

July 2, 2004

Randy Zumbar
Executive Director
Alcohol, Drug Addiction & Mental Health Services Board
100 W. Cedar St., Suite 300
Akron, Ohio 44307

Re: ADM Board Preliminary Audit

Dear Randy:

Attached is the preliminary report of the Alcohol, Drug Addiction & Mental Health Services Board (ADM Board) preliminary audit, which was discussed with members of senior management on May 27, 2004. In addition, please note that the Commission's management action plan was incorporated into the final report.

The report was approved by the Audit Committee at its June 23, 2004 meeting at which time it became public record.

We appreciate the cooperation and assistance received during the course of this audit. If you have any questions about the audit or this report, please feel free to contact me at extension (330) 643-2655.

Sincerely,

Bernard F. Zaucha
Director, Internal Audit

cc: Audit Committee
Board of Trustees

**SUMMIT COUNTY
ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH BOARD**

Preliminary Audit

04-ADAMH-14

May, 2004

Approved by Audit Committee

June 23, 2004

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

Bernard F. Zaucha, Director

**ADM BOARD
Preliminary Audit
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**ADM BOARD
Preliminary Audit
BACKGROUND**

Auditors: Lisa Skapura, Dan Crews, Joseph George and Deanna Calvin

Background:

In an effort to maintain a safe and healthy community, the Alcohol, Drug Addiction and Mental Health Services Board provides a cost effective, efficient system of prevention and care for persons suffering from addiction, and/or mental illness. The board assures a client driven system of care for residents of Summit County with a priority for those individuals most in need.

Their mission is founded upon the following fundamental values:

- That mental illness and drug dependency are treatable diseases;
- That people must participate in their own care, but that the ADM System shares in that responsibility;
- That the community has a responsibility to provide a comprehensive array of mental health and substance abuse services for all who need them;
- That the ADM System must provide the community with performance measurements (outcomes);
- That cooperation between the ADM Board, the community, agencies, and all levels of government is essential in providing service; and
- That all persons must be treated with dignity and respect.

Board Members

The Alcohol, Drug Addiction and Mental Health (ADM) Board website lists the Trustees as:

- Mary Ann P. Carlin, Chair
- Harmon C. Velie, Vice-Chair
- Robert M. Gippin, Secretary
- Anna M. Arvay, CPA
- Ruth A. Castle
- C. Andre Christie-Mizell, Ph.D.
- Jill L. Dickie
- Lois A. Foster
- Thomas F. Haskins, Jr., Esq.
- Todd Ivan, M.D.
- Gregory A. Kavinsky
- Wayne E. Pyle
- Ronald A. Rett
- Lisa L. Riffelmacher
- Tanya McCormish Russo

**ADM BOARD
Preliminary Audit
OBJECTIVES**

Objectives:

1. To obtain and review the current policies and procedures.
2. To review the internal control structure through employee interviews and observation.
3. To perform a general overview of existing contracts in the department.
4. 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 department.

Testing Procedures:

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. Test procedures for mandatory compliance where applicable.
4. Identify audit issues and make recommendations where appropriate.

OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

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

OBJECTIVE 3 – CONTRACT REVIEW

11. Obtain and review the current operating contracts, i.e., vendor contracts, union contracts, and service contracts.
12. Determine that contracts are current, properly executed, and applicable.
13. Test the contracts for departmental performance, where appropriate, noting all exceptions.

OBJECTIVE 4 – REVIEW OF SECURITY

14. Perform a general overview of the physical environment and security of the department/ agency being audited.
15. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
16. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
17. Test security issues where appropriate.
18. Analyze current policies and make recommendations.

**ADM BOARD
Preliminary Audit
DETAILED COMMENTS**

It was noted throughout the preliminary audit of the ADM Board that the staff was extremely professional, cooperative, and helpful. The ADM Board staff was very proactive in addressing any possible issues identified during fieldwork.

I. Policies & Procedures Review:

IAD obtained and reviewed the ADM Board Policy and Procedures manual. The following issues were noted:

Issue

The only complete daily operational procedures are for the Medicaid/Non-Medicaid audit process and the MACSIS system. Other operational procedures exist but not as a comprehensive manual. Internal Audit (IAD) noted that management was currently working on developing procedures for all departments.

Recommendation

IAD recommends that the ADM Board create formal operating procedures for all facets of the Board.

Management Action Plan

ADM staff has begun to develop operating procedures manual (apart from the Personnel Policies and Procedures) with a June 30, 2005 expected date for completion.

Issue

The following policies (procedures) were present but were not located in the personnel policies and procedures:

- A) Media Response Policy & Procedure
- B) HIPAA Finance Department Procedure
- C) Purchasing Policy and Procedure
- D) Civil Rights Policy
- E) Communication with Limited English Proficient Persons
- F) Communication with Persons Who Are Visually Impaired
- G) Services for Persons with hearing impairments
- H) HIV/AIDS Policy
- I) Reasonable Accommodation Policy
- J) Section 504 Grievance Procedures
- K) EEO Policy Statement for Employees
- L) Confidentiality Policy
- M) Client Rights/Ombudsman Program Policy

N) Telephone Communication with Hearing Impaired Individuals
Recommendation

IAD recommends that the ADM Board consolidate these policies (procedures) into a central policies and procedures manual. These revised policies and procedures should be signed off by the employee indicating that they have read and understand the specific policies and procedures. This will ensure that the employees of the ADM Board adequately understand all policies and procedures.

Management Action Plan

The policies (procedures) listed will be made a part of the Policies and Procedures manual being developed. ADM staff will be required to sign a master sign-off form indicating receipt of the manual. A master sign-off form will be a part of each employee's personnel file.

I. Internal Control Testing:

COMMENDATIONS

We commend the efforts of ADM Board to continuously review their system of internal controls for areas of improvement opportunities.

We commend the efforts of ADM Board to implement suggestions during the audit process to strengthen the system of internal controls.

Internal control testing and/or observations were performed in the following areas:

- Interviews
- Personnel File Testing
- Job Descriptions
- Medicaid Compliance Audits
- Expenditure Testing
- 2003 Board Minutes
- Prior Audit Review

INTERVIEWS

To gain an understanding of the ADM Board, IAD interviewed the following individuals:

- 1) Gary Schaeufele, Associate Director, Planning/Evaluation
- 2) Mark Munetz, M.D., Chief Clinical Officer
- 3) Darlene Mims, Associate Director of Operations
- 4) Pat Galon, Manager of Community Services
- 5) Mary Dougherty, Manager of Community Relations
- 6) Paula Rabinowitz, Planning/Evaluation Associate II
- 7) Tom Leffler, Manager of Finance
- 8) Carla Barner, Accountant
- 9) Carol Simpson, Medicaid Compliance Coordinator

Issue

There are no departmental policies and procedures detailing the daily routines and duties for the Planning/Evaluations areas.

Recommendation

The ADM Board should create departmental policies and procedures detailing the day-to-day duties, responsibilities, and functions that are carried out in the Planning/Evaluations area. This will facilitate smooth operation of the department in case of absences or filling vacancies.

Management Action Plan

Departmental policies and procedures for the Planning/Evaluation department will be developed and be a component of the ADM operating manual. The policies and procedures will be developed by June 30, 2005.

Issue

The ADM Board appeared to have sufficient training and/or cross training throughout the majority of the Agency. However, there was no formal training, cross training, and/or orientation program noted in the interviews with the staff in the Planning/Evaluations area.

Recommendation

The ADM Board should develop and implement a formal training, cross training, and orientation program in the Planning/Evaluation area.

Management Action Plan

A formal procedure of orientation will be developed and implemented. Cross training will occur among the staff in the department within the scope of licensure.

Issue

Per ADM Board staff, a written disaster recovery plan does not exist for the ADM Board. However, ADM Board does daily back-ups and stores the back-up in a fire proof safe every night. In addition, the back-ups of MIS data and the back-up tapes are taken off site on a weekly basis. It was noted by IAD that the ADM Board was advised some time ago that a centralized county disaster recovery plan was currently being worked on.

Recommendation

The ADM Board may consider developing an interim written disaster recovery plan.

Management Action Plan

The staff has begun the first stages in the development of a written disaster recovery plan. As a first step, a temporary offsite location for operation has been identified in the event of a disaster. Appropriate vendors related to information systems are being contacted to check on procedures for acquiring needed software and/or hardware if needed. The disaster recovery plan will be completed by June 30, 2005.

PERSONNEL FILES:

IAD tested personnel files to determine that appropriate file documentation was included for each sample employee file selected from the active ADM Board personnel. Ten employees were haphazardly selected from the current list of ADM Board employees. IAD noted that the files were well organized and kept up-to-date.

The following issues were noted:

Issue

There was no standard listing of required file documentation that should be located in the ADM Board personnel files and/or policies & procedures.

Recommendations

IAD recommends that the ADM Board establish and implement a standard listing of required personnel file documentation to be incorporated into the personnel files and/or personnel policies and procedures.

Management Action Plan

A standard listing of required personnel file documentation has been developed (see attached) and the list has been placed in the front of personnel files.

Issue

The current ADM Personnel Policies and Procedures manual was noted with a revision date of 2/25/02. A Policy and Procedure sign off sheet was not present in the employee personnel files for the manual's 2002 revisions. A sign-off sheet was produced for review by ADM Board staff for some minor page changes to the personnel manual in 2003. The last Policy and Procedure sign-off sheet actually noted in the personnel files was for 2001 revisions.

Recommendations

It is recommended that Policy and Procedure sign-off sheets are obtained and placed in each employee's personnel file indicating the employee's receipt and understanding of all new policy and procedure changes.

Management Action Plan

A master sign-off sheet will be placed in each personnel file. The employee will sign for the receipt of the Policies and Procedures and for revisions. To assure that all current employees have the most recent Personnel, Policies and Procedures, they will be re-issued and signed by the employee to acknowledge receipt. This process will be completed by July 9, 2004.

Issue

Per ADM Board staff, separate medical personnel files have been established for retention of personnel documents relating to medical information. However, medical information was noted in 1 of 10 regular personnel files reviewed in the sample. This represents a 10% error rate for misfiling of paperwork.

Recommendations

It was noted by IAD that this was an apparent filing error, however, care should be taken that personnel information of a medical nature should be kept separated in the established medical personnel files.

Management Action Plan

Separate medical personnel files will continue to be maintained and the regular personnel file will be reviewed periodically to make sure errors have not occurred during the filing of such information.

Issue

The second probationary evaluation that is required at the 60-day mark in the 90-day probationary period was approx. 30 days late for a Secretary. The 2nd evaluation was completed at the approximate 90-day mark.

Recommendations

IAD recommends that evaluations be completed timely and signed off.

Management Action Plan

Evaluations will be performed and signed according to policy.

JOB DESCRIPTIONS:

IAD tested Job/Position Descriptions to ensure that they were present and were updated in a timely fashion. IAD also performed this test to ensure that the Banner payroll system reports reflect the current and accurate title associated with the employees as listed on the ADM Board Table of Organization and documented by the Position Descriptions.

Issue

Eighteen of the 26 applicable position descriptions tested did not agree to the employee's title as noted in the Banner payroll system. This represents a 69% error rate. It was noted by IAD that these position descriptions have no affect on the employee pay grades or ranges and that these changes have been made by ADM Board.

Recommendations

IAD recommends that all job position descriptions be consistent with the Banner payroll system.

Management Action Plan

All necessary changes were made as of May 15, 2004 (see attached).

MEDICAID COMPLIANCE AUDITS:

IAD performed an interview and an observation of the Medicaid Compliance Audit Process. This was performed to ensure that the ADM Board is following their Medicaid Compliance Audit Procedures. IAD interviewed the ADM Board staff in the Medicaid Compliance area to gain an understanding of the compliance audit process. IAD also observed a compliance audit being performed on five files. Throughout the observation and interviews, it was noted that the audits were well documented and completed in all aspects as outlined by the policies & procedures. In addition, the staff was knowledgeable and efficient in the performance of these audits.

Issue

No issues noted.

EXPENDITURE TESTING:

IAD reviewed and documented the expenditure process for the ADM Board during calendar year 2003. IAD interviewed the ADM Board staff to gain an understanding of the expenditure process. Sixty voucher packets were chosen for testing. IAD confirmed that all packets contained appropriate authorizations and documentation before expenditures were made to vendors. In addition, all of the voucher packets were maintained in a very organized and efficient manner.

Issue

No issues noted.

2003 BOARD MINUTES:

IAD obtained and reviewed the 2003 Board Minutes of the Alcohol, Drug Addiction & Mental Health Services Board (ADM Board) to gain an understanding of the Board's operations and the relevant issues affecting the Board. IAD noted that the ADM Board minutes were especially well-organized, well documented, and presented in a consistent, professional manner every month.

Issue

No issues noted.

PRIOR AUDIT REVIEW:

IAD reviewed the prior audits completed on the ADM Board by the Ohio Dept. of Alcohol and Drug Addiction Services (ODADAS) and the Ohio Department of Mental Health (ODMH) to ensure that the ADM Board has corrected any audit comments. ADM Board staff provided the audit team with the Boards' written corrective actions that were implemented to the minor issues noted.

Issue

No issues noted.

III. Contract Review:

IAD obtained and reviewed the current contracts, i.e., vendor, operating, and service contracts maintained by the ADM Board. Twenty contracts were chosen for review.

Issues

Nineteen of 19 contracts or 100 % of the contracts selected for review did not bear an indication that a legal advisor reviewed the contracts prior to execution. Per ADM Board staff, the ADM Board has the resources of the Prosecutor's office or outside counsel which may provide contract consultation when requested.

Recommendations

IAD recommends that an attorney review all contracts prior to execution. In the case of standard contracts used year after year for non-Medicaid-only agencies, an attorney should review the contract language on an annual basis. The attorney should issue a written communication to management indicating that the contract has been reviewed and recommending any adjustments to the contract. This would allow changes in contract law to be incorporated into the standard contract and State or Federally mandated changes (for example, the change in funding levels required to comply with the OMB Circular A-133) to be updated.

Management Action Plan

Beginning with the calendar year 2005, Agency/ADM Board contracts will be reviewed by legal counsel. Documentation from legal counsel of the annual review will put in the contract file.

Issues

IAD was able to locate a Board Assurance Statement for each contract, however, two of the nine (22 %) contracts in the sample to which this attribute applies, did not have a signature. This statement contains an assurance statement indicating the contracted agency's expected compliance with numerous requirements.

Recommendations

ADM Board should review, in detail, the application/budget package submitted by agencies to verify that the appropriate persons sign all applicable statements.

Management Action Plan

Every budget application will be reviewed by the Associate Directors for appropriate signatures.

Issues

IAD was unable to locate any type of documentation supporting that the contracted agency has applicable insurance coverage for eight of eight (100 %) of the contracts in the sample to which this attribute applies. Per ADM Board staff, ADM Board is in the process of developing a checklist that will incorporate review of this item into the Medicaid compliance audit performed by the Medicaid Compliance Coordinator. All contracted agencies engage Medicaid clients and are therefore subject to this compliance audit.

Recommendations

IAD recommends that ADM Board follow through with the checklist mentioned above and institute review of the contracted agency's insurance coverage and disaster recovery policies as early as possible.

Management Action Plan

A checklist has been developed (see attached) and will be annually sent to agencies with the budget application. Agencies must include the documents listed with the submission of their budgets. The documents will be placed in the agencies' contract file.

Issues

IAD was unable to locate any type of documentation supporting that the contracted agency has a disaster recovery plan for client records, MIS data, or financial records for eight of eight (100 %) of the contracts in the sample to which this attribute applies. Per ADM Board staff, ADM Board is in the process of developing a checklist that will incorporate review of this item into the compliance audits.

Recommendations

IAD recommends that ADM Board follow through with the checklist mentioned above and institute review of the contracted agency's insurance coverage and disaster recovery policies as early as possible.

Management Action Plan

A checklist has been developed (see attached) and will be annually sent to agencies with the budget application. Agencies must include the documents listed with the submission of their budgets. The documents will be placed in the agencies' contract file.

IV. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433²⁴⁸.