



Office of the City Auditor

**Audit of the FY 2018 Community Services Performance
Contract**

Report Date: October 4, 2018

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456
757.385.5870

"Promoting Accountability and Integrity in City Operations"



Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

Lyndon S. Remias, CPA, CIA, CRMA, CGAP

City Auditor

Timothy Bell, CICA

Senior Auditor

Tony Gonzalez, CPA, MBA

Senior Auditor

www.vbgov.com/cityauditor

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, VA 23456

Telephone: 757.385.5870

Fax: 757.385.5875

Fraud, Waste, and Abuse Hotline 757.468.3330



Office of the City Auditor Transmittal Letter

Date: October 4, 2018

To: David L. Hansen, City Manager

Subject: Audit of the FY 2018 Community Services Performance Contract



I am pleased to present the report of our audit of the FY 2018 Community Services Performance Contract. This audit addressed the compliance of the Department of Human Services - Behavioral Health Developmental Services Division to the contract.

Findings considered to be of insignificant risk have been discussed with management. We completed our fieldwork on August 27, 2018.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all other City Departments. This report is intended solely for the information and use of the Audit Committee, City Council, Department of Human Services and appropriate management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to thank the management and staff of the Department of Human Services, especially those in Behavioral Health Developmental Services division as well as their Finance division for their cooperation and responsiveness to our requests during our audit and their responsiveness to questions, recommendations, and suggestions.

If you have any questions about this report, or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

LSR/rc

c: Audit Committee Members
Kenneth L. Chandler, Deputy City Manager
Dannette Smith, Director, Department of Human Services



Office of the City Auditor Table of Contents

Transmittal Letter	i
Purpose	1
Scope	1
Methodology.....	1
Standards	1
Background	3
Results	6
Conclusion.....	8
Acknowledgements.....	8
Management’s Response.....	Appendix A



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

Purpose

This audit addresses the Department of Human Services - Behavioral Health Developmental Services' (BHDS) compliance with the terms and conditions stated in the FY 2018 Human Services Community Services Performance Contract. For FY 2018, BHDS received over \$11 million in State funds to serve the Virginia Beach community. Funding can be at risk if BHDS is found to be materially noncompliant with the contract.

Scope and Objectives

The scope of the audit covered BHDS' compliance with the performance contract as currently implemented by BHDS. Specific audit objectives are:

- To determine BHDS's compliance with selected terms of the FY 2018 Community Services Performance contract.
- To determine accuracy of reporting of performance measures and/or automated data to the Virginia Department of Behavioral Health and Developmental Services.

Methodology

To accomplish our objectives, we performed the following:

- Reviewed the FY 2018 Community Services Performance Contract written by the Virginia Department of Behavioral Health and Developmental Services (State).
- Met with appropriate staff from BHDS and Finance divisions to discuss their applicable terms in the contract and their compliance thereof.
- Obtained documentation, files, brochures, etc. in relation to selected contract terms.
- Conducted testing to determine if documentation supports compliance with contract terms.
- Consulted with the City Attorney for clarification on contract terms.
- Made recommendations for improvement in the reporting requirements and to ensure compliance with the performance contract.

Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, and appropriate management within the City of Virginia Beach. This report is also available to the public.



Office of the City Auditor

Audit of the FY 2018 Community Services Performance Contract

Background

Department of Human Services

The mission of the Human Services Department (HSD) is to provide Virginia Beach citizens the opportunity to achieve the highest level of self-sufficiency, safety, and quality of life possible, through an array of coordinated services delivered in a climate of dignity, respect, and accountability. HSD has four major divisions:

- Behavioral Health Developmental Services
- Social Services
- Continuous Quality Improvement
- Finance/Business Administration



Our audit focused on the Behavioral Health Developmental Services Division.

Behavioral Health Developmental Services Division

The Behavioral Health Developmental Services (BHDS) Division was formerly known as the Community Services Board Division. Virginia Beach still has a Community Services Board that serves in an advisory capacity to BHDS. The actual community based services are provided by BHDS. BHDS plans, organizes, and provides treatment and services for people in the Virginia Beach community who have behavioral health and developmental disabilities. Most services are primarily for people whose conditions seriously impact their daily functioning. However, anyone with a related concern may contact BHDS for help in finding appropriate treatment and resources. The three subdivisions under BHDS are:

- **Behavioral Health**

Services are provided in various settings through the community including homes, schools, offices, residential settings, day programs, and other locations. Staff and contracted service providers include, but are not limited to psychiatrists, nurses and medical staff, counselors, therapists, case managers and support coordinators, peer specialists, and administrators. Behavioral Health partner with community organizations, faith-based communities, businesses, schools and other local government agencies to provide the services people need.

Specific Behavioral Health Programs
Adult Outpatient Services
Adult Correctional Services
Adult Day Treatment
Beach House
Behavioral Health and Wellness Prevention
Case Management
Crisis Management Services
Emergency Services
Opioid Prevention
Treatment and Recovery Program (OPT-R)
Pathways Center
Senior Adult Respite Care
Supportive Residential Services
Office of Consumer and Family Affairs
Harbour
Projects for Assistance in Transition from Homelessness (PATH)
Program of Assertive Community Treatment (PACT)



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract



- **Child & Youth Behavioral Health**

The Child and Youth Behavioral Health (CYBH) Division serves to enhance the lives of children, adolescents and their families. CYBH offers an array of services designed to assist children and adolescents who are experiencing emotional difficulties, behavior problems and/or substance abuse. The goal of most treatment plans is to help the child succeed while remaining with the family and in school.

Specific Child & Youth Behavioral Health Programs	
After-School Therapeutic Day Treatment (ASTDT)	Intensive Substance Use Abuse Group (ISAG)
Case Management	Intensive Care Coordination
Youth Mobile Crisis Intervention	Outpatient Services

- **Developmental Services**

The Developmental Services (DS) division plans, develops, and implements services for Virginia Beach residents with intellectual disabilities and their families through the provision of person centered services designed to provide opportunities to individuals who have intellectual disabilities to become self-directing and contributing members of our community. DS supports families who are living with family members with intellectual disabilities; provide early intervention when developmental delays are identified in young children; and, promote the value of individuals with intellectual disabilities living and working in the community.

Specific Developmental Services Programs
Case Management
Community Employment Options (CEO)
Early Intervention/Infant Program
Group Homes
Intermediate Care Facilities
Providing Adults Learning Skills (PALS)
Skilled Nursing Services
SkillQuest
Supported Residential Services

Community Services Performance Contract

The Community Services Performance Contract delineates the responsibilities of the Virginia Department of Behavioral Health and Developmental Services and Virginia Beach BHDS and Community Services Board. It specifies the conditions to be met for BHDS to receive State-controlled funds, identifies the groups of clients to be served with State-controlled funds and



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

includes requirements to ensure accountability to the State. For FY 2018, BHDS received over \$11 million in State funds to serve the Virginia Beach community.

State Audit of Virginia Beach Community Services Board

On October 27, 2014, the Virginia Department of Behavioral Health and Developmental Services - Office of Internal Audit reported on their comprehensive audit of Virginia Beach's Community Services Board (now BHDS). It issued 14 recommendations; all of which were satisfactorily implemented. The State plans to conduct another operational audit in FY 2019.

Selected Contract Terms for Audit Review

After considering the previous comprehensive State audit and consultation with the City Attorney's Office, we selected 17 contract terms we considered higher-risk for review of BHDS' compliance. We also tested nine contract terms for accuracy of reporting of performance measures. Contract terms selected covered the following areas:

Topics Covered in Selected Contract Terms for Review	
Emergency Services	Subcontract Dispute Resolution
Preadmission Screening Evaluations	Subcontractor Audits
Client Information Reporting	Employee Complaints
Quarterly Data on Developmental Disability (DD) Waivers	Allowable Purposes for Unspent State Fund Balances
Prevention of Substance Abuse	Virginia Psychiatric Bed Registry
Regional Suicide Prevention	Developmental Services (DS) Case Manager Client Visits
Case Management Services Training	Notification of Client Presented to ICFs, Group Home, etc.
Response to (Client) Complaints	Quality of Care- Critical Incidents
Residential Crisis Stabilization Units	PATH Reports
Intensive Care Coordination	Adults with SMI- Physical Examination
Compliance Requirements (HIPAA)	Access to Substance Abuse Services for Pregnant Women
Case Management Assessment of Discharged Person	



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

Results

Finding 1: Discrepancies in Reporting of Daily Bed Day Utilization

Contract section 4.a.2, Scope of Services, stipulates that the BHDS shall ensure that its residential crisis stabilization unit (RCSU) *“achieves an annual average utilization rate of at least 75% of available bed days as measured by data from CCS 3 (Community Consumer Submission 3) service records and Community Automated Reporting System (CARS) service capacity reports.”*

To ensure compliance, BHDS maintains an internal spreadsheet to track its daily bed day utilization and to update the CCS 3 for submission to the State.

When we reconciled the data in the spreadsheet to those in CCS 3, we found that they did not match. After learning of the discrepancies, management discovered data entry and coding errors that included errors with program assignment and closure and admission assignments; all of which impacted bed day figures. Management stated that it has collaborated with the Information Technology (IT) department to correct the errors and has put mechanisms in place to ensure accuracy.

We then obtained the corrected spreadsheet and CCS 3 report and found that the data matched. We also found that the annual average bed day utilization rate was 84%, which exceeded the minimum contractual requirement of 75%.



However, because of previously undetected errors, the data submitted to the State over the course of FY 2018 were inaccurate in seven (7) of eleven (11) months. The total submitted to the State was over by 53 bed days. See Table 1.

Table 1: Bed Days Utilized FY 2018

	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
Submitted to the State	327	369	283	289	253	251	268	259	339	257	328	Note 1	3,223
After Corrections (August 2018)	327	359	276	276	247	244	268	252	339	254	328		3,170
Excess Bed Days Reported	0	10	7	13	6	7	0	7	0	3	0		53

Note 1: Data not available at the time of testing



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

Recommendations

- 1.1 Ensure that the corrected bed day data is submitted to the State to ascertain that the State's records are accurate. The State uses such data to comply with federal reporting requirements, to submit to funding sources, and to produce data about the performance of the services provided.
- 1.2 Ensure that bed day data is adequately reviewed for accuracy prior to submitting to the State to ensure compliance with contractual requirements. This may include comparisons of the spreadsheet and CCS 3 to Cerner electronic medical record system.

Finding 2: Untimely Notifications

Contract section 4.e.23, Department of Justice Settlement Agreement Requirements, states that *"the CSB shall notify the community resource consultant (CRC) and the regional support team (RST) within five (5) calendar days of an individual being presented with any of the following residential options: an intermediate care facility (ICF), a nursing facility, a training center, or a group home with a licensed capacity of five beds or more."*

In our review of instances where individuals were presented with such residential options, we identified the following exceptions:

- In three (3) of six (6) instances, documentation shows that the RST was not notified timely. Based on case management notes, notification occurred between 16 and 164 days from the date of presentation. Management stated that it maintains continuous communication with the CRC and the RST regarding individuals' circumstances but learned from our testing that some staff members were not clear on the five-calendar day requirement.
- In two (2) of six (6) instances, the State's Virginia Informed Choice form was not signed by the individual or a substitute decision maker to confirm that available options were presented during a face-to-face contact.

Recommendations

- 2.1 Ensure the Regional Support Team is notified within five (5) calendar days from presenting residential options to the individual to comply with the contractual requirement. Timely notification enables the RST to effectively monitor, track, and trend community integration and challenges that require further system development.



Office of the City Auditor Audit of the FY 2018 Community Services Performance Contract

- 2.2 Ensure that the Individual or a substitute decision maker signs the State's Virginia Informed Choice form after options are presented to ensure that the process is fully documented.

Conclusion

Based on our analysis and tests for compliance and data reporting, we determined that, overall, BHDS is in compliance with the Community Services Performance Contract. However, as noted in our findings, there are some areas where further work to comply with the contract is needed.

Acknowledgements

We would like to thank the management and staff of the Department of Human Services - Behavioral Health Developmental Services and the Finance Divisions for their cooperation and responsiveness to our requests during our audit and their receptiveness to questions, recommendations, and suggestions.



APPENDIX A

City of Virginia Beach

DEPARTMENT OF HUMAN SERVICES
 PHONE: (757) 437-3608
 FAX: (757) 437-3466
 TDD: (757) 437-3463

VB.gov.com
 CENTRAL ADMINISTRATION
 SUITE 342
 3432 VIRGINIA BEACH BOULEVARD
 VIRGINIA BEACH, VA 23452-4420

September 21, 2018

Lyndon S. Remias, City Auditor
 Office of the City Auditor
 2401 Courthouse Drive
 Building 1, Room 344
 Virginia Beach, VA 23456

Subject: Response to the Human Services FY 2018 Performance Contract Audit

The City of Virginia Beach Human Services Department (HSD) appreciates the time and effort that the Office of City Auditor (OCA) has dedicated to provide a thorough review of the FY 2018 Performance Contract. The Community Services Performance Contract delineates the responsibilities of the Virginia Department of Behavioral Health and Developmental Services and Virginia Beach BHDS and Community Services Board. It specifies the conditions to be met for BHDS to receive State- controlled funds, identifies the groups of clients to be served with State-controlled funds and includes requirements to ensure accountability to the State. The scope of the audit covered BHDS' compliance with the performance contract as currently implemented by BHDS within the Human Services Department. Specific audit objectives were:

- To determine BHDS's compliance with selected terms of the FY 2018 Community Services Performance contract.
- To determine accuracy of reporting of performance measures and/or automated data to the Virginia Department of Behavioral Health and Developmental Services.

After considering the previous comprehensive State Department of Behavioral Health Developmental Services audit and consultation with the City Attorney's Office, the Office of Auditing selected 17 contract terms that were considered higher-risk for review of BHDS' compliance. The OCA also tested nine contract terms for accuracy of reporting of performance measures. Contract terms selected covered the following areas:

Topics Covered in Selected Contract Terms for Review	
Emergency Services	Subcontract Dispute Resolution
Preadmission Screening Evaluations	Subcontractor Audits
Client Information Reporting	Employee Complaints
Quarterly Data on Developmental Disability (DD) Waivers	Allowable Purposes for Unspent State Fund Balances

Prevention of Substance Abuse	Virginia Psychiatric Bed Registry
Regional Suicide Prevention	Developmental Services (DS) Case Manager Client Visits
Case Management Services Training	Notification of Client Presented to ICFs, Group Home, etc.
Response to (Client) Complaints	Quality of Care- Critical Incidents
Residential Crisis Stabilization Units	PATH Reports
Intensive Care Coordination	Adults with SMI- Physical Examination
Compliance Requirements (HIPAA)	Access to Substance Abuse Services for Pregnant Women
Case Management Assessment of Discharged Person	

The audit was completed on August 27, 2018 and findings of an insignificant risk were discussed with management on September 4, 2018.

Results:

Finding 1: Discrepancies in Reporting of Daily Bed Day Utilization

Contract section 4.a.2, Scope of Services, stipulates that the BHDS shall ensure that its residential crisis stabilization unit (RCSU) *“achieves an annual average utilization rate of at least 75% of available bed days as measured by data from CCS 3 (Community Consumer Submission 3) service records and Community Automated Reporting System (CARS) service capacity reports.”*

To ensure compliance, BHDS maintains an internal spreadsheet to track its daily bed day utilization and to update the CCS 3 for submission to the State.

Recommendations:

Ensure corrected bed day data is submitted to the State to ascertain that the State’s records are accurate. The State uses such data to comply with federal reporting requirements, to submit to funding sources, and to produce data about the performance of the services provided.

Ensure bed day data is adequately reviewed for accuracy prior to submitting to the State to ensure compliance with contractual requirements. This may include comparisons of the spreadsheet and CCS 3 to Cerner electronic medical record system.

HSD Response:

Monitoring mechanisms have been implemented to ensure accurate bed day data is collected and submitted to the State. Supervisors are performing daily checks of the program assignments to ensure bed day data is accurately entered into the electronic health record. In addition, the Program Supervisor will review CCS 3 data to ensure that it is in alignment with program level data. These tracking mechanisms will ensure that program data is closely monitored, aligned with CCS 3 reports and reviewed for accuracy prior to submission to the state.

Finding 2: Untimely Notifications

Contract section 4.e.23, Department of Justice Settlement Agreement Requirements, states that *“the CSB shall notify the community resource consultant (CRC) and the regional support team (RST) within five (5) calendar days of an individual being presented with any of the following residential options: an intermediate care facility (ICF), a nursing facility, a training center, or a group home with a licensed capacity of five beds or more.”*

Recommendations:

Ensure the Regional Support Team is notified within five (5) days from presenting residential options to the individual to comply with the contractual requirement. Timely notification enables the RST to effectively monitor, track, and trend community

integration and challenges that require further system development.

Ensure that the Individual or a substitute decision maker signs the State's Virginia Informed Choice form after options are presented to ensure that the process is fully documented.

HSD Response:

Regional Support Team referral and the required timelines will again be reviewed with all Developmental Services Case Managers at the next all staff meeting in September 2018. Moving forward, Supervisors will ensure compliance with timeliness of referral during monthly supervisions with staff members. The Virginia Informed Choice form is a form completed annually with the individual or decision maker and while it is not associated with the RST referral we will also track the compliance as part of the referral. Beginning in October of 2018, Supervisors will also add the following tracking mechanism to the monthly supervision form. This information will be forwarded to the Program Supervisor and Division Administrator.

Individual's name and client case number	Date the individual expressed a desire to move into an ICF, nursing facility, training center, or 5 bed or larger group home	Date the individual was presented options of facilities	Date of Regional Support Team Referral	Date <i>Virginia Informed Choice Form</i> was signed
--	--	---	--	--

In conclusion, this performance contract audit and the follow up recommendations have provided the department with additional opportunities to continue to strengthen the departmental infrastructure and develop sustainable processes for the future. I would also like to assure you that HSD leadership worked diligently to address each concern and recommendation and will continue to address these recommendations to ensure transparency and partnership with the City and its community partners.

Thank you again for your willingness to provide feedback to the department on our strategies to increase the accountability and quality in the delivery of all of our services. Should you have additional questions or concerns please feel free to contact me at drsmith@vbgov.com or (757) 385-3613.

Sincerely,



Dannette R. Smith, Director
Human Services Department

- Cc: Ken Chandler, Deputy City Manager
Aileen L. Smith, CSB Deputy Director
Timothy Capoldo, DS Division Director
Angela Hicks, BH Division Director