

Legislative Audit Division

State of Montana



Report to the Legislature

November 2003

Performance Audit Survey

Refugee Assistance Program

Human and Community Services Division
Department of Public Health and Human Services

This survey provides background information on Montana's Refugee Assistance Program. Based on our evaluation and a recent fiscal review conducted by the department, the benefits of conducting an audit of the program appear to be limited. As a result, we do not recommend conducting a performance audit.

**Direct comments/inquiries to:
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PERFORMANCE AUDITS

Performance audits conducted by the Legislative Audit Division are designed to assess state government operations. From the audit work, a determination is made as to whether agencies and programs are accomplishing their purposes, and whether they can do so with greater efficiency and economy. The audit work is conducted in accordance with audit standards set forth by the United States General Accounting Office.

Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, political science, criminal justice, logistics, computer science, and engineering.

Performance audits are performed at the request of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

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James Gillett, Financial-Compliance Audit

November 2003

The Legislative Audit Committee
of the Montana State Legislature:

This is our performance audit survey of Montana's Refugee Assistance Program. The Human and Community Services Division, Department of Public Health and Human Services (DPHHS) administers this program. The department contracts with a private non-profit group to provide day-to-day services to refugees relocating to Montana. The survey contains information on program operations; however, based on our review, we do not recommend conducting a performance audit.

We wish to express our appreciation to department personnel, as well as contract administrators, for their cooperation and assistance.

Respectfully submitted,

Signature on File

Scott A. Seacat
Legislative Auditor

Legislative Audit Division

Performance Audit Survey

Refugee Assistance Program

**Human and Community Services Division
Department of Public Health and Human Services**

Lisa Blanford was the audit staff member involved in this audit.

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Appointed and Administrative Officials

**Department of Public Health
and Human Services**

Gail Gray, Ed.D., Director

Hank Hudson, Administrator
Human and Community Services Division

Linda Currie, Supervisor
Program Operations and Oversight Unit

Chapter I - Refugee Assistance Program

Introduction

The Legislative Audit Committee prioritized a performance audit of the Refugee Assistance Program for the 2003 Biennium. The Department of Public Health and Human Services (DPHHS) administers this program and contracts with a non-profit group to provide services. The Refugee Assistance Program was identified as a potential audit due to record keeping discrepancies discovered during a DPHHS fiscal review of the contractor's records and referred to our office and the Attorney General for investigation.

Refugee Resettlement

A refugee is a national of any country granted refugee status in the United States as verified by the Bureau of Citizenship and Immigration Services (formerly Immigration and Naturalization Service). This includes Cambodia, Vietnam, Laos, Cuba, Haiti, and the former Soviet Union. Refugees flee their native country in order to avoid religious, ethnic or political persecution. Representatives of the United States government make determinations of refugee status and provide refugees with specific documentation attesting to their refugee status.

The Office of Refugee Resettlement within the U.S. Department of Health and Human Services was created to assist refugees in obtaining economic and social self-sufficiency once they relocate to the U.S. This office is responsible for the domestic program of refugee resettlement services that include cash and medical assistance to newly arriving refugees, and a broad range of social services for refugees living in the U.S. less than five years. The Office of Refugee Resettlement provides states with funding to administer and operate refugee service programs. States' funding is derived from a variety of federal grants, some of which are automatic and some that are discretionary. All states except Wyoming participate in the Refugee Resettlement Program.

Montana's Refugee Resettlement Program

The refugee resettlement program in Montana is funded entirely from federal grants received from the U.S. Department of Health and Human Services. A state fund match is not required in order to receive federal refugee resettlement funds. Department expenditures

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and fund sources for the Refugee Resettlement Program are as follows.

Table 1
Refugee Resettlement Program Expenditures and Fund Sources
Fiscal Year 2003

Expenditures

Language Translation Services	\$ 6,174
Grants to Missoula Refugee Assistance Corp.	147,189
Direct Social Assistance Benefits	6,482
DPHHS Operating and Indirect Costs	<u>17,446</u>
Total Expenditures	\$ 177,291

Fund Source

Social Services Grant	\$ 85,467
Elderly Refugee Grant	60,912
Administrative Grant	30,912
Total Federal Grants	\$177,291

Source: Statewide Accounting, Budgeting, and Human Resource System.

The department contracts with the Refugee Assistance Corporation, a private corporation, to conduct daily operations and provide services to refugees. This group has provided resettlement services since 1978. The Refugee Assistance Corporation (RAC) includes a board of directors who serve in a voluntary capacity and provide direction and oversight. The corporation is located in Missoula. All staff are

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bilingual and bicultural and were once refugees themselves. Refugee Assistance Corporation staff act as liaison between refugees and local organizations and employers, helping the newly arrived families move toward a successful resettlement. Once basic living needs are met (shelter, food, medical services), RAC encourages refugees to become self-sufficient by focusing on individual and family support, advocacy, vocational training, and intensive job development. Examples of services include:

- ▶ Language translation and interpretation.
- ▶ Assessment of family needs and employment goals.
- ▶ Referrals for English classes and tutoring.
- ▶ Transportation to appointments.
- ▶ Orientation and instruction on American life-style and community services.
- ▶ Job development including assisting with applications and resumes, interview preparation, employer contacts, job counseling, and individual placement follow-up.
- ▶ Skill building courses and workshops.
- ▶ Assistance with immigration and naturalization forms and appointments.

The refugee program originally provided services in the Billings, Missoula, and Kalispell areas and served refugees from the former Soviet Union and Southeast Asia. The Billings area program was eliminated several years ago as the numbers of refugees in the community declined. The same is true in Kalispell although Russian interpreter services are still routinely provided. The Missoula refugee population is made up of 250 Hmong from Southeast Asia and 500 Pentecostal Christians from the former Soviet Union. Some have been in the country for ten years or more, while others have been here for only a few weeks. An average of four new refugee families arrives in Missoula each year. They generally join other family members already resettled in the Missoula area. The

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Operational Risk Assessment and Proposed Action

Missoula RAC provides case management for approximately 190 individuals on average.

We completed preliminary work to assess the potential for a performance audit of the Refugee Assistance Program. Program operations were reviewed to assess audit risks and identify potential audit areas. In March 2001, DPHHS staff performed a fiscal review of the Missoula Refugee Assistance Corporation to determine if funds reimbursed to the contractor were appropriately expended on purposes set forth in the contract. Department staff identified record-keeping discrepancies, incomplete records, and actions by corporate staff that did not adhere to contract requirements. Concerns included:

- ▶ Erroneous time sheets and travel reimbursement logs.
- ▶ Forged endorsement and re-assignment of a paycheck to a third party.
- ▶ Payments for services rendered without supporting invoices or receipts.
- ▶ Secured services of a sub-contractor without pre-approval by DPHHS.
- ▶ Financial statements that did not meet generally accepted accounting principles.

Some of these concerns were significant enough for referral to the Attorney General and our office for investigation of alleged theft. The investigation revealed no basis for criminal prosecution and found the exceptions were unintentional. The Refugee Assistance Corporation subsequently replaced some staff members and changed membership of the board of directors.

While overall management controls associated with this program have improved, we identified the same area of program operations as posing some risk. The Refugee Assistance Corporation remains a small staff of four individuals with oversight provided by a board of directors. Members from the same family are employed by the

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corporation and administer daily operations. This level of risk, associated with a family administered program, contributed to past concerns.

While the Missoula Refugee Assistance Corporation and its board of directors have taken steps to remedy past problems and implement DPHHS fiscal review recommendations, the potential for problems continues since some program aspects remain unchanged. We recommended the department perform follow-up contract monitoring to mitigate the level of risk associated with a family operated corporation. This would ensure prior concerns identified during DPHHS's fiscal review are resolved. We also recommended the department prioritize the follow-up fiscal review by scheduling the work.

In response to our recommendation, DPHHS scheduled follow-up contract monitoring of the Refugee Assistance Corporation. The onsite review was conducted October 14–16, 2003. Department fiscal staff reviewed financial records, operational aspects, and examined staff relationships and program integrity. Overall findings show fiscal procedures conform to the contract requirements and prior concerns have been addressed and resolved. In addition, the Refugee Assistance Corporation implemented a procedural change that provides an acceptable delineation between related staff members. The President of the Board of Directors now issues payroll and expense reimbursements for the two family members. This change reduced the previous level of risk associated with family members administering daily program operations. The department's on-site review identified several new issues and the Refugee Assistance Corporation will be required to make the necessary changes. The issues are not significant in nature and relate to record keeping by the corporation.

**Further Performance
Audit Work Not
Warranted**

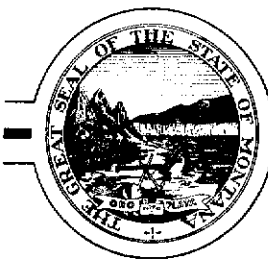
In closing, we believe follow-up contract monitoring by DPHHS should ensure the Refugee Assistance Corporation complies with its contract, maintains adequate financial records, and conducts operations in a manner that ensures integrity of refugee resettlement

Chapter I - Refugee Assistance Program

services. We do not believe further performance audit of the department's Refugee Resettlement Program is warranted.

Department Response

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



JUDY MARTZ
GOVERNOR

GAIL GRAY, Ed.D.
DIRECTOR

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September 22, 2003

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LEGISLATIVE AUDIT DIV.

Dear Mr. Pellegrini:

Thank you for your letter dated September 16, 2003, concerning the Refugee Assistance Program. We agree that a performance audit would be of limited value at this time.

The Public Assistance Bureau's Program Operations and Oversight Unit staff will conduct a review of the Refugee Assistance Corporation (RAC) on October 14-16. The onsite review will be conducted in Missoula at the RAC offices.

The review will cover all aspects of the contract, including financial records and the operational aspects of the corporation. Staff relationships and program integrity will be an area of in-depth analysis during the review. The RAC Board of Directors will be informed of the results of the review and will be required to make any changes necessary under the contract.

If you need more information or would like a copy of the Department's contract review report, please contact Linda Currie at 444-4099.

Sincerely,

A handwritten signature in cursive script that reads "Gail Gray".

Gail Gray
Director

c: Hank Hudson
Linda Currie
John Chappuis
Marie Matthews