

County of Solano  
Office of the Auditor-Controller



**Review of HealthRIGHT 360  
Compliance with Solano County  
Department of Health and Social Services' Contracts**

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## **INTRODUCTION**

Pursuant to the fiscal year 2017/18 audit plan, we reviewed the Solano County Department of Health and Social Services' (H&SS) substance abuse program service contracts (Contract) with *HealthRIGHT 360 (HR360)* for fiscal years 2015/16 and 2016/17. We conducted our review in accordance with the auditing standards generally accepted in the United States of America as developed by the American Institute of Certified Public Accountants (AICPA) and the *International Standards for the Professional Practice of Internal Auditing* as developed by the Institute of Internal Auditors (IIA).

## **BACKGROUND**

The mission of HR360 is to give hope, build health, and change lives for people in need. They seek to do this by providing compassionate, integrated care that includes primary medical, mental health, substance use disorder treatment and re-entry services.

On June 23, 2015, HR360 entered into a contract with H&SS to provide residential, outpatient, and detoxification (detox) treatment for substance-related disorders to reduce the rate of substance use and to facilitate the development of personal and interpersonal functioning. H&SS contracted with HR360 specifically for their expertise in dual-diagnosis (substance abuse and mental health) treatment and utilized HR360 for both dual (\$99/day) and single (\$90/day) diagnosed Clients. Under the contract, H&SS refers clients to HR 360 through Service Authorization Letters, which determine the aggregate dollar value that can be spent per client. The total aggregate dollar value for all combined Service Authorization Letters determines the total award amount for that fiscal year.

**Table I: HealthRIGHT 360's Contracts with Health and Social Services**

<b>Contract #</b>	<b>Term</b>	<b>Award Amount</b>	<b>Amount Paid</b>
03584-16	7/1/2015 to 6/30/2016	Equal to the aggregate dollar value of the Service Authorization Letters.	\$97,569
03584-17	7/1/2016 to 6/30/2017	Equal to the aggregate dollar value of the Service Authorization Letters.	\$103,500

H&SS pays HR 360 monthly in arrears on a fee-for-service basis in accordance with contracted terms. HR360 submits monthly expenses via Avatar, H&SS's electronic record keeping system. In addition, HR360 submits monthly invoices and vendor claims to H&SS specifying services rendered and the related fees for reimbursement with supporting documentation.

## **OBJECTIVE**

The objective of our review was to determine the propriety of service costs incurred by HR 360, and reimbursed by H&SS, and HR360's overall compliance with the fiscal contractual terms and conditions.

## **SCOPE and METHODOLOGY**

The scope of our review included determining the propriety of Contractor reimbursed service costs from July 2015 thru June 2017. To achieve our objective, we reviewed internal controls for the accounting and recording of contracted services and claims for reimbursement, and performed the following:

- Inquiries of HR360 and H&SS, including staff and management.
- Examination of vendor claim and invoice records.
- Examination of Avatar records.
- Examination of HR360 records.
- Compliance tests with the fiscal terms of the contract.

Our consideration of the Contractor's internal control structure was limited to gaining an understanding of the internal controls as they related to the services defined in the contract. We relied primarily on detailed testing procedures to substantiate the propriety of expenditures for determining compliance with the fiscal contract terms. Our review did not include an assessment of the program's effectiveness in providing the contracted services.

## **CONCLUSION**

Based upon our review, HR360's claims for reimbursement for services rendered appear proper and in compliance with contractual terms and conditions.

The Internal Audit Division thanks the Department of Health and Social Services and the staff of *HealthRIGHT 360* for their time, assistance, and cooperation during our review.