



Claire McCaskill

Missouri State Auditor

October 2006

MENTAL HEALTH

Joplin Regional Center



Office Of
Missouri State Auditor
Claire McCaskill

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The following findings were included in our audit report on the Department of Mental Health, Joplin Regional Center.

The Joplin Regional Center (JRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a April 4, 2006, visit to two individualized support living (ISL) homes. We found it quite disturbing that service coordinators' case notes from visits to the homes on March 16, 2006, contained no mention of these concerns. The Auditor's Office notified the JRC of our concerns in a letter dated April 7, 2006. The JRC subsequently took steps to move the three clients from the homes. We also noted that in February 2004, a service coordinator identified poor living conditions in a client's natural home and requested immediate funding for home repairs. The JRC received funding to repair the home in April 2004; however, the work was not completed until October 2004.

Our visits to three placement facilities noted numerous problems related to the facilities' management of client funds including: balances exceeding maximum limits, inadequate documentation to support some disbursements, client ledgers not reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, and accounts with negative balances.

The JRC spent over \$19 million in fiscal year 2005 to care for its clients. The regional center could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center personnel do not periodically review documentation to support the amounts billed by approximately 72 service providers or vendors for client services, and contracts with various day habilitation service providers were unclear. We noted providers used vague descriptions for service provided and were unable to provide adequate documentation to support some amounts billed. Additionally, the JRC has not established adequate procedures to ensure client budgets prepared by service coordinators are accurate.

The JRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the Division of Mental Retardation and Developmental Disabilities (MRDD) Director for the additional funding. For example, day habilitation services costing \$29,617 were provided to one client between February 2005 and December 2005, and approval for the additional funding was not obtained. These services are limited to \$20,000 based on Department of Mental Health (DMH) guidelines. We also noted two other instances where excess funding was provided and approval was not obtained.

YELLOW SHEET

The regional center does not adequately control, review, monitor, and procure day habilitation services provided exclusively by one provider to regional center clients with autism. This provider was paid over \$1 million during the two years ended June 30, 2005, for services provided to the Southwest Project, which includes the Joplin and Springfield regional centers. On a statewide basis, the DMH paid this vendor over \$4.3 million during the two years ended June 30, 2005. This provider is given complete autonomy to determine which regional center clients receive services and the type and amount of services provided. The quality management team does not perform any type of quality assurance review of this provider, and the regional center does not review services provided. Neither the regional center nor DMH personnel monitor the number of hours provided statewide or in each region or the costs of those services. Further, an annual services report prepared by the provider indicated 45 percent of services were provided to clients over the telephone. When questioned by our office, the provider lowered this to 23 percent. The JRC has had a contract with this same provider since 1994.

The JRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized. The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. However, we found 14 service coordinators in 2005 and 19 service coordinators in 2004 did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators, and this resulted in the JRC losing an estimated \$200,000 in potential reimbursements. Additionally, TCM billings are not adequately reviewed to ensure Medicaid billings include the correct number of units and are supported by adequate documentation in the case notes.

The JRC expended more than \$107,600 from its specific appropriations for operating costs of the Bellefontaine Habilitation Center. In addition, the regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. Further, the JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms, and payments made to these individuals were not supported by adequate documentation.

The audit also includes comments related to background check procedures, Senate Bill 40 boards, management of donations, non-appropriated funds system procedures, Choices for Families, payroll policies and procedures, and the employee relations committee. The center should consider and take appropriate corrective action to implement the recommendations in these and all other areas discussed in the report.

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DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER

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STATE AUDITOR'S REPORT



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Missouri State Auditor

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and
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and
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Department of Mental Health
and
Bernard A. Simons, Director
Division of Mental Retardation and Developmental Disabilities
and
Sandra Wise, Interim Southwest District Administrator for Community Services
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and
Wendy Jackson, Interim Regional Center Director
Joplin Regional Center
Joplin, MO 64802

We have audited the Department of Mental Health, Joplin Regional Center. The scope of this audit included, but was not necessarily limited to, the years ended June 30, 2005 and 2004. The objectives of this audit were to:

1. Review internal controls over significant management and financial functions.
2. Review compliance with certain legal provisions, regulations, and department policies.
3. Evaluate the efficiency and effectiveness of certain management practices and operations.
4. Review certain revenues and expenditures of the Joplin Regional Center.

Our methodology to accomplish these objectives included reviewing the facility's revenues, expenditures, contracts, meeting minutes, written policies and procedures, and other pertinent documents; interviewing various personnel of the facility and various other state and provider 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 in 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.

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 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, Joplin Regional Center.



Claire McCaskill
State Auditor

May 25, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

1.

Improving Client Care

The Joplin Regional Center (JRC) has not taken adequate steps to ensure clients receive the best care possible. Unsatisfactory living conditions were observed during a visit to two individualized supported living (ISL) homes and one group home. In addition, we identified concerns related to unsatisfactory living conditions for a client living in her natural home.

The JRC contracts with approximately 22 placement facilities which house and provide services to clients. Regional center service coordinators are required to meet monthly with clients in these placement facilities. Also, regional center service coordinators are required to meet quarterly with clients receiving habilitative services who reside in their natural homes. The main focus of these service monitoring meetings is to review the client's personal habilitation plan to ensure the provided services are meeting their needs. Documentation of these visits indicate that service coordinators ensure the clients' basic safety needs are met and that the clients' rights are observed by allowing them to make personal choices while living in these homes.

The regional center also has a quality management team consisting of a quality management supervisor, four specialists, and one nurse. The team monitors providers, but also consults with providers and handles conflicts between clients and their providers.

Despite these monitoring procedures, clients still may not be receiving the best care possible. For example, based on a visit on April 4, 2006, to two ISL homes owned by the same provider, we noted unsatisfactory conditions for the three clients living in these homes. The JRC paid this provider approximately \$20,600 per month to house and care for the three clients residing in these homes. Some unsatisfactory conditions observed in one ISL included:

- Uneven floors were noticed throughout the home, which in some cases caused appliances and furniture to lean or tilt in a potentially dangerous manner.
- Under the dining room table, there was a square piece of linoleum flooring placed on top of the original linoleum and secured with duct tape. Also, the linoleum adhesive was coming up around the exterior wall in the dining room and under the kitchen cabinets.
- Two small holes were observed in the hardwood flooring in the bathroom and in a hall area next to the living room. The basement area was visible through both holes.

- Exterior doors and windows were not properly winterized. We noted daylight under the back door and around one window air-conditioning unit located in the dining area.
- Many of the doors in the home did not shut properly. In some cases, a sock or wash cloth was used to wedge the door shut. Also, one closet door did not have a door knob.
- We observed numerous insect/rodent extermination devices in the kitchen and laundry area.
- Clients were using broken furniture, including two broken recliners and a dresser with a drawer missing.
- The sofa in the living area had several holes in it and the stuffing was coming out.
- Several damaged areas to walls were observed, including holes and water damage.
- There was visible mildew in the home's shower.
- Regional center staff discussed potential wiring concerns in the home with us, and we observed an exposed wire next to the back porch light. Also, a ceiling fan light fixture in one bedroom did not appear to be properly installed. Another light fixture in the kitchen did not have the cover attached.

Unsatisfactory conditions observed in the second ISL home included:

- A client was using a broken appliance, which was a stove with a missing drawer.
- Pans under the stove burners were not clean or in all cases free of potentially combustible material.
- The carpeting was badly stained in the living and dining areas of this home.
- Damaged areas to walls were observed, including cracks and visible water damage.

Given these conditions, we found it quite disturbing that a regional center service coordinator had visited both of the abovementioned homes on March 16, 2006, and the coordinator's notes contained no mention of these concerns. In addition, we found that regional center service coordinators had not visited the second home to perform service monitoring as required. For example, required monthly service monitoring was not performed for six different months between January 2005 and February 2006.

We notified the JRC of some of our concerns described above in a letter dated April 7, 2006. The JRC subsequently took steps to move the three clients from the homes discussed above.

Further, during a visit to a group home we observed the following unsatisfactory conditions:

- Some of the food items (that were not in its original packaging) in the freezer were not properly labeled and dated, as required.
- Clients were using broken furniture, including a broken office chair in one client's room.
- Several holes were observed in the walls throughout the home, and one cabinet door was broken.
- Clients were using broken appliances, including a refrigerator with a broken handle, a stove with a missing control knob, and a broken dishwasher.
- Some of the home's bedrooms were cluttered and untidy. We noted one client was sleeping on a mattress located directly on the floor.
- The faucet in the kitchen was not working properly, and some of the kitchen cabinets needed to be cleaned.

In addition, a review of the accounting records for client funds held by both ISL homes and the group home revealed concerns which may impact the security of client personal funds and the eligibility of clients for benefits. These concerns are discussed later in this report.

We also noted that in February 2004, a service coordinator identified poor living conditions in a client's natural home and requested immediate funding for home repairs. The regional center received funding to repair the home in April 2004; however, the work was not completed until October 2004. The funding request stated "I am afraid she is going to fall through the floor when she's in the shower." Given the identified need and available funding, it appears these repairs should have been made in a more timely manner.

The regional center's mission is to connect clients with service providers that can offer quality services for the clients' specific needs. However, the regional center personnel cannot ignore issues that could affect the propriety and quality of the care provided to clients. Therefore, it appears that regional center personnel should take a more pro-active approach to ensure that clients receive the best care possible.

WE RECOMMEND Regional Center management, along with the Department of Mental Health (DMH), conduct a comprehensive review of monitoring activities

performed by service coordinators and the quality management team to determine those areas where improvements are needed to identify and correct unsatisfactory living conditions. In addition, steps need to be taken to ensure required monthly and quarterly service monitoring are performed. Further, the JRC should be pro-active in ensuring that clients receive the best care possible and timely address identified concerns.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. Regional center case managers visit each consumer at least monthly, or more frequently, if needed, to assure appropriate care is provided. As part of these visits, case managers monitor the condition of the home or facility. In addition, regional center staff from the Quality Management Team (QMT) conducts monitoring visits on a quarterly basis.

In all cases the problems were discussed immediately with the responsible agency staff, the landlord and guardians. Most findings cited in the report were corrected immediately. Case Managers and Quality Management continue to monitor the changes until all the findings have been corrected.

Improving monitoring and quality assurance activities is a continuous process. To enhance the processes already in place, the JRC has prepared additional training for case managers to review the service monitoring guidelines. The JRC quality management team will attend and participate in this training with input from the state quality management team representative to review the Action Plan Tracking System (APTS) process and monitoring.

2. Placement Facilities' Handling of Client Funds
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Various problems were noted related to placement facilities' management of client funds. Problems noted included client fund balances exceeding maximum limits, inadequate documentation to support some disbursements, client ledgers not being reconciled to checking account balances, untimely deposits, inadequate tracking of client activity, accounts with negative balances, and inadequate inventory records.

The JRC has entered into contracts with many private care providers to purchase residential care in community-based placement facilities for clients who would otherwise require institutionalization. These placement facilities include group homes, foster homes, and ISL sites. Besides providing care and treatment for the clients, these placement facilities are responsible for maintaining adequate records of the clients' personal funds and complying with established guidelines pertaining to those monies.

The regional center has not established an adequate level of oversight over client funds maintained at placement facilities. During our audit, we visited three placement facilities and reviewed the records related to client fund accounts. A review of those client funds and related records disclosed the following concerns:

- A. Each facility visited had not taken steps to ensure client funds did not exceed the allowed maximum of \$200, with the largest balances noted exceeding \$900. We noted a total of thirteen instances at the three placement facilities where client balances sometimes exceeded the \$200 maximum for extended periods of time, and we saw no reasons documented for the excess. A regional center policy indicates that a client's placement facility account balance cannot exceed \$200. The JRC should more closely monitor clients' ledger balances to ensure compliance with facility policy and to avoid jeopardizing the clients' eligibility for state and federal benefits.
- B. Each facility visited had not maintained supporting documentation for various expenditures made from client funds. We noted several instances where supporting documentation, such as an invoice, was not available for a client expenditure.

Placement facilities should maintain adequate documentation to support the expenditure of all client monies and to ensure compliance with JRC policy which also requires such documentation.

- C. Each facility visited did not require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients were given their personal cash allowance. Not only does this violate regional center policy, this practice also increases the risk of misuse of client funds.
- D. Two of the facilities visited did not deposit client funds received in a timely manner. We noted several instances where client checks received by the provider were not deposited until nearly one month after receipt. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- E. Two of the facilities visited did not maintain spending ledgers to track all client spending activity. For example, one facility did not maintain spending ledgers to account for cash spent by one client. We noted cash totaling \$60 in February 2006 was taken from the client's bank account and the amounts were not recorded on cash ledger sheets or accounted for in any other way. Another facility, could not locate the spending ledgers for September through November of 2005. Regional center policy requires facilities to maintain spending ledgers to account for client spending activity.
- F. Two of the facilities were holding a total of \$701 for five clients that no longer resided at those facilities. Subsequently to our visit, one facility turned the monies over to the regional center. The JRC should monitor client fund balances held by placement facilities, request departed clients' funds be returned to the regional center, and take appropriate action to distribute these funds.

- G. One of the facilities visited had negative client fund balances at various times during 2005. Overspending occurred because client balances were not adequately monitored to ensure sufficient balances existed before expenditures were made.
- H. Each facility visited had not maintained adequate client inventory records to account for assets owned by the client. A regional center policy requires this inventory record to be maintained on a current basis. The JRC should more closely monitor inventory records to ensure compliance with regional center policy and to provide better controls over client assets.
- I. Two of the facilities visited did not obtain prior approval by JRC for client purchases exceeding \$100, as required by regional center policy. For example, one facility purchased wheel chair controls totaling \$878 and did not obtain approval from the regional center. Client purchases exceeding \$100 should be reviewed and approved in advance by the regional center staff to ensure their propriety and necessity.
- J. One facility visited used \$690 of two clients' personal spending monies to pay for operating expenses of the home. The facility indicated these expenditures were made in error. However, we noted four instances where this occurred, and the amounts were not always reimbursed to the client on a timely basis. For example, client monies totaling \$224 were used to purchase food for the home on September 3, 2005, and were not reimbursed until September 21, 2005. The use of client personal spending monies to pay operating costs is a violation of the contract between the JRC and the placement facility.

WE RECOMMEND the Regional Center management:

- A. Monitor client fund account balances to ensure the accounts do not exceed the \$200 limit.
- B. Require placement facilities to maintain adequate documentation, such as original invoices, to support expenditures made from client funds.
- C. Ensure placement facilities require ledger sheets or a receipt to be signed by clients or initialed by two staff members when clients are given their personal allowance in the form of cash.
- D. Ensure placement facilities deposit client receipts in a timely manner.
- E. Require placement facilities to maintain spending ledgers to track all client spending activity.
- F. Monitor client fund balances held by placement facilities to identify any monies that belong to clients who no longer reside at the respective facility. The regional

center should request that any such client funds identified be returned to the regional center for proper distribution.

- G. Ensure placement facilities do not make expenditures from client fund accounts in excess of available balances.
- H. Require placement facilities to maintain adequate client inventory records in accordance with regional center policy.
- I. Ensure the placement facilities obtain prior approval from the regional center for client purchases that exceed \$100.
- J. Ensure client personal spending monies are not used by placement facilities for operating costs.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Current regional center policies and procedures already require each of the recommended practices. Placement facilities are expected to comply with these requirements and regional centers monitor compliance with existing staff.

It is important to note that the division established the policy requiring residential providers to maintain less than \$200 in client accounts in order to keep overall consumer assets under the limits set by state and federal programs in order to maintain Medicaid eligibility and benefits. Residential service providers have been appropriately informed of their obligation to properly monitor these funds. It should be noted no consumer's Medicaid eligibility or benefits were lost in the cases cited in the audit.

The JRC has reviewed and included in the Quality Management Plan the identified deficiencies with the provider agencies for follow up and corrective action. These will be reviewed quarterly until resolved. The QMT accountant currently provides information on the above to all new providers in the new provider training and this can be accessed by established providers as well.

In order to continue to improve compliance with current policies and procedures and to continue to improve regional center monitoring of compliance, the regional center will discuss these requirements in the regular provider organization meetings and in each provider's quality management plan review.

The QMT has also begun reviews of consumer funds in accordance with division directive 5.070 section "Client funds" which went into effect on December 1, 2005, and states that... "In addition to consumer balances being reviewed quarterly by the regional center a 5 percent sample of consumers or 5 consumers (whichever is more) receiving services from each contracted provider that handles consumer funds will be reviewed annually. All consumer funds

will be reviewed if the provider serves less than 5 consumers.” Training has been completed and this review is being conducted by assigned staff at the regional center.

3. Monitoring Services

The JRC spent over \$19 million in fiscal year 2005 to care for its clients. The regional center could better manage these costs by improving monitoring procedures and by reviewing established rates of payment for consistency.

- A. The JRC could better manage costs by monitoring service providers' actual and past costs of operation and by reviewing rates for consistency. Regional center clients receive services, such as residential placement, day habilitation, or personal assistant services, from facilities that are operated and managed by private contractors. These facilities bill the regional center based on established daily rates or hourly units depending on the type of service being provided.

Currently, each provider prepares a budget of costs to provide services for clients, and the regional center then uses the provider's budget to establish the rates it will pay the provider for specific services, such as residential placement. Regional center personnel do not verify the costs reported on the budget or review supporting documentation from the provider to ensure the costs are accurate or represent a necessary cost to operate and provide the service to clients.

The regional center also does not review rates paid to various providers for consistency. We noted daily rates for similar level group homes ranged from \$117 to \$153 per day. Regional center personnel indicated the difference in rates is due to the specific needs of the clients residing in the facility. However, the regional center did not have any formal documentation to justify these differences in rates.

A careful analysis of budget and cost data provided by the contractors when establishing rates is important to ensure payments to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.

- B. Regional center personnel do not periodically review documentation to support the amounts billed by service providers for client services. During the year ended June 30, 2005, the regional center contracted with approximately 72 different service providers. Providers are set up to bill either the state's Medicaid Program or the regional center through the DMH's computer system. The computer system only allows a provider to bill up to a maximum authorized amount that is determined by regional center personnel based on the client's need.

We visited three service providers to review supporting documentation for day habilitation and personal assistance services billed for, or on behalf of, regional center clients. Day habilitation is provided to clients of the regional center to enable those individuals to increase independent functioning, physical health and development, language and communication development, cognitive training, socialization, community integration, domestic and economic management, functional skills development, behavior management, responsibility, and self-direction. We noted the following problems during our review:

- All providers visited used vague descriptions for the service provided. Service descriptions included "staff provided family support," "wash hands," and "germs". Medicaid Waiver standards require the provider to maintain daily activity records that describe the various activities in which the client participated.
- All providers visited were unable to provide adequate documentation to support some amounts billed. Numerous inaccuracies were noted at one location. For example, the provider billed for 8 units of off-site day habilitation on March 15, 2006, when the supporting documentation indicated the client refused to go off-site on this day.
- One provider visited billed for personal assistance care, while documentation indicated that the client was not always present when the service was being provided. For example, we noted numerous instances where the parents of a client would take the client for a car ride and the staff providing personal assistance care would not accompany the client on these car rides. The provider continued to bill for the services even though the client was not present to receive the services. Personal assistance care includes assisting clients of the regional center with daily living activities and may also include general supervision and protective oversight. Personal assistance care can only be provided when the client is present.

When billing information is received by regional center accounting personnel, it is only scanned for obvious errors before it is sent to the DMH for processing. While it does not appear feasible to obtain support from vendors for each amount billed, periodic reviews of documentation could help ensure that amounts billed are only for actual services provided to clients. This type of periodic review could include randomly selecting some individuals from several providers' billings and requesting supporting documentation for the billed services.

- C. The contracts with various day habilitation service providers were unclear as to whether incidental fees should have been paid by the service provider or charged directly to the clients. Clients at some facilities were required to use a portion of their \$30 monthly personal spending allowance for incidental fees related to day habilitation, such as fees for crafts or recreation. The JRC paid service providers

over \$2.7 million to provide day habilitation to regional center clients during the year ended June 30, 2005.

The JRC should ensure all contract terms and clauses are clear and unambiguous. Specific contract terms should be developed to address whether incidental fees can be charged to clients by service providers.

- D. The Division of Mental Retardation and Developmental Disabilities (MRDD) developed a new community support waiver program in July 2003. This waiver program was established for mentally retarded and/or developmentally disabled individuals who are Medicaid eligible and who would otherwise, but for receipt of services through the waiver, require placement in an Intermediate Care Facility for the Mentally Retarded (ICF/MR). These services are limited to \$20,000 annually based on DMH guidelines.

The JRC provided funding in excess of the maximum allowed by the community support waiver and did not obtain approval from the MRDD Director for the additional funding. For example, day habilitation services costing \$29,617 were provided to one client between February 2005 and December 2005, and approval for the additional funding of 9,617 was not obtained. Our testing also noted two other instances where excess funding totaling \$4,981 and \$798 was provided and approval was not obtained.

The JRC also has not established adequate monitoring procedures to ensure budgeted services do not exceed the established limits. We noted six budgets (including two of the three examples noted above) were approved for clients where budgeted services exceed the established maximums and approval for the proposed additional funding was not obtained. Client budgets are prepared annually to summarize the cost of the services necessary to care for the client.

Day habilitation services provided under the waiver are limited to \$17,000 annually for each client participating in the program unless approval from the MRDD Director for the additional funds is obtained. Further, any combination of day habilitation services with respite care, personal assistant care, crisis intervention, community specialist, community skills instruction, counseling, environmental accessibility, specialized medical equipment and supplies, therapies, transportation, and supported employment through the waiver are limited to \$20,000 annually for each client, unless approved by the MRDD Director for the additional funds. The JRC should develop procedures to ensure compliance with program guidelines.

- E. The JRC has not established adequate procedures to ensure all client budgets prepared by service coordinators are accurate. For example, we noted one client budget had omitted personal care assistance totaling more than \$20,500. Client budgets are reviewed by a committee established to ensure resources are properly utilized; however, these inaccuracies were not identified.

An adequate review of budget documents is necessary to ensure budgets accurately reflect the total cost of caring for the client and to assist the regional center in managing its resources.

- F. The JRC has not established adequate procedures to ensure service coordinators are consistently reviewing and retaining monthly reports of client account balances submitted by providers. We found that some service coordinators reviewed the reports while others did not. Also, some service coordinators did not retain the reports submitted by the providers. Providers are required by regional center policy to report client account balances each month. Service coordinators could use these reports to help monitor client activity and ensure provider compliance with regional center policy. Several concerns with provider compliance regarding client accounts were noted earlier in this report.

The monthly reports of client account balances should be reviewed and retained by regional center service coordinators to ensure client receipts and expenditures are proper, and to ensure benefits are not jeopardized.

- G. Regional center personnel do not periodically review work assignment contracts for clients participating in the supported employment program. The contract would describe the type of work performed by the client and the amount paid for the work performed. Supported employment services allow clients to participate in a competitive work environment while receiving on-going support services funded by the regional center. We noted one provider contracted with themselves to provide supported employment in the form of cleaning services to one of their group homes. While job opportunities for individuals with disabilities may be limited, the regional center should periodically evaluate the contracts for reasonableness.

- H. The JRC was unable to locate the death review for one client who was involved in a fatal car accident in March 2005. The client was receiving residential services funded by the regional center and lived in an ISL home where the client received 24-hour a day staffing from one of the regional center's contracted providers. Also, the accident involved another regional center client and two staff members that worked for the provider.

Death reviews are performed by the regional center to determine if all necessary measures were taken to provide for the health, safety, and welfare of the client and determine if there are any identifiable risk factors that could affect the health, safety, and welfare of other clients receiving that service. Considering the importance of performing death reviews, these records should be retained to document necessary steps were taken to ensure the health, safety, and welfare of clients.

WE RECOMMEND Regional Center management:

- A. Review budget and cost data provided from the contractors to ensure the contract rates paid to the providers are appropriate and reasonable. This would include requiring providers to retain cost records and verifying, at least on a periodic basis, that the cost data submitted by providers is accurate. In addition, a comprehensive review of the rate structure should be performed to determine if rates are consistent for providing similar services.
- B. Perform periodic reviews of vendor invoices to ensure adequate documentation exists to support amounts billed on behalf of regional center clients. In addition, regional center management should investigate the discrepancies noted and determine if monies should be recouped.
- C. Ensure all contract terms and clauses are clear and unambiguous. Specifically, contract terms should be developed to address who is responsible for incidental fees.
- D. Ensure the assistance allowed for the waiver program does not exceed the established maximums. If assistance exceeds the established maximums, regional center personnel should ensure that the appropriate approvals are received and documented. Further, monitoring procedures should be developed to ensure established maximums are not exceeded without obtaining the appropriate approvals.
- E. Establish procedures to ensure client budget documents are accurate and include the total cost of care.
- F. Ensure monthly reports of client account balances submitted by providers are properly reviewed and retained by service coordinators.
- G. Periodically review work assignment contracts for clients participating in the supported employment program.
- H. Retain all death review records.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Consumer budgets are reviewed by the case managers and accounting department prior to approval of services to help ensure the budget is correct and total cost of care is included. The budget format has been enhanced to further help identify limitations to specific services or programs. The QMT staff reviews all provider budgets for reasonableness for any new provider or new service. The budget is then submitted to central office for review.

JRC approves service rates based on existing cost of comparable services and taking into consideration the specialized supports offered by specific providers. It will be difficult to perform a uniform cost report analysis for every new service rate or rate adjustment or to verify all cost data submitted by providers. In certain situations service rates may be sent to central office for review prior to final determination of a rate.

In addition, the JRC quality management team now conducts a service review in accordance with the Division Directive 5.070, section "service review" effective December 1, 2005. This will be completed for all agencies within a year and annually thereafter. Monthly, case managers review client funds in accordance with Division Directive 3.020.

The JRC reviews work assignment contracts for clients participating in the supported employment program in accordance with 9 CSR 45.3.010 and Division Directive 3.020 to ensure quality services.

4. Contracted Autism Services

The regional center does not adequately control, review, monitor, and procure day habilitation services provided exclusively by one provider to regional center clients with autism.

Numerous differences were noted in how services and billings of this provider are overseen by the regional center and DMH versus other similar providers. This provider is given complete autonomy to determine the type and amount of services to be provided to regional center clients. In addition, the regional center's quality management team does not perform any type of quality assurance reviews of this provider. Other providers bill for each specific service provided while this provider does not bill the regional center specifically for each service provided, but instead is paid a flat amount each month. Regional center personnel indicate this provider is treated differently because their contract is a shared unit agreement and the service being provided is specialized. However, it appears the regional center, along with the DMH, is still responsible for monitoring the services provided, including those from this provider.

This provider was paid over \$1 million during the two years ended June 30, 2005, for services provided to the Southwest Project, which includes the Joplin and Springfield regional centers. On a statewide basis, the DMH paid this vendor over \$4.3 million during the two years ended June 30, 2005. Services from this provider include outreach services, parent training, assessment, issue-specific behavior training, family support, community inclusion, crisis intervention, and music therapy services for clients having a diagnosis within the autism spectrum.

- Regional center personnel direct and control the client services provided by all other providers, while this provider is given complete autonomy to determine which regional center clients receive services and the type and amount of services provided. Since the regional center is not determining the amount of services provided, the cost

of these services is not reflected on the client's annual budget. Complete budgets are necessary to reflect the total cost of caring for the clients and to assist the regional center in managing its resources, and to ensure the services being provided are necessary and proper.

- The quality management team does not perform any type of quality assurance review of this provider. These reviews are performed to ensure quality of care and services and would include a review of this provider's records, policies, procedures, and service activities. For example, because of the lack of any quality assurance reviews, the quality management team did not review provider records to ensure staff working with clients passed the appropriate background checks. We found this quite disturbing after reviewing provider activity records that document instances where clients spent time at a staff member's home. Specifically, one client stayed the night at the staff member's personal residence prior to a two day trip to St. Louis. The quality management team has an obligation to monitor the services provided by all providers.
- The regional center does not review services provided to ensure the services are a necessary and effective use of state resources. For example, we noted the provider reported hours to the regional center for services described as family support, community inclusion, and respite. Upon review of the provider's records, we found these services included: transportation to appointments, attendance at a client's graduation, a cookout at a staff's personal residence, and outings to the St. Louis Zoo and Six Flags. In another example, services provided to a client were described as in-home behavior therapy when the detailed activity report indicated the services were received by the client at the provider's office.

We noted two clients and two provider employees attended a trip to the St. Louis Zoo and Six Flags. According to the provider's staff, one of the clients was relocating to the Springfield area from Joplin, and the trip was arranged to allow the clients to become acquainted prior to becoming roommates. After discussing this trip with JRC's Quality Management Supervisor, she agreed an outing in the Springfield area could have provided the same opportunity for the clients and would have allowed the client who was relocating to become more familiar with the area.

On another trip to the St. Louis Zoo with other clients, the trip was cut short because the provider's transportation broke down. The clients were transported by the highway patrol to the nearest city to obtain return transportation.

Further, an annual services report prepared by the provider indicated 45 percent of services were provided to clients over the telephone. It seems unreasonable that this level of day habilitation services would be provided over the telephone. The provider lowered this to 23 percent when questioned by our office. Regional center employees need to monitor services provided to ensure the necessity, propriety, and quality of the services being provided.

- While this provider is paid a flat amount each month, neither the regional center nor DMH personnel monitor the number of hours provided statewide or in each region or the costs of those services. For example, service provided to the Southwest Project ranged from approximately 785 to 1,805 hours monthly. The provider submits monthly reports of service provided; however, the JRC could not locate 7 of the 24 reports for the two years ended June 30, 2005. Upon our request, regional center personnel obtained copies of these reports from the provider.

Based on the monthly reports prepared by the provider, we calculated the hourly rate for services provided to the Southwest Project and found it was over three times as much as the rate paid to other day habilitation providers, or approximately \$37 per hour while other providers are paid approximately \$12 per hour. This estimated hourly rate for the provider may be understated because the reports submitted by the provider appear to overstate the actual time spent to provide the services. For example, training services reported to the regional center were doubled when the provider reported the training of one parent twice because the parent had two children that were receiving services. These same training services were again overstated when the time spent training by the provider's staff was reported as services for another client's parent who also attended the training. In another example where hours could be overstated, we noted the provider reported time to the regional center in June 2005 for writing an assessment report; however, the assessment report was not available at the time of our visit on April 27, 2006, and the provider's staff indicated it had still not been completed. The regional center should review the rate paid to this provider to determine if the rate is reasonable and justified.

Other inaccuracies were noted on the monthly reports submitted to the regional center. For example, we reviewed monthly summaries of services provided while visiting this provider and these reports did not match the reports that had been sent to the regional center. While the differences were not significant, the regional center should review the variances and determine why the reports do not agree.

- The JRC has had a contract with this same provider since 1994 for the Southwest Project and has not solicited bids for the services since the contract's inception. Periodic reviews of services provided are necessary to ensure the regional center is receiving adequate services. Competitive bidding helps ensure the JRC receives fair value by contracting with the lowest and best bidders.

Considering the exclusive use of this provider statewide for autism services, the lack of oversight, and the significant amounts paid to this provider, the regional center and DMH need to evaluate all provisions of this contract to ensure the services being provided are a necessary and effective use of state resources.

WE RECOMMEND Regional Center management, along with the DMH, thoroughly review the provisions of this provider's contract and develop procedures to adequately control, review, monitor, and procure the services received from this provider to ensure

the services meet the department's quality standards and are a necessary and effective use of state resources.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. The JRC case managers will review all services prescribed in the personal plan in accordance with 9 CSR 45.3-010 and Division Directive 5.070.

5. Background Check Procedures

The JRC has not ensured clients have been adequately protected from abuse or neglect by individual caregivers. We found that procedures need to be developed to document actions taken by the regional center when workers fail criminal background checks and are allowed to continue working for providers. Also, background checks were not always performed on a timely basis by providers.

The Family Care Safety Registry was established by Sections 210.900 through 210.936, RSMo, to protect children, elderly, and disabled individuals in this state and to promote family and community safety by providing information concerning family caregivers. These sections require every child-care worker or elder-care worker hired on or after January 1, 2001, and every personal-care worker hired on or after January 1, 2002, to complete a registration form within fifteen days of beginning employment. Registrants are screened against criminal records, sex offender records, child abuse/neglect information, employee disqualification lists, childcare license revocation information, and foster parent denials, revocations, and suspensions.

Our review found the regional center allowed two individuals with failed background checks (because of a past history of neglect) to work for providers and did not document justification for the decision. These two individuals currently work for providers. Furthermore, we visited one provider and reviewed background checks for 18 employees who had worked in one specific group home during June 2005. We found that two background checks were not performed by the provider on a timely basis. One instance was noted where the background check was not performed until 54 days after the individual was hired.

Many clients of the regional center often do not have the capability to fully protect themselves from abuse and neglect. These weaknesses place clients at possible risk of being cared for by individuals with a past history of abuse and/or neglect.

WE RECOMMEND Regional Center management develop procedures to fully document the justification for allowing individuals with failed background checks to continue to care for clients. Also, the regional center must ensure providers obtain background checks on a timely basis for newly hired employees.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. The JRC and the DMH will review and modify, as necessary, existing procedures to ensure background checks are conducted within a specified time frame and appropriate personnel actions are taken concerning individuals with failed background checks to ensure compliance with 9 CSR 10-5.190.

6. Targeted Case Management

The JRC has not taken adequate steps to ensure Medicaid reimbursements from Targeted Case Management (TCM) services are maximized, and as a result, has lost over \$200,000 in potential reimbursements. In addition, TCM billings are not adequately reviewed to ensure Medicaid billings are accurate and properly supported.

JRC service coordinators (case managers) provide TCM services for many of its clients. These clients must be eligible for the state's Medicaid program and must also meet the eligibility requirements for services from the Division of MRDD. TCM services are defined as activities that assist individuals in gaining access to care and services, and 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. According to the TCM operations manual, most of what service coordinators in the MRDD regional centers do as routine activity qualifies as TCM and is billable.

Each time a service coordinator provides TCM services they are required to log the duration and description (or case notes) of the services into the computer system. The number of TCM hours is converted to units and billed monthly to the state's Medicaid program by a computerized billing system. During the year ended June 30, 2005, the DMH billed the Medicaid program \$6.74 for every unit, or five minutes, spent on TCM services, with approximately 60 percent (the federal portion) of that amount being reimbursed. In that year, the JRC generated approximately \$1.26 million in reimbursements from the state's Medicaid program for TCM services.

- A. The JRC has not taken adequate steps to ensure Medicaid reimbursements from TCM services are maximized. As a result, the JRC lost over \$200,000 in potential reimbursements during the two years ended June 30, 2005.

The DMH has established a standard that provides that service coordinators are to log 106 direct service hours to the TCM system monthly, or 1,272 hours each year. The Assistant Center Director of Habilitation indicated case supervisors monitor the direct hours logged by the service coordinators under their supervision, and develop a plan of action when service coordinators are not meeting the direct services requirement. However, we found 14 service

coordinators in 2005 and 19 service coordinators in 2004 did not meet the 106 direct hour standard when we compared the total direct hours logged by service coordinators, and this resulted in the JRC losing an estimated \$200,000 in potential reimbursements.

This estimate is based on an average number of Medicaid eligible clients provided by the facility and information from a monthly report summary of direct service hours for each service coordinator. The report makes adjustments for service coordinators who worked part-time, or did not work for JRC the entire year.

Procedures should be established to ensure TCM reimbursements are maximized.

- B. TCM billings are not adequately reviewed to ensure Medicaid billings are supported by documentation in the case notes. Case notes reviewed did not always identify the parties involved, the services provided, indicate the topic and what was discussed at the meetings, and why the actions occurred. Also, case notes did not typically document the amount of travel time incurred, and some of the locations traveled to by service coordinators were as much as three hours away from the JRC. The Assistant Center Director of Habilitation was not aware documentation of travel time was required by the TCM manual.

In addition, we noted several instances where case notes were not always prepared in a timely manner. For example, case notes for services provided on February 10, 2005, were not prepared until May 28, 2005.

Further, the Assistant Center Director of Habilitation was responsible for reviewing case notes for all service coordinators in 2005; however, case notes were only reviewed for 14 of 27 service coordinators.

According to the TCM manual, case notes must adequately explain the service provided and document the amount of time traveling. The case notes should tell what action occurred and why, and identify the parties involved. To support Medicaid billings and ensure billings have adequate supporting documentation, JRC should require service coordinators to prepare detailed, timely case notes, which should be reviewed more thoroughly along with billings to Medicaid.

- C. During our review of billing records, we noted some TCM amounts initially rejected could have been rebilled; however, JRC accounting personnel did not process the rejections for rebilling. Medicaid rejections usually result from untimely case note preparation by service coordinators and are subsequently rebilled by JRC accounting personnel. In addition, the JRC has not developed an internal receivables system to track and follow-up on the TCM billings/receivables/rejections. Such a system is necessary to effectively monitor and collect TCM monies owed to the regional center.

WE RECOMMEND Regional Center management:

- A. Establish adequate procedures to ensure TCM revenues are maximized. This should include ensuring that service coordinators are in compliance with the department's standard of providing and logging at least 106 direct service hours each month.
- B. Establish a policy requiring a review of Medicaid billings to ensure adequate documentation exists to support TCM billings and case notes are prepared on a timely basis.
- C. Review TCM rejections and rebill, where appropriate. In addition, the regional center should develop an internal receivables system to track and follow-up on the TCM billings/receivables/rejections.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. The 106 billable hours per month is a target. It was established in an effort to provide a guideline for maximizing billing opportunities. It is not expected to be achieved 100 percent of the time for all staff at all times due to illness, leave time and emergencies etc. Therefore it should not be assumed that potential revenue has been inappropriately lost when the target is not achieved. The JRC case manager supervisors track and address productivity problems as necessary where this is an issue including entries in performance logs when a plan of action is needed to address the concerns.

A process was put in place in fiscal year 2005 which includes regular discussions with the case managers and monthly record checks by the case manager supervisors for hours logged, timeliness and content of case notes. In addition, the Assistant Director of Habilitation randomly reviews case notes as well. The Assistant Director of Habilitation will review a percentage of all case notes on a quarterly basis as a check and balance to ensure they are documented in a timely manner, correctly and are billed appropriately. The accounting department will continue to review and examine to correct any TCM billing overages or issues.

JRC supervisors review logging reports for 106 hour target, document, train and counsel individual service coordinators, as needed, to ensure accurate logging.

Adequate procedures will be developed to ensure all TCM rejections are reviewed and followed up on.

7. Expenditures and Related Items
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Controls and procedures over regional center expenditures are in need of improvement. The JRC expended more than \$107,600 from specific appropriations for operating costs

of the Bellefontaine Habilitation Center. In addition, the regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. Further, the JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms, and payments made to these individuals were not supported by adequate documentation.

- A. In fiscal year 2005, the DMH allowed Bellefontaine Habilitation Center to expend more than \$107,600 for operating costs from JRC's specific appropriations. These expenditures were represented and processed as JRC's expenditures. As a result, the JRC's operating costs were overstated and the DMH circumvented the legislative intent by allowing Bellefontaine Habilitation Center to inappropriately charge expenditures to JRC's appropriation.

Section 33.040, RSMo, provides that expenditures shall be within the purpose of the appropriation, and Section 33.170, RSMo, states that no claim shall be paid unless the money for such claim has been previously appropriated by law. Furthermore, the JRC falsely certified that the amounts presented for payment were proper and valid charges against the fund and the JRC's appropriations.

- B. The regional center purchased postage and requested Choices for Families funding in advance of the need to use state appropriations that would have otherwise lapsed at year-end. The balance of the postage meter and the reserve account maintained by the postage vendor totaled nearly \$23,800 at June 30, 2004, when the average amount of monthly postage used was only about \$900. This large balance resulted from the regional center purchasing postage from state and federal funds totaling \$12,000 between February and June 2004 and having reserve postage from the previous fiscal year.

The regional center also requested Choices for Families funding from state General Revenue funds totaling approximately \$73,400 in June 2003, when the average amount requested was typically \$25,000. These funds are held in a non-appropriated fund bank account until used. Further, the regional center already had over \$86,000 in Choices for Families funding on hand and only spent approximately \$14,800 in July 2003, after the large funding request had been processed.

Buying postage and requesting funds before they are needed is an unnecessary use of state funds.

- C. The JRC contracted with two former DMH employees to provide services without any consideration of other individuals or firms that might be able to provide this service. Further, payments made to these individuals were not supported by adequate documentation. Contract terms allowed the individuals to bill for a maximum of \$26,000 and \$30,014 annually, respectively, and required the individuals to provide a description of the service provided.

The regional center paid one of these individuals approximately \$9,200 for various services. According to the contract with this individual, the services provided would include: training staff on fiscal issues, providing consultation on various areas, and other areas as deemed necessary. In the other instance, the regional center paid the individual approximately \$5,400 for training services during the year ended June 30, 2005. The JRC contracted with these former employees without any consideration of other individuals or firms that might have been able to provide these services.

Further, the individuals providing services did not submit or maintain adequate documentation to support the services provided. Instead, payments to the individuals were based on invoices that included only the total number of hours worked by the individual at the contracted rate of pay and did not include a description of the services provided.

Proper procurement and selection processes are necessary to ensure the regional center is receiving the best services and rates. The process should include soliciting proposals and evaluating these proposals for technical experience, capacity and capability of performing the work, and past record of performance. Also, close monitoring of contracts and requiring detailed documentation of services provided are necessary to ensure compliance with contract terms and evaluate the reasonableness of payments.

WE RECOMMEND Regional Center management:

- A. Along with the DMH, discontinue the practice of allowing other DMH facilities to expend funds from JRC's appropriations.
- B. Cease all unnecessary purchases made well in advance of need.
- C. Solicit proposals for the procurement and selection of contracted services. Also, detailed documentation of the services provided should be required to ensure payments are reasonable and in compliance with contract terms.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree.

8. Contracts with Senate Bill 40 Boards
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The regional center did not ensure amounts for the MRDD Waiver program were billed correctly to one Senate Bill (SB) 40 board, and the contracts with the SB 40 boards need to be clarified.

The DMH administers three waiver programs including the Comprehensive Waiver, Lopez Waiver, and Community Support Waiver for individuals with mental retardation or developmental disabilities. Various county SB 40 boards in JRC's service region have entered into cooperative funding contracts with the regional center, agreeing to pay all or a portion of the state match of certain waiver clients residing in their respective counties. Under these contracts, the regional center determines the amount of state match owed and bills the respective SB 40 boards on a quarterly basis. Our review of these contracts noted the following concerns:

- A. The regional center did not ensure amounts for the MRDD Waiver program were billed correctly to one SB 40 board, and as a result, the board was underbilled by approximately \$1,100. The regional center failed to bill for amounts allowed in a contract amendment. In addition, untimely billings by the regional center resulted in costs totaling \$2,677 that will not be recovered from this same SB 40 board. The regional center did not bill the SB 40 board for services provided in May and June 2005 until February 2006. As a result, the state paid for service costs which should have instead been paid by the SB 40 board.

Careful scrutiny of billing information and timely billings are necessary to reduce the amount of care and treatment costs incurred by the state.

- B. The contracts with the SB 40 boards do not clearly define the contractual obligations. The contracts did not indicate payments to the regional center would be based upon services provided to specific clients as approved by the SB 40 board. For example, the contracts with one SB 40 board indicated the board would contribute \$610,000 for residential and other support services during the two years ending June 30, 2005. While the regional center spent over \$3.8 million on services to clients in this county, the regional center only billed \$417,277 related to the SB 40 board contracts. Regional center management indicated the amount billed was based on services rendered for specific clients as approved by the SB 40 board.

In addition, the contractual per diem rates for residential clients residing in one group home as part of the contract were inaccurate. The rate listed on the contract was \$20, but the regional center and SB 40 board indicated the rate should have been \$14. The regional center billed the board based on the lower rate.

The contracts with the SB 40 boards should accurately and clearly define the intent of all contractual obligations.

WE RECOMMEND Regional Center management:

- A. Ensure SB 40 boards are billed timely for the correct amount of waiver match in accordance with the cooperative funding agreements.

- B. Review the contracts with the SB 40 boards for accuracy and ensure the contracts clearly define the intent of all contractual obligations.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Currently JRC bills each SB 40 board in accordance with their cooperative agreement. This is billed by the accounting department and reviewed by the Assistant Center Director of Administration. In addition, each SB 40 board that has a cooperative agreement has a member of the JRC executive team assigned as a board contact to attend meetings on a quarterly basis or as needed, answer questions, etc. A minimum of a quarterly report on expenditures, services billed, funds remaining, services needed, etc., is provided to each board as well. To further ensure correct billings, the regional center's Assistant Center Director of Administration/designee will review the status of billings quarterly.

All contracts will be reviewed annually with SB 40 boards to ensure the contracts clearly define the intent of the contractual obligation in accordance with individuals identified by the board to fund.

9. Management of Donations

Duties related to the collection of donations are not segregated. Also, the JRC does not always track donations, and procedures have not been established to ensure donated items are always distributed on the basis of documented client need. Further, it is unclear if the community resource specialist was always acting on behalf of the regional center.

The Mental Health Trust Fund, established by Section 630.330, RSMo, allows the regional center to receive grants, gifts, donations, and bequests of property. Such gifts and donations are to be used to expand services provided to individuals rather than replace existing budget authority. The JRC employs a community resource specialist to initiate contacts with individuals and groups, provide educational materials and presentations, and actively recruit donations. Our review of donation activities revealed the following weaknesses:

- A. The duties of soliciting, receiving, recording, and distributing donations to clients or service coordinators are not adequately segregated, and there is no indication that a supervisory review of the accounting records is conducted. The community resource specialist solicits, receives, records, and distributes donated property received. Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and recording donations from distributing donations to clients. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- B. The JRC does not always track property and monetary donations to ensure all donations are properly received and recorded in the regional center's accounting records. Donations received are recorded on a log; however, the log is not always complete and accurate. For example, we noted the log indicated a \$100 monetary donation was received in July 2005, but accounting receipt records indicate only \$75 was received and deposited. The community resource specialist indicated the remaining \$25 was for the value of toiletries donated by the donor. In another example, the donation log indicated a \$5,000 electric wheelchair was received in August 2003. Upon our review of this item to determine its disposition, the community resource specialist indicated this item was never received and distributed by the regional center. The community resource specialist indicated she was granted the donation, but did not have a client in need of a wheelchair. As a result, she apparently did not take advantage of the donation. Further, the log does not always document the donor of property or the individual that received the donated property.

Without adequate tracking procedures in place, the JRC is unable to ensure donation items have been accounted for properly. An accurate and complete log of donations received should be maintained to ensure all donated property is adequately safeguarded and accounted for properly.

- C. Procedures have not been established to ensure donated items are always distributed on the basis of documented client need. We noted two instances where need was not documented in the client's file. One of these items included a stroller with an estimated value of \$1,800 that was given to a client who has a parent that works for the JRC.

Without a process to distribute items on the basis of documented need, the regional center cannot be assured that donated property is distributed in a fair and consistent manner.

- D. It is unclear if the community resource specialist was always acting on behalf of the regional center. In addition to soliciting donations for the regional center, the community resource specialist also spent time soliciting donations for individuals that were not clients of the regional center. During our review of the disposition of some donated items, we noted the donation of hearing aides and a scooter chair, with estimated values of \$5,000 and \$3,000, respectively, were donated to two individuals who were not clients of the regional center.

The JRC should ensure the community resource specialist is always acting on behalf of the regional center.

WE RECOMMEND Regional Center management:

- A. Adequately segregate the duties of soliciting, receiving, recording, and distributing donations. At a minimum, there should be a documented supervisory review of the donation accounting records.
- B. Ensure the donation log is accurate and complete.
- C. Distribute all donated items on the basis of documented client need.
- D. Review the activities of the community resource specialist to ensure all actions are on behalf of the regional center or its clients.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree. DOR 5.310 sets out policies and procedures for soliciting, receiving, recording, distributing, and review of documentation for all donations.

10. Non-Appropriated Funds System Procedures

Client accounts are not properly monitored by regional center personnel and numerous client accounts exceeded the maximum allowable balance. Also, the accounting duties related to a dedicated account are not adequately segregated. In addition, receipt slips are not issued for some monies received, and the JRC has a bank account that has been inactive since March 2001.

Regional center client monies, such as income and benefits, are deposited into a fiduciary checking account. These monies are used to pay for such things as care, treatment, and personal items for clients. All client transactions and balances are recorded and maintained in the Non-Appropriated Funds System (NAFS). Our review of these records noted the following concerns:

- A. Client accounts are not properly monitored by regional center personnel. For example, the regional center received social security benefits totaling \$48,977 between September 1999 and December 2003 on behalf of a client who was not eligible to receive the benefits. The regional center indicated they contacted the Social Security Administration (SSA) about the funds being received in error. The SSA requested funds totaling \$7,062 to be returned in October 2004. However, the regional center did not take any further action to return the remaining funds. As a result, funds totaling \$41,915 remained idle in the regional center's bank account until we contacted the SSA about the funds in March 2006. In response, the SSA requested the return of an additional \$24,000 and indicated

the remaining \$17,915 could be used by the regional center to cover the cost of care for the client, which is approximately \$3,800 monthly.

In the future, personnel should properly follow-up and resolve unusual issues affecting client accounts and determine the proper disposition of client monies in a timely manner.

- B. Numerous client accounts exceeded the maximum allowable balance. Regional center policy requires the excess balances be used for special needs of the client or be applied to the cost of care when a client's balance exceeds \$750 so client benefits are not jeopardized. A report of client balances indicated that 227 of 352 client accounts reached or exceeded the maximum balance at June 30, 2005. Of these accounts, 178 clients had balances exceeding \$1,000. Some of these client balances also exceeded the maximum at other times during the year. Adequate monitoring of client balances is necessary to ensure client benefits are not jeopardized.
- C. The accounting duties related to a restricted use account are not adequately segregated. The JRC opened an account in September 2003 entitled the Dedicated Account. This account is used to hold large lump sum payments made to clients from the SSA. The payments that can be made from this account are restricted by the SSA. At June 30, 2005, the balance of this account totaled approximately \$5,830. During our review of this account, we noted one clerk is primarily responsible for receiving monies, preparing checks and deposit slips, preparing bank reconciliations, and maintaining the accounting records.

Proper segregation of duties helps ensure that all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating the duties of receiving and depositing receipts from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, periodic supervisory reviews of the records should be performed and documented.

- D. Receipt slips are not issued for some monies received and receipt slips are not reconciled to amounts deposited. We noted \$450 in client monies received in April 2004 for which receipt slips were not written. To ensure receipts are accounted for properly, prenumbered receipt slips should be issued for all client monies received, and receipt slips should be reconciled to amounts deposited.
- E. The JRC has a petty cash bank account that has been inactive since March 2001. At December 31, 2005, the balance in this account was \$300. The JRC should take action to close this inactive account. Inactive accounts create additional and unnecessary record keeping responsibilities.

WE RECOMMEND Regional Center management:

- A. Ensure client accounts are properly monitored and unusual issues are followed-up and resolved in a timely manner.
- B. Develop procedures to monitor client account balances and ensure proper action is taken to reduce excess balances to avoid jeopardizing client benefits.
- C. Ensure duties are adequately segregated, or perform and document periodic reviews of the accounting records maintained and reconciliations prepared for the Dedicated Account.
- D. Issue receipt slips for all client monies received and reconcile receipts to amounts deposited.
- E. Take action to close the inactive petty cash bank account.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Current regional center policies and procedures require each of the recommended practices. Division Directive 5.070 outline specific policies and procedures for monitoring of these practices.

Procedures have been put into place to ensure all duties are segregated and proper oversight is maintained.

The petty cash account is being closed due to no usage.

11. Choices for Families

The JRC provided funding in excess of the maximum allowed by the Choices for Families (CFF) program and did not document the District Deputy Director's advance approval of this additional funding. We noted six instances where excess funding was provided and approval was not obtained. Excess funding ranging from \$454 to \$26,896 was provided to eligible families without any documented approval. Further, we noted these clients' budgets were not always reviewed by the utilization review committee which is responsible for ensuring that resources are properly utilized.

The 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 the 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. Program guidelines state that no family

shall receive more than \$3,600 annually, unless approved by the District Deputy Director. In addition, all client budgets are to be reviewed by the utilization review committee.

WE RECOMMEND Regional Center management ensure the maximum assistance allowed for the CFF program does not exceed \$3,600 without the appropriate approvals. In addition, all client budgets should be reviewed by the utilization review committee.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

We agree and corrective action will be taken.

12. Payroll Policies and Procedures
--

Regional center employees did not properly record compensatory time earned and used on timesheets and performance evaluations are not prepared in a timely manner.

- A. Employees earn compensatory time for being on-call; however, this compensatory time is not recorded on the employee's timesheet or tracked in any other way. The regional center policy is to allow employees to earn eight hours of compensatory time for being on-call for one week. The time earned and used is not recorded on the employee's timesheet. For example, one employee's timesheet indicated she worked eight hours on February 18, 2005; however, when we questioned regional personnel about this, they indicated the employee took compensatory time on this day and did not work.

Accurate timesheets and leave records are necessary to document hours actually worked, substantiate payroll expenditures, and provide the regional center with a method to monitor hours worked and leave taken. The Fair Labor Standards Act (FLSA) requires employers to keep accurate records of actual time worked by employees, including compensatory time earned, taken, or paid.

- B. The JRC is not always preparing the required employee performance evaluations in a timely manner. We noted five employees that did not receive timely performance evaluations. For example, we noted a performance evaluation signed in January 2006 which covered the period September 1, 2001 through December 15, 2005. In another example, the last performance appraisal noted in one employee's file was over two years old. The regional center's policy requires performance evaluations be prepared at the end of an employee's probationary period and annually thereafter. The Assistant Center Director of Habilitation was responsible for preparing these performance evaluations. The JRC should ensure employees are properly evaluated in accordance with regional center policy.

WE RECOMMEND Regional Center management:

- A. Ensure accurate timesheets and leave records are prepared to document hours actually worked, compensatory time earned, and leave/compensatory time taken by employees.
- B. Ensure employee performance evaluations are prepared in accordance with policy.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following responses:

We agree. Policies and procedures have been established to ensure accuracy in all employee time keeping records.

Timely performance evaluations will be ensured by personnel notifying supervisors 30 days prior to the evaluation date. A portion of the supervisors' performance is based upon ensuring all staff they supervise receive evaluations timely.

13. Employee Relations Committee

The Employee Relations Committee (ERC) maintains a savings account called the ERC fund. The ERC receives monies from various fundraising events and vending sales. The ERC fund is used to recognize employees and promote employee welfare and morale. The ERC receipt and expenditure procedures need improvement. Total disbursements from the fund for the years ended June 30, 2005 and 2004, were \$5,312 and \$3,584, respectively.

Cash receipts are not deposited intact. Some cash receipts are used to purchase snacks for vending instead of being deposited. Depositing all monies received intact is necessary to ensure proper recording and accountability of receipts.

Cash is also withdrawn from the bank account to purchase snacks. Adequate documentation was not retained to support some of these cash withdrawals and disbursements. We noted two disbursements totaling \$525 for which supporting documentation, such as an invoice, could not be located. Also, these disbursements were not recorded in the accounting records that track cash disbursements. The ERC indicated \$325 was used to purchase snacks for vending and \$200 was used as cash awards for employees. All disbursements should be supported by paid receipts or vendor-provided invoices. Such documentation is necessary to ensure the purchase is a proper disbursement of funds.

WE RECOMMEND the ERC deposit all receipts intact and require supporting documentation to be maintained for all disbursements.

AUDITEE'S RESPONSE

The JRC and the DMH provided the following response:

This recommendation will be shared with the ERC. It should be noted that ERC funds are separate from state funds. ERC membership is not required and JRC management does not direct the activities of the committee.

HISTORY, ORGANIZATION, AND
STATISTICAL INFORMATION

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

The Joplin Regional Center (JRC) is one of eleven regional centers established by the Department of Mental Health. The facility was established to provide, procure, or purchase comprehensive services for individuals with developmental disabilities such as mental retardation, cerebral palsy, head injuries, autism, epilepsy, and certain learning disabilities. The facility serves eligible citizens in the Southwest Missouri counties of Barry, Barton, Bates, Cedar, Dade, Henry, Jasper, Lawrence, McDonald, Newton, St. Clair, and Vernon. The facility's operations began in 1966.

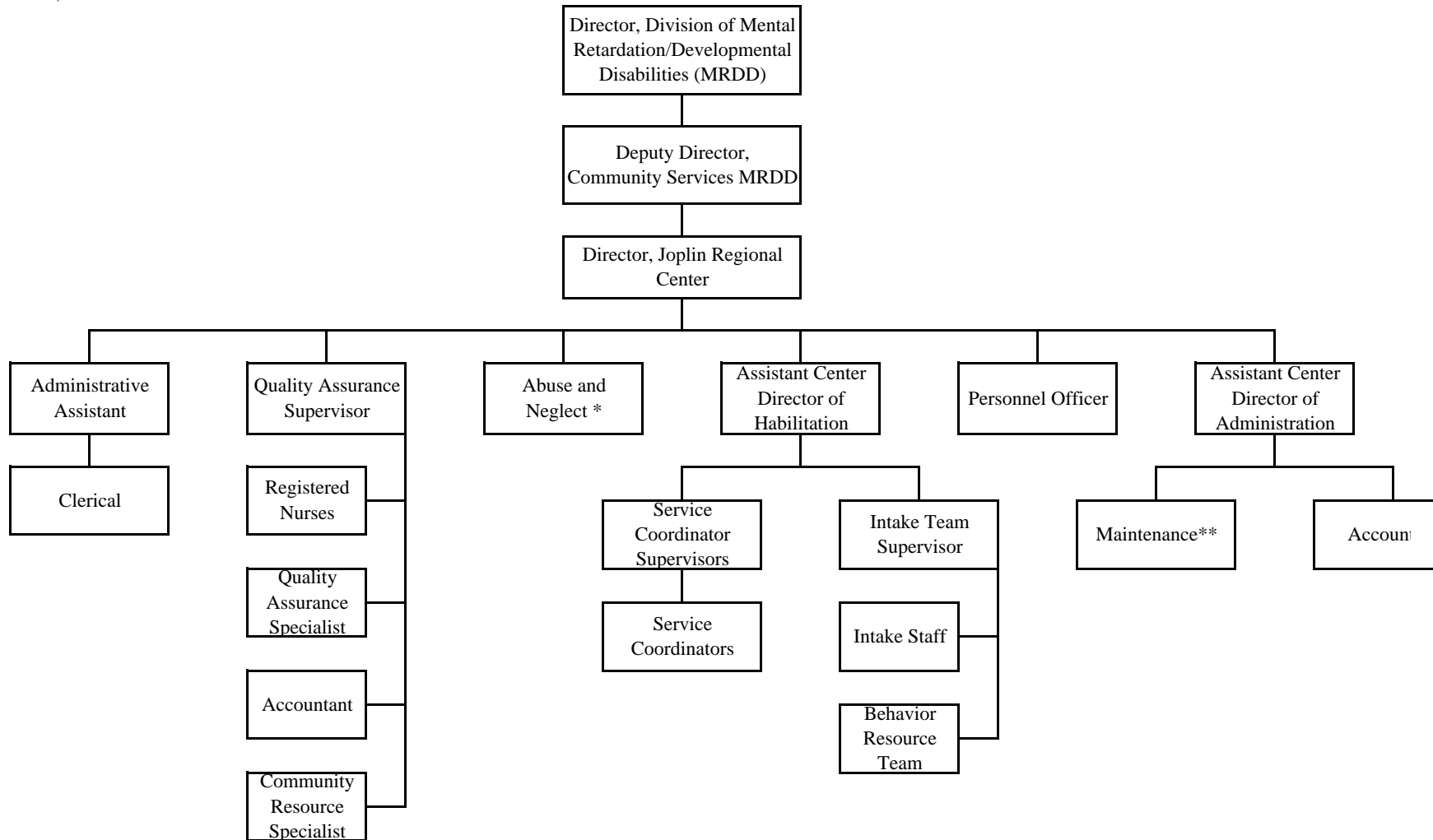
The facility serves as the entry and exit point for securing comprehensive mental retardation and developmentally disabled services for clients of the Department of Mental Health whose parents or guardians reside in the region identified above.

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, 2005, the facility had an active caseload of approximately 1,400 clients and employed approximately 58 personnel assigned to various administrative, service, and support sections.

At June 30, 2005, Dr. Anthony A. Casey Jr. served as Director of the Division of Mental Retardation and Developmental Disabilities. Dr. Casey resigned as Division Director effective August 31, 2005, and Kent Stalder served in the capacity of Acting Division Director until March 24, 2006. Mr. Stalder had previously served as the Deputy Division Director for Community Services and was responsible for supervising operations of the JRC and all other regional centers. On March 24, 2006, Linda Roebuck was appointed as Interim Director of the Division of Mental Retardation and Developmental Disabilities and served in that capacity until June 26, 2006. On that date, Bernard A. Simons became the division director. Sandra Wise is currently serving as Interim Southwest District Administrator for Community Services. Diana Garber has served as Joplin Regional Center Director. On August 31, 2006, Wendy Jackson was appointed as an Interim Regional Center Director.

An organization chart and statistical data follow:

DEPARTMENT OF MENTAL HEALTH
 JOPLIN REGIONAL CENTER
 ORGANIZATION CHART
 JUNE 30, 2005



* Supervision of the Abuse and Neglect employees transferred to the Director, Division of MRDD on September 16, 2005.

** Supervision of the Maintenance employees transferred to the Director, Joplin Regional Center on January 1, 2006.

Appendix A

DEPARTMENT OF MENTAL HEALTH
 JOPLIN REGIONAL CENTER
 COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2005			2004		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
GENERAL REVENUE FUND						
Personal Service	\$ 1,609,368	1,520,346	89,022	1,503,873	1,416,295	87,578
Expense and Equipment	316,302	268,428	47,874	389,070	388,839	231
Total General Revenue Fund	\$ 1,925,670	1,788,774	136,896	1,892,943	1,805,134	87,809

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 Joplin Regional Center are noted in Appendix B.

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

	Year Ended June 30,	
	2005	2004
GENERAL REVENUE FUND		
Personal Service	\$ 88,991	87,578
Expense and Equipment	47,873	0
	\$ 136,864	87,578

Appendix B

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

	Year Ended June 30,			
	2005		2004	
	Expenditures From Facility Appropriations (See Note)	Expenditures From Department-Wide Appropriations For JRC	Expenditures From Facility Appropriations	Expenditures From Department-Wide Appropriations For JRC
Salaries and wages	\$ 1,520,346	330,143	1,416,295	327,394
Travel, In-State	6,219	421	7,151	194
Fuel and utilities	70	33,669	0	35,004
Supplies	22,869	6,926	32,881	6,303
Professional development	1,189	65	159	40
Communication service and support	17,503	11,321	19,964	8,021
Professional services	174,543	4,175	285,312	49,193
Housekeeping and janitorial services	5,895	271	4,754	0
Maintenance and repair services	14,622	17,398	17,894	3,208
Computer equipment	207	0	1,154	0
Office equipment	12,517	0	4,855	2,211
Other equipment	6,683	1,989	3,788	1,059
Property and improvements	0	19,790	8,369	17,310
Building lease payments	5,250	17,678	0	17,678
Equipment rental and leases	142	0	486	0
Miscellaneous expenses	719	20	2,072	35
Program distributions	0	19,799,373	0	17,441,731
Total Expenditures	\$ 1,788,774	20,243,239	1,805,134	17,909,381

Note: During fiscal year 2005, expenditures totaling \$107,692 for Bellfontaine Habilitation Center were charged to JRC's facility appropriations.

Appendix C

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

	Year Ended June 30,	
	<u>2005</u>	<u>2004</u>
Cash Balance, July 1	\$ 540,294	513,947
Receipts	2,597,731	2,606,056
Disbursements	2,589,321	2,579,709
Cash Balance, June 30	<u>\$ 548,704</u>	<u>540,294</u>

Appendix D

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

	Year Ended June 30,	
	<u>2005</u>	<u>2004</u>
Cash Balance, July 1	\$ 143,297	5,804
Receipts	257,408	311,584
Disbursements	400,705	174,091
Cash Balance, June 30	\$ <u>0</u>	<u>143,297</u>

Note: Vendors of the Joplin 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 Joplin Regional Center's match, which is paid to the state's Medicaid program.

Appendix E

DEPARTMENT OF MENTAL HEALTH
JOPLIN REGIONAL CENTER
COMPARATIVE STATEMENT OF EMPLOYEE RELATIONS COMMITTEE FUND RECEIPTS,
DISBURSEMENTS, AND CASH BALANCES (FROM NON-APPROPRIATED FUNDS)

	Year Ended June 30,	
	<u>2005</u>	<u>2004</u>
Cash Balance, July 1	\$ 868	433
Receipts	4,820	4,019
Disbursements	5,312	3,584
Cash Balance, June 30	\$ <u>376</u>	<u>868</u>

Note: The receipts and disbursements presented in this schedule include Employee Relations Committee monies. This schedule includes receipts and disbursements from the savings account and cash on hand.