

Final Report

Administration of Contracts  
Awarded to  
Maryland Treatment Centers

*by the*

*Department of Health and Human Services*

Report # OIG-17-005

January 30, 2017

---

Montgomery County Maryland  
Office of the Inspector General



## Report in Brief

# Administration of Contracts Awarded to Maryland Treatment Centers

*by the*

*Department of Health and Human Services*

January 30, 2017

---

### Why We Did This Inspection

---

Over the past year, the Office of the Inspector General (OIG) received multiple complaints regarding the Montgomery County Department of Health and Human Services (DHHS) administration of contracts with Maryland Treatment Centers (MTC), a behavioral health care organization offering substance abuse, mental health, and dual diagnosis education, prevention, and treatment.

---

### What We Found

---

We found instances where MTC failed to comply with the terms of its contracts with the County. Specifically, MTC was not providing the required number of meals to residents of Lawrence Court Halfway House, a 24-hour residential treatment facility, and was paying a number of employees at a rate that was less than required under the Montgomery County Wage Requirements (Living Wage) Law.

We found that DHHS contract monitors approved invoices for payment which contained supporting documentation evidencing the contractor's noncompliance with the County Wage Requirements Law.

---

### What We Recommend

---

We recommend that the County require MTC to comply with the terms of its contract, including the payment of back wages and proper meal service. Also, DHHS contract monitors should be alert to County Wage Requirements Law requirements and should discuss instances of suspected noncompliance with the contractor and report ongoing concerns to the County Office of Procurement so that appropriate enforcement action may be taken.

# Administration of Contracts Awarded to Maryland Treatment Centers

*by the Department of Health and Human Services*

## Introduction

---

Over the past year, the Office of the Inspector General (OIG) received multiple complaints regarding the County's administration of Montgomery County Department of Health and Human Services (DHHS) contracts awarded to Maryland Treatment Centers (MTC), a behavioral health care organization offering substance abuse, mental health, and dual diagnosis education, prevention, and treatment.

The OIG received complaints from a wide spectrum of individuals including a County employee, a former facility resident, and current and former MTC employees. Reported allegations included ineffective contract monitoring. Additionally, the OIG received information alleging that MTC is experiencing financial difficulty, bills the County for monthly expenses but fails to use the County reimbursement to pay the vendor, and failed to meet specific contract requirements related to the operation of County-funded MTC facilities.

## Objectives, Scope, and Methodology

---

The complaints about MTC's billing practices and contract performance and the County's monitoring of MTC contracts are broad and far-reaching. We limited our review to:

- (1) Ensuring MTC is providing services and billing the County in accordance with contract provisions, and
- (2) Determining whether MTC contracts are effectively monitored in accordance with County rules and regulations.

We reviewed County and departmental regulations, policies and procedures related to DHHS contract monitoring. For all DHHS contracts with MTC that were active during FY2015 and FY2016, we requested and reviewed a complete copy of the original contract and all subsequent amendments.

OIG staff met with the contract monitor assigned to each project, discussed their administration and experiences regarding their assigned MTC contracts, and requested they provide sample invoices and backup documentation submitted by MTC and approved for payment by the County during FY2015 or FY2016. OIG staff conducted these steps in order to verify that both MTC and the County complied with the terms of the contract and applicable rules and regulations.

OIG staff attended the DHHS Behavioral Health and Crisis Services Contract Monitoring Unit's<sup>1</sup> quarterly site visits at 4 of the 5 facilities managed by MTC, and observed its review of the facility's program and personnel files.

During the course of our review, the OIG received information suggesting that at least one current MTC employee working on a County contract was being paid at a rate below that required under the Montgomery County Wage Requirements (Living Wage) law.<sup>2</sup> This resulted in an expansion in our scope of work to include an evaluation of MTC's submission of wage records to the County's Office of Procurement, Division of Business Relations and Compliance (PRO/DBRC).

Our inquiry was conducted from March to September 2016 in accordance with the standards contained in *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency (January 2012).

## Background

---

In FY2016, MTC received contract awards valued at over \$5 million to operate 8 substance abuse treatment programs within the County.<sup>3</sup> MTC provides a variety of treatment options including detoxification, residential, outpatient, and women or adolescent targeted services.

---

<sup>1</sup> The DHHS Behavioral Health and Crisis Services Contract Monitoring Unit serves as the liaison between the County and this contractor and is responsible for processing contract invoices and ensuring that contract requirements for reporting, performance, outcomes, and program results are met with acceptable timeliness and quality.

<sup>2</sup> "The County's Wage Requirements Law (WRL), at Montgomery County Code Section 11B-33A, establishes that certain County service contractors, and their subcontractors, must pay a certain level of wages to employees who perform direct and measurable work on qualified County service contracts." Obtained from [http://www.montgomerycountymd.gov/PRO/Resources/Files/OBRC/Wage\\_requirements\\_FAQs.pdf](http://www.montgomerycountymd.gov/PRO/Resources/Files/OBRC/Wage_requirements_FAQs.pdf), last accessed June 24, 2016.

<sup>3</sup> Although Table 1 depicts 9 contracts, the County funds 8 programs administered by MTC. The Journeys for Women contract is displayed twice on Table 1, as it was formerly a fixed price contract, but was reissued as a reimbursement contract during FY2016.

| Nickname                            | Contract Number | FY15 Contract value   | FY16 Contract value   | Contract Type                  | Facility Type   |
|-------------------------------------|-----------------|-----------------------|-----------------------|--------------------------------|---|
| Level I Outpatient                  | 1026058         | \$0.00                | \$7,100.00            | fee for service (requirements) | Level I Outpatient Substance Abuse Treatment Services   |
| Journeys for Women -(expired)       | 9648120109-AA   | \$200,000.00          | \$100,000.00          | fixed price                    | Intensive Outpatient and Outpatient (w omen only)   |
| Journeys for Women - Oct 2015 (new) | 1051456         | N/A                   | \$100,000.00          | reimbursement                  | Level II (intensive outpatient) and Level I (outpatient) substance abuse treatment for w omen   |
| Journeys Adolescent                 | 4644030002-AA   | \$428,835.00          | \$428,835.00          | reimbursement                  | Day Treatment for Delinquent Youth  |
| Avery Road Treatment Center (ARTC)  | 1004366         | \$2,599,845.00        | \$2,599,845.00        | fixed price                    | Residential Detoxification (Level III.7.D) and Intermediate Care (Level III.7) for persons w ith co-occurring mental health and substance abuse disorders |
| Lawrence Court Halfway House        | 1024872         | \$389,147.00          | \$389,147.00          | reimbursement                  | Level III.1 Residential Substance Abuse Treatment Services - Halfw ay House   |
| Avery Road Combined Care (ARCC)     | 0648025016-AA   | \$1,050,138.00        | \$1,050,138.00        | reimbursement                  | Residential (Level III.3) and Intensive Outpatient (Level II)   |
| Avery House                         | 1038614         | N/A                   | \$332,784.00          | reimbursement                  | Level III.1 Residential Substance Abuse Treatment Services - Halfw ay House (w omen only)   |
| Journeys Outreach                   | 1022432         | \$80,000.00           | \$80,000              | reimbursement                  | Intensive Outpatient and Outpatient - afterschool for adolescents   |
| <b>Total Contracted Value</b>       |                 | <b>\$4,559,965.00</b> | <b>\$5,087,849.00</b> |                                |   |

Table 1: Summary of Maryland Treatment Center Contracts Active in FY2015 and FY2016<sup>4</sup>

Approximately half (\$2.6 million) of the funds provided to MTC each year are used to operate the Avery Road Treatment Center (ARTC), a County-owned facility from which MTC provides residential detoxification and intermediate care services. In FY2014, the need for a new ARTC facility was recognized by the County, which issued a FY2015 Request for Proposals (RFP) to identify a vendor that would design, build, and operate a new addictions treatment center. In October 2015, the award was posted to Potomac Healthcare Foundation (PHF), the nonprofit arm of MTC. At the time of our field work, finalization of the contract was pending.

<sup>4</sup> Although Table 1 depicts 9 contracts, the County funds 8 programs administered by MTC. The Journeys for Women contract is displayed twice, as it was formerly a fixed price contract, but was reissued as a reimbursement contract during FY2016.

Overall, we were provided significant documentation regarding DHHS contract monitor responsibilities and processes. However, our report documents instances of contractor noncompliance and contract monitor underperformance.

Within the sample of invoices reviewed, we also identified minor instances of unsupported costs which, although not systematic issues significant enough to be raised in this report, were discussed with management.

The OIG received other complaints not addressed in this review. Unaddressed complaints included an alleged failure to pay employees for all hours worked and reported disharmony among staff and residents. Additionally, the OIG received quality of service complaints which we do not generally consider as a topic of review for our office. However, based on the reviewed DHHS policies and procedures, we have no reason to believe that DHHS contract monitors would have seen evidence of many these particular allegations.

### ***Potential Cash Flow Challenges***

---

We note that there are some recent signs MTC may be experiencing cash flow challenges. In making this assessment we considered:

- Negative reported net cash used in operating activities for FY2015 (-1.05 million) and FY2014 (-.29 million).
- Supporting documentation submitted with monthly invoices indicates that the contractor was months behind on the payment of multiple bills despite the County's reimbursement for those same expenses. Similarly, a former employee of one of the County-owned residential facilities, funded with a cost reimbursement contract, reported instances where utilities such as phone and internet were shut off due to lack of payment.
- In FY2016, MTC reported that it has been operating the ARTC program at a considerable net loss for the past two years and asked for an exception to County regulation<sup>5</sup> to obtain an increase on the ARTC fixed price contract.

MTC's potential cash-flow challenges should result in greater enforcement and monitoring of the County's contracts with MTC.

---

<sup>5</sup> On June 13, 2016, the Montgomery County Contract Review Committee approved a request that County Procurement Regulation #11.3.1 be waived allowing an increase in compensation to the Contractor without a commensurate increase in services in order to increase the FY2017 value of the ARTC fixed price contract by \$179,204.

## Contract Compliance

---

### **Finding 1: We found instances where MTC failed to comply with the terms of its contracts with the County.**

---

#### ***Failure to Serve Required Meals to Residents of the Lawrence Court Halfway House***

---

During the course of our review, OIG staff learned that Lawrence Court Halfway House (LCHH), a 24-hour residential treatment facility administered by MTC, was only providing residents 2 meals per day, omitting lunch. MTC's contract with the County requires that LCHH provide residents "at a minimum, two prepared meals per day Monday through Friday, a self-serve breakfast, and weekend meals that may be reheated by residents and/or staff." Thus, it is expected that LCHH clients be provided at least 3 meals per day. During FY2016, documentation submitted to the County in support of the LCHH monthly invoices routinely indicates that LCHH is providing/billing the County for 3.5 meals per day.

On October 6, 2016, the OIG issued Preliminary Inquiry Memorandum #17-001, *Lawrence Court Halfway House Meal Provision to Residents* which outlines our inquiry into this specific matter and the steps taken by the County to bring MTC into compliance with contract stipulations regarding meal provision. (See Appendix A for a complete copy of this memorandum.)

#### ***Underpayment of Employee Wages as outlined in County Wage Requirements Law***

---

The Wage Requirements Law Program ensures workers on County funded projects receive livable wages. Since the law became effective on July 1, 2003, Contractors and subcontractors must pay their employees an hourly wage rate compliant with the annually adjusted rate established by the County on qualifying contracts. Effective during the period of review, the hourly Wage Requirements rate was \$14.15 (FY2015) and \$14.35 (FY2016). The Wage Requirements Law also requires that all vendors engaged in County services contracts file a Wage Requirements Law Payroll Report Form with PRO/DBRC quarterly.

While underpayment of wages is a violation of the Wage Requirements Law, the failure to pay an appropriate wage to employees working on County contracts also constitutes a violation of the contract stipulations outlined in MTC's contracts with the County.<sup>6</sup>

OIG staff analyzed The FY2016 *Wage Requirements Law Payroll Report Forms* submitted by MTC for quarters 2 and 3. OIG staff found over 30 MTC employees whose listed hourly rate appeared to fall below the rate of pay required by law. Accordingly, in May 2016, the OIG formally requested that PRO/DBRC conduct a compliance audit of MTC to determine whether additional

---

<sup>6</sup> The General Conditions of each contract between the County and MTC requires that the contract "be construed in accordance with the laws and regulations of Maryland and Montgomery County." Additionally, for all contracts reviewed, a representative of the contractor signed a *Wage Requirements Certification* form stating that MTC would pay all covered employees who perform direct measurable work for the County at the effective required wage rate.

wages are owed to MTC employees performing work on County contracts. (See Appendix B for a copy of the audit request.)

On October 10, 2016, the Director of the County Office of Procurement issued a letter to MTC stating that a review related to fiscal year 2016 found that MTC underpaid 39 employees by \$45,289.<sup>7</sup> The letter demands that MTC pay the underpaid amounts to the identified employees. On October 25, 2016, MTC responded to the notice, disagreed with the amount of the underpayment, and requested a postponement of the payout until they were able to discuss the report findings with the County. It is our understanding that the County continues to be in discussion with MTC regarding appropriate corrective actions.

PRO/DBRC informed the OIG that the Compliance team within DHHS was working to review the *Wage Requirements Law Payroll Report Forms* for FY2015 and FY2014 and had preliminarily determined that there was a significant underpayment of wages for those periods as well. This review was ongoing as of the date of our fieldwork. We expect that the County will continue to quantify and demand payment of back wages, with interest, for the affected employees for the past 3 years.<sup>8</sup>

### Recommendation 1

---

The County should continue to require that MTC comply with the terms of its contract, including the payment of back wages and proper meal service.

### Invoice Approval

---

---

**Finding 2: We found an instance where DHHS contract monitors approved invoices for payment containing supporting documentation evidencing contractor noncompliance with the terms of the contract.**

---

#### *Documentation Indicating Underpayment of Employee Wages*

In some cases, documentation suggesting that MTC was not compliant with the terms of its contract and the County law was available to DHHS contract monitors, but MTC was not challenged by DHHS contract monitors. Our review of a sample of MTC invoices and back-up

---

<sup>7</sup> In response to the OIG request, the Office of Procurement and DHHS agreed that the DHHS Contract Compliance Team (Compliance Team) would conduct the requested audit. On September 26, 2016, the Compliance Team issued a draft report which documents its review of MTC'S compliance with the County Wage Requirements Law during FY2016.

<sup>8</sup> Because the County Wage Requirements Law does not specify a Statute of Limitations and the OIG was provided contracts dating back as far as 2005 during our review, we utilized the 3-year statute of limitations specified in the US Department of Labor, Fair Labor Standards Act of 1938. This particular statute of limitations applies to willful violations of the Act and we found MTC's underpayment of wages to be willful as they routinely certified that they would comply with the County law.



documentation previously approved for payment by DHHS contract monitors provided information indicating that MTC paid certain employees at an hourly rate less than that required by the County Wage Requirements law governing County contracts.

Based on the supporting documentation reviewed, we concluded that one could have reasonably expected a DHHS contract monitor to have discovered the underpaid wages in the course of their normal duties. DHHS contract monitors should have brought the suspected noncompliance to the attention of MTC so that an appropriate corrective action plan could be agreed upon. The 2015 DHHS Handbook for Monitors states that monitoring objectives include ensuring that contractors provide all the services contained in the Contract's Scope of Services and follow applicable laws and regulations. Contract monitors approve or reject contract invoices after reviewing supporting documentation "for sufficiency and compliance to the terms and conditions of the contract."

We conclude that based on DHHS contract monitor policy documents, contract monitors should periodically review available documentation to ensure that Contractors adhere to contract stipulations and applicable law, including the Wage Requirements Law. However, the County's Office of Procurement, Division of Business Relations and Compliance (PRO/DBRC) administers the Wage Requirements Law and bears additional responsibility for oversight and enforcement. PRO/DBRC receives the quarterly *Wage Requirements Law Payroll Report Forms*, and the Office of Procurement has the ability to issue a "Cure Notice", and, if necessary, a "Termination for Cause" as a result of an employer's failure to comply with the Wage Requirements Law.

PRO/DBRC stated that prior to February 2016, it did not review the *Wage Requirements Law Payroll Report Forms* submitted by County contractors or draw any systematic conclusions regarding contractor compliance.<sup>9</sup> Rather, PRO/DBRC simply collected and retained the information as presented by the contractor. PRO/DBRC stated that their office has the ability to enforce that law if necessary, but it is the responsibility of the contractor to comply with the law.

It is important to note that, regardless of whether MTC's noncompliance was noted by the assigned contract monitor or PRO/DBRC, their oversight does not diminish the contractor's responsibility to comply with the Wage Requirements Law and the terms of its County contract. While the Wage Requirements Law grants the County authority to investigate potential violations of this law and impose appropriate sanctions against violating contractors,<sup>10</sup> it also places the responsibility on the contractor to ensure that covered employees are paid an amount equal to or greater than the current wage rate. Nonetheless, had the assigned contract monitor discovered the underpayments and addressed the issue promptly, the County could likely have avoided a costly and time-consuming wage audit and resolution process.

---

<sup>9</sup> PRO/DBRC stated that in February 2016, it began utilizing the services of a contractor to review the quarterly *Wage Requirements Law Payroll Report Forms* submitted by County contractors.

<sup>10</sup> PRO/DBRC stated that until February 2016, the PRO/DBRC office was not adequately staffed and did not review the *Wage Requirements Law Payroll Report Forms* submitted by County contractors or draw any systematic conclusions regarding contractor compliance. Rather, PRO/DBRC simply collected and retained the information as presented by the contractor. PRO/DBRC stated that, in February 2016, it hired a contracted employee who began reviewing *Wage Requirements Law Payroll Report Forms* and documenting the results of that review in a database.

### Recommendation 2

---

DHHS contract monitors should be alert to County Wage Requirements Law requirements and inquire of MTC regarding instances of suspected noncompliance. Concerns regarding noncompliance should be reported to PRO/DBRC so that appropriate enforcement action may be taken.

Summary of the  
Chief Administrative Officer's Response

---

In response to the final draft report, the Montgomery County Chief Administrative Officer (CAO) stated, "*We have reviewed the report and agree with the recommendations.*"

Nothing in the response caused us to alter our report. The response is included in its entirety in Appendix C.

# Appendix A: Preliminary Inquiry Memorandum

## Lawrence Court Halfway House Provision of Meals to Residents

October 6, 2016




OFFICE OF THE INSPECTOR GENERAL

### PRELIMINARY INQUIRY MEMORANDUM

October 6, 2016

**TO:** Timothy L. Firestine  
Chief Administrative Officer

**FROM:** Edward L. Blansitt III   
Inspector General

**SUBJECT:** Lawrence Court Halfway House Meal Provision to Residents  
OIG PIM #17-001

This Preliminary Inquiry Memorandum (PIM) describes specific issues or complaints and the outcomes of limited procedures undertaken during a Preliminary Inquiry conducted by the Office of the Inspector General (OIG). Copies of this PIM along with your response, if any, will be provided to the members of the County Council and the County Executive within 10 business days of the date of this PIM.

#### **Background and Complaint Summary:**

In response to multiple complaints regarding the administration of Montgomery County Department of Health and Human Services (DHHS) contracts awarded to Maryland Treatment Centers (MTC), the Office of the Inspector General is currently conducting an audit of MTC contracts active during FY2015 and FY2016 in order to (1) ensure that MTC is billing the County in accordance with contract provisions, and (2) determine whether MTC contracts are effectively monitored in accordance with County rules and regulations. In FY2016, MTC received contract awards valued at over \$5 million to operate 8 substance abuse treatment programs within the County.

During the course of the broader audit of MTC, OIG learned that Lawrence Court Halfway House (LCHH), a 24-hour residential treatment facility, may not be providing clients the number of meals stipulated within its contract with the County. This memo details our preliminary inquiry and DHHS' reported efforts to address the matter.

We expect to release a report of a comprehensive review of MTC contract compliance and monitoring later this fiscal year.

---

51 Monroe Street, Suite 802 • Rockville, Maryland 20850 • 240-777-8240, 240-777-8254 FAX  
email: [ig@montgomerycountymd.gov](mailto:ig@montgomerycountymd.gov)

Timothy L. Firestine  
October 6, 2016  
Page 2

OIG PIM #17-001

## **Inquiry and Outcome:**

### *OIG Preliminary Inquiry*

The FY2016 total approved budget for the LCHH facility was \$474,958 and included \$106,000 allocated for food and dietary costs. MTC's contract with the County requires that LCHH provide residents "at a minimum, two prepared meals per day Monday through Friday, a self-serve breakfast, and weekend meals that may be reheated by residents and/or staff." Thus, it is expected that LCHH clients be provided at least 3 meals per day. During FY2016, documentation submitted to the County in support of the LCHH monthly invoices routinely indicates that LCHH is providing/billing the County for 3.5 meals per day.

However, during the course of our audit of MTC, the OIG received information indicating that LCHH only provides residents 2 meals per day, omitting lunch. It was alleged that residents were expected to provide their own lunches. Based on the ratio of lunch to that total daily rates listed under the US General Services Administration standard rates for Meals and Incidental Expenses, we estimate that of the \$106,000 budgeted for food and dietary costs, up to \$25,000 could have been the cost of providing lunch to LCHH clients in FY2016.

In May 2016, OIG staff discussed the allegations with the DHHS contract monitor assigned to the LCHH contract, who stated that based on the invoices submitted and the site visits conducted, there was no reason to believe that residents were required to provide their own lunches.

As a part of our broader MTC audit, OIG staff attended the spring 2016 quarterly site visits to MTC facilities that DHHS routinely conducts. During a June 2016 visit to LCHH, in response to a question from an OIG staff member, the Clinical Director of the facility stated that LCHH residents receive a self-serve breakfast and a hot, prepared dinner brought over from the Avery Road Treatment Center facility. He confirmed that residents were expected to provide their own lunches.

Following the June 2016 site visit, OIG staff discussed with the DHHS contract monitor the apparent discrepancy between the LCHH contract requirements and the food actually provided and requested that the matter be addressed. On September 28, 2016, DHHS provided a response to our request regarding the LCHH meals issue.

### *DHHS Response*

In its response, DHHS reported that on August 16, 2016, DHHS contract monitoring and compliance staff conducted an unannounced site visit during the lunch hour and asked the LCHH House Manager whether lunch was provided. The House Manager stated that LCHH only provides one hot meal and one self-serve breakfast per day. Following that

Timothy L. Firestine  
October 6, 2016  
Page 3

OIG PIM #17-001

visit, the DHHS contract monitor sent an email to the MTC Executive Director and asked how many meals were provided per day at LCHH. The Executive Director responded that 3.5 meals were provided. Again, at a site visit on September 8, 2016, it was observed by the DHHS contract monitor that no lunch was provided to the residents. As a result, DHHS staff found that LCHH was in “Partial Compliance to the number of meals required to be serviced per the [County] contract” and prepared a Corrective Action Plan. (See attached *LCHH Corrective Action Plan*.)

### Corrective Action Plan

---

On September 19, 2016, DHHS staff met with the MTC Executive Director and MTC Chief Financial Officer to present the Corrective Action Plan. DHHS staff reported that all parties agreed that LCHH would begin providing brown bag lunches to the residents. All parties agreed to reconvene at the end of November 2016 to assess the effect of the remediation.

DHHS reported to the OIG that it decided not to seek recoupment of the excess meal costs previously billed by LCHH because MTC would rebill under other DHHS contracts for the excess billings to the LCHH contract. We understand that MTC takes the pool of meal costs for four County-funded, residential treatment programs and allocates the costs to each County contract based on the number of clients and days at the respective program. Three of these programs are operated under cost reimbursement contracts with the County. The fourth is a fixed price contract. Therefore, according to DHHS, MTC would have been reimbursed for a higher meal cost under other facilities’ contracts if LCHH had reported and been reimbursed for its actual meal costs. Going forward, DHHS reports that LCHH will only be reimbursed for the actual number of meals provided.

### **Summary and Conclusion:**

We found that the number of meals provided to residents at LCHH did not comply with the terms of the MTC contract with Montgomery County. DHHS agreed with our findings and took appropriate steps to bring the contractor into compliance with its contract.

DHHS should continue to follow up with MTC to ensure compliance at LCHH and consider evaluating meal provision to clients at other MTC-serviced facilities. We have been advised that DHHS recently conducted an unannounced site visit at Avery House, another MTC-operated residential facility. During that visit, DHHS staff observed that meals were being provided as stipulated in that particular contract.

cc: Uma Ahluwalia, Director, Department Health and Human Services

## Appendix A: Preliminary Inquiry Memorandum

---

Timothy L. Firestine  
October 6, 2016  
Page 4

OIG PIM #17-001

A Preliminary Inquiry Memorandum (PIM) is appropriate in situations where we have, in reaction to a complaint, gathered and assessed sufficient information for us to draw limited conclusions related to the specific complaint. Since PIMs do not result from full inspections, investigations, or audits, it would not be appropriate for us to provide full findings and recommendations in PIMs. Instead, we may identify specific conditions, transactions, and events that management may want to continue to research from an investigative or policy standpoint.

# Appendix A: Preliminary Inquiry Memorandum

Timothy L. Firestine  
 October 6, 2016  
 Page 5

OIG PIM #17-001

## LCHH Corrective Action Plan

| PROVIDER: <i>Maryland Treatment Center, Lawrence Court Halfway House</i><br>DATE: 9/16/16<br>Contract Monitor: [REDACTED]  |  |   |  |   |                       |
|--|--|---|--|---|-----------------------|
| Corrective Action Plan (CAP) for Lawrence Court Halfway House Contract#1024872   |  |   |  |   |                       |
| DEFICIENCY   | CORRECTIVE ACTION  | QUALITY ASSURANCE MEASURE   | RESPONSIBLE STAFF  | TARGET DATE of corrective action                      | CONTRACTOR'S RESPONSE |
| Partial Compliance to the number of meals required to be serviced per the contract. In the contract's Scope of Services (page 9 of 15) article #2-Program "Staffing" sub-article A-#4 "Culinary Staff and # of meals"<br>4 - a sufficient number of culinary staff that meals CDMAR 10 47 01 06 for Dieran Services to provide, at a minimum two meal per week, Monday through Friday a self-served breakfast and weekend meals that may be reheated by staff and/or clients.<br>During a routine site visit on June 7, 2016 with the Montgomery County Office of Inspector General (OIG) and BHCS contract monitor, the | Provide two prepared meals as well as self-serve breakfast, based on weekly census/count; Monday through Sunday, all seven days of the week, throughout the whole contract term. | MTC inform all pertinent MTC Administrative and LCHH Staff of the contract requirement. | MTC, Executive Director, Contract Management, MTC CFO, Lawrence Court Clinical Director/Supervisor, and Lawrence Court House Manager | Effective immediately date of contractor's signature. |                       |
| 1  |  |   |  |   |                       |



# Appendix A: Preliminary Inquiry Memorandum

OIG PIM #17-001

Timothy L. Firestine  
October 6, 2016  
Page 6

DATE: 9/16/16  
Contract Monitor: [REDACTED]

**PROVIDER: Maryland Treatment Center, Lawrence Court Halfway House**

**Corrective Action Plan (CAP) for Lawrence Court Halfway House Contract#1024872**

| DEFICIENCY   | CORRECTIVE ACTION                           | QUALITY ASSURANCE MEASURE  | RESPONSIBLE STAFF   | TARGET DATE of corrective action | CONTRACTOR'S RESPONSE |
|--|---|--|---|----------------------------------|-----------------------|
| <p>Issue of the number of meals served by the MTC LCHH surfaced. The OIG auditor, [REDACTED] asked the Clinical Director, [REDACTED] how many meals are served at the LCHH which he indicated one hot meal and a self-breakfast. This was again confirmed on August 15, 2016 unannounced site visit during the lunch hour with the same question posed to the LCHH House Manager, [REDACTED] by the contract monitor and Compliance Team. The same response was received – LCHH only serves one hot meal and one self-served breakfast. An email was sent by the contract monitor to the MTC Executive Director [REDACTED] inquiring how many meals are served at LCHH. The Executive Director responded that 3.5 meals are served per day. See attached memo. Again, at a state</p> | <p>How will you correct the deficiency?</p> | <p>How are you going to prevent the deficient practice from reoccurring?</p> | <p>For ensuring the deficient practice does not reoccur</p> | <p></p>                          | <p></p>               |

2

# Appendix A: Preliminary Inquiry Memorandum

OIG PIM #17-001

Timothy L. Firestine  
October 6, 2016  
Page 7

DATE: 9/16/16  
Contract Monitor: [REDACTED]

**PROVIDER: Maryland Treatment Center, Lawrence Court Halfway House**

**Corrective Action Plan (CAP) for Lawrence Court Halfway House Contract#1024872**

| DEFICIENCY   | CORRECTIVE ACTION<br>How will you correct the deficiency? | QUALITY ASSURANCE MEASURE<br>How are you going to prevent the deficient practice from reoccurring? | RESPONSIBLE STAFF<br>For ensuring the deficient practice does not reoccur | TARGET DATE of corrective action | CONTRACTOR'S RESPONSE |
|--|---|--|---|----------------------------------|-----------------------|
| <p>Monitoring visit on September 8, 2016, it was observed by the contract monitor that no lunch was served to the residents.</p> <p>Per HHS CDO - In FY 16, MTC LCHH billed the County 3.5 meals per client residing in the facility. County will not ask for repayment because the total costs of the meals are allocated among all the County MTC contracts. However, in FY 12, DHHS will only pay for 2 meals a day until the corrective action is implemented.</p> |   |  |   |                                  |                       |

Notes: Contract#1022872 Scope of Services (page 9 of 15) article #2-"Program Staffing", sub-article A-#4, "Culinary Staff and # of meals" is being met and complied with and if not the issue has to be fixed as soon as possible.

# Appendix A: Preliminary Inquiry Memorandum

Timothy L. Firestine  
October 6, 2016  
Page 8

OIG PIM #17-001

PROVIDER: *Maryland Treatment Center, Lawrence Court Halfway House*  
Corrective Action Plan (CAP) for Lawrence Court Halfway House Contract#1024872

DATE: 9/16/16  
Contract Monitor: [REDACTED]

X [REDACTED]  
Executive Director, MTC Contract Management

X [REDACTED]  
Manager, BHCS Contract Management Unit

[REDACTED]

4

# Appendix B: Request for Audit Regarding MTC's Compliance with the Wage Requirements Law

May 20, 2016



OFFICE OF THE INSPECTOR GENERAL

## MEMORANDUM

May 20, 2016

**TO:** Cherri Branson  
Director, Office of Procurement

**FROM:** Edward Blansitt  
Inspector General

**SUBJECT:** Maryland Treatment Centers (MTC)

The Office of the Inspector General is engaged in an ongoing review of County contracts awarded to Maryland Treatment Centers (MTC), a behavioral health care organization. During the course of our review, we received information suggesting that MTC employees working on County contracts are being paid at an hourly rate below that which is required by the County Living Wage law.

As you know, since 2007, all vendors engaged in County services contracts are required to file a Wage Requirements Law Payroll Report Form with your office on a quarterly basis. Upon contacting your office, to request copies of the forms filed by MTC, we learned that there were no MTC forms on file. During April 2016, the Program Manager for the Prevailing Wage Program reached out to MTC and requested that they file the delinquent reports.

Our office reviewed the Wage Requirements Law Payroll Report Forms subsequently submitted by MTC. We found over 30 MTC employees whose listed hourly rate appears to fall below the rate of pay required by law. Accordingly, we are requesting that your office conduct a compliance audit of MTC to determine whether additional wages are owed to employees performing work on County contracts.

Thank you for your support. If you wish to speak with me about this request, I can be reached at 240-777-8241.

cc: Uma Ahluwalia, Director, Health and Human Services (HHS)  
Bonnie Kirkland, Assistant CAO  
Fariba Kassiri, Assistant CAO  
Jack Gibala, Program Manager, Prevailing Wage Program

---

51 Monroe Street, Suite 802 • Rockville, Maryland 20850 • 240-777-8240, 240-777-8254 FAX  
email: IG@montgomerycountymd.gov

# Appendix C: Chief Administrative Officer's Response

January 27, 2017



OFFICES OF THE COUNTY EXECUTIVE

Isiah Leggett  
County Executive

Timothy L. Firestine  
Chief Administrative Officer

## MEMORANDUM

January 27, 2017

TO: Edward L. Blansitt, Inspector General

FROM: Timothy L. Firestine, Chief Administrative Office *Timothy L. Firestine*

SUBJECT: Response to Confidential Final Draft: Administration of Contracts Awarded to Maryland Treatment Centers

I am in receipt of your Confidential Final Draft: Administration of Contracts Awarded to Maryland Treatment Centers (MTC). We have reviewed the report and agree with the recommendations. Following are the answers to the Draft's specific recommendations:

**Recommendation 1: The County should continue to require that MTC comply with the terms of its contract, including the payment of back wages and proper meal service.**

**CAO Response:** The DHHS has made many improvements and continues to work to strengthen its contract monitoring practices as well as to reinforce the training its contract monitors receive. For example, the creation of the DHHS's Compliance Unit has significantly increased the department's ability to ensure fiscal compliance on their contracts. We are committed to continuing to work on strengthening this area of contract monitoring.

**Recommendation 2: DHHS contract monitors should be alert to County Wage Requirements Law requirements and inquire of MTC regarding instances of suspected noncompliance. Concerns regarding noncompliance should be reported to PRO/DBRC so that appropriate enforcement action may be taken.**

**CAO Response:** The DHHS concluded a review of MTC's payrolls for Fiscal Year (FY) 2016 and provided the Office of Procurement (PRO) with that information. Based on that audit, PRO determined that MTC violated several provisions of the Wage Requirement Law (WRL) and is in the process of requiring MTC to take corrective action. The DHHS is currently conducting a review of MTC's FY15 and FY14 payrolls. When those reviews are complete, the DHHS will submit its findings to PRO to determine whether MTC was in compliance with the WRL during those periods, and PRO will determine whether MTC will be required to take corrective action. Please note, PRO routinely performs audits to determine whether MTC is in compliance with the WRL and to determine if repayment is required.

---

101 Monroe Street • Rockville, Maryland 20850  
240-777-2500 • 240-777-2544 TTY • 240-777-2518 FAX  
[www.montgomerycountymd.gov](http://www.montgomerycountymd.gov)

[montgomerycountymd.gov/311](http://montgomerycountymd.gov/311)  240-773-3556 TTY

## Appendix C: Chief Administrative Officer's Response

Edward L. Blansitt, Inspector General  
January 27, 2017  
Page 2

Thank you again for your work on this Draft and for your careful consideration and acknowledgment of the complexities and limitations of the County's work in this area. If you have questions, please contact Fariba Kassiri, Assistant Chief Administrative Officer, at (240) 777-2512 or [Fariba.Kassiri@montgomerycountymd.gov](mailto:Fariba.Kassiri@montgomerycountymd.gov).

TLF:al

cc: Fariba Kassiri, Assistant Chief Administrative Officer  
Uma S. Ahluwalia, Director, Department of Health and Human Services  
Cherri Branson, Director, Office of Procurement