provided therein.

While a few missing or incorrect Trip Request forms might be anticipated, the APA expected the two summary files to contain an accurate account of all trips performed by every St. Francis driver. That proved not to be the case, however.

For Driver #1 above, the summary files showed 12 trips in December 2020 and 11 trips in January 2021. As noted in that prior table, though, the driver performed 169 trips, per the forms scanned by the APA. A similar inconsistency was noted when comparing records for the second driver.

The table below reflects the disparity between the information contained in the two summary files provided and the forms scanned by the APA at the Omaha office of St. Francis:

Driver #	Total December 2020 Trips per Summary	Total January 2021 Trips per Summary	Total Trips per Summary	Total Trips Per Forms Scanned by APA
1	12	11	23	169
2	41	29	70	240

Questionable Miles

The APA also noted questionable milage reported on the Trip Request forms. Based on the pick-up and drop-off locations of one transportation service, for example, the APA calculated approximately seven miles for a full round trip; however, the driver recorded 66 miles traveled within the Omaha area. Copied below – excluding the pick-up and drop-off locations to avoid disclosing the child’s whereabouts – is the portion of the Trip Request form showing the 66 miles claimed to have been traveled:

DRIVER TIME CLOCK:			
IN	5:00	OUT	8:30
IN		OUT	
IN		OUT	

Vehicle: #6	Start Location: OMAHA	St. Francis Ministries
-------------	-----------------------	------------------------

Car START Route Miles: 12529	Car END Route Miles: 12595	Car TOTAL Route Miles: 66
Child IN Car: 12570	Child EXIT Car: 12573	Child TOTAL Miles: 3

Total Number of Trips for Children on this Route: _____

As noted above, the Trip Request forms that DHHS forwarded to the APA were incomplete. Because the “START” and “END” details were among the missing information, the APA did not undertake significant testing of miles traveled.

Due to the lack of Trip Request forms and the incomplete trip summary files provided, the APA cannot rely on that information to support the transportation services provided by St. Francis pursuant to the State of Nebraska contract. When notified by the APA that Trip Request forms were missing, and the summary files did not coincide with the records scanned at the Omaha office, St. Francis staff replied only that the forms are not used as the primary means of tracking trips. Notwithstanding the APA’s request, no alternative trip documentation or summaries were offered.

The APA sent DHHS a copy of a March 30, 2021, newspaper article that stated, “Kansas officials announced in December that St. Francis employees had falsified documents to show visits with families that never took place.” The APA asked DHHS officials both about the safeguards in place to prevent St. Francis from providing falsified records to the State of Nebraska and whether any concerns regarding questionable supporting documentation had been noted. The APA received the following response:

Nebraska DHHS recently completed a 100% review of all cases open under Saint Francis’ management in which every case file was reviewed and if any items were missing or clarity needed, then a request was to Saint Francis and such was provided timely. Cases are not only routinely reviewed by DHHS, but there are several oversight agencies, such as, Foster Care Review Office and Office of Inspector General, to ensure quality casework is completed. If there is ever a concern for falsification, such should be reported to DHHS and a thorough review will be completed to determine if the allegations have merit or not. Since the start of Saint Francis’ contract in Nebraska, we have never received an allegation of falsification for any staff member handling a Nebraska case.

While it is unclear whether transportation services documents were falsified or any attempted misrepresentation was afoot, both St. Francis and DHHS should have known that proper supporting documentation was not provided in response to the APA’s records request. Given that the contract with St. Francis stipulates funding is provided for a paid Transportation Coordinator, whose primary responsibility is to schedule and coordinate transportation requests, there can be no excuse for the lack of complete and accurate supporting documentation.

Furthermore, the incomplete transportation records maintained by St. Francis and provided to the APA through DHHS make it difficult to gain a clear picture of the actual transportation costs at issue. Regardless, certain concerns are conspicuous, nonetheless. One obvious question, for instance, is why St. Francis would pay a full-time transportation driver thousands of dollars in one month, including salary, overtime, holidays, and other benefits, for making only 12 documented trips (as noted above). While St. Francis continues to ask the State for additional funds over the original contract price, based on the travel documentation provided to our office, the APA questions whether St. Francis could provide the State with the true costs of travel expenditures incurred by them.

Good internal control and sound accounting practices require procedures to ensure that, as expressly required by the State of Nebraska contract with St. Francis, complete and accurate supporting documentation is maintained, as well as made available to review, for all transportation services provided.

Without such procedures, there is an increased risk for not only failure to comply with applicable contract requirements but also loss or misuse of State funds.

We recommend DHHS implement procedures to ensure St. Francis maintains, as required by the State of Nebraska contract, as well as makes available upon request, complete and accurate supporting documentation for all transportation services provided.

DHHS Response: The Department has a process to review all payment requests from St Francis that includes a monthly random sample of transactions and the supporting documentation. The Department resolves any issues that are found with St. Francis and if necessary, corrects the payment amount against a future request. The Department has not seen the amount of issues in our sampling as described by the Auditor during their review. However, the Department will work with St. Francis to ensure travel documentation is complete, accurate, and readily available upon request.

2. Failure to Provide Records Timely

As noted in the “Background Information – Contract with Saint Francis” section herein, the APA initially requested the transportation records on April 8, 2021. Because those records were maintained in the Omaha office of St. Francis, the APA agreed to allow DHHS until April 30, 2021, to provide the requested documentation. Even though some of the records sought were made available on April 29, 2021, many others, including the Trip Request forms, were not forwarded until May 20, 2021, or 42 days after the APA’s original request. Due to the incompleteness of Trip Request forms provided, moreover, it could be argued that the transportation records have yet to be delivered.

The delayed response is problematic given not only the simplistic nature of the APA’s request – the documents sought, if existing, should have been readily available – but also State law. Neb. Rev. Stat. § 84-305(2) (Cum. Supp. 2020) requires an immediate and specific response to any APA request for audit documentation. Such response must be made “as soon as is practicable and without delay, but not more than three business days after actual receipt of the request[.]” Likewise, no matter the difficulty in gathering them, all of the materials sought must be provided no later than “three calendar weeks after actual receipt of such request by any public entity.”

Neb. Rev. Stat. § 84-305.02 (2021 Neb. Laws, LB 369, § 2) provides a criminal penalty for failure to comply timely and fully with an APA request for audit documentation.

Good internal control requires procedures to ensure timely and full compliance with an APA request for audit documentation.

Without such procedures, there is an increased risk of statutory noncompliance.

We recommend the implementation of procedures to ensure timely and full compliance with any APA request for audit documentation.

DHHS Response: The Department will work with St. Francis to ensure their documentation is maintained in a manner that is readily available upon request.

* * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use our knowledge of DHHS and its interaction with other State agencies and administrative departments gained during our work to make comments and suggestions that we hope will be useful.

Draft copies of this letter were furnished to DHHS to provide its management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal responses received have been incorporated into this letter. Such responses have been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of DHHS, the Governor and State Legislature, others within the agency, Federal awarding agencies, pass-through entities, and management of the State of Nebraska, and it is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:

Craig Kubicek, CPA, CFE – Deputy Auditor

Lucas Post, CPA – Auditor II

Sincerely,



Craig Kubicek, CPA, CFE

Deputy Auditor

Phone (402) 471-3686

craig.kubicek@nebraska.gov



Trip Request

Driver: _____
 Trip Date: 12/23/2020 Wednesday
 Program: NE-NEBRASKA
 KACESES #: _____
 Client Name: _____
 Age: 10 Years Height: _____ Weight: _____ Gender: _____
 Car Seat Needed: _____
 Trip Comments: _____
 Client Comments: _____
 Provider / Foster Home: _____
 Provider / Foster Home Phone: _____

Appt. Type: Parent-Child/Sib Visit Medical Code: _____ Appt. Time: _____

Received Blue Book	Yes	No	Received Blue Book	Yes	No
Medications	Yes	No	Medications	Yes	No
PU Time: <u>05:00 PM</u>			DO Time: <u>05:27 PM</u>		
Pick Up: _____			Drop Off: _____		
Signature: _____			Signature: _____		
Time: _____			Time: _____		

DRIVER TIME CLOCK:

IN		OUT	
IN		OUT	
IN		OUT	

Vehicle: _____ Start Location: OMAHA 3311 N 93RD ST

Car START Route Miles:	Car END Route Miles:	Car TOTAL Route Miles:
Child IN Car:	Child EXIT Car:	Child TOTAL Miles:

Total Number of Trips for Children on this Route:
Not on the spreadsheet for this date.