

**Finding**  
**Supporting Observation**

**Facilitating Condition**

**Plan of Action**

**Target Date**

**#3**

**Internal Controls over Contracts were inadequate -**

- Contract change orders totaling \$223,007 representing 7.4% of a total \$3,002,900 of 1997 -98 construction costs were not approved by the Board of Commissioners.
- Payments of \$120,811 were made without agreement.
  
- Payments of \$80,155 were made on expired agreements.
- Payments of \$101,964 were made on six agreements which could not be located.
- Charges involving contract labor rates totaling \$15,188 were unclear.
- Contracted prices and terms were not verified to invoiced prices.

Center was unaware of Law Dept. memo date 4-14-97 directing submission of all change orders to Board of Commissioners for approval until audit review.

Center's HVAC maintenance mechanic was on extended medical LOA during audit period requiring unanticipated multiple calls for HVAC and refrigeration outside service. Other occasions were for emergency situations that took precedence over authorizing paperwork and rate negotiation.

United Safety Services were authorized for multiple, separate and individual engagements to maintain air quality and control infection.

Vendors continued to provide Services and products based on oral extension of agreements.

Payments were authorized based on terms consistent with past practice.

75% of total was for supplemental housekeeping associated with construction projects. Charges paid were normal or otherwise consistent with recent past practice.

Board of Commissioners directive to have all construction change orders routed to County Engineer will insure compliance.

Agreements for the purchase of unplanned maintenance will be developed in accordance with County Code requirements.

Agreements will be renewed and retained in readily accessible form.

**In force**

**1st Quarter  
2000**

**1st Quarter  
2000**

**Finding**  
**Supporting Observation**

**Facilitating Condition**

**Plan of Action**

**Target Date**

**#3 - Continued**

<p>- <b>Contract with Nutrition Management Services was unclear and not followed.</b></p>	<p><b>Contractual terms were clear to BVGC personnel. Management judgement was used to adjust contractual conditions for uncontrollable events and to better serve the Center.</b></p>	<p><b>New agreement will incorporate language to allow adjustments for uncontrollable variables.</b></p>	<p><b>2nd Quarter 2000</b></p>
<p>- <b>Formalized policies and procedures were not established to define relationship and flow of information between BVGC and Heritage Valley Health Systems.</b></p>	<p><b>Mutual agreement between vendor and Center to adopt anti-kickback practices was primary consideration. Incorporation of written language was secondary.</b></p>	<p><b>Formal policies and procedures are being developed.</b></p>	<p><b>1st Quarter 2000</b></p>
<p>- <b>Medicare Part B medical supply contract was not updated to reflect anti-kickback statute changes necessitating charges for non-compensable items. Controls verifying billings for these items were inadequate.</b></p>	<p><b>Mutual agreement between vendor and Center to adopt anti-kickback practices was primary consideration. Incorporation of written language was secondary.</b></p>	<p><b>Contract will be amended to incorporate subject language.</b></p>	<p><b>2nd Quarter 2000</b></p>