



**DEPARTMENT OF PUBLIC SAFETY AND
CORRECTIONAL SERVICES**

Office of the Inspector General

**Audit of Emergency Contract Modification FY 21 Invoices
from Corizon Health, Inc. for COVID-19 Expenses**

January 15, 2022

Governor Larry Hogan
Lt. Governor Boyd K. Rutherford
Secretary Robert L. Green

I. Background/Purpose:

The Budget Committees requested the Department of Public Safety and Correctional Services (DPSCS) submit a report on inmate medical audited COVID-19 expenses. The reporting requirement found on page 145 of the 2021 Joint Chairmen's Report (JCR) specifically states:

provided that \$100,000 of this appropriation may not be expended until the Department of Public Safety and Correctional Services (DPSCS) submits a report on the audited funds expended by the inmate medical services provider in response to the COVID-19 pandemic. The Office of the Inspector General shall fully audit expense documentation to verify that each payment was made in accordance to all relevant statutes. The results of this audit shall be detailed in the report. The report shall provide an accounting of and justification for all emergency COVID-19 payments made to the inmate medical services provider in excess of the original contract. The report shall be submitted to the budget committees no later than October 1, 2021. The budget committees shall have 45 days from the date of receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

At the direction of the Maryland General Assembly, and in accordance with the 2021 Joint Chairmen's Report, the Office of the Inspector General (OIG) has conducted an audit of expenditures under emergency modification #2 to the State of Maryland DPSCS Contractual Agreement for Inmate Medical Care and Utilization Services with Corizon Health, Inc., Contract No. DPSCS Q0017058, related to COVID-19 expenses. The purpose of this audit was to ensure that the expenditures were auditable, necessary, valid, and within the terms of the contract approved by the BPW. The OIG's audit information will enhance budgetary oversight over the proper usage of federal tax dollars intended for COVID-19 relief.

II. Scope/Methodology:

The OIG conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and selected standards of the Institute of Internal Auditors (IIA). Those standards require that the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions. The OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions at this point in time. It should be noted that the OIG submitted its draft audit report to Corizon on November 19, 2021, and requested that they send any comments, explanations, or additional support documents within 10 business days, or no later than close of business December 7, 2021. Below is a timeline of Corizon's submission of the requested documents:

- Corizon did send some limited documentation on December 7th.

- Corizon did not submit the bulk of their supporting documents until December 14th.
- Corizon submitted additional documents on December 15th.
- The OIG was required to submit a draft report by December 15th.

Corizon was made aware of the Department's time sensitive constraints, and they were also reminded of the urgency to send their supporting documentation as soon as the documents became available. It is important to note that Corizon missed the initial deadline of December 7th.

These untimely Corizon responses had a significant effect on the OIG's ability to conduct its customary quality assurance review and submit its draft audit report by the required timeline of December 15th, but it was submitted on time. To allow sufficient time for the OIG to review and double-check all of the additional Corizon supporting documents that arrived late, the OIG was given until the close of business on December 20th to review everything and resubmit the audit report. The OIG's current understanding is that Corizon does not intend to send any additional documentation to support the FY21 COVID-19 invoices previously submitted to the Department for payment.

The scope of this audit was to ensure that the amounts invoiced by Corizon for the 12-month period covered by emergency modification #2, July 2020 through June 2021, were valid COVID-19 related expenses within the terms of the contract modification. It should be noted that Corizon had indicated their intent to submit another COVID invoice that included additional COVID expenses that took place during FY21, but to date they have not submitted any new invoices beyond the 12, FY21, monthly invoices already received by the Department. Therefore, the OIG's scope of work was focused entirely on auditing Corizon's FY21 COVID invoices and supporting documents that were actually received by the Department. Specifically, the invoices received included charges for five different categories of COVID related care covered by the contract modification: direct labor costs, administrative labor costs, offsite inmate medical care, COVID testing for inmates and Corizon employees, and purchases of equipment and supplies (primarily PPE). For each of these five categories of expense, as appropriate, the OIG:

- Obtained from the Division of Finance copies of invoices received from Corizon under the terms of the contract modification and paid by DPSCS;
- Reviewed payroll and timekeeping records, sub-vendor invoices, DPSCS electronic patient health records (EPHR), and Maryland Department of Health (MDH) Medicaid payment records (if available);
- Conducted tests of transactions to ensure that goods and services for which Corizon billed DPSCS were directly related to COVID-19 and were, in fact, provided to the Department, and that the amounts billed were correct; and
- Reviewed other documents and conducted additional tests as detailed in the specific Scope/Methodology reflected in each section.

Finally, it should also be noted that the OIG's scope of work did not include the review of any claims submitted by Corizon pertaining to the base medical contract, the first emergency COVID contract, the emergency modification #2 contract, or any other claims corresponding to COVID expenses that took place after the emergency modification #2 period. For the purpose of this report, it should be noted that a claim differs from invoiced expenses.

III. Findings and Recommendations:

A. Direct Labor Costs:

Internal Staffing Labor Costs:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$2,165,785.37, for internal staffing direct labor costs related to COVID-19. The OIG reviewed the Fiscal Year 2021 invoices received from Corizon, the Bethel Health Services' bi-weekly invoices submitted to Corizon, the Kronos timekeeping system, and the monthly staffing reports. After receiving and reviewing these records, the audit team conducted tests of transactions to ensure that COVID expenses were supported by valid timekeeping entries and that hours billed under the terms of the contract modification were not also included on the monthly staffing reports.

Finding #1: During the OIG review of the Fiscal Year 2021 invoices, it was noted that DPSCS was billed for certain employee hours at facilities/sites that were not supported by valid timekeeping entries, i.e., DPSCS was billed for hours at Jail Industries as COVID-19 expenses; however, those same employee hours were recorded in the Kronos system at another facility. It was also noted that, at times, employee hours that were billed for COVID-19 expenses remained on the monthly staffing report, which indicated that DPSCS paid for the expenses under the original inmate health contract and was subsequently double-billed for identical hours on the COVID-19 invoice. Based on the OIG review, it appears that Corizon Health Inc. overbilled the Department \$35,605.07 for Internal Staffing Labor costs.

Recommendation #1: The OIG recommends that DPSCS recover the \$35,605.07 identified above.

Temporary Staffing Labor Costs:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$3,361,752.09 for temporary staffing direct labor costs related to COVID-19. The OIG reviewed the invoices received from Corizon, the Kronos timekeeping system, and the monthly staffing reports. After reviewing these records, the audit team conducted tests of transactions to ensure that COVID expenses were

supported by valid timekeeping entries and that hours billed under the terms of the contract modification were not also included on the monthly staffing reports.

Finding #2: During the review of the documents provided by Corizon, the OIG audit team identified discrepancies between the billed COVID hours, the Kronos data, and/or the staffing report data. The audit team noted that some employees were not supported by timecards in the Kronos timekeeping system, nor were those employees identified on the DPSCS monthly staffing report submitted by Corizon; therefore, certain COVID-19 expenses were unable to be validated. There were also instances where the hours in Kronos pertained to sites other than what was included on the billing support. In other instances the hours reflected on the Kronos documentation differed from the hours billed by Corizon for the same employees and shifts, so it was decided to calculate average rates between the two support documents. As noted for the Internal COVID Care Labor, it was also noted that, at times, employee hours that were billed for COVID-19 expenses remained on the DPSCS monthly staffing report, which indicated that DPSCS paid for the expenses under the original inmate health contract and was subsequently double-billed for identical hours on the COVID-19 invoice. The audit team calculated the amount overpaid by identifying applicable 'pre rates' for the billed hours and applying those rates to the hours that remained on the staffing report. Additionally, there were instances where the hours in Kronos did not match the staffing report. Further, the OIG noted that an employee was consistently billed at a higher position rate than what the employee was actually designated as in the Kronos timekeeping system, i.e., a Licensed Practical Nurse (LPN) was billed as a Registered Nurse (RN). The audit team calculated the amount overpaid by applying the appropriate rates to the billed hours. In summary, based on the OIG review, it appears that Corizon Health Inc. overbilled DPSCS \$327,731.37 by including the same temporary staffing hours on both the base contract staffing report and also the COVID-19 invoices, resulting in double billing for those hours. Corizon also overbilled DPSCS \$369,735.91 when they failed to provide sufficient timekeeping records to substantiate the hours Corizon billed DPSCS for some of their temporary employees. Combined, Corizon overbilled DPSCS \$697,467.28 for Temporary Staffing Labor costs.

Recommendation #2: The OIG recommends that DPSCS recover the \$697,467.28 identified above.

COVID Hazard/Bonus/Retention Pay-Internal:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$542,909.69 for Internal Hazard/Bonus/Retention Pay for additional payments made to their employees due to the COVID-19 pandemic. For each month invoiced under this category, the OIG received payroll summary reports, which showed a Special Bonus Pay COVID (SBPC) code. In addition to receiving the summary pay reports, the OIG requested and received a detailed line item report for

each employee who received this bonus pay. From the detailed line item report, the OIG tested 10% of the employees listed on the May 2021 invoice. The May 2021 invoice was selected as the test month because this month had the largest monthly amount billed and represented approximately 40.1% of the total billed in this category. The purpose of the test was to ensure that these employees were in fact Corizon employees who worked on the Maryland DPSCS Inmate Contract.

Finding #3: Based on the review, the OIG did not find any discrepancies in the month tested, and therefore had reasonable assurance that the bonus payments made to Corizon's employees, and subsequently billed to DPSCS were in fact legitimate payments under the terms and conditions of the contract. Also, because May 2021 was the largest month invoiced by far, the OIG determined that it was not necessary to test any other months.

Recommendation #3: The OIG recommends that DPSCS take no action related to Corizon's COVID Hazard/Bonus/Retention Pay-Internal.

COVID Hazard/Bonus/Retention Pay - Temporary Staffing:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$4,086,619.27 for Temporary Staff Hazard/Bonus/Retention Pay for additional payments made to temporary employees due to the COVID-19 pandemic. Corizon used a subcontractor, Bethel Health Services LLC, to supplement their Internal staffing for the original contract with DPSCS. The amount billed reflects the difference in rates between what Bethel was charging prior to COVID-19 and the new rate due to the COVID-19 pandemic. The difference between the two amounts was expensed to DPSCS and was attributed to the Hazard/Bonus/Retention Pay category on the invoice.

The OIG reviewed each invoice that was submitted by Bethel to Corizon to ensure that the amounts expensed to DPSCS by Corizon matched what Bethel was charging Corizon. In addition to verifying that the amounts billed by Corizon were properly supported by an invoice, the OIG conducted a timekeeping audit of each employee listed on the invoice. Corizon, along with all the other inmate health contractors, use the Kronos timekeeping system. Kronos is an electronic timekeeping system that allows time entries to be entered through a web interface instead of a manual time keeping system. For each Bethel employee, the OIG compared the hours listed on the invoice to the hours listed in the Kronos system.

Finding #4: Based on the review, the OIG found 26 cases where the hours billed on the Bethel Invoice did not match the hours listed in the Kronos system. This resulted in the Department overpaying by \$21,990.52.

Recommendation #4: The OIG recommends that DPSCS recover the \$21,990.52 identified above.

B. Administrative Labor/Indirect Costs:

Scope/Methodology: Corizon invoiced DPSCS at a flat rate of \$100,000 per month for administrative labor/indirect costs. This amount, totaling \$1,200,000 for the 12 months, represents 8.3% of the direct billed cost. The audit team requested any supporting documentation for this expenditure and was informed that there was not any support documentation for these specific expenses. The OIG has also reviewed statements from Corizon, the Board of Public Works (BPW) Hearing transcript from February 24, 2021 (which had the emergency modification #2 on the agenda), and BPW Board members and DPSCS Managers related statements and testimony.

Finding #5: The person responsible for preparing the invoices told the audit team that he was instructed to charge the \$100,000 amount each month but was not able to send anything to support this expense. For example, Corizon had the opportunity to explain their basis for the \$100,000 fee, but they have submitted nothing acceptable to document the \$100,000 monthly amount billed. Also, the JCR, the emergency contract modification # 2 provisions, and the invoice template that was prepared by the Department, all include language that indicates that all expenses are to be auditable. In fact, the OIG has not reviewed any contractual evidence that the monthly administrative labor/indirect costs fees were not also required to be auditable. On the other hand, Corizon claims that “the Department was fully aware from the discussions and negotiations that preceded the execution of Modification #2 that Corizon intended to charge a fixed fee of \$100,000 per month for indirect administrative costs plus an amount for Corizon’s fee or profit, which is consistent with the language of Modification #2 and the COMAR provisions that are incorporated therein”. To that end, interviews and correspondence with Department Management support the fact that the \$100,000 monthly amount was an agreed upon administrative labor/indirect costs fee negotiated between the Department and Corizon. Also, at the BPW Hearing on February 24, 2021, the emergency modification #2, plus a corresponding invoice template, were presented to the Board. While the contract language does not have a specific \$100,000 reference, it does allow for an indirect costs fee, as well as a profit. Further, the invoice template presented at the BPW meeting on February 24, 2021, clearly included a DPSCS approved \$100,000 monthly fee for administrative labor/indirect costs. Finally, the OIG reviewed the transcript of the February 24, 2021 BPW Hearing, and while the Comptroller did, in fact, object to the \$100,000 monthly administrative labor/indirect costs fee amount, and the Treasurer asked if the Department would maintain all the receipts for the Corizon expenses, it was also evident that the BPW ultimately approved the emergency modification #2 with the understanding that the sample invoice presented at the meeting was to be used each month for Corizon to submit expenses for payment, and with the knowledge that the invoice template included an administrative labor/indirect costs fee of \$100,000 per month.

Recommendation #5: It is not entirely clear to the OIG whether the BPW’s intent was to allow for the DPSCS payment of the \$100,000 monthly administrative labor/indirect costs fee without any additional support documentation or basis for that amount. However, it is very clear to the OIG that the BPW approved the emergency contract modification # 2, and with the understanding that the \$100,000 monthly amount was an agreed upon administrative labor/indirect costs fee to be paid by the DPSCS.

Accordingly, the OIG recommends taking no further action at this time regarding the \$1,200,000 administrative labor/ indirect costs fee charged to DPSCS.

C. Inmate Patient Offsite Medical Care:

Offsite Care:

Scope/Methodology: The total amount billed for offsite care over the 12-month contract period was \$386,821.02 for an average of \$32,235 per month. Actual amounts billed each month varied widely from a low of \$0 billed in July and August 2020 to a high of \$145,862.12 billed in January 2021. The OIG selected May 2021 as a sample month for testing due to the fact that it was the month that most closely approximated the monthly average and represented 14.2% of the total amount charged to DPSCS for offsite care. Based on that, the audit team requested documentary support for \$54,793.46 in charges for offsite care during our sample month of May 2021. Corizon provided copies of claims forms for each of the claims billed to the Department during May 2021, as requested. The OIG then compared the claims submitted to Corizon by care providers (hospitals, clinics, ambulance services, etc.) to the amount billed in May 2021.

Finding #6: Based on this review, the OIG determined that Corizon paid \$1,397.97 in April 2021, and paid \$53,395.49 in May 2021, for a total of \$54,793.46, which was billed to DPSCS in their May 2021 invoice. For the sample month, the amount paid to claimants by Corizon matched the amount billed by Corizon to the Department. Accordingly, the OIG has reasonable assurance that Corizon properly billed the Department for the Offsite Care reflected on their FY 21 COVID invoices.

Recommendation #6: The OIG recommends that DPSCS take no action related to inmate Offsite Care costs.

10% Medicaid Retainage:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$246,965.10 as their fee for Medicaid collections related to the COVID-19 pandemic. As part of this audit, the OIG reviewed *Modification #2 - Exhibit A - COVID-19 Costs - Clarifications and Assumption*. Paragraph 3 of the contract modification states that the "Contractor's base fee shall not be reduced by the amount of inpatient hospitalization costs that are reimbursed by Medicaid or other third-party payors; rather, Contractor shall be paid 10% of such reimbursements as part of its COVID-19 Costs."

This modification is applicable to FY 2021 only. The only way that the OIG can determine whether the amounts claimed by Corizon were paid by Medicaid to the medical provider or to Corizon would be to verify via the Maryland Department of Health (MDH) Medicaid claims data. Corizon forwarded to the OIG a spreadsheet used to formulate the April 2021 invoice - \$210,816.30, as well as another spreadsheet used to

formulate the May 2021 invoice - \$36,148.80. These spreadsheets listed each inmate's medical event in its aggregate form, i.e., date of admission, end date, and total dollars (summed for the total event and not delineated for each specific service provided during the hospitalization, e.g., diagnostics, pharmacy, physician services, etc.). The OIG also obtained from the Division of Correction's Inmate Health Services Unit, a current MDH MMIS data run (as of October 8, 2021) that listed paid claims for the period under review. This MMIS data run was used to compare the dollars reported on the Corizon support spreadsheets.

Finding #7: Review of April and May 2021 Invoices of 10% Retainage:

April 2021 Invoice:

The review of the April 2021 invoice claiming \$210,816.30 revealed that the amount the contractor stated on the invoice was not accurate, per the supporting spreadsheet that was requested and forwarded to the OIG. The OIG reviewed the spreadsheet's formulation of the amount and requested further clarification from Corizon. As of the date of this report, Corizon has not provided an adequate explanation. Therefore, the OIG believes that the amount that should have been on the invoice is \$116,231.72, which is what is on the Corizon supporting spreadsheet.

May 2021 Invoice:

The OIG reviewed the May 2021 invoice and determined that it is fair and reasonable. The support spreadsheet calculation of the invoice amount of \$36,148.80 was correct.

Recommendation #7: The OIG recommends that the difference of the April 2021 invoice (\$210,816.30) and the Corizon supporting spreadsheet (\$116,231.72), which is \$94,584.58, should be recovered, unless Corizon is able to provide adequate support for a higher amount.

The OIG also recommends that for the May 2021 invoice, the amount of \$36,148.80 be accepted as fair and reasonable for the 10% of COVID-19 Medicaid Recoveries Collected for May 2021.

D. COVID-19 Testing:

Inmate COVID-19 Testing:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$2,743,501.54 for Inmate COVID Testing due to the COVID-19 pandemic. At the direction of the DPSCS Office of Inmate Health Services (OIHS) and based on guidance developed in tandem with the Maryland Department of Health, Corizon conducted COVID-19 testing for detainees and inmates confined to the Department's facilities. Primarily, Corizon performed Novel Coronavirus COVID-19 Nasal/Nasopharynx tests at a cost of \$49.50 each, and on a very limited basis,

conducted COVID-19 Antibody tests at a cost of \$45.00 each. For each of the 12-months covered by the contract modification, the OIG reviewed a random sample of 20 COVID-19 tests. For each test, the DPSCS OIHS Continuous Quality Improvement (CQI) team determined whether such a test and result was entered into the Department's Electronic Patient Health Records (EPHR) for the patient indicated and whether the amount billed by Corizon matched the amount billed by the sub-vendor. In cases where the audit team could not locate a valid test result in the inmate's EPHR, LaTasha McMillan, Corizon's Vice President of Operations and Stephanie Duhan, Corizon's Safety Director, were contacted and given an opportunity to provide a valid test result.

Finding #8: The audit team tested 240 tests for which DPSCS was billed and determined that 237 of 240 COVID-19 tests could be validated through EPHR. It was also determined that the amount billed by Corizon matched the amount charged to Corizon by BioReference, the vendor that performed the tests. The audit team also provided Corizon with the opportunity to review the results for the three unconfirmed tests. Based on the audit team's review, 98.75% of the items tested were found to be valid, and therefore the OIG had reasonable assurance that Corizon's invoices for this service substantially comply with the terms of the contract modification. In addition, during the review, it was determined that the COVID-19 testing sub-contractor, BioReference, charged Corizon \$55 dollars per test with a 10% discount for the large volume of tests conducted, resulting in a net cost of \$49.50 per test. The cost charged to DPSCS matched the amounts charged by BioReference to Corizon.

Recommendation #8: The OIG recommends that DPSCS take no action related to inmate COVID-19 testing costs.

Employee COVID-19 Testing:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$818,718.07 for Corizon Employee COVID Testing due to the COVID-19 pandemic. As a routine part of COVID-19 protocols, Corizon conducted COVID-19 testing for their employees working in DPSCS facilities. Primarily, Corizon performed Novel Coronavirus COVID-19 Nasal/Nasopharynx tests provided by a sub-contractor, BioReference, at a cost of \$49.50 each, as described in Finding #6, above. It should be noted that the OIG does not have access to Corizon employee's medical records, however, the OIG was able to review the amounts charged to Corizon by BioReference and confirm that they matched the amount charged by Corizon to DPSCS.

Finding #9: Based on our review, the OIG has reasonable assurance that Corizon properly billed DPSCS for COVID-19 testing of Corizon employees and temporary staff working at DPSCS facilities.

Recommendation #9: The OIG recommends that DPSCS take no action related to Corizon employee COVID-19 testing costs.

E. Equipment and Supplies:

Equipment and Supplies – Personal Protective Equipment:

Scope/Methodology: During the 12-month period covered under Contract Mod 2, Corizon billed DPSCS \$172,133.44 for the purchase of personal protective equipment (PPE), and other equipment and supplies, related to the COVID-19 pandemic. Corizon is responsible for purchasing PPE for facilities in all of the states in which they operate. During the period affected by COVID-19, the prices of each type of PPE has varied considerably from purchase to purchase. In order to account for PPE costs, Corizon developed an average cost based on recent purchases for each type of PPE that they shipped to their customers. Corizon provided a spreadsheet showing the calculation of PPE for the month of July 2020. Attached to the spreadsheet was a chart showing purchases of PPE and the calculation of their average cost.

Finding #10: It was observed that Corizon's average price was developed by totaling the unit cost of each PPE and dividing by the number of times purchases were made. For example, there were three purchases made of N95 masks during May and June 2020. The unit cost varied for each of these three purchases from \$7.00 for the initial purchase, \$5.00 for the next purchase, and finally \$1.71 for the final purchase. The majority of the N95 masks were purchased at the lower price. The average price was calculated by adding the three unit prices and dividing by three $((7+5+1.71)/3 = \$4.57)$. A more accurate method was used by the OIG to calculate the average cost. This involved adding the three amounts paid for the purchases and then to divide the sum by the total number of N95 masks included with the three purchases $(\$40,623.21/12,225 = \$3.32)$.

For all PPE billed during the audit period, a listing of the individual shipments into Maryland was supplied by Corizon. The document listed the specific PPE, the date it was shipped, the average unit cost, and the total to be billed. The total of these individual purchases was accurately reflected on the monthly invoices. During the audit period, only insignificant differences were observed for most of the PPE billed on the monthly invoices based on the more accurate method. However, differences that are more significant were observed for disposable gowns and N95 masks. Based on three purchases made just before the audit period for each of these PPE, an average cost was recalculated by the OIG for each one. Applying the OIG's calculated average cost, which was based on the recent purchases made just prior to the audit period, to the total billed on the monthly invoices during fiscal year 2021, resulted in an overbilling of \$10,619.02 for the disposable gowns and \$9,579.61 for the N95 masks. The number of units billed during the audit period was less than 50 percent of the total number of PPE purchased with the three acquisitions prior to the audit period for each of these two types of PPE. Finally, Corizon also could not provide supporting documentation for \$11,450.00 in other charges for gowns on the July 2020 invoice.

Based on the OIG review, it was determined that Corizon may have overcharged the State, based on their average cost determination, for the cost of disposal gowns and

N95 masks. Specifically, it appears that Corizon used an inappropriate method to calculate their rolling average cost for PPE purchases and, as a result, overcharged the DPSCS by \$31,648.63 for disposable gowns and N95 masks.

Recommendation #10: The OIG recommends that the DPSCS recover the overcharges for disposable gowns and N95 masks in the amount of \$31,648.63 during the audit period.

Equipment and Supplies – Other Than Personal Protective Equipment:

Scope/Methodology: In July 2020, there were additional billings for Equipment/Supplies other than PPE that included “external PPE”, equipment, and administrative charges. Corizon failed to provide supporting documentation for these costs, including a charge of \$77,110.94 for various items of “External PPE.” Attached to the July 2020 spreadsheet provided by Corizon, was a separately embedded spreadsheet that listed all of the invoices that were included in the charge of \$77,110.94 on the July 2020 invoice. This spreadsheet just listed all of the invoices that were included in the total and the facility that it was shipped to. In order to review what was included in these charges, the OIG selected a sample of the actual invoices and requested that Corizon provide these invoices so that the OIG could determine whether the expenses charged were appropriate. Corizon was able to provide support for \$14,946.35 of the \$77,110.94 charged on the July 2020 invoice. These were for purchases of N95 masks, gowns, and gloves. Corizon agreed that the remaining \$62,164.59 was charged to DPSCS incorrectly. Finally, Corizon could not provide support documentation for an equipment charge of \$97.00, and an administrative charge of \$1,128.75, both on the July 2020 invoice.

Finding # 11: Corizon was unable to substantiate charges for “External PPE” in the amounts of \$62,164.59 for various items, \$97.00 for equipment, and \$1,128.75 for an administrative charge listed on their detailed spreadsheet for the July 2020 invoice. Specifically, the auditors were unable to determine what items were purchased, the number of items purchased, or the unit cost of those items.

Recommendation #11: The OIG recommends that the DPSCS recover the additional charges discussed above on the July 2020 invoice in the amount of \$63,390.34.

IV. Conclusions:

Based on the OIG’s review of Corizon’s FY21 invoices and the supporting documentation provided by Corizon during the audit process, the OIG has determined that \$944,686.42 of the total amount invoiced, and paid to Corizon (\$15,725,205.59), was either overbilled, or Corizon was unable to provide adequate support to justify the amount billed. Accordingly, the OIG recommends that this amount be recovered by DPSCS. The specific amounts by expense category are identified in the chart below.

Another chart that details the monthly invoiced amounts by category of expenses is also included as an attachment.

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES
OFFICE OF THE INSPECTOR GENERAL
RECAP OF CORIZON COVID-19 INVOICES AND SUMMARY OF OIG AUDIT RESULTS
January 15, 2022

Cost Category	Total Billed by Corizon during FY 2021	% of Cost	OIG Recommended Amount	Difference
Covid Labor Costs				
Internal Covid Care Labor	\$ 2,165,785.37	13.77%	\$ 2,130,180.30	\$ (35,605.07)
Temporary Staffing Covid Labor	\$ 3,361,752.09	21.38%	\$ 2,664,284.81	\$ (697,467.28)
Covid Hazard/Bonus/Retention Pay - Internal	\$ 542,909.69	3.45%	\$ 542,909.69	\$ -
Covid Hazard/Bonus/Retention Pay - Temporary Staffing	\$ 4,086,619.27	25.99%	\$ 4,064,628.75	\$ (21,990.52)
Covid-19 Administrative Labor/Indirect Cost	\$ 1,200,000.00	7.63%	\$ 1,200,000.00	\$ -
Covid-19 Inmate Patient Offsite Medical Care				
Offsite Medical Care	\$ 386,821.02	2.46%	\$ 386,821.02	\$ -
10% Medicaid Collected	\$ 246,965.10	1.57%	\$ 152,380.52	\$ (94,584.58)
Covid-19 Testing				
Employee Testing	\$ 818,718.07	5.21%	\$ 818,718.07	\$ -
Inmate Testing	\$ 2,743,501.54	17.45%	\$ 2,743,501.54	\$ -
Covid-19 Equipment and Supplies				
PPE	\$ 170,019.04	1.08%	\$ 76,108.82	\$ (93,910.22)
Administrative Supplies			\$ -	\$ -
Other Equipment	\$ 985.65	0.01%	\$ 985.65	\$ -
OTHER	\$ 1,128.75	0.01%	\$ -	\$ (1,128.75)
	<u>\$ 15,725,205.59</u>	<u>100.00%</u>	<u>\$ 14,780,519.17</u>	<u>\$ (944,686.42)</u>