Department of Human Services
Division of Mental Health Services
Arthur Brisbane Child Treatment Center

July 1, 1998 to September 28, 2000

Richard L. Fair
State Auditor
The Honorable Christine Todd Whitman  
Governor of New Jersey

The Honorable Donald T. DiFrancesco  
President of the Senate

The Honorable Jack Collins  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Department of Human Services, Division of Mental Health Services, Arthur Brisbane Child Treatment Center for the period July 1, 1998 to September 28, 2000.

If you would like a personal briefing, please call me at (609) 292-3700.

January 30, 2001
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Scope

We have completed an audit of the Department of Human Services, Division of Mental Health Services, Arthur Brisbane Child Treatment Center (the center) for the period July 1, 1998 to September 28, 2000. Our audit included financial activities accounted for in the state’s General Fund and the center’s nonappropriated accounts.

Annual appropriations of the center during the 27 month audit period averaged $9 million. The prime responsibility of the center is to provide psychiatric inpatient treatment, education and rehabilitation for mentally ill school age children who are legally committed from the 21 counties. Annual revenues of the center were $3 million during our audit period and the major component of revenues was medicaid recoveries.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the center’s programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of significant conditions noted in our prior report.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section 1, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

In preparation for our testing, we studied legislation, administrative code, circular letters promulgated by
the State Comptroller, and policies of the agency. Provisions that we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our samples of financial transactions. We also read the budget message, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the programs and the internal controls.

A nonstatistical sampling approach was used. Our samples of financial transactions were designed to provide conclusions about the validity of transactions as well as internal control and compliance attributes. Sample transactions were judgmentally selected.

To ascertain the status of findings included in our prior report, we identified corrective action, if any, taken by the center and walked through the system to determine if the corrective action was effective.

**Conclusions**

We found that the financial transactions included in our testing were related to the center’s programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted certain internal control weaknesses and matters of compliance with laws and regulations merit management’s attention.

We also found that the center has resolved the payroll leave records issue noted in our prior report. Other unresolved issues from that report have been updated and restated in our current report.
County Billings

All patients should be included in the billing classification reports.

The county billings are the monthly charges to the counties for their share of the care and maintenance costs for services provided to county chargeable patients. The Billing Classification Report (form 1113) is the input document for billing information which is forwarded to the Department of Human Services, Office of Finance and Accounting, County Billing Unit. Our review of the center’s records shows 15 patients with a total of 1430 billable days were not included on these reports. Three of these patients were discharged in 1995. Each patient should normally be included on the billing following receipt of their court order. If the court order is not received within 90 days the Supervisor of Patient’s Accounts procedures manual provides that the patient may be included on form 1113 indicating the county of commitment as liable for the cost of care and maintenance. The center is not complying with this procedure.

Recommendation

We recommend that procedures be established to assure that if the court orders are not received within 90 days the eligible patients are included on the billing classification reports.

Auditee’s Response

We agree with the finding and the need to accurately report all billable days. An instructional memo will be directed to the Supervisor of Patient Accounts to assure that in all instances when a court order has not been received within 90 days, all billable days will be included on the Billing Classification Report (Form 1113).
Uncharged Leave Time

The Arthur Brisbane Child Treatment Center employs three full-time clinical psychiatrists. These employees of the center are considered no-limit (NL) employees with a normal working day of 8 a.m. until 4 p.m.. For the hours between 4 p.m. and 8 a.m. and for holidays and weekends there are Special Services positions providing the center with 24 hour coverage. Payroll controls include provisions for recording and authorizing variations to the normal working day.

Our review of the time and leave records for the three full-time psychiatrists noted various unsupported deviations from the normal working day including late arrivals, early departures, working through lunch break and staying beyond the 4 p.m. end of shift. Time records contain no authorization or support for these exceptions to the workday. We selected five pay periods during calendar year 1999 for review. Our analysis questioned 80 hours of leave time not charged having a salary value of approximately $4900.

Recommendation

We recommend that the center implement controls over time reporting for the clinical professionals.

Auditee’s Response

We agree with the finding and that all leave time should be properly charged and authorized. In doing so, however, the Center will need to retain the flexibility of allowing the Clinical Psychiatrists to adjust their workweek when unforeseen circumstances occur.
Nonappropriated and Appropriated Funds

The Arthur Brisbane Child Treatment Center maintains five nonappropriated funds for the benefit of its clients. These include the personal needs account, the work center account, patient wages account, welfare account and a general petty cash account. Our review of these accounts revealed a variety of control weaknesses.

- One employee is responsible for deposits, writing checks, reconciling center records with the bank statement, and maintaining records and the cashbox. This results in a lack of segregation of duties.

- Personal needs account disbursements were missing client’s signatures on receipts.

- There was inadequate supporting documentation for welfare fund disbursements and Work Center jobs accepted from outside vendors.

- Discharged patients were not removed timely from the Personal Needs Account system.

- The welfare cashbox is not maintained on an imprest basis.

- Multiple cashboxes exist which led to co-mingling of the individual funds.

These weaknesses plus others were also identified in a series of audits conducted by the Department of Human Services, Office of Auditing for the period July 1, 1997 to June 30, 1998. The center’s response included corrective actions that would be taken; however, our audit did not find that these actions were implemented.
Recommendation

The center should implement the corrective actions noted in the Department of Human Services, Office of Auditing report. Those actions should include segregating the bank reconciliation, check writing, and record maintenance functions; accepting personal needs account forms only with client signatures; maintaining adequate supporting documentation; the timely removal of discharged clients from the accounting system; maintaining the welfare fund as an imprest fund; and reimbursing of cashboxes to alleviate the need to co-mingle cash from other funds.

Auditee’s Response

We concur with the finding related to the various funds. The new Business Manager has already implemented certain changes, some overlapping of responsibilities may still occur due to the small size of the Business Office Staff. These instances will be minimized and addressed through increased supervisory oversight.