

# **AUDIT REPORT**

DEPARTMENT OF MENTAL HYGIENE  
LIMITED SCOPE REVIEW  
HANDLING OF SELECTED 2014 INVOICES

**Table of Contents**

Background and Organization .....3  
Audit Scope, Objective and Methodology .....3  
Summary of Findings.....3  
Detailed Findings .....3  
    Food and Kitchen Supplies .....3  
    Transportation.....3  
    Medical and Lab Supplies/ Prescriptions .....4  
    Maintenance/Service Contracts.....5

## Background and Organization

The Department of Mental Hygiene (DMH) provides for the planning, development and delivery of Mental Health Services in Dutchess County. Through the purchase of contracted services with local agencies, DMH offers comprehensive mental health services to the residents of Dutchess County.

## Audit Scope, Objective and Methodology

The audit was performed to review the processes and procedures used by the Department of Mental Hygiene for payment of invoices to vendors providing various coordinated services. Specific services reviewed were: food and kitchen supplies; transportation; maintenance services; medical and lab supplies as well as prescriptions. A sample of 2014 invoices paid to several vendors for these services were examined. Information was derived from financial documentation, receipts, contract pricing and staff interviews.

## Summary of Findings

- ❖ The department's documentation and records reviewed were generally in good order and readily available.
- ❖ The department's processes and procedures for payment of invoices demonstrated a good system of internal controls and an adequate segregation of duties.

## Detailed Findings

### Food and Kitchen Supplies

The authorized budget amount for A.4250.4125 – Food & Kitchen Supplies was \$50,000.00. The amount expended was \$33,108.97 as of September 2014.

### Procedure Review, General Accounting and Separation of Duties for payment to Food Vendor Invoices:

We reviewed the meal invoices for the DMH's Intensive Treatment Alternative Program (ITAP) clinic. The clinic determines number of meals needed for clients and places the order with the vendor daily. Upon receiving the order, the ITAP clinic's Office Assistant reviews and signs the receipt. One copy of the receipt is kept for the clinic's records and the second copy retained and sent with all receipts for the week to the DMH Office of Budget and Finance. A Principal Accounting Clerk reconciles the receipts to the monthly billing statement received from the food vendor and an invoice is entered on the County's financial management system for payment. The payment invoice, reports and documentation is normally reviewed, initialed and approved on the financial management system by the Accountant if the amount is under \$1,000 or the Acting Division Chief of Administrative Operations for all payments over that amount. A Principal Accounting Clerk attaches all documentation to the edit listing report which was initialed and dated by the final reviewer and approver. This is retained for the DMH's accounting records.

### Observations:

It was noted that the vendor contract #11-0163-12/11-MH under the ITAP Lunch Program section #1.03, stated the price of milk as \$.25 for each extra milk ordered however, the vendor is charging \$.13 for each extra milk. *It was explained that effective December 2, 2011 the amount of extra milk ordered was decreased and the price lowered to reflect the savings.*

### Transportation

The amended authorized budget amount for A.4320.44.4457 – Transportation was \$32,240.25. The amount expended was \$4,474.50 as of September 2014. The rates for transportation services are

determined by the individual vendors and no discounted prices are awarded to Dutchess County. The clients from DMH and their contract agencies select which transportation service provider is used.

#### **Procedure Review, General Accounting and Separation of Duties for payment for Transportation:**

The clients from DMH and their contract agencies meet with a DMH staff member, such as a Case Worker or Social Worker, to complete a form requesting vocational transportation. The DMH Support Services Director receives and reviews the request forms. If in order, the form is signed and given to the DMH Receptionist to issue the trip vouchers. The Receptionist completes a three part trip voucher as specified on the request form for each client. One copy with the client's name goes to a Principal Accounting Clerk in the DMH Office of Budget & Finance for later reconciliation. Two copies are given to the client to be used when the transportation is needed. To ensure client privacy, these copies do not have the client's name only their client number. When service is provided, the transporter retains one of the copies and submits the other copies with their billing invoice requesting payment for the month's transactions. The Receptionist maintains records tracking the trip vouchers issued. A ledger is maintained with voucher dates, the names of the Case Worker or Social Worker requesting the trip vouchers and the number of vouchers issued per their request. The Receptionist also enters the specific voucher numbers issued to each client in their respective file. A Principal Accounting Clerk reconciles the original copy of the trip voucher to the receipted copies and the monthly billing statement received from the transportation vendor. An invoice is entered on the County's financial management system for payment. The payment invoice, reports and documentation is normally reviewed, initialed and approved on the financial management system either by the Accountant if the amount is under \$1,000 or by the Acting Division Chief of Administrative Operations for all payments over that amount. The Principal Accounting Clerk attaches' copies of trip vouchers and other documentation to the edit listing report which was initialed and dated by the final reviewer and approver. This is retained for the DMH's accounting records.

A spreadsheet is also maintained by the Principal Accounting Clerk to monitor the number of trip vouchers issued to the clients in order to avoid excessive usage of the service. Copies of the trip vouchers are retained for further documentation and accounting records.

#### **Observations:**

Due to HIPPA regulations we were unable to review the initial request for transportation forms.

Eleven out of forty trip vouchers had incomplete or different dates from those listed on the monthly billing statement received from the vendor. *DMH staff explained that dates are an approximation because client's work schedules are not always made known and may be varied.*

#### **Medical and Lab Supplies/ Prescriptions**

The amended authorized budget amount for A.4320.44.4155.110 – Medical & Lab Supplies Prescriptions was \$73,768.34. The amount expended was \$10,568.40 as of September 2014. The prices of medications vary and are determined by individual pharmacies. No discounted prices are awarded to Dutchess County. The specific pharmacy used is selected by the clients of DMH and their contract agencies often based upon either the location, or possibly if the pharmacy was used by the client in the past.

#### **Procedure Review, General Accounting and Separation of Duties for Pharmacy Payments**

The clients from DMH and their contract agencies meet with a DMH staff member, such as a Psychiatrist or Therapist, to complete a Medication Assistance Program (MAP) form requesting prescription(s) or laboratory tests and an authorization to release/disclose information. The forms are faxed to the DMH Nursing Supervisor for review, approval and signature. These are then faxed back to the clinic. *Note: forms are faxed due to many clinics being off site.* Prescription(s) for authorized medication(s) are completed, stamped and faxed to the selected participating pharmacy. Client takes the original prescription slip(s) to the pharmacy to pick up the medication where the pharmacy verifies the prescription slip(s) to what was previously faxed by the clinics. The DMH Office of Budget and Finance receives the MAP forms, release/disclosure forms and copies of the prescription(s) written for the clients from the DMH clinics and their contract agencies. A Principal Accounting Clerk reviews and reconciles the before mentioned documents to the monthly billing statement received from the pharmacy and enters an invoice on the County's financial management system for payment. The payment invoice, reports and documentation is normally reviewed, initialed and approved on the financial management system either by the Accountant if the amount is under \$1,000 or by the Acting Division Chief of Administrative Operations for all payments over that amount. The Principal Accounting

Clerk attaches the documentation to the edit listing report which was initialed and dated by the final reviewer and approver. This is retained for the DMH's accounting records. Spreadsheets are independently maintained by the DMH Principal Accounting Clerk and the Nursing Supervisor to monitor and track client prescription information to ensure inconsistencies in a client's information or prescription(s) can be detected and any abuse of the program can be detected and addressed. Clients are intended to receive the MAP service for a limited time period – until coverage under Medicaid or their personal insurance begins.

**Observations:**

The monthly billing statement for the pharmacy had information for ten prescriptions. Nine had the prescription information listed in a summarized format and their costs totaled. A photocopy of a receipt indicating a co-pay amount for the tenth prescription appeared on the bottom of the statement and the amount due was written in and added to the other prescriptions' total. *DMH indicated the prescription was listed in this manner because Dutchess County is only responsible for the co-payment amount.*

**Maintenance/Service Contracts**

The amended authorized budget amount for A.4310.4609 –Maintenance/Service Contracts was \$127,155.00. The amount expended was \$18,413.76 as of September 2014.

**Procedure Review, General Accounting and Separation of Duties for payment to the messenger service vendor.**

The DMH Office of Budget and Finance receives a monthly billing statement for the services provided by three trainees, as well as their counselors and supervisor from the vendor. The time sheets for the three trainees are sent as documentation. Two trainees provide messenger services to six county buildings per contract. One trainee is specifically intended to provide messenger service to the DMH 230 North Road, Poughkeepsie facility per contract. A Principal Accounting Clerk carefully reviews and reconciles the time sheets to the monthly billing statement received from the messenger service vendor and enters an invoice on the County's financial management system for payment.

The payment invoice, reports and documentation is normally reviewed, initialed and approved on the financial management system either by the Accountant if the amount is under \$1,000 or by the Acting Division Chief of Administrative Operations for all payments over that amount. The Principal Accounting Clerk attaches the documentation to the edit listing report which was initialed and dated by the final reviewer and approver. This is retained for DMH's accounting records.

**Observations:**

**The Scope of Services provided in the contract delineates the specific services and payment terms for the locations separately. While DMH pays the billing for both serviced areas, the six County Buildings are overseen by Dutchess County OCIS Division of Central Services.**

Procedures regarding the two trainees who provide service to the six County buildings:

The trainees work under the guidance of the Dutchess County Division of Central Services. A county employee (Senior Program Assistant) oversees the trainees and monitors their time sheets. On Tuesday of each week a final review of their time sheets is performed, they are usually signed/initialed and faxed to the vendor to be processed for payment. A counselor (a/k/a job coach) from the agency meets with the Senior Program Assistant and the trainees individually to touch base and discuss any concerns.

Procedures regarding the trainee who provides service to 230 North Road, Poughkeepsie facility:

The DMH staff verified the trainee delivered mail to the 230 North Road, Poughkeepsie facility. The trainee provides service to the other agencies: As a result, only a portion of the weekly hours are charged to the county.