

County of Summit
Alcohol, Drug Addiction and Mental Health Services Board
Performance Audit – General Report

Prepared for:

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Approved by Audit Committee
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EXECUTIVE SUMMARY

Total Number of Issues –7

Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures Manual	1	<ul style="list-style-type: none"> Insufficient policies and procedures over the six (6) minute rounding rule in Kronos. 	6

Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Description	Page Ref.
Asset Inventory	0	N/A	11
Clinical Services			11
Payroll			11
Board Meetings			11
Fringe Benefits			12

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Revenue	1	<ul style="list-style-type: none"> Instances where funds were not timely deposited. 	7
Purchasing & Expenditures	1	<ul style="list-style-type: none"> Instances where a proper segregation of duties did not exist over the purchasing and receiving process and policies reflect the improper segregation of duties. 	8
Personnel Files	2	<ul style="list-style-type: none"> Instances where personnel files appeared to be incomplete, where an annual performance evaluation was not performed in 2019 and where an audit of the employee’s personnel file checklist was not completed within thirty (30) days of hire. Instances where employees did not have the required certification/licenses, as required by their job description. 	9
ORC Compliance	2	<ul style="list-style-type: none"> Instances of non-compliance related to reporting requirements. Instances where the Alcohol, Drug Addiction and Mental Health Board (ADM Board) did not confirm that housing rented, owned, or leased by the ADM Board met minimum fire safety standards in accordance with ORC. 	12

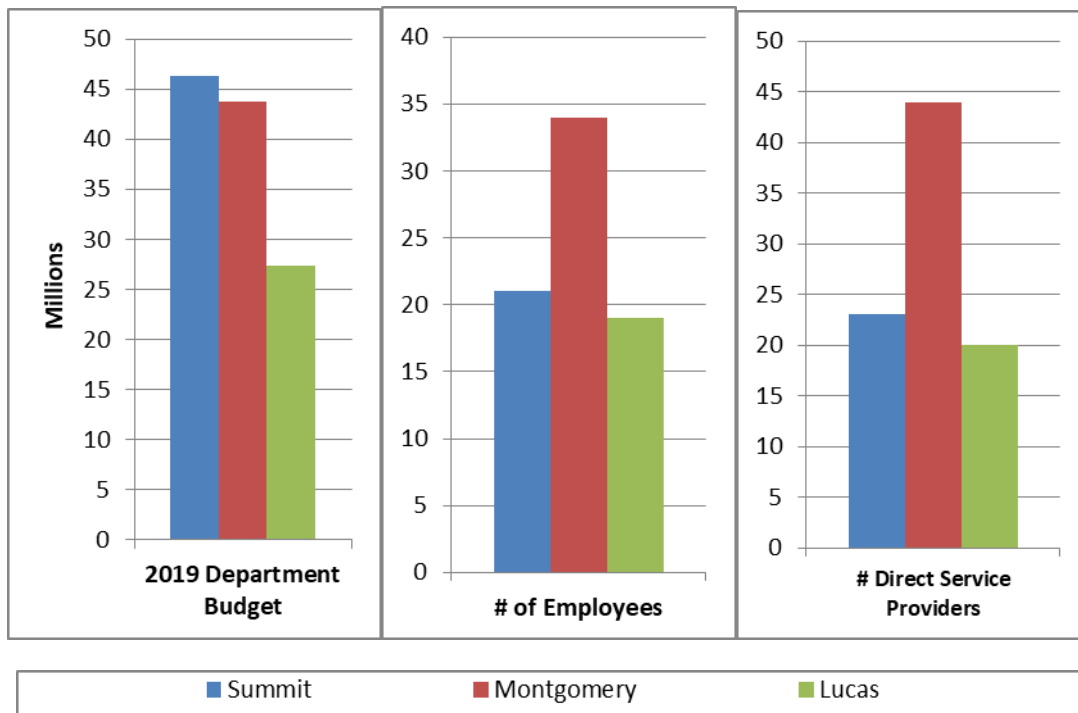
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GENERAL BACKGROUND

The County of Summit ADM Board is responsible for planning, funding, monitoring and evaluating treatment, prevention and support services for people who experience alcoholism, drug addiction and/or mental illness. The ADM Board does not provide any direct service, but contracts with local agencies to provide quality, affordable services for people at critical times in their lives. The ADM Board system of services provides opportunities for recovery and hope for a better life.

The ADM Board of Directors is comprised of 14 community volunteers who provide leadership in policy formation and fund allocation. They, along with ADM Board staff, assess community needs, plan, and manage public resources in order to provide essential services. About 78% of the ADM Board’s system resources come from the property tax levy approved by Summit County voters. Through this strong local support, the ADM Board helps thousands of uninsured or underinsured people get the help they need to achieve and sustain their recovery. In addition, the Board partners with local communities to provide education and prevention programming aimed at helping individuals develop the knowledge and skills necessary to lessen the impact and likelihood of developing a mental health and/or substance use disorder.

IAD compared the ADM Board’s 2019 operating budget, staffing levels, and number of direct service providers from comparably populated counties – Montgomery and Lucas. The comparisons are represented in the graphs below:



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AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Alcohol, Drug Addiction and Mental Health Services Board (ADM Board) with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to the ADM Board.

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.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Objectives:

- To obtain and review the current policies and procedures.
- To review the internal control structure through employee interviews and observations.
- To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the ADM Board from January 1, 2019 through present.

The following were the major audit steps performed:

OBJECTIVE 1 – POLICY AND PROCEDURES REVIEW

1. Obtain and review the current policies and procedures.
2. Meet with the appropriate personnel to obtain an understanding of the current department processes and procedures. Compare those existing processes to the policies and procedures manual for consistency, noting all exceptions.
3. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
4. Test procedures for mandatory compliance where applicable.
5. Identify audit issues and make recommendations where appropriate.

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OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

1. Meet with the appropriate personnel to obtain an understanding of the control environment.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Compare existing processes to the policies and procedures manual for consistency.
4. Test procedures for compliance where applicable, noting all exceptions.
5. Investigate discrepancies and summarize results.
6. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF SECURITY (covered in a separate report in compliance with ORC §149.433).

1. Perform a general overview of the physical environment and security of the department/agency being audited.
2. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
3. Test security issues where appropriate.
4. Analyze current policies and make recommendations.

DETAILED COMMENTS

Interviews:

To gain an understanding of the ADM Board, IAD performed interviews with the following positions:

- Executive Director
- Chief Clinical Officer
- Administrative Compliance Coordinator
- Associate Director of Clinical Services
- Associate Director of Operations
- Manager of Community Relations
- Manager of Information Technology
- Accountant – Financial Statements
- Billing & Eligibility Coordinator

Any issues noted are addressed in the respective sections of this report.

I. Policy and Procedures Review:

The ADM Board policies and procedures were reviewed for each of the following applicable testing sections within the audit for accuracy and completeness and compared to current processes for consistency. The ADM Board Records Retention Schedule was also reviewed for completeness and compared to processes throughout the audit to ensure that the schedule contained all relevant documents.

The following issue was noted:

1. Issue:

Upon review of policies and procedures, IAD noted the ADM Board did not have a policy and procedure covering the six (6) minute rounding rule in Kronos.

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Recommendation:

IAD recommends that a policy and procedure be created, approved by the ADM Board, and disseminated to appropriate personnel. This will help to ensure that proper procedures are in place and consistently followed within the department.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained an updated policy including the process over the six (6) minute rounding in Kronos.

Management Action Plan:

Corrective action was taken prior to the end of the fieldwork with an updated policy that includes the process over the six (6) minutes rounding in Kronos.

Target Date:
Completed.

II. Internal Control Testing:

Risk-based internal control testing and/or observations were performed in the following areas:

- Revenue/Cash Receipts
- Purchasing & Expenditures
- Personnel Files
- Asset Inventory
- Clinical Services
- Payroll
- Board Meetings
- Fringe Benefits
- ORC Compliance

REVENUE/CASH RECEIPTS

The ADM Board policies and procedures and applicable ORC sections were reviewed, staff interviews were conducted, and flowcharts were created and approved to gain an understanding of the cash receipts cycle, the laws and regulations that govern it, and internal controls in place. A sample of daily deposits was haphazardly selected for detail testing to ensure proper segregation of duties, and timeliness and accuracy of the deposit.

Additionally, IAD reviewed the accounts receivable process to ensure reasonableness and accuracy of the aging of accounts receivable.

The following issue was noted:

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2. Issue:

Upon detail testing of the ADM Board's revenue receipts, IAD noted four (4) of twelve (12), or 33%, instances where funds were not timely deposited in accordance with ORC §9.38 and the ADM Board policies and procedures.

Recommendation:

IAD recommends that all funds received be deposited by the next business day if the deposit is over \$1,000 or deposited within three (3) business days for deposits less than \$1,000. This will help to ensure compliance with the ADM Board policies and procedures and Ohio Revised Code (ORC) §9.38.

Management Action Plan:

All funds received over \$1,000 will be deposited by the next business day. If the deposit is less than \$1,000 the funds will be deposited within (3) business days. ADM has reached out to the Summit County Fiscal Office to learn if an electronic means of deposit might be available to assist in making deposits quickly and without travel to the County Office building.

Target Date:

Immediate.

PURCHASING & EXPENDITURES

The ADM Board policies and procedures were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing & expenditure cycle, the laws and regulations that govern it, and internal controls in place.

A sample of purchase orders was judgmentally selected and detail testing was performed to ensure the following, in accordance with the ADM Board policies and procedures:

- Purchase orders were properly approved,
- Availability for Funds for Purchases and Encumbrance Form Completed by Requestor before Order Placed,
- Requestor Signature Present,
- Supervisor Signature of Approval Present,
- If contract included, Contract Signed by Executive Director,
- Associate Director of Operations Approved the Availability for Funds Encumbrance Request Form,
- Purchase Order entered into Quickbooks.

A sample of expenditures was randomly selected and detail expenditure testing was performed to verify that funds do not remain encumbered for prior year purchase orders, confirm proper approval, proper authorizations, funds were encumbered prior to incurring the expense, and that the appropriate vendor and amount were paid.

Additionally, a sample of merchandise purchases was haphazardly selected and detail testing was performed to ensure a proper segregation of duties exist over the ordering and receiving function.

The following issue was noted:

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3. Issue:

Upon detail testing of office supply purchases, IAD noted seven (7) out of ten (10), or 70%, instances where a proper segregation of duties did not exist over the purchasing and receiving process (e.g., same person ordering and receiving). In addition, IAD noted the ADM Board policies and procedures reflect an improper segregation of duties over the ordering and receiving functions (e.g., same person ordering and receiving).

Recommendation:

IAD recommends that an employee independent of the employee who placed the order, reconcile the items received to the packing slip and initial the slip. Additionally, IAD recommends the policy and procedure be updated to reflect proper segregation of duties. This will help to ensure a proper segregation of duties and that proper procedures are in place and consistently followed.

Corrective Action Prior to the End of Fieldwork:

IAD obtained an updated policy reflecting a proper segregation of duties over the ordering and receiving functions.

Management Action Plan:

Corrective action was taken prior to the end of the fieldwork with an updated procedure for supply ordering to ensure that an employee independent of the employee that places the order for goods reconciles the items received to the packing slip and initials the packing slip to indicate all items listed were received. This ensures the proper segregation of duties.

Target Date:
Completed.

PERSONNEL FILES

The ADM Board policies and procedures were obtained to gain an understanding of the personnel file process. Employee job descriptions were obtained and reviewed for positions that require professional licensures or certifications and detail testing was performed to ensure the professional licensures or certifications were obtained, when applicable.

A sample of the ADM Board employees was selected and detail was performed, to ensure compliance with the following, in accordance with the ADM Board policies and procedures:

- A performance evaluation was performed for the employee in 2019,
- A personnel file checklist was maintained in the employee personnel file,
- An audit of the checklist was completed within thirty (30) days of the employee's date of hire,
- The employee's personnel file appeared complete (e.g., all relevant files listed on the checklist were included in the personnel file).

The following issues were noted:

4. Issue:

Upon detail testing of personnel files, IAD noted the following:

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- Four (4) out of seven (7), or 57%, instances where an employee personnel file appeared to be incomplete (e.g., missing relevant documents, missing personnel file checklist, etc.), per the Personnel File Checklist.
- Two (2) out of seven (7) instances, or 29%, where an annual performance evaluation was not performed in 2019, in accordance with the ADM Board policies and procedures.
- Two (2) out of two (2), or 100%, instances, where an audit of the employee's personnel file checklist was not completed within thirty (30) days of the employee's hire date, in accordance with the ADM Board policies and procedures.

Recommendation:

IAD recommends the ADM Board review employee personnel files to ensure files contain the relevant documents, a checklist be maintained in each employee's personnel file and an audit of the checklist be completed within thirty (30) days of the employee's hire date. Additionally, IAD recommends performance evaluations be performed annually for all employees. This will help to ensure compliance with the ADM Board policies and procedures and completeness and accuracy of personnel files.

Management Action Plan:

The personnel files will be checked per the Personnel File Checklist within thirty (30) days of an employee's hire date to ensure all forms are completed and placed in the file in accordance with the ADM Board policies and procedures. Performance evaluations will be performed annually for all employees to ensure compliance with the ADM Board policies and procedures.

Target Date:
Immediate.

5. Issue:

Upon review of employee professional licensures, IAD noted four (4) out of seven (7), or 57% employees who do not have the required certification/license, as required by their respective job description.

Recommendation:

IAD recommends the ADM Board update their job descriptions or require the employees to obtain the appropriate license/certification. This will help to ensure employees possess the appropriate licenses per their respective job description.

Corrective Action Prior to the End of Fieldwork:

IAD obtained updated job descriptions from the ADM Board personnel and noted the certification/license was removed because it was no longer needed.

Management Action Plan:

The personnel files will be checked per the Personnel File Checklist within thirty (30) days of an employee's hire date to ensure all forms are completed and placed in the file in accordance with the ADM Board policies and procedures. Performance evaluations will be performed annually for all employees to ensure compliance with the ADM Board policies and procedures.

Target Date:
Immediate.

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ASSET INVENTORY

Policies and procedures were reviewed and staff interviews were conducted to gain an understanding of the asset inventory process and internal controls in place. A sample of assets was haphazardly selected and detail testing was performed to verify the existence of the assets and accuracy of the asset tracking spreadsheet. Annual inventory documentation was obtained to ensure compliance with the ADM Board policies and procedures.

No issues were noted.

CLINICAL SERVICES

Policies and procedures were obtained and reviewed to gain an understanding of the clinical services function and the internal controls in place. A sample of prevention funded agencies was selected and detail testing was performed to ensure a biannual audit of the agency was performed, a prevention summary report was forwarded to the Executive Director, and a formal written evaluation was made to the agency no later than thirty (30) days following completion of the review, in accordance with policies and procedures.

A sample of recovery housing funded agencies was selected and detail testing was performed to ensure an annual audit of the agency was performed, a prevention summary report was forwarded to the Executive Director, and a formal written evaluation was made to the agency no later than thirty (30) days following completion of the review, in accordance with policies and procedures.

In addition, IAD obtained and reviewed the 2019 Levy Funded Summary Report to ensure the ADM Board periodically reviews the sample of clinical and financial records for those individuals who have received the ADM funding Non-Medicaid services during the prior calendar year, in accordance with policies and procedures

No issues noted.

PAYROLL

An interview was conducted to gain an understanding of the payroll process. A payroll approval report was generated and reviewed to determine appropriate authorizations and to confirm a proper segregation of duties. Additionally, a sample of non-exempt employees was selected and detail testing was performed to ensure employees are compensated for compensatory time/overtime earned in accordance with the Fair Labor Standards Act (FLSA).

No issues noted.

BOARD MEETINGS

A sample of the ADM Board meeting minutes was judgmentally selected and detail testing was performed to determine compliance with Robert's Rules of Order and the Ohio Open Meetings Act. IAD reviewed ORC §340.02(C) and determined testing attributes to ensure the ADM Board satisfied board composition requirements. Additionally, a sample of the ADM Board members was selected and detail testing was performed to ensure board member training requirements were satisfied for the year 2019 in accordance with ORC §340.02(F).

No issues noted.

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FRINGE BENEFITS

Detail testing of the following areas was performed, if applicable, to confirm that the ADM Board is properly processing fringe benefits in accordance with IRS tax code:

- Travel and meals reimbursement,
- Cash incentives, awards, gift awards and/or bonuses,
- County paid life insurance policies over \$50,000,
- Uniforms and clothing allowances,
- Employment contracts,
- Agency vehicle usage,
- Allowances for firearms or tasers and/or any other non-lethal weapon,
- Tuition assistance and reimbursement,
- Subcontracted employees,
- Domestic partnership.

No issues were noted.

OHIO REVISED CODE (ORC) COMPLIANCE

Applicable ORC sections were reviewed and attributes were developed to ensure compliance with the following rules and regulations:

- A sample of the ADM Board provider contracts was selected to ensure the ADM Board reviews and evaluates the quality, effectiveness, and efficiency of addiction services, mental health services and recovery supports provided by the community addiction service providers. Additionally, IAD obtained the OhioMHAS Provider Audit Checklist which is utilized by the ADM Board when compliance audits of providers are completed, in accordance with ORC §340.03 (A)(4).
- A sample of programs, addiction services, mental health services, and recovery supports was selected and detail testing was performed to ensure they were audited at least annually and a copy of the fiscal audit report was provided to the Director of OhioMHAS, the Auditor of State, and the County Auditor, in accordance with ORC §340.03 (A)(6).
- The 2018 ADM Board Report to the Community was obtained and IAD confirmed that the report was sent to the Director of OhioMHAS and the County Commissioner, in accordance with ORC §340.03 (A)(9) and ORC §340.041 (G).
- IAD confirmed that the ADM Board ensured that housing built, subsidized, renovated, rented, owned, or leased by the board has been approved by meeting minimum fire safety standards, in accordance with ORC §340.03 (A)(12).
- Provider Agency contracts were obtained and reviewed to ensure the services provided included sub-acute detoxification, in accordance with ORC §340.033 (A&B).
- IAD confirmed the ADM Board sent a report summarizing the complaints and grievances received by the ADM Board, in accordance with ORC §340.05.
- The 2019 ADM Board Budget was obtained and IAD confirmed that the budget was sent to the OhioMHAS, in accordance with ORC §340.08 (A)(1 through 3).
- IAD confirmed the ADM Board has a coordinated system for tracking & monitoring persons found not guilty by reason of insanity and committed, in accordance with ORC §340.08 (D)(1 through 3).
- IAD confirmed a report summarizing the complaints and grievances received by the board concerning the rights of persons seeking or receiving addiction services, mental health services, or recovery supports is being sent to the OhioMHAS, in accordance with ORC §340.08 (E)(1 through 3).

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- IAD confirmed the ADM Board submitted a listing of current ADM Board members to OhioMHAS, in accordance with ORC §340.08 (G).
- A listing of minority business enterprises was obtained and reviewed to ensure the ADM Board prepares and maintains a listing of minority business enterprises, in accordance with ORC §340.13 (B).
- The Encouraging Diversity, Growth and Equity (EDGE) minority business enterprise report and email correspondence was obtained and reviewed to ensure the ADM Board sent the report to OhioMHAS within ninety (90) days after the beginning of the department's fiscal year, in accordance with ORC §340.13 (G).
- IAD confirmed the ADM Board acknowledged to OhioMHAS that the board has received and reviewed the information made available to the board, in accordance with ORC §340.20 (A, B & C).
- IAD confirmed the ADM Board submitted a report to OhioMHAS, no later than January 1, 2020, summarizing the board's work on and progress towards the county's hub program to combat opiate addiction, in accordance with ORC §340.30.

6. Issue:

Upon discussion with the ADM Board personnel, IAD noted the following:

- The ADM Board did not provide a copy of the annual fiscal audit reports over the programs, addiction services, mental health services, and recovery supports areas to the County Auditor and the Auditor of State, in accordance with ORC §340.03 (A)(6).
- The ADM Board did not submit the 2018 Annual Report to the County Commissioners in accordance with ORC §340.03 (A)(9).
- A report summarizing the complaints and grievances received by the ADM Board was not sent to the Department of Mental Health & Addiction Services in accordance with ORC §340.05.
- A report summarizing the names of each minority business enterprise and Encouraging Diversity, Growth and Equity (EDGE) business enterprise with which the board entered into a contract with was not sent to the Ohio Department of Mental Health & Addiction Services within ninety (90) days of the beginning of the board's fiscal year, in accordance with ORC §340.13(G).

Recommendation:

IAD recommends the ADM Board submit the necessary reports to the appropriate agencies within the established deadlines. This will help to ensure compliance with ORC §340.03, §340.05 and §340.13.

Management Action Plan:

The ADM Board will provide a copy of the annual fiscal audit reports over programs, addiction services, mental health services, and recovery supports areas to the County Auditor and the Auditor of State, in accordance with ORC 340.03 (A)(6).

The ADM Board's annual report will be sent to the county commissioners in accordance with ORC 340.03 (A)(9) at its time of completion from this point forward. This constituent group is on our mailing list and will be checked for accuracy annually. Annual report may be distributed via email or hard copy.

A since-retired ADM Board employee informed the Executive Director that the report cited in ORC340.05 was no longer needed. However, written confirmation of this was never requested. The ADM Board staff requested clarification and received an email response from OhioMHAS that the summary of grievances is no longer required but must be provided to OhioMHAS upon request. Email provided for confirmation. There is a requirement stated in the communication from OhioMHAS' email to require contract agencies to submit an

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annual report to the ADM Board. We will include this as a standard requirement in our contract as a required essential report beginning with the contract commencing on 7/1/2020.

Target Date:
Immediate.

7. Issue:

Upon discussion with the ADM Board personnel, IAD noted the ADM Board is not confirming that housing rented, owned or leased by the ADM Board has been approved by meeting minimum fire safety standards in accordance with ORC §340.03 (A)(12).

Recommendation:

IAD recommends the ADM Board confirm housing rented, owned or leased by the ADM Board be approved by meeting minimum fire safety standards. This will help to ensure compliance with ORC §340.03 (A)(12).

Management Action Plan:

Language regarding the ADM Board's expectation that housing built, subsidized, renovated, rented, owned, or leased by the board or a community addiction services provider or community mental health services provider has been approved as meeting minimum fire safety standards per ORC §340.03 (A)(12) on an annual basis will be added to applicable agency contracts beginning with July 1, 2020.

The ADM Board will add an assurance statement for the contract agencies to sign certifying that the minimum fire safety standards have been met for housing built, subsidized, renovated, rented, owned, or leased by the board or a community addiction services provider or community mental health services provider for submission with the annual funding application. Proof of annual inspections will be required with the application and will be reviewed by Clinical Service Department staff.

Target Date:
July 1, 2020 for the contract update and February 1, 2021 for the annual funding application update.

II. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with ORC §149.433.