

LIMEN RECOVERY AND WELLNESS

PERFORMANCE AUDIT
AUGUST 1, 2023 - JUNE 30, 2024



**State of Delaware
Office of Auditor of Accounts**

**Lydia E. York
State Auditor**

January 29, 2025

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The attached report provides the results of our performance audit of Limen Recovery & Wellness, with respect to the Prescription Opioid Settlement grant program in accordance with the criteria set forth in Delaware Code, the grant application and grant agreement.

We conducted this performance audit in accordance with *Government Auditing Standards* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the information and use of Limen Recovery & Wellness, the Prescription Opioid Settlement Distribution Commission (the 'Commission' POSDC) and the Office of Auditor of Accounts. Under 29 Del. C. §10002(o), this report is a matter of public record, and its distribution is not limited. This report, as required by statute, will be provided to the Office of the Governor, General Assembly, Office of the Controller General, Office of the Attorney General, and Office of the Management and Budget.

This report can be accessed online through the State Auditor's website at <https://auditor.delaware.gov/>

A handwritten signature in blue ink that reads 'Lydia E. York'.

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Abbreviations:

AOA	Delaware Office of Auditor of Accounts
BHC	Behavioral Health Consortium
DHR	Department of Human Resources
FSF	First State Financials
GAGAS	Generally Accepted Government Auditing Standards
LGC	Local Government Committee
NARR	National Association of Recovery Residences
OD	Opioid Use Disorder
POSDC	Prescription Opioid Settlement Distribution Commission
SUD	Substance Use Disorder

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Audit Objectives

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objectives established for the performance audit of Limn Recovery & Wellness were to:

1. Determine whether grant expenditures were consistent and in compliance with Phase 1A & Phase 1B of the signed grant agreements (known as the ‘Opioid Abatement and Remediation Grants’).
2. Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.
3. Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Audit Scope

We were engaged to perform this performance audit and conducted our engagement in accordance with the standards applicable to performance audits contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

The period covered by the Performance Audit was August 1, 2023, through June 30, 2024. We sampled and examined transactions from the populations of expenditures and receipts of grant funds for the period. In sampling these transactions, we relied on documentation provided by the Organization, the Delaware Department of Justice, the POSDC (‘the Commission’) and the State of Delaware’s financial accounting system (FSF).

Findings

The performance audit conducted on Limn Recovery & Wellness contained no findings that were identified during the engagement.

Conclusions

Based on the work performed in connection with this performance audit, we concluded the following:

1. That grant expenditures were consistent and in compliance with Phase 1A & Phase 1B of the signed grant agreements, (known as the ‘Opioid Abatement and Remediation Grants’).
2. That grant expenditures have a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.
3. Expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Performance Audit Overview

The United States Government Accountability Office develops and promulgates Government Auditing Standards that provide a framework for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services. These standards are referred to as Generally Accepted Government Auditing Standards (GAGAS).

Performance audits are audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Government programs are subject to many provisions of laws, regulations, contracts, and grant agreements. Auditors identify any provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives and assess the risk that noncompliance with provisions of laws, regulations, contracts, and grant agreements could occur. Based on that risk assessment, we have designed and performed procedures to obtain reasonable assurance of detecting instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements that are significant within the context of the audit objectives.

We conducted this performance audit in accordance with the GAGAS applicable to performance audits issued by the Comptroller General of the United States. These standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We are required to be independent of the granting and recipient organizations to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to this performance audit engagement. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Authority

AOA is authorized under 29 Del. C, § 2906(a) to conduct audits of all the financial transactions of all state agencies. 16 Del. C. § 5196B authorizes the Behavioral Health Consortium to distribute money in the Prescription Opioid Settlement Fund and the Prescription Opioid Impact Fund based on the recommendations of the Prescription Opioid Settlement Distribution Commission by awarding grants. In addition, in accordance with the signed grant agreement “Any entity that applies for and receives (“Recipient”) a grant award or other disbursement of Opioid Funds expressly acknowledges that it is receiving restricted State funds from the Prescription Opioid Impact Fund (the “Impact Fund”) established under 16 Del. C. § 4803B and/or the Prescription Opioid Settlement Fund (the “Settlement Fund,” and together with the Impact Fund, the “Opioid Funds”) established under 16 Del. C. § 4808B.”

AOA has selected for audit certain grant recipients based on various risk factors. These risk factors include, but are not limited to, constituent referrals, materiality-based selection and random selection. This report has been prepared as part of this performance audit project.

Program Overview

Pharmaceutical manufacturers and distributors have reached a settlement agreement with the State of Delaware, along with a broad coalition of States, to resolve legal claims. The agreements provide for approximately \$50 billion in payments over 18 years to be disbursed to all participating States. Funding will be distributed to States according to the allocation agreements reached among each State’s Attorney’s General. The State of Delaware is expected to receive approximately \$250 million over 18 years. Distribution within Delaware began during the 3rd quarter of 2023 and is administered by the Delaware Behavioral Health Consortium. The distributions are to be used to support a wide variety of strategies to fight the opioid crisis.

On October 14, 2021, Senate Bill 166 was signed into law and created the Prescription Opioid Settlement Distribution Commission (the “Commission”, POSDC) and vested it with the responsibility for:

- (a) establishing a coordinated and consensus driven effort to repair the harm done to communities in Delaware by the opioid crisis and
- (b) making recommendations to the Behavioral Health Consortium (the “BHC”) regarding the distribution of money in the Prescription Opioid Impact Fund (the ‘Impact Fund”) established under 16 Del. C. § 4803B and the Prescription Opioid Settlement Fund (the “Settlement Fund”) established under 16 Del. C. § 4808B.

The Delaware Prescription Opioid Settlement Commission (POSDC) is a subcommittee of the Behavioral Health Consortium (BHC) and is charged with providing funding recommendations to the BHC to abate and remediate the Delaware opioid crisis.

The work of the POSDC is supported by its co-chairs and six standing committees:

1. Behavioral Health Resources Committee
2. Budget and Reporting Committee
3. Equity Committee
4. Governance Committee
5. Local Governments Committee
6. Public Outreach and Community Input Committee

The purpose of the POSDC is to abate and remediate the opioid epidemic throughout the State of Delaware through financial support from the Fund in the form of grant awards for efforts to treat, prevent, and reduce opioid use disorder and the misuse of opioids.

Pursuant to the above noted legislation and 16 Del. C. § 5196A, the General Assembly created a Local Government Committee (the “LGC”), which has statutory authority to make recommendations to the Commission regarding the distribution of money from the Impact Fund and the Settlement Fund. The Commission, with the recommendation of the LGC, approved grants to 78 non-profit and governmental organizations in 2 phases, totaling \$13,006,135 (Phase 1A: \$3,656,039 & Phase 1B:\$9,350,096).

The Impact Fund and each respective grant award was meant to increase access to treatment, reduce unmet treatment needs and reduce opioid overdose related deaths by providing prevention, treatment, and recovery activities for ‘Opioid Use Disorder’ (OUD), including prescription opioids and illicit drugs such as heroin.

Grant Agreement – This Performance Audit is prescribed by the ‘Mandatory Terms and Conditions for the Prescription Opioid Impact Fee Fund and Prescription Opioid Settlement Fund’ grant agreement.

Organization Background

Limen Recovery & Wellness (the Organization) is an established full service behavioral health organization whose mission is to build a solid foundation of recovery, centered on a holistic approach to treat and support the residents, utilizing four facility locations to transition clients from an intensive inpatient environment to the real world. The Organization accomplishes its mission by providing food, shelter, individual and group counseling, and vocational rehabilitation through unique recovery residences, peer support, workforce development, cultural and spiritual experiences, opportunities for peer leadership and service work projects. The Organization is registered as a 501(c)(3) non-profit organization founded in 1969 to address the challenges faced by people with Substance Use Disorder (SUD) and Opioid Use Disorder (OUD) and the gaps in high-quality treatment services for those re-entering society post-residential treatment and/or incarceration.

The Organization currently manages four recovery facilities: two for men and two women. The organization provides all services in accordance with National Association of Recovery Residences (NARR) standards. The Organization has embraced the NARR Standards for Recovery Residences, A Primer on Recovery Residences. The Organization recognizes the consensus that recovery from substance use disorders involves sobriety, improvement in global (physical, emotional, emotional, relational, spiritual) health and citizenship (positive community integration including meaningful employment).

The original grant agreement details that the Organization was allocated \$400,000 of Opioid Grant 1A and 1B funds to spend in accordance with the Opioid Abatement program. As the scope of our audit, June 30, 2024, the organization had received \$400,000 of its allocated funds. These funds represent approximately 29% of the \$1.38 million forecasted total cost for the program. Grant funding is programed to be spent to expand the organization’s services by increasing facility capacity, hiring administrative and peer addiction staff, expanding program services such as housing, transportation, childcare, etc., and facilitating events and activities for individuals with OUD, SUD, or are otherwise impacted by addiction. Events and activities included peer support groups, education & awareness events, and other lifestyle activities. The events and activities were geared towards, but not limited to, adult clients living in community-based recovery residences, youth, and members of the community. As of the date of the audit report, the funding from grant allocations represents 29% of the overall program cost estimate.

The program expansion staff is comprised of experienced employees focused on community leadership, outreach treatment, legislative advocacy, and prevention & education for the SUD population. The Organization employs approximately 30 staff members and has 10 open positions for expansion efforts and has a budget of approximately \$4 million from grants, donations, and private funding. With the grant funding, The Organization increased staffing and identified six positions specific to the expansion

effort. These positions include a Clinical Supervisor, Intake Coordinator, Program Director, Data Specialist, Intensive Outpatient Program (IOP) Counselor and Events Coordinator.

Audit Methodology and Results

To address the audit objectives of this performance audit, we performed the following procedures:

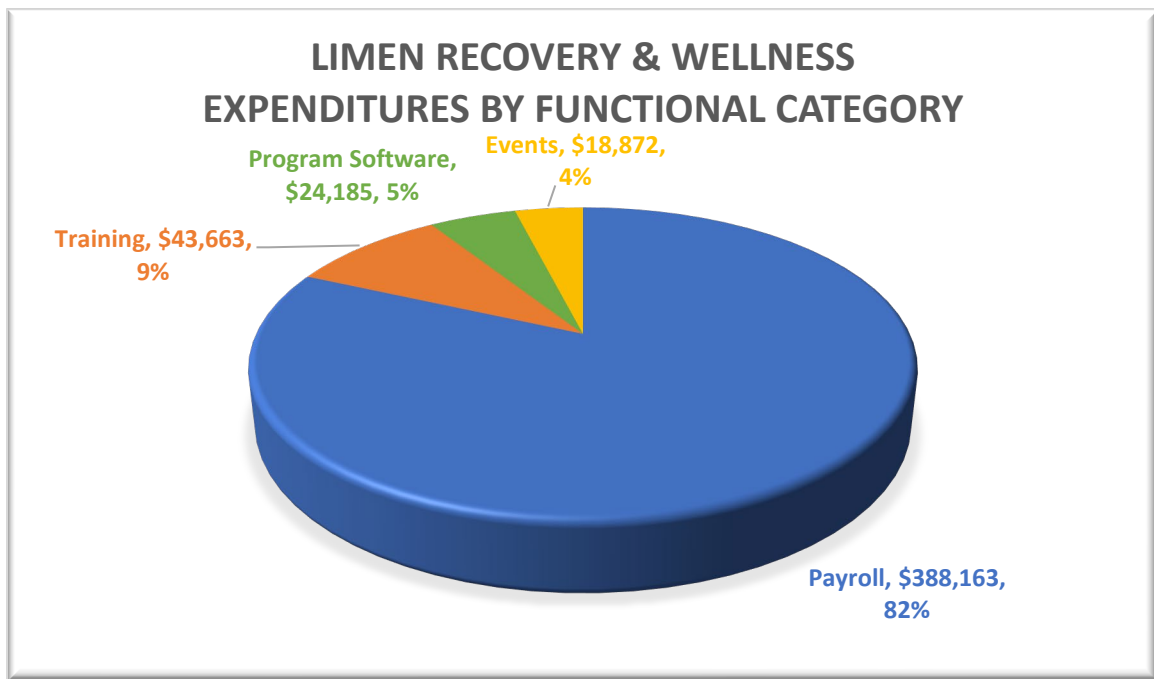
- A. Planning Phase: The audit relied on various sources of information and methods to properly plan the audit and to obtain an understanding of, and assess processes for the Organization, including the following:
 - 1. We reviewed the applicable sections of the Federal Prescription Opioid Settlement Distribution legislation to gain an understanding of the legal and policy requirements governing the ‘Prescription Opioid Settlement Distribution’ grants.
 - 2. We inquired whether there were any findings and recommendations in reports resulting from previous audits that relate to the objectives of this audit and whether the recommendations have been implemented.
 - 3. We reviewed board minutes for the Organization.
 - 4. We identified and reviewed contracts, agreements, and other important documents.
 - 5. We performed risk assessment procedures such as:
 - a. Obtained and documented an understanding of the Organization and its environment and identified risks.
 - b. Completed engagement team discussions, including discussions about the possibility of error or fraud involving opioid grant funds.
 - c. Made inquiries of management and others about risks (including fraud risks, related-party transactions, unusual transactions, and compliance with laws, regulations, contracts and grant agreements).
 - d. Obtained and documented an understanding of the Organization’s internal control system over grant funds.
- B. Performance Assessment: Based on the information gathered, we developed the following risk-based approach to assess the compliance of grant funds with respect to the audit objectives.
 - 1. To determine the compliance of the grant disbursements, we sampled and tested transactions from the population of expenditures from opioid grant funds to determine that the transactions were properly documented, authorized, and properly recorded; that products and services were received; and that the transactions complied with opioid grant requirements.
 - 2. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements were consistent and in compliance with Phase 1A & 1B of the Prescription Opioid Impact Fee Settlement Fund.

- 3. We sampled and tested transactions from a population of grant disbursements to determine whether the disbursements had a demonstrable direct correlation with the expected performance measures, scope of work and grant agreement and budget.
- 4. We compared the grant application and grant agreement to the grant disbursements and reported results to assess whether the grant deliverables had been met with respect to the grant agreement.

Objective 1

Determine whether grant expenditures were consistent and in compliance with Phase 1A & Phase 1B of the signed grant agreements, (known as the ‘Opioid Abatement and Remediation Grants’).

Methodology - To assess the Organization’s compliance over opioid grant expenditures, we selected a random sample of 30 opioid abatement expenditure transactions related to these events. Our review of the selected transactions determined that the disbursements both complied with Phases 1A & 1B of the Opioid Abatement and Remediation Grant agreements.



Results – We found that expenditures of opioid grant funds were consistent and in compliance with Phase 1A & 1B of the signed grant agreements. Expenditures of opioid grant funds were in accordance with the requirements during the period from August 1, 2023, through June 30, 2024.

Objective 2

Determine whether grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.

Methodology - To determine if each of the 30 tested abatement expenditure transactions had a demonstrable direct correlation with the performance measures and scope of work, we reconciled each disbursement to the opioid abatement program or event conducted by the Organization and identified that each event was indeed correlated to the opioid abatement program as established by the ‘Opioid Abatement and Remediation’ grant agreement. We traced each disbursement to the Organization’s general ledger to determine that each disbursement agreed to the invoice and that each service was not recorded to two or more abatement programs.

Results – We found that the tested opioid grant expenditures had a demonstrable direct correlation with the related performance measures, scope of work and grant budget as noted in the grant application and signed grant agreement.

Objective 3

Determine whether grant expenditures were in compliance with allowable costs and permitted uses of grant funds and that grant reporting deliverables have been met.

Methodology - To determine if each of the tested disbursements were in compliance with allowable costs and permitted uses of the Opioid Abatement and Remediation’ grant agreement and whether reporting deliverables were met, we compared the signed grant agreement, grant application and each of the periodic status update reports (prepared for the Commission) to each grant disbursement to determine if each disbursement was relevant and consistent with relevant Opioid Abatement grant legislation and guidance and that each status report appeared reasonable considering the amount and nature of each expenditure. Based on our audit procedures, we determined that each of the disbursements tested were supported by sufficient documentation and were in compliance with allowable costs and permitted uses of grant funds and that ‘reporting deliverables’ were met in accordance with the Organization’s grant agreement.

Results – We found that the grant expenditures were in compliance with allowable costs and permitted uses of grant funds in accordance with the Organization’s grant agreement and that reporting deliverables were met.