AUDIT REPORT

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER

From The Office Of State Auditor
Claire McCaskill

Report No. 2004-100
December 30, 2004
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Office Of The
State Auditor Of Missouri
Claire McCaskill

December 2004

YELLOW SHEET

The following problems were discovered as a result of an audit conducted by our office of the Department of Mental Health, Kansas City Regional Center.

Kansas City Regional Center (KCRC) service coordinators provide Targeted Case Management (TCM) services to numerous clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements from the Division of Mental Retardation and Developmental Disabilities (MRDD). Each time a service coordinator provides TCM services, they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed to the Medicaid program each month. Medicaid currently reimburses Department of Mental Health (DMH)$6.46 for every unit (five minutes) spent on TCM services. During the year ended June 30, 2003, the Regional Center received approximately $2.9 million in reimbursements from the state's Medicaid program for TCM services.

The Regional Center has not taken adequate steps to maximize Medicaid reimbursements from the TCM program. Medicaid billings are done by service coordinators, who are required by department operating regulations to log an average of 106 direct hours to the system monthly, or 1,272 hours each year. KCRC has not developed adequate procedures to ensure each service coordinator is fulfilling the hourly logging requirement. Potential reimbursements totaling over $430,000 were lost during calendar year 2003 due to numerous service coordinators' failure to log 1,272 hours of direct services. Oversight and follow-up by KCRC management for the lack of direct hours were inadequate. Auditors found that 53 percent of service coordinators did not meet the monthly standard in 2003.

TCM billings are not adequately reviewed and approved by service coordinators' supervisors to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes. Additionally, no one from KCRC reviews monthly billings before submission to Medicaid.

Incident and injury reports which involve a vendor employee are required to be reported to the Incident and Injury Tracking System (IITS) and investigated. Our office reviewed 10 incident and injury reports which were not entered into the IITS and noted none of the reports contained any evidence of follow-up or action taken by the service coordinator or quality assurance personnel. Nine of the ten files contained documents that were not signed by both the service coordinator and quality assurance personnel indicating their review of the incident. Additionally, one of the reports we reviewed appeared to meet the abuse and neglect criteria requiring entry into the IITS.

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Incident and injury reports meeting the abuse and neglect criteria are assigned to an investigator, who is required to complete an investigative report to be submitted to the Regional Center Director within 30 working days of the complaint filing. Our review noted that abuse and neglect reports are not always filed with KCRC and recorded in the DMH database timely. Additionally, investigative reports are not always completed within 30 working days of the filing of the complaint and the decision to substantiate the charge of abuse or neglect is not always decided upon within 10 working days after receiving the final investigative report, as required.

The KCRC contracts with approximately 178 Community Placement facilities. Through the Community Placement (CP) Program, the facility purchases residential care in community-based facilities for clients who would otherwise require institutionalization. KCRC does not have adequate oversight and supervision of placement facilities. Some facilities visited did not reconcile the client ledgers to the checking account balance, or did not maintain documentation of such reconciliations, or did not maintain supporting documentation for numerous purchases made from client funds. Additionally, one facility maintained a duplicate set of accounting records which did not contain consistent information and had two different balances recorded for the same date. By maintaining a duplicate set of accounting record which are not consistent or accurate, the risk for manipulation, falsification, or alteration of records or supporting documents is increased.

The Choices for Families (CFF) program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals which reside within their home. The purpose of the program is to prevent or delay out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. Each client qualifying for the program is limited to $3,600 in eligible expenditures each year.

Our audit noted KCRC does not always follow the CFF policies developed by the department. The Regional Center has implemented an unwritten maximum of $500 for respite care, although the department policy does not limit the amount that can be spent on respite care, other than the $3,600 maximum in eligible expenditures each year. To ensure fair and consistent treatment among MRDD clients throughout the state, KCRC should follow the department policy for CFF or request a change to the policy that would apply to all clients throughout the state. Also, Individual Habilitation Plans (IHP) are not always developed within 30 days after the client is eligible for services, as required by policy, and several families' IHPs included CFF funding in excess of the maximum amount allowed. Additionally, the number of days of respite care used by families in the CFF program was exceeded without documenting a good cause and without the approval of the Division Director.

The audit report also notes some other concerns related to capital asset procedures, vehicle logs, and non-appropriated funds system.

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STATE AUDITOR'S REPORT

CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Mental Health Commission
and
Dorn Schuffman, Director
Department of Mental Health
and
Anne Deaton, Division Director
Mental Retardation and Developmental Disabilities
and
Steve Bartlett, Director
Kansas City Regional Center
Kansas City, MO 64141

We have audited the Department of Mental Health, Kansas City Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2003 and 2002. The objectives of this audit were to:

1. Review facility compliance with certain legal provisions, statutes, regulations, and department policies.

2. Review the efficiency and effectiveness of certain management practices and operations.

3. Review certain revenues received and certain expenditures made by the Kansas City Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, applicable legal provisions, rules, regulations, and policies, and other pertinent procedures and documents; interviewing various personnel of the facility and other state personnel; and testing selected transactions.

In addition, we obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed into operation. We also performed tests of certain controls to obtain evidence regarding the effectiveness of their design and operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

P.O. Box 869 • Jefferson City, MO 65102 • (573) 751-4213 • FAX (573) 751-7984

We also obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, and other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the facility's management and was not subjected to the procedures applied in the audit of the facility.

The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Mental Health, Kansas City Regional Center.

Claire McCaskill
State Auditor

October 6, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Tania Williams
	Julie Vollmer
Audit Staff:	Danielle Parker
	Naima Ramlatchman
	Bryan Meadows
	Alvin Cochren

MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMEMT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1. Targeted Case Management

Kansas City Regional Center (KCRC) service coordinators provide Targeted Case Management (TCM) services to numerous clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for receiving services from the Division of Mental Retardation and Developmental Disabilities (MRDD). TCM services are defined as activities that assist individuals in gaining access to care and services; they may be provided in or out of the presence of the client. Examples of TCM services include making contacts with applicable parties, making client assessments, planning for the client, and documenting client information.

Each time a service coordinator provides TCM services they are required to log the duration and description of the services into the computer system. The number of TCM hours is converted to units and billed to the Medicaid program each month. Medicaid currently reimburses Department of Mental Health $6.46 for every unit, or five minutes, spent on TCM services. During the year ended June 30, 2003, the Regional Center received approximately $2.9 million in reimbursements from the state's Medicaid program for TCM services. During our review of the TCM program, we noted the following concerns:

A. The Regional Center has not taken adequate steps to maximize Medicaid reimbursements from the TCM program. Medicaid billings are done by service coordinators who are required by department operating regulations to log an average of 106 direct hours to the system monthly, or 1,272 hours each year. KCRC has not developed adequate procedures to ensure each service coordinator is fulfilling the hourly logging requirement. Potential reimbursements totaling over $430,000 were lost during calendar year 2003 due to numerous service coordinators' failure to log 1,272 hours of direct services. Oversight and follow-up by KCRC management as to the reasons for the lack of direct hours were inadequate.

   The facility does prepare monthly reports of direct service hours for each service coordinator, but documentation of follow-up by supervisors as to the reasons for the lack of direct service hours does not always exist. We found that 37 of 70 (53 percent) service coordinators did not meet the 106 hours per month standard in 2003. The Regional Center's policy and procedures requires service coordinators' supervisors to write a plan of correction on a quarterly basis, or more frequently as needed, when service coordinators are not meeting the direct services requirement. We requested documentation of follow-up action taken on five service coordinators who did not meet the 1,272 hour standard during calendar

year 2003. Although management indicated follow-up is documented, for five service coordinators who did not log direct services of 1,272 hours during calendar year 2003, we found four did not have a quarterly plan for corrective action and adequate documentation did not exist to document the corrective action taken.

Targeted Case Management Facility Operating Regulation 4.201 states service coordination staff is required to maintain an average of 106 hours of direct service each month. To show compliance with the TCM regulations, adequate documentation needs to be maintained. To maximize potential reimbursements, management needs to ensure adequate steps are taken to ensure compliance with this regulation.

B. TCM billings are not adequately reviewed and approved by service coordinators' supervisors to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes. KCRC was reimbursed approximately $1,100 for TCM services on four cases where adequate documentation was not kept or which included non-billable services, such as transportation. Case notes reviewed did not always identify the parties involved, the service provided, indicate the topic and what was discussed at the meeting, and why the action occurred. Regional Center management indicated billings are only reviewed to ensure the case notes support the hours billed if the number of hours logged exceeds eight hours, when supervisors select one case note quarterly per service coordinator, or when appraisals are performed. However, no one from KCRC reviews monthly billings before submitting to Medicaid.

According to the TCM manual, service coordinators sometimes provide direct support to a person such as helping the client move to a new apartment or transporting the client to a store or appointment. Any service which is "direct support" is not billable as targeted case management. Also, it states "case notes must adequately explain the service provided." The case note should tell what action occurred and why, and identify the parties involved. To support Medicaid billings and ensure billings have adequate supporting documentation, KCRC should require service coordinators to prepare detailed case notes, which are reviewed and approved by a supervisor before submitting billings to Medicaid.

WE RECOMMEND Regional Center management**:**

A. Ensure that service coordinators are in compliance with the facility's policy by providing and logging at least 106 hours of direct services each month.

B. Establish a policy requiring a review of Medicaid billings by a supervisor to ensure adequate documentation exists to support TCM billings and indirect services are not billed to Medicaid. In addition, personnel should examine other billings for overcharges and contact Medicaid officials to resolve any additional overbillings.

AUDITEE'S RESPONSE

A. *We concur. The KCRC will update the facility policy with regard to service coordinator responsibility to log at least 106 hours/month of direct services. Each Service Coordinator/Assessment Supervisor will review direct logging totals on a monthly basis for each service coordinator supervised. Performance review and counseling will be provided to each service coordinator not meeting the established requirement. The performance review conducted with each service coordinator will include a quarterly review of logging performance and will include the specific expectation and needed corrective action in those instances the performance expectation is not reached. The Division would like to point out the potential additional reimbursement of $430,000 included in this finding requires several significant assumptions. The assumptions include no staff turnover for twelve months, all logged services are billable to Medicaid and all consumers are Medicaid eligible.*

B. *We concur. The KCRC will update the facility policy to include provisions for random review of service coordinator generated case notes to be conducted by a team supervisor or other team designee (CM-III/Lead staff) to ensure necessary components are present for billing purposes. The review will consist of at least one case note per service coordinator being reviewed on a quarterly basis. Guidance/training will be provided by the team supervisor or lead staff in those situations where adequate information is not present. KCRC will examine billings and contact appropriate officials to resolve any overbilling.*

2. Community Placement

The KCRC contracts with approximately 178 Community Placement facilities. Through the Community Placement (CP) Program, the facility purchases residential care in community-based facilities for clients who would otherwise require institutionalization. These placement facilities include residential care centers, group homes, foster homes, supervised apartments, and individualized supported living sites.

A. KCRC does not have adequate oversight and supervision of placement facilities. As part of our review of the CP Program, we visited four placement facilities. A review of client funds and records being maintained at those placement facilities disclosed the following concerns:

1) Three of the facilities visited did not reconcile the client ledgers to the checking account balance or did not maintain documentation of such reconciliations. Periodic reconciliations of the client ledgers and the bank account will provide assurance the client ledgers are being maintained accurately and help detect errors on a timely basis.

2) Two facilities did not maintain supporting documentation for numerous purchases made from client funds. At another facility, we noted instances

where expenditure vouchers were not signed by the clients and initialed by staff, as required. Placement facilities should maintain adequate documentation to support the expenditure of client monies.

3) Three of the facilities visited did not take steps to ensure client funds did not exceed $200. Some client ledger balances at three facilities exceeded the $200 maximum, sometimes for extended periods of time, and we saw no reasons documented for the excess. A facility policy indicates that a client's placement facility account balance can only exceed $200 for a stated purpose. To ensure compliance with facility policy, KCRC should more closely monitor client's ledger balances.

4) At all four facilities we noted client purchases exceeding $100 which were not approved by KCRC prior to the transaction, as required by the MRDD Consolidated agreement. All purchases exceeding $100 are required to be approved prior to the purchase to ensure they are necessary and for the direct benefit of the client for whom the purchase is being made.

5) One facility maintained a duplicate set of accounting records which did not contain consistent information and had two different balances recorded for the same date. The facility prepares one set of accounting records for themselves and prepares a duplicate set which is submitted to KCRC. We noted that one client had a negative balance of approximately $125 on the client ledger submitted to KCRC, but the ledger reviewed at the facility showed a negative balance of approximately $80. By maintaining a duplicate set of accounting records which are not consistent or accurate, the risk for manipulation, falsification, or alteration of records or supporting documents is increased.

B. Providers do not always submit personal spending reports on a quarterly basis to KCRC, and the reports that are submitted are not always reviewed by KCRC as required. There are approximately 90 active providers operating approximately 178 facilities. In 2003, we noted providers for 18 CP facilities did not submit any quarterly reports. 2 CP facilities did not submit a report in the first quarter, 26 CP facilities submitted no report in the second quarter, 45 CP facilities submitted no report in the third quarter and 77 CP facilities submitted no report in the fourth quarter. In addition, KCRC is not reviewing all personal spending quarterly reports submitted by providers. Results are as follows for 2003:

Percentage of Personal Spending Reports Reviewed				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Reports Submitted	154	132	111	82
Reports Not Reviewed	53	61	49	39
Percentage not reviewed	34%	46%	44%	47%
Source: Personal spending reports				

Furthermore, KCRC did not visit any of the CP facilities to ensure the facilities are complying with their contracts with the Regional Center during our audit period. Such a review could include verifying documentation of purchases made with client monies and ensuring that facility personnel properly monitor client balances to ensure benefits are not jeopardized.

The CP facilities are required by the MRDD Consolidated agreement to report quarterly the account balance of each client. The purpose of reviewing the personal spending quarterly reports is to determine whether the client expenditures are proper and to monitor client balances to ensure they do not exceed $200 or have negative balances. It appears that since the providers are not submitting the quarterly reports to KCRC in a timely manner, KCRC cannot adequately monitor nor verify the personal spending balances for clients. Steps should be taken by KCRC to ensure the MRDD Consolidated agreement is complied with for all CP facilities doing business with the state.

WE RECOMMEND Regional Center management**:**

A.1. Require placement facilities to periodically reconcile the client ledgers to the client bank account and maintain documentation of such reconciliations.

2. Require placement facilities to retain adequate documentation, such as original invoices, to support expenditures made from client funds. In addition, require the clients to initial the ledger sheets when obtaining cash and ensure the clients and staff sign off on expenditure vouchers.

3. Monitor client account balances to ensure the accounts do not exceed the $200 limit unless a specific reason is documented.

4. Ensure the placement facilities obtain prior approval from the KCRC for client purchases that exceed $100.

5. Ensure placement facilities maintain only one set of accounting records.

B. Ensure personal spending reports are submitted by placement facilities on a quarterly basis and reviewed on a timely basis. In addition, Regional Center personnel should periodically conduct quality control reviews at community placement facilities to adequately monitor and verify the personal spending balances for clients.

AUDITEE'S RESPONSE

A.1. We concur. The KCRC will monitor residential services provider agencies to assure that consumer ledgers are reconciled to consumer bank account information. The KCRC will review documentation of such reconciliation.

2. We partially concur. The KCRC sent correspondence dated 05-30-2002 and 04-24-2003, citing the policy for consumer accounts and Medicaid eligibility. Subsequent correspondence dated 09-22-2003, informed providers of procedural changes as directed by the Social Security Administration and addressed how agencies were to account for consumer account monies. The KCRC will monitor agencies' compliance with these directives.

3. We partially concur. It is very difficult to assure that a consumer's account balance will never exceed $200. The KCRC will continue to monitor accounts and take necessary actions to keep the personal funds below a level so that Medicaid benefits would not be in jeopardy. The provider agency will be required to document the justification for exceeding the established amount.

4. We concur. The KCRC will continue to monitor provider agencies to assure compliance with the requirement to seek prior approval for purchases exceeding $100.

5. We concur. The KCRC will monitor provider agencies to assure that if duplicate accounting ledgers are maintained they are reconcilable. If ledgers cannot be reconciled the provider agency will be instructed to take corrective action and maintain only one accounting ledger.

Division Comment:
KCRC periodically hosts provider meetings and mails information to providers to address important issues. KCRC considers all the Community Placement recommendations to be important to review with providers and will do so. A provider meeting and training were held on September 8, 2004, and September 24, 2004, and a follow-up meeting was held on December 3, 2004, to address these issues.

B. We partially concur. The KCRC has informed provider agencies to submit information on a quarterly basis. The KCRC will increase monitoring to assure compliance with this requirement.

3. Choices for Families

The Choices for Families (CFF) program provides financial assistance to eligible families so they can better meet the special needs of any developmentally disabled individuals who reside within their home. The purpose of the program is to prevent or delay out-of-home placement of clients and to empower family members as the primary decision makers for obtaining the goods and services needed by the individual. These monies are allocated by the Department of Mental Health from a department-wide appropriation. Each client qualifying for the program is limited to $3,600 in eligible expenditures each year. During our review of the CFF program, we noted the following concerns:

A. KCRC does not always follow the CFF policies developed by the department. The Regional Center has implemented an unwritten maximum of $500 for respite care, although the department policy does not limit the amount that can be spent on respite care, other than the $3,600 yearly maximum in eligible expenditures. Facility personnel indicated the $500 maximum was set at the time the law changed regarding respite care provided by county Senate Bill 40 Boards, but could not provide us with supporting documentation on how this limit was set, or whether the department's MRDD division has approved of their change to the policy.

   To ensure fair and consistent treatment among MRDD clients throughout the state, KCRC should follow the department policy for CFF or request a change to the policy that would apply to all clients throughout the state.

B. Individual Habilitation Plans (IHP) are not always developed within 30 days after the client is eligible for services, as required by policy. In addition, household income is not updated on an annual basis to determine financial eligibility. Ten client files were reviewed and an IHP was not completed within 30 days after eligibility on nine, and household income was not updated in the past year for any of the ten client files.

   To ensure clients are receiving the appropriate services and are financially eligible to participate in the CFF program, IHPs need to be developed within 30 days and household income should be updated annually as required.

C. Several families' IHPs included CFF funding in excess of the maximum amount allowed. Program guidelines clearly state that no family shall receive more than $3,600 annually, unless approved by the District Deputy Director. Each family is required to submit an IHP which includes all needed goods and services. We reviewed all of the client files and found eleven contained IHPs exceeding the $3,600 limit, with expected or planned annual expenditures ranging from $3,642 to $8,674, which were not approved by the District Deputy Director. All eleven of these clients received more than the $3,600 in funding.

D. The number of days of respite care used by families in the CFF program was exceeded without documenting a good cause and without the approval of the Division Director. One client had 69 days of respite care paid for and another client had 24 days.

In addition, timesheets for respite care are not always consistently filled out by providers. Therefore, due to the inconsistencies in the preparation of timesheets by providers, we were unable to determine if KCRC was in compliance with state law for three other clients. The timesheets submitted for those three clients did not document the hours for each day, but instead showed the amount of hours for a block number of days.

State law sets a limit on the number of days of respite care that can be provided to a department client. Section 633.155, RSMo 2000, states: "The division may provide or obtain respite care for a mentally retarded or developmentally disabled person for respite care of up to twenty-one days which may be extended up to an additional twenty-one days for good cause…". That section further provides "Any additional respite care beyond forty-two days within a one-year period shall be expressly approved by the director of the division."

WE RECOMMEND Regional Center management:

A. Follow written policy or receive authorization from the Department of Mental Health to change policy to reflect current practice.

B. Ensure that IHP's are completed on a timely basis as required by policy and household incomes are updated on an annual basis.

C. Ensure that the maximum assistance allowed for the CFF program does not exceed $3,600. If this occurs, Regional Center personnel should ensure that the appropriate approvals are received and documented.

D. Ensure that the facility is in compliance with the state law regarding respite care and that timesheets for respite care are filled out consistently by providers.

AUDITEE'S RESPONSE

A. We concur. The KCRC has requested an exception to the Choices for Families rule regarding allowing a maximum of $3,600 annually to be made available. The KCRC established the funding amount of $500/year based on the amount of money recovered for respite care from area Senate Bill 40 Boards that provided such service prior to the prohibition of county funded respite care outlined in the Western District Court of Appeals decision. The KCRC has requested permission to continue to limit the amount to $500. When requests are made to increase the amount of funding to be available for respite care through Choices for Families, the KCRC will prioritize the need for

additional services through the Utilization Review process and increase funding as additional resources are available to meet additional needs.

B. *We concur. The KCRC will continue to utilize a database for person-centered plan implementation to assure that planning meetings are conducted and plans are updated on a timely basis. The KCRC will continue to request standard means information from families with regard to household income on an annual basis.*

C. *We concur. The KCRC will monitor Choices for Families authorizations and will request Deputy Director approval for any request that would exceed the $3,600/year maximum.*

D. *We partially concur. The KCRC will ensure that respite care is only authorized for 21 days/year or 504 hours unless just cause is found to authorize the maximum of 42 days/year or 1,008 hours/year. The Division has converted the maximum number of days of respite care to hours to allow families the flexibility to use respite care services when they need the service. Respite care funding will be reviewed/approved by the Regional Center Director or designee (Assistant Center Director). The KCRC will require respite care providers to accurately complete timesheets specifying the hours respite care was provided.*

4. Capital Asset Procedures

Purchasing and capital asset duties are not adequately segregated. One person performs all duties relating to purchasing and accounting for capital assets, including preparing purchase orders, receiving goods, recording assets, and reconciling expenditure records to the inventory system. An independent review of purchases made and asset records is not performed.

Proper segregation of duties provides a means of establishing controls over assets, thus minimizing the risk of loss, theft, or misuse of funds. If the segregation of duties is not possible, at a minimum, there should be documented independent review of accounting records. Failure to adequately segregate duties or provide supervisory review increases the risk of improper use of assets and that errors or irregularities will not be detected in a timely manner.

WE RECOMMEND Regional Center management adequately segregate, to the extent possible, purchasing and recordkeeping duties related to capital assets. At a minimum, periodic reviews of accounting records should be performed and documented by an independent person.

AUDITEE'S RESPONSE

We concur. The facility is addressing this item and will segregate the duties immediately. The facility will review the recommendation of an independent person reviewing the accounting

records. (NOTE: We will train another staff person to input payments into the SAM II system for purchases and also train additional staff on inventory control).

5. Vehicle Logs

As of June 30, 2003, KCRC had a small fleet consisting of approximately eight cars which are used as pool vehicles for employees and administrators. We noted the following concerns regarding vehicle logs:

A. Monthly mileage logs are not always accurate or complete, and mileage is not always recorded correctly. In addition, mileage logs are not reviewed by a supervisor to ensure they are complete and vehicle usage is reasonable. Several mileage logs contained gaps between the ending mileage of one trip to the beginning mileage of the following trip. For the logs reviewed, unaccounted for mileage totaled over 4,000 miles.

Complete, detailed vehicle logs, reviewed periodically by a supervisor, documenting all dates traveled, destinations, and mileage for state-owned vehicles are necessary to help provide assurance that vehicles are used only for authorized purposes and that the mileage logs are accurate and reliable.

B. A reconciliation of mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use reports and the Annual Summary Vehicle Usage report is not performed before submitting the reports to the Office of Administration. We noted 35 instances in fiscal year 2003 where we could not agree the mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use report.

In addition, we reconciled the Annual Summary Vehicle Usage report to the Fiscal Year Vehicle/Equipment Cost and Use Reports for 2002 and 2003. We determined the total annual mileage for all vehicles was 109,595 in 2002 and 90,468 in 2003. However, the total annual mileage KCRC reported to the Office of Administration was 111,431 in 2002 and a negative 20,786 in 2003, a difference in total annual mileage of 1,836 and 111,254, respectively. The differences noted were due to mileage data not transferred correctly from the mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use Reports.

Failure to reconcile mileage logs to Fiscal Year Vehicle/Equipment Cost and Use Reports and the Annual Summary Vehicle Usage report allowed errors and discrepancies to occur and not be detected. If this reconciliation had been performed, the discrepancies previously noted could have been identified and investigated in a timely manner.

WE RECOMMEND Regional Center management:

A. Maintain complete and accurate mileage logs for each vehicle. In addition, the Regional Center's logs should be reviewed by a supervisor periodically for completeness and reasonableness.

B. Reconcile monthly mileage logs to the Fiscal Year Vehicle/Equipment Cost and Use report and the Annual Summary Vehicle Usage report.

AUDITEE'S RESPONSE

A. We concur. The KCRC Administrative Services Unit will monitor all vehicle logs and review for completion and accuracy.

B. We concur. The KCRC recognizes that transcription errors occurred in completing the fiscal year Vehicle/Equipment Cost and Use Report. KCRC staff has corrected errors and the report was accurate as of May 2004.

6. Non-Appropriated Funds System

At June 30, 2003, there was approximately $3,260 being held by the facility in the Non-Appropriated Fund System (NAFS) Maximum Potential (MAX) holding sub-account. The facility indicated these monies have been held since 1996 pending litigation over a provider contract issue. Facility personnel indicated they assumed the provider remained in litigation and the Department of Mental Health would notify KCRC when the litigation was resolved and in turn, would instruct them on how to disburse the money. Upon our inquiry of this holding account, KCRC requested an opinion from legal counsel as to the status of this account. KCRC was notified that it was not necessary to continue holding these funds, as the statute of limitations on such issues is five years, which has expired.

KCRC should attempt to identify the proper disposition of monies in the account and disburse these funds to the proper party.

WE RECOMMEND Regional Center management ensure personnel identify the proper disposition of unidentified NAFS monies in a timely manner.

AUDITEE'S RESPONSE

We partially concur. In the identified situations, the KCRC was not informed that litigation was completed and therefore maintained the fund in a specified account. Upon notification that litigation had ended, the KCRC had those funds deposited to General Revenue as directed.

7. Incident and Injury Reports

The Kansas City Regional Center (KCRC) does not have adequate oversight to ensure all clients are afforded the same safety and quality of care. KCRC contracts with approximately 356 vendors to provide residential facilities and day habilitation programs for about 4,976 individuals who are developmentally disabled. The regional center staff are responsible for providing assessment and case management services, which include coordination of each client's individualized habilitation plan, and overseeing and monitoring contractors to ensure its clients are living in safe and sanitary facilities and are free from physical, verbal, or any other type of abuse or neglect.

A. KCRC has not established a system to track all incident and injury reports submitted. Department Operating Regulation (DOR) 2.210 requires reporting, investigating, and processing complaints/reports of abuse, neglect, and misuse of funds/property of DMH consumers in a residential facility, day program, or specialized services that have been committed by a vendor employee. Incident and injury reports that meet these criteria are required to be reported to the Incident and Injury Tracking System (IITS) and investigated.

Incidents which do not involve a vendor employee are not required to be tracked in a database. Current procedures for these type incidents are for the service coordinator to file the incident and injury report in the providers' files. Prior to July 2003, incident and injury reports not required to be entered to the IITS were not retained by KCRC staff. In addition, while a sequential number is assigned to all cases entered into the IITS, reports not required to be entered are not assigned a sequential number. As a result, there is less assurance that all incident and injury reports have been properly handled by KCRC personnel.

A tracking system, where all incident and injury reports are required to be posted, would help ensure all reports to the KCRC are properly investigated, when required. Also, a tracking system would allow the facility to perform additional analysis of incidents to help identify behavioral trends in clients or identify problem situations with clients and staff as they develop. Assigning a sequential number to each incident and injury report will provide more assurance that each incident entered into the tracking system is accounted for, as well as provide a reference number to help organize the information generated during an investigation, if required.

B. We reviewed 10 incident and injury reports which were not entered into the IITS and noted the following concerns:

1) None of the incident and injury reports contained any evidence of follow-up or action taken by the service coordinator or quality assurance personnel. For example, one incident report was filed because a client injured a direct care staff and had hit another client with a closed fist. The

client's file indicated a total of twenty-four incidents reported to KCRC for aggression or injury of staff and other clients, but KCRC personnel could provide no supporting documentation of follow-up action taken by the service coordinator. The KCRC Director indicated that for cases not entered into the IITS, the service coordinator should maintain documentation of action taken by the facility in the case notes, but the facility was unable to provide documentation of actions taken by the service coordinators for any of the 10 incidents we reviewed.

It is imperative that personnel ensure the safety and well-being of each client. All incident and injuries should be thoroughly documented and reviewed.

2) Incident and injury reports are not always complete. Two incident and injury reports were incomplete, omitting the time and date of the incident and if it was an injury or non-injury incident. In addition, nine files contained documents that were not signed by both the service coordinator and quality assurance personnel indicating their review of the incident. As a result, we could not determine who completed and/or reviewed these documents. KCRC personnel indicated that all incident and injury reports are to be reviewed and signed by both the service coordinator and quality assurance personnel.

3) One of ten incident and injury reports we reviewed appeared to meet the abuse and neglect criteria requiring entry into the IITS. The incident was that a client was left unattended in a vehicle by an employee. This incident was not entered into the IITS and was not investigated.

DOR 2.210 indicates verbal abuse would be considered abuse and therefore should be investigated. Leaving a client unattended in a vehicle is indicative of neglect and should have at least been investigated.

C. Incident and injury reports meeting the abuse and neglect criteria are assigned to an investigator, who is required to complete an investigative report. This report is to be submitted to the Regional Center Director within 30 working days of the complaint filing. The Regional Center Director makes recommendations based upon the investigative reports within 10 working days after receiving the final investigative report and is responsible for the final disposition of each case.

We reviewed ten abuse and neglect reports and noted the following concerns:

1) Abuse and neglect reports are not always filed with the KCRC and recorded in the DMH database timely. We noted three incident reports were not filed and/or not recorded in the DMH database timely. For example, an alleged abuse caused by a direct care staff was reported

October 24, 2003, but the incident did not get entered into IITS until November 20, 2003, 30 days later.

DMH policy states any complaint shall be reported immediately and requires an initial incident and injury report to be completed. The abuse and neglect reports are to be recorded in the DMH database within 24 hours or by the end of the next working day after the incident occurred, was discovered, or the notification was received. Without the initial report being filed timely, the quality assurance team is unable to investigate incidents such as abuse/neglect or theft on timely basis.

2) Investigative reports are not always completed within 30 working days of the filing of the complaint. Two investigative reports were not completed by the investigator within 30 working days following the complaint, and a preliminary report was not completed documenting the conditions for delaying the investigative report.

DOR 2.210 states "The investigative report shall be completed within 30 working days of the filing of the complaint. A preliminary report shall be completed if the investigative report cannot be completed within 30 working days due to conditions beyond control of the investigative body."

3) The decision to substantiate or not substantiate the charge of abuse or neglect is not always decided upon within 10 working days after receiving the final investigative report, as required. We reviewed three reports where the decision to substantiate or not substantiate the charges was not decided on within 10 working days of the final investigative report.

DOR 2.210 states, "After receiving the final investigative report, the regional administrator's office, regional center director's office or other department designee shall within 10 working days, do one of the following: (A) Decide upon appropriate disposition of the matter, or (B) Request further investigation in which case an additional 10 working days may be allowed to complete the investigation unless the regional administrator's office, regional center director's office, or other department designee allows for a longer period of time."

WE RECOMMEND Regional Center management:

A. Continue to retain all incident and injury reports and require all reports be posted to a database. To improve accountability over reports, a sequential number should be assigned to all reports and periodically account for the numerical sequence.

B.1 Ensure supporting documentation of actions taken regarding incident and injury reports is maintained.

2. Ensure incident and injury reports are complete and accurate.

3. Require and ensure investigations are conducted of all alleged abuse and neglect cases.

C.1 Ensure abuse or neglect reports are properly filed and posted to the tracking system on a timely basis.

2. Require and ensure investigative reports be completed within the required time periods.

3. Document the decision to substantiate or not substantiate charges within the time frames established by the DOR.

AUDITEE'S RESPONSE

A. The Kansas City Regional Center will utilize the newly developed statewide event reporting mechanism, which includes entering of information into a database for those events not meeting the standard of entry into the IITS system. The regional center will establish a manual system for numerically sequencing event reports that are not entered into the IITS database, until such time as the Department CIMOR database system is completed which will be the warehouse for all events reported on the statewide community event report form. Current projected completion date for CIMOR is July 2005.

B1. The Kansas City Regional Center has provided training to regional center staff and contracted providers with regard to the event reporting process. Five (5) staff of the Kansas City Regional Center with responsibilities for data entry, incident review, data analysis regarding DMH statewide IITS system participated in training provided by the Division's Unit on Policy, Training, and Quality. The purpose of the training was to ensure statewide compliance with regulations and data integrity of information entered in IITS. Regional center staff has received information with regard to necessary documentation of follow-up efforts. Supervisory staff will sample casenote information to provide ongoing guidance/direction to staff with regard to these requirements.

2. The "new" process includes three levels of review for event reports: a) initial review/signature by the service coordinator; b) subsequent review/signature by the quality assurance (QA) team representative; and c) review by the person entering the data into the applicable database. It is felt that this is sufficient to identify any event reports that are not complete. Upon identification of an incomplete report at any of these levels, the service coordinator will be asked to contact the agency who prepared the report for the additional information.

3. The Kansas City Regional Center will use the multiple review process to ensure that any information suggesting abuse or neglect or misuse of funds/property will be assigned for

formal investigation. The Director's office will be consulted for final decision in those situations that reviewing staff are unable to make this determination.

C1. The process as noted above will be used to ensure that reports are entered into the database in a timely manner. In addition, effective December 13, 2004, the Division created an IITS report titled, "Investigation Report Listing by Creation Date", which is posted to DMH on-line and accessible to facilities. The purpose is to monitor timeliness of data entry of incidents into IITS through resolution of investigations. In addition to KCRC quality assurance staff, the statewide QA team representative of the Division Unit for Policy, Training, and Quality will also analyze this report for compliance with DOR 2.210.

2. The requirements with regard to completion of investigative reports and the mechanism to request an extension has been reiterated with staff who conducts those investigations. The statewide QA team representative will also be monitoring this process and providing needed technical assistance.

3. The Regional Center Director will continue to strive to meet the timelines with regard to decision-making. The statewide QA team in the Division Unit for Policy, Training, and Quality will also be monitoring this process and providing needed technical assistance.

HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

The Kansas City Regional Center (KCRC) is one of eleven regional centers established by the Department of Mental Health. The objective of the facility is to provide, procure, or purchase comprehensive services for the mentally retarded, cerebral palsied, epileptic, autistic, and learning disabled residents of Bates County, Cass County, Clay County, Lafayette County, Jackson County, Johnson County, Platte County, and Ray County. The facility's operations began in August 1971. In July 1989, the facility moved to 821 East Admiral Boulevard.

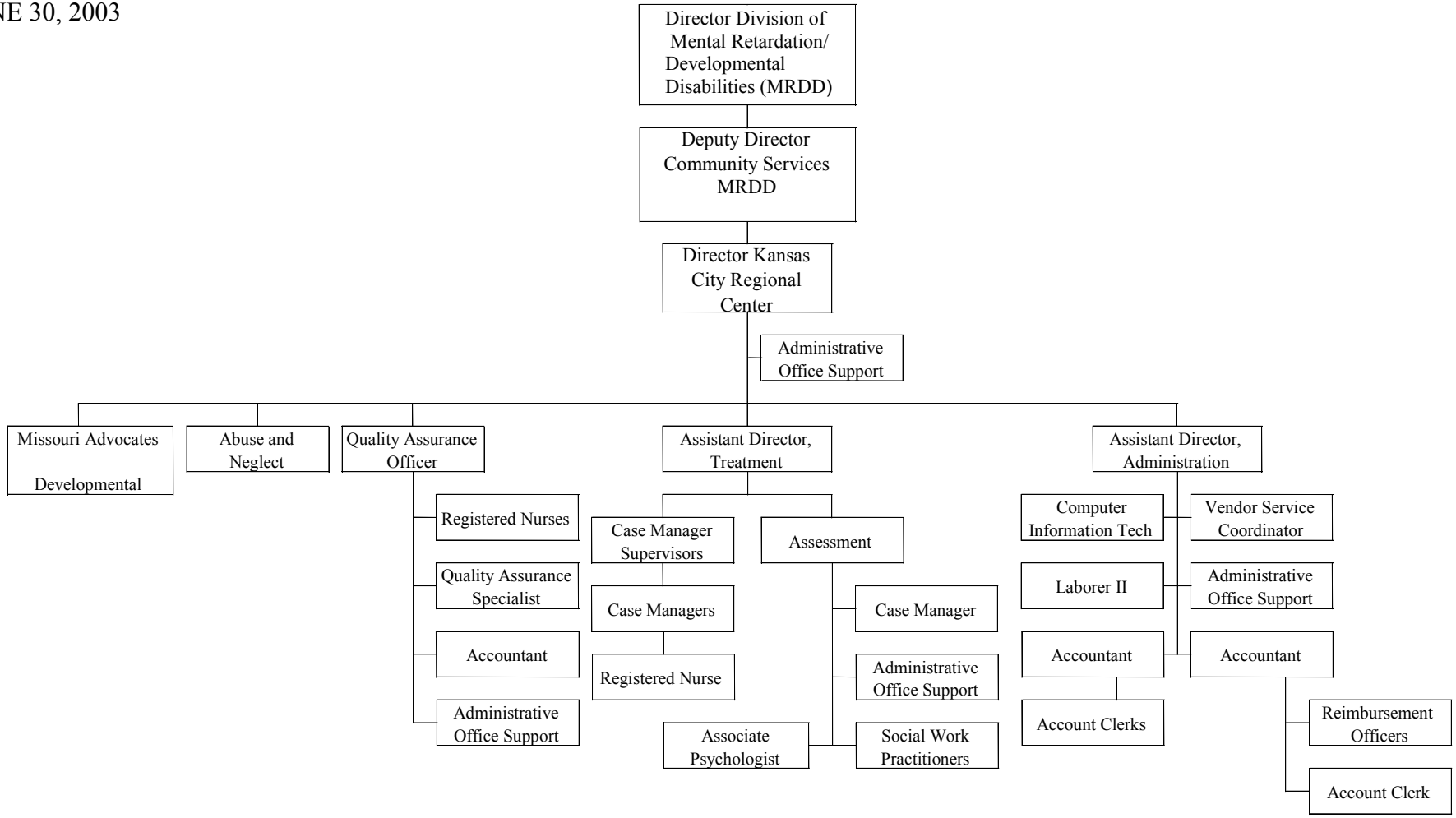
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

The facility is a focal point from which a developmentally disabled individual and family are directed to all essential services required to meet the needs of the client. The facility's staff, working in cooperation with the family, area organizations, state-operated habilitation centers, community placement facilities, and other service vendors, plans and provides for lifetime services to meet the needs of the clients. As of June 30, 2003, the facility had an active caseload of approximately 4,976 clients and employed approximately 120 personnel assigned to various administrative, service, and support sections.

In December 2000, Dr. Anne Deaton became the Director of the Division of Mental Retardation and Developmentally Disabilities. At June 30, 2003, Gale Claire serves as the Division Deputy Director, Field Services for the North District, and is responsible for supervising operations of the Kansas City Regional Center. Steven R. Bartlett serves as Kansas City Regional Center Director.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
ORGANIZATION CHART
JUNE 30, 2003



DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
STATISTICAL DATA

	Year Ended June 30,	
	2003	2002
Service Coordinators	68	69
Clients	4,976	4,619
Ratio of Service Coordinators		
To Clients	1:73	1:67
Providers:		
Community Placement	95	92
Purchase of Service	83	80
Medicaid Waiver	178	172
Total Providers	356	344

Appendix A

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES
TWO YEARS ENDED JUNE 30, 2003

	Year Ended June 30,						
	2003			2002			
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances	
GENERAL REVENUE FUND							
Personal Service	$ 2,150,645	2,073,768	76,877	2,168,475	2,140,485	27,990	
Expense and Equipment	331,393	236,747	94,646	381,393	297,348	84,045	
Maintenance and Repairs	155,157	20,157	135,000	162,067	6,910	155,157	*
Personal Service and/or Expense and Equipment Flex	113,192	45,255	67,937	240,942	160,897	80,045	
Total General Revenue Fund	2,750,387	2,375,927	374,460	2,952,877	2,605,640	347,237	
DEPARTMENT OF MENTAL HEALTH - FEDERAL							
Expense and Equipment	5,595	4,681	914	5,595	5,170	425	
Total Department of Mental Health - Federal	5,595	4,681	914	5,595	5,170	425	
Total All Funds	$ 2,755,982	2,380,608	375,374	2,958,472	2,610,810	347,662	

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the State Treasurer, as fund custodian, and the Office of Administration provide administrative control over the fund resources within the authority prescribed by the General Assembly. This schedule does not represent all expenditures of the facility. Some expenditures relating to state facilities are charged to department-wide appropriations and are not identified by facility. Expenditures charged to department-wide appropriations that are identified to Kansas City Regional Center are noted in Appendix B.

*Biennial appropriations set up in fiscal year 2002 are re-appropriations to fiscal year 2003. After the fiscal year-end processing has been completed, the unexpended fiscal year 2002 appropriation balance for a biennial appropriation is established in fiscal year 2003. Therefore, there is no lapsed balance for a biennial appropriation at the end of fiscal year 2002.

The lapsed balances include the following withholdings made at the Governor's request:

	Year Ended June 30,	
	2003	2002
Personal Service	$ 74,458	26,875
Expense and Equipment	92,944	80,536
Maintenance and Repairs	135,000	0
Personal Service and/or Expense and Equipment	67,190	80,045
	$ 369,592	187,456

Appendix B

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003		2002	
	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For KCRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For KCRC
Salaries and Wages	$ 2,073,768	1,633,380	2,277,967	1,614,376
Travel, In-State	11,755	88,612	52,111	74,655
Travel, Out-Of-State	0	0	241	249
Fuel and Utilities	0	55,842	0	54,784
Supplies	35,020	17,934	30,837	20,498
Professional Development	3,532	3,765	2,006	4,014
Communication Service and Support	26,352	25,542	27,532	29,024
Professional Services	93,149	372,613	76,568	221,918
Housekeeping and Janitorial Services	40,665	2,203	18,597	13,990
Maintenance and Repair Services	25,522	982	27,391	1,580
Computer Equipment	1,102	0	2,527	0
Office Equipment	13,099	0	3,256	0
Other Equipment	15,612	6	823	0
Property and Improvements	27,430	42,977	10,714	8,699
Debt Service	0	0	10,729	0
Building Lease Payments	13,301	0	2,360	0
Equipment Rental and Leases	0	0	66,584	0
Miscellaneous Expenses	301	77	567	0
Program Distributions	0	22,090,611	0	22,632,827
Total Expenditures	$ 2,380,608	24,334,544	2,610,810	24,676,614

Appendix C

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH BALANCES – CLIENT FUNDS (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	2003	2002
CASH BALANCE, JULY 1	$ 1,065,322	989,255
RECEIPTS	8,189,014	8,188,498
DISBURSEMENTS	8,474,597	8,112,431
CASH BALANCE, JUNE 30	$ 779,739	1,065,322

Appendix D

DEPARTMENT OF MENTAL HEALTH
KANSAS CITY REGIONAL CENTER
COMPARATIVE STATEMENT OF MENTAL HEALTH TRUST FUND RECEIPTS
DISBURSEMENTS, AND CASH BALANCES (FROM SENATE BILL 40 TAX)

	Year Ended June 30,	
	2003	2002
CASH BALANCE, JULY 1	$ 436,011	66,856
RECEIPTS	2,580,233	2,131,507
DISBURSEMENTS	2,419,359	1,762,352
CASH BALANCE, JUNE 30	$ 596,884	436,011

Note: Vendors of the Kansas City Regional Center provide services to numerous clients who are also affiliated with the surrounding counties' Senate Bill 40 Boards. The costs of these services are initially paid by the state's Medicaid program. The receipts in the schedule above represent reimbursements made by the various Senate Bill 40 Boards for a percentage of the cost. The disbursements represent the Kansas City Regional Center's match, which is paid to the state's Medicaid program.