

Managerial Summary

A. Objectives, Scope, and Methodology

We have completed our review of Chesapeake Integrated Behavioral Healthcare (CIBH) for Fiscal Years (FY) 2014-15. Our review was conducted for the purpose of determining whether CIBH was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City and Department policies and procedures and financial administration regarding cash control and handling, access control, drug policies, and billings and accounts receivables.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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.

CIBH was tasked with providing behavioral healthcare services to Chesapeake citizens and support and assistance to people whose lives were affected by mental illness, substance abuse, intellectual disability, and other developmental difficulties. To that end, they offered in-office services such as individual, family, and group counseling, initial screening and assessment, psychiatric services and medication management. In addition, CIBH staff went into the community to conduct emergency mental health screenings, provide case management services, conduct developmental assessments, present drug and alcohol prevention training classes, and deliver assertive community treatment to individuals with serious mental illness who can benefit from closer monitoring and more intensive treatment. Vocational and pre-vocational services were offered to adults with serious mental illness and/or intellectual disability, and residential services for provided for those with severe needs at the Highlands Place Intermediate Care Facility for Individuals with an Intellectual Disability (ICF-IID). Ancillary services such as transportation to and from appointments and assistance applying for various benefit programs was offered as available.

For Fiscal Year (FY) 2014-15, CIBH had an operating budget of \$22,399,059. The department had an authorized complement of just over 245 full-time positions. CIBH funding sources included Federal, State, and City funds as well as client payments in the form of self-pay and insurance payments. The central office and primary treatment facility were located in the Great Bridge section of the City on Great Bridge Boulevard. Additional locations included Coastal Clubhouse, the psychosocial rehabilitation facility, located next to the central office, the Intermediate Care Facility for individuals with intellectual disability on Rokeby Avenue, the Community Options Program, the day support program for

individuals with intellectual disability and the library café located in the South Norfolk library. Just prior to this audit, a significant personnel change occurred that affected several of the audited areas. CIBH's Assistant Director position was converted to Director of Administrative Services to provide closer oversight of the fiscal, reimbursement and information technology areas. CIBH's long-term Fiscal Administrator was promoted to Director of Administrative Services, and a new Fiscal Administrator hired as a replacement.

Major Observations and Conclusions

Based on our review, we determined CIBH was accomplishing its overall mission of providing a variety of behavioral healthcare services that were critical to helping individuals integrate into the community and improving their quality of life. However, we did identify several areas of concern that needed to be addressed. Those areas included cash handling and receipts, accounts receivable, pharmacy control procedures, and card access controls.

This report, in draft, was provided to CIBH officials for review and response and their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. CIBH concurred with most of the report's recommendations and had either implemented or begun the process of implementing many of them. CIBH's management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Performance Information

CIBH's mission was to provide the 230,000 citizens of Chesapeake with comprehensive community-based services and support for residents with mental health, substance abuse, and intellectual disability needs, including services for infants with developmental delays. This mission was accomplished through CIBH's offerings of treatment and support that assisted Chesapeake residents in managing their illnesses and helped individuals integrate into the community and improved their quality of life. To meet this goal, CIBH offered services which included individual and group therapy, psychiatric services, day support, intermediate care, early intervention and prevention services as well as case management.

1. Performance Measures

In providing services CIBH, in addition to its' paid staff, was assisted by volunteers in various roles throughout the organization. In FY 2012-13, 5,220 hours were volunteered, or an additional 2.5 full-time equivalent workers. The FY 2014-2015 budget included 4,600 volunteer hours.

In FY 2014-15, for the three main treatment areas, CIBH was expected to provide 21,517 hours of outpatient services, 13,312 hours of case management, and 6,554 hours of emergency services in Mental Health; 23,810 hours of outpatient services, service to 1,232 outpatients, and 1,155 days of detox services in Substance abuse; and 20,000 hours of early intervention, 40,000 hours of day support, and 8,400 hours of staffing for 280 families and 373 case management clients experiencing Intellectual Disabilities. All these numbers either increased or stayed the same relative to the prior fiscal year.

C. Financial Control Issues

Our review of financial controls at CIBH identified a number of concerns that needed prompt attention. First, cash handling controls were not sufficiently developed, which placed sizable amounts of cash collections and petty cash at risk. Review of accounts receivables showed that the billings for the Intermediate Care Facility were not being paid by Medicaid and that a significant amount of past due billings were not pursued during a period of staff shortage. Reconciliations of client payments between the Credible AR and the Treasurer's system were several months behind and had segregation of duty issues. Finally, banking procedures for affiliated corporations and personal client accounts could be enhanced.

1. Cash Handling, Petty Cash and Settlement Processes

Finding – CIBH's procedures for cash handling, petty cash (p/c) and settlement processes did not sufficiently address cash handling, petty cash, settlement, internal controls, and the safeguards over assets. In addition, there was minimal oversight and monitoring of the front office and petty cash operations.

Recommendation - CIBH should develop and document cash handling, cash settlement process, and petty cash (p/c) policies and procedures so that cash is adequately safeguarded. In addition, CIBH should develop an ongoing oversight and monitoring process to ensure adherence to cash handling and cash control procedures, and individuals responsible for p/c operations should provide oversight and monitoring over the p/c operations to ensure that documented procedures were being followed.

Response – CIBH has complied with all recommendations by improving the City's cash collection and petty cash procedures to include cash settlement reconciliation signed by supervisors and the use of new petty cash receipts. Random unannounced cash collection audits and semi-annual petty cash audits will be conducted bi-monthly by Fiscal staff to monitor ongoing compliance with the revised procedures. Physical security of petty cash funds has been improved through use of locked cash drawers and a two-part combination for the front office safe. Two inactive/low activity petty cash funds have been dissolved. (Note – the full text of the CIBH response is included in the body of the audit report.)

2. Medicaid and Accounts Receivable

Finding – CIBH had an accounts receivable balance in excess of \$2,816,364, of which almost \$635,000 could be considered uncollectable. There was also an additional \$1.0 million in receivables from other sources, of which almost \$400,000 was over six months old and could be considered uncollectable.

Recommendation – CIBH should ensure that all necessary billing requirements for new services are understood and readily executable so that they can be fully implemented in sufficient time to avoid writing offs.

Response – CIBH received reimbursements of \$2,051,327 in June 2015 related to the ICF and has resolved all known issues related to billing the ICF and fully expects to collect all revenue with the exception of the foreseen pre-certification costs already allowed for. The pre-certification receivables have been written off. The ICF has new management and is fully engaged in following the Medicaid procedure manual and ICF protocols that could prevent timely billing for services. The reimbursement unit has also hired a part-time temporary position to aide in recovering any aged receivables, and intends to monitor the workload of the current staff during the fully staffed period to ensure adequate staffing needs. (Note – the full text of the CIBH response is included in the body of the audit report.)

3. Segregation of Duties – Front Desk Staff

Finding – The CIBH front desk staff responsibilities for data entry and reconciliation were not sufficiently segregated. In addition, reconciliations against the City's financial system were not being completed in a timely fashion.

Recommendation – CIBH should take steps to improve segregation of duties for its reimbursement staff, and should also ensure that reconciliations against City financial records are completed in a timely manner.

Response – The PeopleSoft general ledger entry, Credible Client AR entry, and handling of cash deposits into the Treasurer's system are conducted by three separate individuals in all cases. Sufficient segregation of duties does exist. Staffing shortages that delayed the reconciliation of AR deposits between the Treasurer's system and the subsidiary ledger in Credible have been resolved, and these reconciliations have returned to a monthly frequency. The overall reconciliation of AR between the general ledger and subsidiary ledger has always and continues to be conducted monthly.

4. Banking Procedures for CIBH-affiliated nonprofits

Finding - Bank procedures for Elizabeth River Properties of Chesapeake and CSB of

Chesapeake, Inc. lacked adequate segregation of duties. Also, account balances exceeded the FDIC insurance limit.

Recommendation – CIBH should address the banking procedure control issues associated with its affiliated corporations

Response - Elizabeth River Properties of Chesapeake, Inc. has a seven member board of Directors and is supported by two CIBH staff members (an Executive Director and a Housing Administrator) in addition to two contract positions (a bookkeeper and a property manager). The contract bookkeeper was vacated in October of 2014 and refilled in May of 2015. During the interim the ERPC Executive Director performed the duties of the bookkeeper. As a compensating control during this time period the Treasurer was asked to review the bank reconciliations. Now that the bookkeeper position has been refilled the practice will return to the bookkeeper performing the reconciliation and review of the bank reconciliations by the Executive Director. The bookkeeper does not have any banking authority. (Note – the full text of the CIBH response is included in the body of the audit report.)

5. Client Personal Fund Accounts

Finding - Policies and procedures for CIBH's personal resident accounts had not been updated and did not sufficiently address client check cashing processes, account cash limits, and client and guardian monthly statements.

Recommendation – Procedures for the handling of residents personal fund accounts should be updated.

Response - Consolidated monthly statements from the UP Center and Highlands Place will be mailed to each Authorized Representative assigned for each resident on a Monthly basis.

The following revised Resident Check Cashing Procedures have been implemented. The Account Technician will contact the Representative Payee to request resident's funds only when needed. Resident's personal funds account held at Highlands Place should always be \$80 or under. Upon receipt of the resident's check the check stub will be date stamped with the date of receipt and placed into safe. Staff will be notified via email that the resident has a check that needs to be cashed as soon as possible. The Account Technician is responsible for assuring that the resident's checks are cashed within 2 weeks of date of receipt of checks. Once the check has been cashed the check stub will then be date stamped with "Date cashed" and the deposit of the funds will be documented in the "resident's fund" excel spread sheet and a receipt will be filled out documenting the deposit of funds along with the completion of section III of the "Resident Funds Expenditure Request/Deposit Form.

D. Operations

Our review of several CIBH operational areas noted three areas where procedures could be enhanced. CIBH security of controlled substances and compliance with DEA regulations required prompt attention. Med Room Sample Drug controls and CIBH access card controls could be enhanced. Finally, CIBH should work with Human Resources to revise Administrative Regulation 2.44, so that more of its clinical staff was subject to testing, and review its conflict of interest practices.

1. Controlled Substances – PACT

Finding - The CIBH received, stored and delivered Schedule II and Schedule IV controlled substances (CS) for their clients; however, the CIBH was designated as an Alternate Delivery Site and was only licensed to receive, store and deliver Schedule VI medications. In addition, there was minimal management oversight and monitoring over PACT operations.

Recommendation – The CIBH should immediately discontinue receiving, storing, and delivering any Schedule II to Schedule V controlled substances. Additionally, management should take an active role in the ongoing oversight and monitoring of PACT operations.

Response - Schedule II through Schedule V controlled substances are no longer accepted into any CIBH facility. Pharmacies delivering medication, PACT staff and individuals bringing their medication into the building have been notified CIBH will not accept storage of Schedule II to Schedule V controlled substances on the premises. PACT supervisory/managerial staff monthly scan the medication delivery packing slips to assure no Schedule II to Schedule V medication has been delivered. Policies and procedures have been put into place to prevent the delivery and storage of Schedule II through Schedule V controlled substances. All PACT staff have been educated regarding these policies and procedures and have documented acknowledgment of receipt of such policies and procedures. Medication deliveries are reviewed to ensure that no Schedule II through Schedule V controlled substances are accepted into the building. The Medication Log is reviewed to ensure no Schedule II through Schedule V controlled substances are in the PACT medication room. (Note – the full text of the CIBH response is included in the body of the audit report.)

2. Pharmacy Control Procedures – PACT

Finding - The Program of Assertive Community Treatment (PACT) Division was not in compliance with Virginia Board of Pharmacy regulations as they related to delivery of dispensed prescriptions. PACT's policies and procedures did not sufficiently address the receipt, accountability, control, and safeguarding of drugs; employees were not properly trained on the handling and receipt of drugs; and incident reports were not always completed as required when incidents occurred.

Recommendation - The CIBH should comply with the Virginia Board of Pharmacy's regulation as it relates to the delivery of dispensed prescriptions. PACT procedures should be updated to address the receipt, accountability, control, and safeguarding of drugs and ensure that employees are properly trained. Additionally, incident reports should be properly completed and forwarded to the Quality Assurance division within 24 hours as required by policy.

Response - Policies and procedures have been put in place with regard to medication deliveries and medication brought into the facility by individuals receiving PACT services to ensure these medications are recorded in the medication inventory, and put into the correct medication storage bags. With respect to medication deliveries that come to the facility via mail, the packing orders are checked and confirmation of the receipt is faxed back to the vendor. (Note – the full text of the CIBH response is included in the body of the audit report.)

3. Psychiatric Med Room – Controls

Finding - Psychiatric (Psych) med room clients did not always sign for their drugs when they were dispensed. The inventory controls for drug samples held in the Psych med room needed to be redesigned. Further, inventory audits of sample drugs were not performed on a periodic basis.

Recommendation – CIBH should ensure that all drugs are signed for by clients when dispensed. Also, inventory control practices and form should be redesigned, and surprise Inventory audits should be performed on sample drugs at least quarterly.

Response - The Virginia Board of Pharmacy regulation:VAC18110-20-275, covering the delivery and dispensing of prescriptions to clients does not pertain to sample medications. The Virginia Board of Pharmacy does not regulate sample medications.

The original audit for client signature upon receipt of medications was not completed with a nurse present. The audit presented to me was a review of 209 charts with 184 missing signatures. Upon my review of the same 209 charts there were only 50 missing signatures. A total of 77 % of the charts did contain signatures. The discrepancy occurred because the Credible system only allowed the signatures to come up that were in a designated signature box on the med pick up service. (Note – the full text of the CIBH response is included in the body of the audit report.)

4. Cardkey Access Cards

Finding - Policies and procedures for the handling and control of access card issuance,

receipt, safeguarding, and accountability had not been developed, documented, and implemented. In addition, employees were not adequately trained on the handling of access cards, and there was minimal oversight over card access processes.

Recommendation – CIBH should develop, document, and implement access card handling process policies and procedures so that the integrity of the data on the card access system is accurate. Employees should be adequately trained on access controls. In addition, CIBH should develop an ongoing oversight and monitoring process to ensure adherence to access cards procedures.

Response - CIBH has implemented or is in the process of implementing the following changes:

- **Administrative MIS Staff have been issued individual accounts by the Main Card Access Administrator.**
- **A Formal Request to Add/Transfer/Remove user Access had been established suspensions and terminations are walked by the supervisor to MIS.**
- **MIS has begun to explore a process of exporting active card access accounts into a CSV file and comparing accounts against the active directory export form the network access. Those accounts that are outside of the network scope are then filtered by the internal HR list by the appropriate staff members.**

(Note – the full text of the CIBH response is included in the body of the audit report.)

5. Random Drug Testing

Finding - The CIBH required ongoing random drug testing for van drivers as a requirement of the City's Substance Abuse Policy (Administrative Regulation 2.44). However, it did not require ongoing random drug testing for employees such as Clinicians, Nurses, and Program Supervisors.

Recommendation –The CIBH should consider implementing an ongoing random drug testing program for positions such as Clinicians, Nurses, and Program Supervisors.

Response – As noted CIBH follows the current Administrative Regulation 2.44 as written. We are in favor of expanded testing of additional job classifications up to including all City of Chesapeake employees in the random pool. CIBH believes that every employee provides a vital role in the delivery of our services and the abuse of substances by any employee can negatively impact the quality of service to an individual.

6. Conflict of Interest Practices

Finding – CIBH did not have effective departmental conflict of interest practices.

Recommendation – CIBH should strengthen its conflict of interest review practices.

Response – CIBH will be implementing a standardized form that will be included in Credible. All employees will be required to complete the form on at least an annual basis or more frequently if they obtain outside employment during the year. Placing this form in Credible will allow us to better manage the completion of the form and to prepare additional analysis in a more efficient manner.