

**County of Summit**  
*Alcohol, Drug Addiction and Mental Health Services Board*  
**Audit Report**

**Prepared For:**

**Gerald A. Craig**  
**Audit Committee**

**Approved by Audit Committee**  
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**Summit County**  
**Internal Audit Department**  
**175 South Main Street**  
**Akron, Ohio 44308**

*Lisa L. Skapura, Director*  
*Meredith Merry, Deputy Director*  
*Jon Keenan, Senior Auditor*  
*Lucas Immel, Internal Auditor*  
*Jaime Vedrody, Internal Auditor*  
*Adam Schmitt, Auditor Intern*

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**GENERAL BACKGROUND**

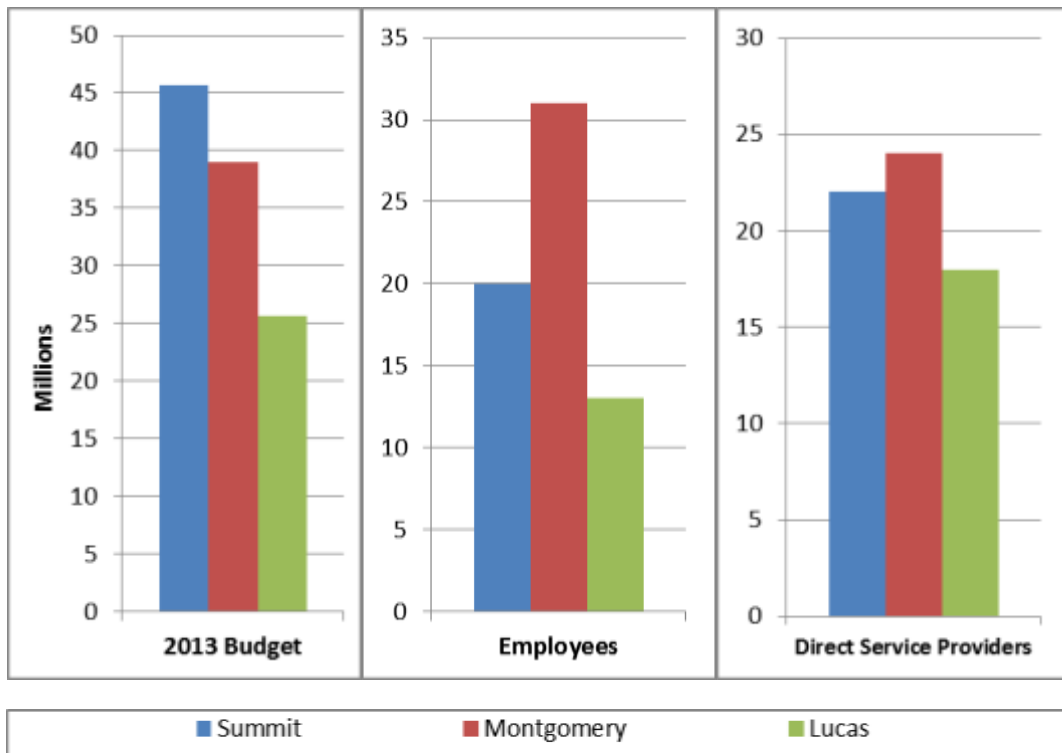
The County of Summit Alcohol, Drug Addiction and Mental Health Services Board (ADM Board) is responsible for seeing that effective and affordable treatment and prevention services are available in Summit County for adults, teens, and children with mental illness and/or alcohol or other drug addiction. The ADM Board contracts with local agencies (approximately twenty-two (22) direct service providers) to ensure that services and supports are available to individuals in Summit County.<sup>1</sup>

The ADM Board of Directors provides leadership in policy formation and fund allocation to the agency and consists of eighteen (18) Summit County resident volunteers. Appointments to the Board are made by three appointing authorities: the Summit County Executive appoints ten (10) positions, the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) each appoint four positions.<sup>2</sup>

The ADM Board consists of twenty (20) employees (0.5% of Summit County employment) comprising of the Executive Director, Chief Clinical Officer, and the five (5) department managers and respective staff. The ADM Board's 2012 and 2013 operating budgets totalled \$63.65 and \$45.63 million, respectively (13% and 10% of the 2012 and 2013 County operating budgets, respectively).<sup>3</sup>

Collections from the ADM operating levy (79%), along with funding received from the State and Federal Government (21% - ODMH and ODADAS) comprise ADM Board funding.

IAD compared the ADM Board's 2013 operating budget, staffing levels, and number of service providers to comparable population counties: Montgomery and Lucas. The comparisons are represented in the graphs below:



<sup>1</sup> <http://www.admboard.org/>

<sup>2</sup> [http://www.admboard.org/board\\_information.php](http://www.admboard.org/board_information.php)

<sup>3</sup> <https://co.summitoh.net/images/stories/Finance/pdf/OperatingBudget/2013OperatingBudget.pdf>

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**AUDIT OBJECTIVES AND METHODOLOGY**

The primary focus of this review was to provide the County of Summit 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:**

1. To obtain and review the current policies and procedures.
2. To review the internal control structure through employee interviews and observations.
3. 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 ADM Board from January 1, 2012 through March 31, 2013.

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**

6. Meet with the appropriate personnel to obtain an understanding of the control environment.
7. Document the existing control procedures in narratives and/or flowcharts.
8. Compare existing processes to the policies and procedures manual for consistency.
9. Test procedures for compliance where applicable, noting all exceptions.
10. Investigate discrepancies and summarize results.
11. 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.

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**Interviews:**

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

- a. Executive Director,
- b. Chief Clinical Officer,
- c. Manager of Community Relations,
- d. Manager of Finance,
- e. Manager of Clinical Services,
- f. Manager of Administration,
- g. Manager of Information Technology.

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

**I. Policy and Procedures Review:**

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's 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 the ADM Board Operating Policies and Procedures Manual, the following was noted:

- Several policies that need updated or removed (e.g., key audits, log of back door code changes, etc.),
- Sections of the manual that do not appear to have been revised/updated in the last two years, and no evidence of the same,
- Several policies approved by the prior Executive Director appear to be outdated,
- One section of the manual with no evidence of approval by management (Behavioral Health Outcome System),
- Sections of the manual that appear to be out of order from their assigned sections,
- Handwritten edits and notes contained in the manual.

Additionally, IAD noted insufficient or no written policies and procedure in place for the following areas:

- Requests for federal and state funding,
- Timely deposits to be in accordance with O.R.C. § 9.38,
- Tracking and disposition of asset inventory.

**Recommendation:**

IAD recommends that the ADM Board review and formally update policies and procedures on a regular basis to include all current processes in place. Additionally, IAD recommends documenting management review and approval of all policies and disseminating to applicable personnel, obtaining written acknowledgment of receipt and review. This will help to ensure that the most current processes are in place and that proper procedures are consistently being followed by ADM Board employees.

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Corrective Action Taken Prior to the End of Fieldwork

IAD received updated policies and procedures for the federal and state funding requests and timely deposits in accordance with ORC §9.38. Additionally, a written policy was received for the tracking of capital and non-capital assets for the agency.

Management Action Plan:

All policies specific to the Culture of Quality certification process in which the Board is currently engaged will be reviewed by the certification visit scheduled for 9/19/13. Below is a brief description of this certification. All other policies will have the initial semi-annual review completed by 12/31/13 and semiannually on November 15 thereafter.

The *Culture of Quality* program has been developed by the Ohio Association of County Behavioral Health Authorities (OACBHA) and its member Boards to *improve the quality* of the statutorily mandated functions of county Boards administering local alcohol, drug addiction and mental health services for Ohioans. The Culture of Quality is designed to promote community confidence and Boards' public support through *increased accountability*. The Culture of Quality brings consistency to the local Board system through self-regulation while preserving *flexibility* for Boards to be responsive to the needs of their respective constituencies.

The Culture of Quality transforms Ohio's behavioral health system by promoting a more *efficient, effective, consistent and accountable* county Board system. The program is based upon a continuous quality improvement model that promotes the use of *quality* practices in the administration of county Boards. The Culture of Quality leads to greater *continuity* among Boards, making it easier for consumers accessing services.

Objectives of the program establish benchmarks while recognizing the existence of varying approaches for achieving a "*Culture of Quality*":

- **Establish Statewide Board Standards ...** One hundred and forty two standards developed after careful review of pertinent Federal and State laws, rules and regulations, or identified as quality practices within the system.
- **Implement a Peer Certification Process...** A voluntary process, conducted by Peers and Association staff, that verifies a Boards conformance with the Culture of Quality Statewide Board Standards.
- **Identify and create Resources...** To provide information and to assist with conformance to the Statewide Board Standards.

**II. Internal Control Testing:**

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

- Personnel Files,
- Purchasing,
- Expenditures,
- Cash Receipts,
- Asset Inventory,
- Contracts,
- Payroll,
- Board Meetings,
- Grants,

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- Fringe Benefits,
- Provider Audits.

**PERSONNEL FILES**

The ADM Board's employee handbook and personnel file checklist were obtained and reviewed to gain an understanding of the personnel file structure for the ADM Board. A current table of organization was compared to Banner to confirm a complete and accurate listing of active employees maintained by the ADM Board.

All management employees and a sample of the remaining employees were selected and detail testing was performed to verify that the personnel files contained the required documentation and that confidential information is segregated.

The following issue was noted:

2. Issue:

Upon comparison of the ADM Board Personnel File Checklist to the personnel files, it was noted that eleven (11) of the eleven (11) files selected were not complete.

Recommendation:

IAD recommends that the ADM Board review the personnel file checklist for accuracy and completeness, in accordance with best practices, and update accordingly. Additionally, IAD recommends that all personnel files be reviewed for completeness, in accordance with the checklist, and annual audits of the files be conducted. This will help to ensure the accuracy and completeness of employee personnel files.

Corrective Action Taken Prior to the End of Fieldwork

On 5/22/13, documents were provided to fully update four (4) of the eleven (11) personnel files.

Management Action Plan:

Implement a revised Employee Personnel File Checklist and policy HR1.10 - Personnel File Checklist and Audit effective 6/3/13 which is enclosed. An audit of the personnel files to the revised Personnel File Checklist will occur on 6/17/13. The initial annual audit will occur on 11/15/13 and annually thereafter.

**PURCHASING**

ADM Board policies and procedures were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing process. Samples of purchase orders, purchase order change orders, and purchase order discharges were judgmentally selected and detail testing was performed to test for proper documentation and approvals.

No issues were noted.

**EXPENDITURES**

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 expenditure cycle, the laws and regulations that govern it, and internal controls in place. A sample of expenditures was randomly selected and



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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, all reimbursements to ADM Board of Directors were selected for detail testing to confirm proper authorization.

A sample of month-end reconciliations was selected and detail testing was performed to verify that transactions and records in Software Solutions, Inc. (SSI) agree to Banner.

Banner user and Banner Class Form reports were obtained and reviewed to gain an understanding of ADM Board employee Banner roles and to test for a proper segregation of duties.

The following issue was noted:

3. Issue:

Upon testing of Banner permissions for the ADM Board organization code (5335), IAD noted one (1) ADM Board user with permission to create and approve encumbrances, encumbrance change orders, invoices, and journal entries in Banner. This provides an opportunity for the user to approve a transaction that he/she created; however, during review of encumbrances, encumbrance change orders, and invoices, IAD noted this did not occur and a proper segregation of duties is being exercised.

Recommendation:

IAD recommends that the ADM Board review and update assigned permissions so that the same employee is not able to create and approve an encumbrance or encumbrance change order in Banner. This will help to ensure that a proper segregation of duties is in place for the purchasing functions in Banner.

Corrective Action Taken Prior to the End of Fieldwork

On 5/17/13, confirmation was received from Diane Dekovich, Support Services Administrator, that the Banner user access has been updated.

Management Action Plan:

Implement enclosed F29 – Banner and Kronos Permissions policy effective 5/28/13. When personnel changes result in staff no longer requiring/being authorized for access to Banner or Kronos, the County of Summit Fiscal Office shall be notified by the Manager of Finance to modify or end access. The initial annual audit will occur on 11/15/13 and annually thereafter.

CASH RECEIPTS

ADM Board policies and procedures and applicable ORC sections were reviewed, an observation was performed, 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 Banner pay-ins was judgmentally selected for detail testing to ensure proper segregation of duties, appropriate recording into the respective accounting system, and timeliness and accuracy of the deposit. Additionally, a sample of wire transfers for state and federal funding was judgmentally selected for detail testing to confirm proper review, approval, and documentation, along with accuracy of the transfer in Banner

The following general recommendations were noted:

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1. General Recommendation:

Upon discussion with ADM Board Finance personnel, checks received in the mail are not endorsed prior to being taken off-site for deposit at the Fiscal Office Treasurer's Division. IAD recommends that all checks received at the ADM Board be restrictively endorsed prior to the checks leaving the facility for deposit at the County. This will help to ensure the safeguarding of assets and compliance with Best Practices.

Corrective Action Taken Prior to the End of Fieldwork

On 5/22/13, an updated policy and procedure was provided for the restrictive endorsement of checks received at the ADM Board.

Management Action Plan:

Implemented policy F1 – Cash Receipts effective 5/21/13. Confirmed endorsement stamp wording with County of Summit Fiscal Office. The stamp was ordered, has been received and is currently in use.

2. General Recommendation:

Upon discussion with ADM Board Finance personnel and review of the cash/check receipts process, the potential exists for an improper segregation of duties when one of the two Accountants is absent and the other acts as the backup for her functions. This makes one employee responsible for the receipting, depositing, daily reconciling, and posting functions for cash/checks. It is noted that the Manager of Finance performs a review of receipts and reconciliation at month-end. However, per best practices, different employees should be responsible for, (1) receiving and recording of cash collections, (2) balancing daily cash receipts to related recordings, and (3) verification and reconciliation of daily deposits and departmental records. IAD recommends that on these occasions, if the potential for an improper segregation of duties exists, duties be properly separated so that no one employee is responsible for all functions. This will help to ensure a proper and consistent segregation of duties for the ADM Board cash receipts function.

Management Action Plan:

Implemented policy F1 – Cash receipts a procedure where when one of the Accountants is absent, the Manager of Finance will receive and record cash and check collections effective 6/3/13.

The following issue was noted:

4. Issue:

Upon review of mail payment cash receipts, IAD noted three (3) out of fifteen (15) deposits which were not timely deposited, in accordance with ORC §9.38.

Recommendation:

IAD recommends that the ADM Board deposit monies received in a timely manner, in accordance with ORC §9.38. This will help to ensure compliance with applicable legislation.

Corrective Action Taken Prior to the End of Fieldwork

On 5/13/13, an updated and approved policy and procedure was received addressing timely deposits in accordance with ORC §9.38.

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Management Action Plan:

Implemented policy F1 – Cash Receipts effective 5/21/13. The Accountant prepares a “Revenue Deposit” form and makes one (1) copy of the revenue deposit form, check, and supporting documentation. The original and a copy are taken to the Summit County Fiscal Office on the next business day when the amount is \$1,000 or greater and not to exceed three business days when the amount is less than \$1,000 (ORC 9.38). The Summit County Fiscal Office acknowledges receipt of the documentation by stamping both copies “received,” initials, and dates the same. The Summit County Fiscal Office keeps the original documents. The Accountant retains the copies.

ASSET INVENTORY

Policies and procedures were reviewed and discussions with ADM Board Finance personnel were held. Based on the fact that no policy exists governing or requiring an asset inventory by the ADM Board, IAD passes on further review of asset inventory at this time. It is noted that an IT inventory and policy for the tracking of all assets valued at \$1,000 or greater was created during the audit. Further testing and review of asset inventory will be conducted during the follow-up audit.

See issue in the policy and procedure section above.

CONTRACTS

ADM Board policies and procedures were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the contract execution process. A sample of direct service provider contracts was judgmentally selected and detail testing was performed to verify timely execution and the accuracy of contracted rates in MACSIS (Multi-Agency Community Services Information System), from which reimbursements are issued to providers. A sample of direct service provider reimbursements was judgmentally selected and detail testing was performed to confirm supporting documentation and accuracy of the payment.

Additionally, all direct service provider contracts were reviewed and discussions with ADM Board Finance personnel were held to verify that all contracts were presented to the ADM Board of Directors for fiscal year 2013 services.

No issues were noted.

PAYROLL

ADM Board policies and procedures were reviewed and discussions were held with ADM Board Finance personnel to gain an understanding of the payroll process. A payroll approval report was generated and reviewed to determine appropriate authorizations and confirm proper segregation of duties.

No issues were noted.

BOARD MEETINGS

ADM Board policies and procedures, applicable ORC sections, and Robert’s Rules of Order were reviewed to gain an understanding of ADM Board meetings and the rules and legislation that govern it. ADM Board meeting minutes for 2013 were reviewed for compliance with applicable legislation and policies.

No issues were noted.

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GRANTS

ADM Board policies and procedures were reviewed and staff discussions were held to gain an understanding of the grants process. A WebFOCUS report was generated and expenditures were reviewed for each grant/program for reasonableness. It was confirmed that ninety-six percent (96%) of expenditures were paid directly to the contracted providers. Additionally, IAD selected all contracted providers for 2013 and performed detail testing to verify that assurances were signed, agreeing to comply with all ODMH and ODADAS guidelines. Based on review and testing, IAD passes on further review of grants.

No issues were noted.

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.

No issues were noted.

PROVIDER AUDITS

ADM Board policies and procedures were reviewed and walkthroughs were performed with ADM Board staff to gain an understanding of the audits that are conducted of the providers. A list of all providers was obtained and detail testing was performed to confirm that audits, both clinical and financial, were conducted with follow-up audits, if applicable.

No issues were noted.

**II. Security:**

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