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September 28, 2021

The Honorable Rick W. West and  
Members of the City Council  
City of Chesapeake  
City Hall – 6<sup>th</sup> Floor  
Chesapeake, Virginia 23322

Dear Mayor West and Members of the City Council,

The City Auditors completed the review of the City of Chesapeake Integrated Behavioral Health Department (CIBH) for the period November 23, 2020 to June 30, 2021. This report was discussed with the CIBH Management and Administration and Finance Committee on August 9, 2021. The full report was subsequently issued and discussed with the CIBH Board on September 13, 2021. The purpose of the review was to determine whether CIBH financial operations were being conducted in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether they were compliant with applicable City and departmental policies and procedures. All financial operational activity was subject to audit for the purpose of understanding the internal control environment.

The objective of this audit was to determine if policies and procedures have adequate internal controls and segregation of duties over sources of funds and uses of funds. This included an audit of cash handling, petty cash, billing processes, the processing of reimbursements from insurance payors and self-payers, controls surrounding the use of City purchasing cards (P-cards), purchase orders and non-purchase orders. Controls over employee badges that authorize access into CIBH facilities was also addressed. The areas covered in this audit are anchored to CIBH's Strategic Goals from the perspective of *Finance* and *Internal Business Processes*.

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 conclusion 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.

For Fiscal Year (FY) 2021, the Department had an operating budget of just over \$28.9 million. The department has an authorized complement of 305.97 full-time positions. CIBH is considered a Special Revenue Fund of the City. Funding sources included Federal, State, and City funds as well as client payment in the form of self-pay and insurance payments. The central office and primary treatment facility were 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 (ICF) for individuals with intellectual disability on Rokeby Avenue, the Community Options Program, and the library café located in the South Norfolk library. Both Day Support facilities for individuals with intellectual disabilities have been closed due to the COVID-19 pandemic – psychosocial rehab and cops. CIBH leased a location on Greenbrier Circle for the Prevention Team and the Infant & Toddler program.

To conduct this audit, we reviewed and evaluated City and CIBH policies and procedures and operations documents and reports, both internal and external. We also reviewed applicable Federal and State laws, regulations, and City Ordinances. We conducted tours of the various divisions within the Department. We discussed these audit areas and conducted interviews with the Director, Fiscal Administrator, other Department administrators, accounting staff, and various employees.

Based on our review, we determined CIBH had accomplished its overall mission of providing a variety of behavioral healthcare services that were critical in helping individuals integrate into the community and improving their quality of life. However, we did identify several areas where there were opportunities for improvement. Those areas included cash handling, billing/intake, EHR Credible system security and segregation of duties, Purchasing credit card (P-Card) processing, compliance with Purchasing Policies and Procedures, contract administration, HIPPA compliance, card badge access controls, and petty cash.

This report, in draft, was provided to CIBH senior management 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. The CIBH’s management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

Sincerely,



Darren Padilla, CIA, CRMA  
Acting City Auditor  
City of Chesapeake, Virginia

Cc: Christopher M. Price, Chesapeake City Manager  
Joseph Scislowicz, Executive Director of Chesapeake Integrated Behavioral Health