

REPORT DIGEST

DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES JOHN J. MADDEN MENTAL HEALTH CENTER FINANCIAL AND COMPLIANCE AUDIT FOR THE TWO YEARS ENDED JUNE 30, 1995

SYNOPSIS

- The Center had items in inventory with quantities in excess of a twelve-month supply.
- The Center should improve its preparation and processing of invoice-vouchers.
- Personnel files did not include all required documentation such as payroll deduction authorization forms and current evaluations.

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

SURPLUS COMMODITIES

The Center did not maintain adequate controls over general stores and pharmacy inventories. These inventories contained excessive amounts of items. Illinois statutes (30 ILCS 505/11.7) and Department policies and procedures require facilities to maintain no more than a twelve-month supply of commodities in inventory. Our review disclosed the following deficiencies:

- General stores inventories contained 4 items in fiscal year 1994 and 21 items in fiscal year 1995 with quantities in excess of a twelve-month supply;
- Pharmacy inventories contained 41 items in fiscal year 1994 and 40 items in fiscal year 1995 with quantities in excess of a twelve-month supply.

These situations occurred because the Department's system for monitoring averages is based on a two-year average compared to one year of actual usage as employed in our review. By not complying with applicable statutes, the Center did not efficiently use State resources. In the previous audit, we also noted several problems regarding the commodity control systems of pharmacy inventories.

We recommended the Center review its inventory levels and dispose of excessive inventories. The Center did not accept the recommendation noting that it monitors inventory levels and disposes of apparent surpluses in accord with Department guidelines.

INVOICE VOUCHER PREPARATION

The auditors identified several deficiencies in the preparation and processing of invoice-vouchers. The deficiencies noted are as follows:

- the Center did not process thirty-one vouchers out of a sample of 176 within time guidelines (of 10 days) established by the Department;
- invoice vouchers did not contain the appropriate invoice number and date for six of the 176 vouchers tested. This condition is contrary to Comptroller procedures which require completion of invoice vouchers in a consistent and proper manner.
- the Center did not verify the proper CUSAS coding (as required by Comptroller procedures) for three of the 176 items tested.

Good internal control procedures require proper and accurate preparation and review of invoice vouchers to ensure payments were properly made in a timely manner.

We recommended the Center take steps to ensure invoice vouchers are properly prepared in a timely manner. The Center accepted the recommendation and commented that it will continue to improve the vouchering process particularly in the processing of vouchers within ten days.

PERSONAL SERVICES

The Center did not properly maintain personnel files. We noted several instances in which the Center's files did not contain current supporting information.

Among sixty personnel files tested, we found seven instances where payroll deduction authorizations were missing. In addition, five of the sixty files did not contain current performance evaluations. The Center subsequently provided copies of four of the missing performance evaluations. Comptroller procedures (CUSAS) and Department directives require that files contain all necessary payroll deduction authorizations and current performance evaluations.

We recommended the Center ensure personnel files contain all necessary supporting documentation. The Center accepted the recommendation and stated that all necessary documentation has been placed in the files and an audit of all personnel files will be completed by January 1997.

Mr. Leonard Beck, Chief Auditor for the Department of Mental Health and Developmental Disabilities, provided responses to our findings and recommendations.

AUDITOR'S OPINION

We conducted a compliance audit of the Center as required by the Illinois State Auditing Act. We also performed certain agreed-upon procedures with respect to the accounting records of the Center to assist our single audit of the entire Department. Financial statements for the Department will be presented in the single audit report.

WILLIAM G. HOLLAND, Auditor General

WGH:JW:pp

SUMMARY OF AUDIT FINDINGS

Number of This Audit Prior Audit

Audit Findings 3 6

Repeated Audit Findings 1 3

Recommendations Implemented

or Not Repeated 5 11

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this engagement were Wolf & Co., LLP.

JOHN J. MADDEN MENTAL HEALTH CENTER
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1993

| EXPENDITURE STATISTICS | FY 1995 | FY 1994 | FY 1993 |
|---|---------------------|---------------------|---------------------|
| ● Total Expenditures (All Funds) | \$21,151,662 | \$17,074,809 | \$16,001,735 |
| <u>OPERATIONS TOTAL</u> | \$21,151,662 | \$17,074,809 | \$16,001,735 |
| % of Total Expenditures | 100% | 100% | 100% |
| Personal Services | \$16,948,539 | \$13,308,688 | \$12,544,703 |
| % of Operations Expenditures | 80.1% | 77.9% | 78.4% |
| Average No. of Employees | 420 | 384 | 350 |
| Other Payroll Costs (FICA, Retirement) | | | |
| % of Operations Expenditures | \$1,872,745 8.8% | \$1,460,090 8.6% | \$1,370,013 8.6% |
| Contractual Services | \$1,555,004 | \$1,553,466 | \$1,471,789 |
| % of Operations Expenditures | 7.4% | 9.1% | 9.2% |
| Commodities | \$526,102 | \$456,316 | \$375,406 |
| % of Operations Expenditures | 2.5% | 2.7% | 2.3% |
| All Other Operations Items | \$249,272 | \$296,249 | \$239,824 |
| % of Operations Expenditures | 1.2% | 1.7% | 1.5% |
| ● Cost of Property and Equipment | \$17,385,364 | \$16,609,927 | \$15,573,920 |

| SELECTED ACTIVITY MEASURES | FY 1995 | FY 1994 | FY 1993 |
|-----------------------------------|----------------|----------------|----------------|
| ●Average Number of Residents | 186 | 179 | 189 |
| ●Ratio of Employees to Residents | 1.5 | 1.3 | 1.9 |
| ●Cost Per Year Per Resident | \$141,378 | \$126,127 | \$104,600 |

| FACILITY DIRECTOR(S) |
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| During Audit Period: Dr. Ugo Formigoni Currently: Dr. Ugo Formigoni |