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Missouri State Auditor

FOLLOW-UP REPORT ON AUDIT FINDINGS

Department of Mental Health Office of Director

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Department of Mental Health, Office of Director

Follow-Up Report on Audit Findings

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THOMAS A. SCHWEICH

Missouri State Auditor

Honorable Jeremiah W. (Jay) Nixon, Governor
and
Mental Health Commission
and
Keith Schaefer, Ed.D., Director
Department of Mental Health
Jefferson City, Missouri

We have conducted follow-up work pursuant to the Auditor's Follow-Up Team to Effect Recommendations (AFTER) program on certain audit report findings contained in Report No. 2010-167, *Department of Mental Health, Office of Director*, issued in December 2010. The objectives of the AFTER program are to:

1. Identify audit report findings that require immediate management attention and any other findings for which follow up is considered necessary at this time, and inform the department about the follow-up review on those findings.
2. Identify and provide status information for each recommendation reviewed. The status of each recommendation reviewed will be one of the following:
 - Implemented: Auditee fully implemented the recommendation, either as described in the report or in a manner that resolved the underlying issue.
 - In Progress: Auditee has begun to implement and intends to fully implement the recommendation.
 - Partially Implemented: Auditee implemented the recommendation in part, but is not making efforts to fully implement it.
 - Not Implemented: Auditee has not implemented the recommendation and indicates that it will not do so.

Our methodology included working with the department, prior to completion of the audit report, to develop a timeline for the implementation of corrective action related to the audit recommendations. We reviewed documents and other evidence indicating the level of implementation for each recommendation reviewed.

As part of the AFTER work conducted, we obtained a cost analysis prepared by the department related to the use of overtime, interviewed Department of Mental Health (DMH) officials concerning changes in overtime and compensatory time policies, received data related to complaint investigations and preliminary reports, and discussed with DMH officials monitoring of a service contract. This report is a summary of the results of this follow-up work, which was substantially completed during April 2011.

A handwritten signature in black ink that reads "Thomas A. Schweich". The signature is written in a cursive style with a large, sweeping initial 'T' and a long, horizontal tail on the 'h'.

Thomas A. Schweich
State Auditor

Department of Mental Health, Office of Director

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Status of Findings

2.1 Overtime

Neither the Department of Mental Health (DMH) nor its operating facilities had established policies to limit the amount of overtime an employee is allowed to work. As a result, some DMH facility employees worked excessive amounts of overtime.

For the 3 years ended June 30, 2010, the DMH paid employees approximately \$47.8 million in overtime department-wide. During calendar year 2009, we noted over 40 habilitation center employees that received overtime in excess of, and in addition to, their regular pay. From January 1, 2008, to June 30, 2010, the DMH paid approximately \$10.2 million in overtime to 527 employees whose paid overtime was 50 percent or more of their regular salary.

Neither the DMH central office nor its facilities had performed cost analyses or studies to determine whether hiring additional employees would be more cost effective than paying significant amounts of overtime to existing staff.

Recommendation

The DMH establish a policy to limit the amount of overtime an employee is allowed to work. In addition, a cost analysis should be performed to determine whether hiring additional employees would be more cost effective than paying significant amounts of overtime to existing staff.

Status

In Progress

The DMH, Division of Developmental Disabilities (DD) established a policy in December 2010 to limit the amount of overtime per employee to 24 hours per pay period unless approved by a superintendent or his/her designee. Additionally, DD established a real-time tracking system to document the amount of overtime hours each employee worked each pay period in order to assist in employee scheduling. The new policy requires facility human resources officials to review the number of overtime hours worked each pay period to ensure the 24-hour requirement is met.

DD has not fully implemented this new policy, and further efforts are needed to ensure all facilities are in compliance with the policy. However, records indicated at least one facility had made significant improvements in staff overtime.

The DMH, Division of Comprehensive Psychiatric Services (CPS) implemented an overtime policy in April 2011 that limits the amount of overtime an employee can work to (1) no more than 16 hours in a rolling 24-hour period; (2) no more than 32 hours overtime in any 7 consecutive day period; (3) no more than 40 hours overtime in any given pay period; (4) no more than 40 hours of either regular or overtime work across 3 consecutive days. DMH officials said CPS is working with information technology staff to modify the division's time and attendance system so that



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the overtime hours worked could be used with the division's scheduling system to improve monitoring of employee overtime.

Department officials performed a cost analysis of overtime payments and concluded that cost effective use of overtime saves the department more than \$2 million annually versus hiring additional employees.

2.2 Compensatory time balances

Section 105.935, RSMo, provides that at the beginning of each calendar year nonexempt direct care state employees are to be paid for any overtime hours earned and accrued under the Fair Labor Standards Act from the previous calendar year, though employees have the option of retaining up to 80 hours of compensatory time at year end.

In January 2010, we identified 153 nonexempt direct care employees in excess of the 80-hour limit.

Recommendation

The DMH ensure that overtime payment and accrued compensatory balance policies are in compliance with state law.

Status

Implemented

DMH officials indicated the department policy has been revised to align with Section 105.935, RSMo. Employees may now only retain up to 80 hours of overtime. Officials will work to ensure that employees whose compensatory time balances are currently above the 80 hour limit are reduced by June 30, 2011.

3.1 Complaint investigations - initial inquiry

Initial complaint investigation inquiries were not always completed timely by the Investigations Unit.

A review of 25 randomly selected investigations disclosed the initial inquiry into 4 (16 percent) of these complaints had not met the DMH 10 work-day criteria for timeliness. Regional offices provided good cause for only two of the exceptions.

Recommendation

The DMH ensure that initial complaint inquiries are completed within timeframes established by DMH regulations. If additional time is needed to complete the inquiry, any extension should be approved and adequately documented.

Status

Implemented

Both the CPS and DD divisions at the central office have reemphasized to regional office staff the DMH policy requirements concerning initial inquiries into investigations. The DD division has begun monitoring regional office compliance with the timeliness of initial inquiries. In



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addition, DMH officials said an authorization field has been added to the investigation tracking system to document approval of justifiable reasons for extended time to complete the initial inquiry.

3.2 Initiation of investigations

While significant improvements have been noted, the Investigations Unit did not always start investigations in a timely manner as defined by criteria established by that unit.

Delayed investigations may make it more difficult to determine whether an incident or violation actually occurred.

Recommendation

The investigations unit continue recent improvements in starting complaint investigations in a timely manner.

Status

Implemented

DMH officials indicated a continued emphasis on the timeliness of the initiation of an investigation. Additionally, "dash board" notifications have been added to the DMH monitoring system identifying late investigations. As a result, the fiscal year 2011 compliance rate increased to 99.8 percent.

3.3 Preliminary reports

Generally, investigations are expected to be completed within 30 working days after the investigation is initiated. Investigators may be granted additional time to complete the investigations. Our review of 25 investigations noted 2 instances where a preliminary report was issued and additional time was granted for the completion of a final report. However, in both of these instances, the investigations were not completed within the time of the extension granted.

Department Operating Regulation 2.205 allows the assigned investigator 30 working days to complete an investigative report. If the report cannot be completed within this period of time, a preliminary report may be completed along with a notice of additional time needed to complete the report. The preliminary report shall include a statement of findings acquired during the period of the preliminary investigation, the reason for the need of additional time and the proposed completion date.

Recommendation

The DMH ensure, for investigations with preliminary investigation reports, the Investigation Unit require investigators to meet revised completions dates or request an additional extension.

Status

Implemented

The Investigations Unit has established a new policy requiring more documentation concerning preliminary reports and now requires a new



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proposed completion date be established when the initial proposed completion date is not met.

4. **Monitoring of
BRIDGES program
contract**

The department did not adequately monitor a service contract involving expenditures in excess of \$320,000 during the 3 years ended June 30, 2010.

CPS did not properly monitor this contract to ensure contract requirements were met or applicable services were actually provided.

Recommendation

The DMH properly monitor service contracts to ensure the documentation required by contract provisions is submitted and reviewed, and the applicable services have been properly provided to consumers. The DMH should also determine whether benefits obtained continue to justify the related expenditures of service contracts.

Status

Implemented

DMH officials indicated a CPS employee has been assigned to specifically monitor all expense and equipment contracts for compliance. In addition, DMH officials indicated CPS staff reviewed the contract for compliance with key provisions and, as a result of this review, division officials are considering contract modifications.