
Executive Summary

Chesapeake Integrated Behavioral Health (CIBH) Department was established as a community services board and is responsible for providing mental health, developmental, and substance use disorder services in accordance with the Virginia statute. CIBH also continues to provide many other services as a commitment to providing behavioral healthcare to Chesapeake citizens to facilitate opportunities for recovery, resilience, and wellness. These services are provided through CIBH, the agency that reports to the CIBH Board of Directors appointed by the Chesapeake City Council.

In 2020, CIBH made many changes to their business model due to the COVID pandemic. Emergency purchases were made to accommodate the need for on-line behavioral health services, changes to the Intake processes, and back office financial operations. The findings that are described throughout the Cash Handling and Reimbursement billing processes were severely impacted due to services being provided virtually. CIBH is still working through the unknowns that were brought on by the pandemic while still working to achieve their goals.

CIBH Financial Operations interfaces with the City Treasurer, City Purchasing, and City Finance to manage the inflows and outflows of funds. Those processes include cash handling and the establishment of petty cash and cashier funds to manage the incoming sources of funds. The purchasing card (P-Card) program, purchase order, and non-purchase order processes are used to manage vendor payments and small purchases. Client services were documented along with the client account receivable accounts through CIBH's Electronic Health Record (EHR) Credible system. CIBH MIS Operations also work closely with the City to secure the facilities.

Due to the unique relationship between the City and CIBH, we would recommend that CIBH coordinate with and seek the authorization of the City Manager's Office on its management actions in response to this audit.

Favorable Observations Noted:

- CIBH continues to accomplish its overall mission of providing a variety of behavioral healthcare services to Chesapeake citizens.
- A strategic plan was developed to track the progress of program goals. This document serves as a roadmap to accomplishing its mission, short-term, and long-term goals.
- CIBH maintains an annual Risk Management Plan to monitor a variety of department-wide issues, risk levels, recommendations, monitoring plans, and groups responsible for monitoring risk.
- CIBH employees were using the EHR Credible software so that relevant documentation and notes could be easily accessed.
- CIBH was successful in establishing video conferencing sessions due to the COVID -19 pandemic.

The following findings were identified as opportunities for improvement:

- 1. Some deposits of client or insurance checks were delayed – a standard operating practice that was inconsistent with City Finance Cash Handling guidelines. Corrective action was addressed during the audit.** A sampling of deposits showed that insurance and client payments were not always deposited within the timeline required by City Finance Guidelines. Periodically, according to the Fiscal Administration, checks received without an accompanying Explanation of Benefits (EOB) would be removed and withheld to allow a Reimbursement Specialist to conduct research to find the corresponding EOB– a practice that would delay deposits. These checks would be removed from the deposit with explanations, and later resubmitted in future deposits once researched or errors were remedied. As of May 24, CIBH took action to implement a change in their standard procedures and retrained the staff to deposit all checks. Per CIBH, if further research indicates that a portion of a check belongs to EMS/Fire a transfer will be made in PeopleSoft to properly account for the funds. CIBH management indicated that there were also delayed deposits caused by the hiring freeze and mandatory vacancies during the COVID pandemic. CIBH is still required to maintain a vacancy rate at least 15%. However, on February 22, 2021, management was able to hire a third accountant. CIBH indicated that once fully trained on preparing deposits, this will create two individuals that can do this function and still maintain proper segregation of duties.

Recommendation: Since corrective action was taken during the audit to retrain the staff to deposit all checks, no further recommendation is required for this issue. However, it is recommended that the suspense account set up in PeopleSoft be utilized when making deposits to track unapplied deposits until checks with delayed EOBs have been fully researched to properly account for, and accurately separate EMS deposits from CIBH deposits. Audit Services will review corrective action mentioned throughout the report during the annual follow-up to review the status of new implementations.

Management Response: Agree

Some insurance checks are sent infrequently without attached explanation of benefits (EOB) required by Reimbursement staff to post payment properly to client accounts. Previous practice was to delay the deposit for approximately 1 to 2 days to allow time to request and secure the missing EOB's. CIBH and Emergency Management Services/Ambulance (EMS) share the same tax identification number which causes CIBH to receive checks for EMS and vice versa. Once the correct recipient of the check was determined the deposit would be made or the check sent to EMS for their processing. The new process is to immediately proceed with the entire deposit, but delay scanning of the final Reimbursement support package until after the missing EOB's have been added to the package. Procedures have been modified to assure that payment sent to CIBH that are for other entities such as EMS do not delay the CIBH deposit process.

- 2. Segregation of duties issues existed within the Cash Handling Processes resulting in checks being delivered to the Reimbursement Supervisor who also had access to client records. Corrective action was addressed during the audit.** Incoming reimbursement checks were not always immediately deposited. Instead, they were being rerouted and handled by the Reimbursement

staff responsible for managing client records. CIBH management indicated that the city-wide hiring freeze, the requirement to maintain a vacant accountant position from May 2020 until late February 2021, teleworking due to the pandemic, personal leave time, and the City requirement to release temporary agency staff (who were responsible for sorting out the mail) contributed to delays in the daily deposit. This led to the task of sorting the mail by staff unfamiliar with the mail process. CIBH management responded by ensuring that all staff who handle the mail are now aware that what they might have previously put into the reimbursement mailbox is now opened and reviewed for the presence of a check to eliminate this issue going forward. This new process was implemented on 5/24/2021.

Recommendation: Consider periodically monitoring to prevent deviation from this requirement and continue to train new employees on this requirement when there is turnover in staff.

Management Response: Agree.

This practice developed after loss of the mail processing staff due to COVID-19. The newly assigned staff that was transferred from another area was not familiar with mail from insurance companies and placed all such mail in staff mailboxes. This staff was provided with additional training and instruction and now all mail is opened, and all checks are included in the daily cash log for deposit.

- 3. As a result of working with clients virtually in an on-line setting, financial information and client signatures were not always fully captured for billing purposes resulting in back office billing issues, high revenues, and low collections. CIBH is currently working to resolve this issue.** CIBH fees were being charged at the maximum rate as required by policy when full financial information and client signatures were not provided by the client; however, when Reimbursement staff was unable to obtain the necessary billing information before the client was discharged, or within 90 days before the account was required to be written off, the likelihood of collecting the fee from insurance and/or the client remained low. In discussions with CIBH management, CIBH was unsuccessful in capturing client signatures via mail to obtain written authorizations to release medical history information as well. CIBH decided to utilize DocuSign software to capture client signatures after both financial forms and the authorization to release historical medical records are completed by the Intake staff.

Recommendation: CIBH should continue to seek approval from the City Manager's Office to utilize DocuSign or a similar secured system to facilitate the necessary client signatures as Intake workers gather financial and medical historical information needed for billing, establishing the correct level of care, and a path to discharge.

Management Response: Partially agree.

Due to the closure of all facilities due to COVID-19, tele-medicine was implemented for most client services. This service mode prohibits direct client contact to reduce the chance of transmitting the virus a byproduct of this service modality is that in person signatures cannot be obtained. Initial directions from third party payers instructed CIBH to obtain signatures within 90 days of the end

of the public health emergency. As the public health emergency stretched from months to a year plus, CIBH with the assistance of Procurement developed a request for proposal (RFP) solicitation for a means to capture client signatures electronically as efforts through traditional mailing did not very yield a high return rate. The electronic signature software called DocuSign was selected and implemented. So far, the return rate in the areas rolled out has been good.

The Reimbursement Supervisor has also been working closely with the Intake and Same Day Access Supervisor to ensure that required documents are obtained to ensure that the appropriate client self-pay fees can be calculated, and client insurance can be processed timely. CIBH has resumed some in person intakes so this has greatly improved the receipt of applicable documentation and will be requiring necessary documents be sent or brought into CIBH prior to an intake into the CIBH system. (See full response in the comprehensive report.)

- 4. Segregation of duties issues existed between two key personnel responsible for cash deposits since they also had access, and the ability to make changes to client accounts within the EHR Credible system. We informed CIBH of the concern and CIBH is currently working to address this issue.** Key responsibilities were not separated between the two Accountants (responsible for deposit preparation) as they also had the ability to make changes in the EHR Credible system to the client accounts receivable records, so segregation of duties was inadequate. The CIBH management responded during the audit by stating that the rights will be reviewed, and two additional profiles will be created for these positions. The "Fiscal Accountants" profile has been created for this purpose. CIBH stated that since the accountants do not enter the payments into Credible no "add or edit" rights are in the profile.

Recommendation: CIBH should continue to periodically monitor the security rights of employees to ensure proper segregation of duties are maintained as intended. Those who have access to cash deposits should remain separate from those who have access to make changes to client financial records within the EHR Credible System.

Management Response: Agree.

A new security profile in the EHR system was created for Accountant staff to have only inquiry/view access to data for reconciliation purposes. The new profile does not have any add, edit, or delete capabilities.

- 5. Segregation of duties issues also existed within the EHR Credible System privileges granted to five key personnel responsible for the reimbursement process and fiscal administration. CIBH is currently working to address this issue.** A review of the security matrix and assigned roles showed that the Fiscal Administrator (who manages the PeopleSoft Financial Record), the Reimbursement Supervisor (responsible for management of the Reimbursement processes), and three other Reimbursement Specialists (responsible for billing, payment, and adjusting accounting entries into the client record) were all granted the "Reimbursement Supervisor" role. This role has elevated rights that has the ability to make changes and override entries throughout the entire site;

therefore, segregation of duties is inadequate in the EHR Credible system. During the audit, CIBH management created the “Reimb2” profile to address the issue.

Recommendation: CIBH should continue to periodically monitor the security system rights of employees to ensure proper segregation of duties are maintained as intended. Those who maintain the daily client accounting entries should be separate from those who perform the supervisory roles in the system.

Management Response: Agree.

A new security profile in the EHR system was created to provide two levels of access to the client record with one being for data entry and the other granting higher level rights.

- 6. Evidence of supervisory approval over employee changes made to client records in the EHR Credible System was obscure.** The EHR Credible system lacked documentation and evidence of approved changes being made to client records. According to CIBH Management, the volume of transaction postings was not practical since every client insurance reimbursement would have to also be individually approved. As a compensating control, CIBH Management indicated queries were available to management to review anomalies.

Recommendation: Consider running daily or weekly reports of changes made by staff in the EHR Credible system so changes can be periodically reviewed for reasonableness. Also, maintain the supporting documentation and show evidence of supervisory review.

Management Response: Partially agree.

CIBH would like to stress the difference between transaction level approval (which is too involved to be practical) and summary approval using queries which is already done. Transaction level approval is inefficient, but we will continue with summary level review by the Reimbursement Supervisor.

Supervisor approval of all adjustment transactions would not be feasible given the number of automatic system adjustments made to accounts daily. A more formal process shall include the Reimbursement Supervisor generating a closing adjustment monthly report in the Credible EHR and review a sampling of those closing adjustments made to accounts. The report will be saved and will indicate the reviewed and the date that it was reviewed. Most adjustments within Credible are due to the sliding fee scale and/or payer disallowed amounts, which have backup documentation attached to the client account in Credible or copies of payer checks.

- 7. Written P-card waivers granted by City Purchasing, intended to reduce administrative costs, created conflicts with the requirement to issue purchase orders for all CIBH client purchases. City Purchasing was notified and agree that the Purchasing policy will need to be revised to rectify this conflict.** Upon CIBH employees’ requests, City Purchasing waived P-card purchases less than \$5,000 for client purchases to reduce administrative processing costs. This practice however, caused a conflict with Purchasing Policy 7.9 (Purchases Exempt from Competition) which required purchase orders to be issued for all client purchases. Additionally, a few charges made through the

P-Card program needed to be competitively negotiated or bid through the City Procurement process since the annual cumulative purchase values were \$5,000 or more and not considered to be small or emergency purchases. Furthermore, although supervisory approval was separately maintained in hardcopy form within CIBH, evidence of supervisory approval was not captured with the supporting payment records for P-card and non-PO purchases. According to the Fiscal Administrator, the supervisory approval had not been enabled as part of the workflow approval process within PeopleSoft.

Recommendation: CIBH should obtain the written P-card waivers from City Purchasing to attach to the payment support in PeopleSoft. Also work with City Purchasing to revise the P-card Policy to reflect the waivers authorized by the City Procurement Officer and remedy the conflict in section 7.9 in the Chesapeake Purchasing Policies and Procedures Manual and CIBH Fiscal Manual. For those Merchant Category Codes (MCC) with annual cumulative P-card purchases totaling \$5,000 or more, consider working with City Purchasing to determine those that may need competitive bidding. Finally, just as the written documentation of fiscal approval and receipts are attached in PeopleSoft, consider also attaching the written supervisory approval and justification with the PeopleSoft support. If feasible, consider adding the supervisory approvals through the authorization workflow within the PeopleSoft financial management system.

Management Response: Disagree.

CIBH has unique needs for p-cards in support of client services. Purchasing has granted exceptions to the City's p-card rules for all these services. No inappropriate or disallowed purchases were identified during the audit. We are adding a process to capture the supervisor's signature to the monthly p-card payment process or at time of purchase. We welcome Purchasing's revisions to policy to allow for client purchase procurement.

It should be noted that the three vendors that were identified as having cumulative purchases in excess of \$5,000 over a one-year period were Doxy.me Telemedicine, Amazon and Food Lion. The transactions with Doxy.me were facilitated with assistance from Purchasing. Transactions with Amazon are for hundreds of individual transactions for many different types of products and the nature of Amazon is to facilitate sales with numerous smaller vendors. Transactions with Food Lion are primarily for the purchase of food for the residents at our intermediate care facility. (See full response in the comprehensive report.)

- 8. Although CIBH had been reviewing vendor costs daily, cumulative annual costs for goods and services were not as frequently reviewed to ensure the City was taking full advantage of competitive pricing opportunities. CIBH is currently working with Purchasing to address this issue.** Through a three-year historical trend analysis of vendor payments, it was noted that there were some non-client vendor payments that cumulatively, exceeded the \$5,000 threshold for competitive bidding. When cumulative annual costs of goods or services were consistently \$5,000 to \$100,000 or more, it may have been more advantageous for the city to enter into term contracts for competitive pricing. CIBH indicated that they had been advised that non-POs could be used for IDIQ contracts. However, without a contractual binding PO or the CIBH name being appended to IDIQ contracts, vendors were not obligated to honor the terms of these IDIQ contracts.

Recommendation: Continue working with City Purchasing to review cumulative costs to determine if the city would benefit from purchasing practices to promote competitive pricing for goods or services. The city would also benefit by preventing the potential for order splitting and reduce the risk of vendor favoritism (Purchasing Policy 4.1 Order Splitting Prohibition). Work with Purchasing to ensure the CIBH name is included with IDIQ contracts currently in use by CIBH. Also consider issuing POs (as opposed to non-POs) that references the city's IDIQ contracts to ensure the vendor are obligated to honor the competitive rates established in those IDIQ contracts. POs are considered contractual binding agreements between the city and vendors for specific rates.

Management Response: Disagree

CIBH extensively uses City Price Agreements, State Contracts, and multi-vendor awards, and occasional ITB's and RFP's to satisfy competitive process requirements. CIBH will begin to add contract numbers to invoices that use IDIQ contracts and seek confirming requisitions so that the amounts can be part of the City's tracking of the value of IDIQ contracts. Likewise, State Contract numbers will be added to vendor invoices where we are using a state contract. CIBH will continue to work with Purchasing on purchases that exceed required procurement levels for competition.

- 9. CIBH is currently operating without contract agreements for 10 of its 13 In-Home Day Support service vendors. As a result, the agreed upon responsibilities, terms, and conditions were not in place to protect the City from legal liability due to vendor negligence or abuse which could potentially result in higher costs to the City. Both contracts and contract extension letters were not always being forwarded to the Chief Procurement Officer for acceptance of the terms and conditions which also resulted in gaps between contract periods. The cumulative value spent on these vendors without contracts exceeded \$1.2 million between FY2018 to FY2020. ([Redaction 1](#))**

Recommendation: ([Redaction 2](#))

It is also recommended that CIBH develop an internal tracking process to obtain the proper signatures and corresponding contract numbers for contracts, contract extensions and amendments. Should CIBH decide to implement the suggested improvement measures, ensure that there are provisions in place to assure the CIBH Board and the City Council of compliance with Section 3.6 of the City's Purchasing Policy and Procedures entitled, "Conflict of Interest" and Section 11.2.1 entitled, "Causes for Debarment." By addressing these contract issues, all parties will be bound by the contract terms and conditions, and the vendors will be bound by the services outlined in the Statement of Work. Additionally, at a minimum, the City and CIBH can be assured that both entities are held harmless and indemnified from personal-injury liability caused by negligence or abuse by the vendors' employees; the vendors are required to be compliant with HIPPA privacy rules for client records; payment rates are invoiced based upon agreed upon rates;

and CIBH is bound to pay only to the extent of the allocation of funds approved by the State and the City.

Management Response: Partial agree.

[\(Redaction 3\)](#)

10. CIBH employees were buying food and supplies for CIBH purposes using Sam’s Club Direct credit cards for the ID-ICF, PSR, and COPS programs – a practice that was inconsistent with City Purchasing Policies. Currently the City P-cards are the only credit cards authorized for small purchases. The cumulative value of multiple Sam’s Club purchases for FY2018, 2019, and 2020 were \$86,635, \$92,588, and \$76,049, respectively. According to CIBH management, some CIBH employees had been using Sam’s Club Direct credit cards regularly for many years to purchase food and other items for its ICF residents. This situation occurred because CIBH was using this shopping opportunity as part of its clients’ therapy. Management also believed it was more feasible for these employees to make ongoing small food purchases directly from Sam’s Club using these cards as opposed to purchasing directly from a food supplier. According to CIBH, several years ago a previous Procurement Administrator was aware that CIBH used the Sam’s Club Direct Cards.

Recommendation: Notify the current City Procurement Officer of the use of Sam’s Club Direct cards. Work with City Purchasing to determine other authorized procurement options that can be utilized for Sam’s Club purchases. Just as with the P-card, ensure Supervisory approvals and justification for these purchases are attached with the fiscal authorizations and receipts in the Peoplesoft payment records.

Management Response: Disagree.

The Sam’s Club card is simply an account card to assure charges are posted to our account in the Sam’s Club system. We pay each Sam’s Club invoice, one at a time, on separate vouchers. The card is a very old system and can only be used at Sam’s Club. The card is not a credit card. The card is used primarily by our intermediate care facility ICF which is considered a residential facility (similar to a nursing home). We have used this system for many years without issue. If we are required to discontinue use of the Sam’s card account and use p-cards instead under the current p-card rules, we will not be able to adequately supply the ICF with food and consumables needed by the clients. We are actively working with Purchasing to identify any workable options.

11. A quality assurance measure was not working as intended to ensure that the HIPPA privacy rule was consistently being adhered to protect client Personal Identifiable Information (PII) and Personal Health Information (PHI). The Fiscal Administration and City IT took corrective action to immediately remove client PII and PHI from the three vendor invoices noted in the audit. (Redaction 4). The HIPPA Privacy rule was not consistently adhered to which requires employers to protect client PHI and PII. Through random sampling, there were three instances where client PHI and PII was not protected through redaction from vendor billing invoices submitted to City Finance. The minimum fine for a Tier 3 violation is \$10,000 per violation up to \$50,000. The maximum penalty in each violation category is \$1,500,000 per year for violations of an identical provision. During the audit, the Fiscal Administrator was notified and immediately worked through City IT to replace them in the PeopleSoft database with invoices that redacted the clients' PII and PHI information.

Recommendation: Consider revising the quality assurance measures to ensure client PII and PHI are redacted from invoices submitted to PeopleSoft and protected.

Management Response: Agree.

The PHI was immediately redacted from the invoice copies maintained on the City's Peoplesoft Financial System. While the information may be viewable by certain City staff with access to Peoplesoft, the most likely staff to have viewed the information is staff in finance to whom CIBH has a Business Associates agreement and are trained by the City not to disclose any PHI. Further, the invoice copies containing the unredacted PHI could only be accessed through the voucher. While the likelihood of anyone without a need to know accessing this PHI is exceedingly small, we are unable to ascertain for certain who may have accessed the data.

CIBH contacted staff responsible for operation of the PeopleSoft System to determine if there was a way to determine who might have accessed the vouchers in question. Currently the logging feature that might allow for a record of individual users that accessed the certain records is not enabled.

In consideration of this inability, CIBH involved our internal Quality Assurance staff to provide the required HIPAA notification to the individual whose information was contained on the invoice. CIBH will also utilize our internal Quality Assurance staff to conduct a[n] annual random sample audit of vouchers that may have the potential to contain PHI as an additional control and safeguard against a future occurrence of unredacted CIBH PHI in the Peoplesoft system. All CIBH staff responsible for entry of PeopleSoft vouchers were reminded of the importance of properly ensuring that all PHI is redacted from attachments.

If possible, CIBH recommends that the city consider enabling logging features within PeopleSoft to provide an audit trail of access.

12. Policies and procedures regarding badge card access needs to be developed. Corrective action is in progress to enhance and update the policy and procedures to address this issue. Comprehensive policies and procedures regarding badge card access were not fully developed that would limit card access to only those authorized to have them. The MIS administrator was notified

during the audit of the reconciling differences and continues to work through this issue with City IT to resolve this reporting issue.

Recommendation: Develop policies and procedures to address badge card access.

Management Response: Partially agree.

CIBH did have policies and procedures related to badge access and facility access controls, however, due to the Public Health Emergency and Covid-19 the process that was in place was changed to accommodate staff working from home and the custody of temporary badges was turned over to the security guards and a manual tracking process was put in place.

Revised procedures are in refinement but are limited due to reliance on systems controlled by City IT which CIBH does not have direct access to pull information. CIBH is working with City IT to overcome this limitation and provide consolidated reporting to CIBH IT staff so a reconciliation and discrepancy process can be implemented.

13. Turnover of a CIBH Petty cashier was not reported, nor were funds returned to City Finance when the employee separated from employment with the City. According to City of Chesapeake Finance Procedures, Change Funds departments are required to notify the Finance immediately in writing of the change when there is a change in the name of the petty cashier, or the physical location of the fund. Although procedures were not followed, no funds were missing and were secured in the safe.

Recommendation: Ensure that staff notifies City Finance when there is a change in cashier status.

Management Response: Agree.

Fiscal staff prepared the necessary notice to Finance and requested the funds be temporarily assigned to the Supervisor who is currently monitoring the funds in the safe. It should be noted that the fund was fully accounted for and safely secured in the safe.

By addressing these issues, CIBH will improve operations to protect funds flowing in and out of the departments, protect the integrity of the client data records, and protect CIBH and the City from liability. CIBH and the City may also begin to realize better pricing through term contracts for goods and services where cumulative vendor purchases are anticipated to be greater than \$100,000, as well as some that are less than \$100,000. CIBH will also reduce the risk of legal liability for both CIBH and the City by establishing a tracking system within its contract administrative processes to capture all signatures and contract numbers required on contracts, and place quality assurance measures that control the distribution of client PII and PHI information. Finally, by developing a comprehensive policy and procedures for badge access card controls, CIBH will continue its efforts to improve the security over its clients and staff.

As indicated previously, due to the unique relationship between the City and CIBH, we would recommend that CIBH coordinate with the City Manager's Office on its management actions in response to this audit. Audit Services would like to express our appreciation to the leadership, management, and staff of CIBH for their time, assistance, and cooperation provided during the course of the audit.