

## FLORIDA DEPARTMENT OF CORRECTIONS

**Memorial Hospital Jacksonville Contract Audit***Paul C. Decker, Inspector General**Report #A07009**Donald L. Miller, Chief Internal Auditor**May 7, 2007***BACKGROUND**

The Department of Corrections' (DC) health care delivery system is managed by the Office of Health Services (OHS) and provides comprehensive medical, dental, mental health, and pharmaceutical services, including: health education, preventative care, and chronic illness clinics. The scope of these services range from emergency care, to inpatient hospitalization, to specialty care, as required. To provide emergency, inpatient and outpatient services for inmates referred by the Utilization Management Department located at the Reception and Medical Center (RMC), for Fiscal Year 2006-2007, DC executed contract #S6194 with Memorial Healthcare Group, Inc. d/b/a Memorial Hospital Jacksonville. Each year DC enters into a new contract with Memorial Hospital Jacksonville.

Inpatient services are charged at the rate of twenty-nine point three percent (29.3%) and outpatient and emergency services are charged at the rate of forty-seven point four percent (47.4%) of the billed charges per Memorial Hospital Jacksonville's charge master. During FY 2006-07, DC paid approximately 23 million dollars for health care services to Memorial Hospital Jacksonville.

**OBJECTIVES**

The objectives of our audit were to determine whether:

- the procurement of services and execution of the contract is consistent with applicable laws, rules, and procedures;
- contract payments are in accordance with the terms of the contract and properly documented;
- the delivery of services is effectively verified and properly monitored by the OHS;
- and internal controls exist to adequately prevent, deter, and detect fraud.

## **SCOPE AND METHODOLOGY**

The scope of this audit included an evaluation of the transactions and business processes for the current contract in place. We began our assessment of service delivery, contractor performance, and DC monitoring by touring the secured wing at Memorial Hospital in Jacksonville and observing the health care services that are being provided to DC inmates. To facilitate our evaluation of the effectiveness and efficiency of the internal control structure, we prepared an internal control questionnaire that was used to interview OHS staff. To ensure compliance with contractual requirements, we interviewed DC staff, reviewed contractor invoices, and obtained and reviewed monitoring reports that are used by the department to evaluate contractor performance.

## **RESULTS OF AUDIT**

Our audit revealed that, overall, Memorial Hospital Jacksonville is in compliance with the terms and conditions of the contract. The procurement of services and execution of the contract is consistent with applicable laws, rules, and procedures; the internal control structure that exists is adequate; contract payments are in accordance with the terms of the contract and properly documented; and the services are verified and properly monitored by OHS. There are no findings and recommendations for this audit.

*This audit was conducted in accordance with the International Standards for Professional Practice of Internal Auditing as published by the Institute of Internal Auditors. This audit was conducted by Kimberly Jones and supervised by Paul Strickland. Please address inquiries regarding this report to Donald Miller, Chief Internal Auditor, at (850) 410-4166.*