

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General



Inspector General

November 13, 2015

Tanya A. Royster, M.D.  
Acting Director  
Department of Behavioral Health  
64 New York Avenue, N.E., 3<sup>rd</sup> Floor  
Washington, D.C. 20002

Dear Dr. Royster:

This letter is to inform you of the results of the Office of the Inspector General's (OIG) re-audit of the *Department of Behavioral Health's (DBH) Program Management and Administration of Provider Benefits* (OIG No. 13-1-29RM). The OIG conducted this re-audit to determine whether the recommendations contained in the *Audit of the Department of Mental Health's Program Management and Administration of Provider Reimbursements* (OIG No. 06-2-13RM), issued on December 13, 2007, had been implemented.

Although we found that DBH addressed all 16 recommendations from our 2007 audit report (see Attachment), the re-audit identified new internal control deficiencies related to (1) the eCura database system, and (2) Office of Contracting and Procurement purchase card (P-Card) program policies and procedures. We noted that DBH implemented a new database system, iCams, in February 2015, and retired the eCura system. Accordingly, the re-audit finding related to eCura is no longer applicable; therefore, we will not issue a formal audit report on this engagement.

During the course of this re-audit, we also assessed DBH's compliance with relevant purchase card (P-card) requirements. Below are our findings and suggested improvements to strengthen your office's P-card program administration and oversight. These are not formal recommendations to your office, and, therefore, do not require a response. However, we may reevaluate P-card administration at your office in future engagements.

- **Split Purchases.** We identified two instances in which DBH cardholders did not adhere to P-card limit controls by intentionally splitting purchases:
  - On January 29, 2013, the cardholder purchased six laser jet printers from Capital Services & Supplies Incorporated totaling \$2,099.94. Subsequently, on January 30, 2013, the same cardholder purchased an additional laser jet printer with the same item number from the same vendor with black ink and color cartridges for each of the seven laser jet printers totaling \$1,889.71. The combined purchases totaled \$3,989.65, which exceeded the single purchase limit amount by \$1,489.65.

- A cardholder purchased web-based services for up to 15 users in the amount of \$1,800 on September 26, 2012. On the following day, September 27, 2012, the same cardholder purchased the same services in the amount of \$1,080<sup>1</sup> for six additional users. The combined amount of these two purchases was \$2,880 or \$380 over the single purchase limit.

Although the purchases in the two instances described above were made over the course of 2 days, we believe each of the cardholders could have combined the purchases into a single purchase, and followed the small purchase procedures described in Title 27 DCMR Chapter 18 to procure the goods and services.

According to OCP Policy No. 2009.01, “[a]gencies participating in the [District’s P-Card Program] shall be allowed to make purchases of supplies, materials, equipment, goods, or services valued at \$2,500 or less (unless otherwise authorized by the Chief Procurement Officer) through use of a purchase card issued to agency personnel through [the OCP D.C. Purchase Card Program Management Office].”<sup>2</sup> The practice of splitting purchases is prohibited:

Splitting purchases is a practice prohibited by 27 DCMR *Contracts & Procurement*<sup>3</sup> that is characterized by the “**intentional**” breaking down of a known buying requirement in order to stay within a certain threshold (e.g., the \$2500 single purchase limit).

*Id.* at Part I, B.2.aa (emphasis in the original).

OCP 2009 P-Card Policy Part I, B.2.gg(3) defines “abuse” as:

misuse and mismanagement, such as making purchases that are above the encumbrance amount of the purchase card, failing to report lost or stolen purchase cards within one business day, failing to physically safeguard the purchase card from potential theft or abuse, failing to produce receipts or invoices for purchase card transactions, failing to ensure that no law, regulation, policy or funding source prohibits the procurement of a specific good or service before its purchase is made, making single purchases that are deliberately “split” into multiple transactions in order to circumvent the purchase card’s limit, or allowing unauthorized users to make purchases with the purchase card.

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<sup>1</sup> The price is different because the vendor gives a discount based on the number of licenses purchased. The more licenses purchased, the cheaper the price. The price for the six additional users was \$180 each.

<sup>2</sup> OCP Policy No. 2009.01, Purchase Card Program Policy and Procedures (OCP 2009 P-Card Policy) (effective February 2009) Part I, B.1.b.

<sup>3</sup> Title 27 DCMR Chapter 18 addresses split purchases in regard to small purchases, but not purchase cards. We noted that the small purchase threshold limit is \$100,000 compared to the single purchase limit threshold of \$2,500 for purchase cards.

According to the OCP 2009 P-Card Policy, cardholders avoid splitting purchases; approving officials ensure cardholder compliance with the D.C. Purchase Card Program; and Agency Review Team (ART) oversees all agency P-card activities and reviews reports of such activities.<sup>4</sup> We believe these are strong internal controls that should help DBH management identify violations of the P-Card program requirements if assigned roles are performed effectively and consistently.

Mainly, these instances of splitting purchases occurred because DBH did not provide effective management oversight to ensure that P-Card holders and approving officials complied with internal control procedures and District procurement regulations. Because of ineffective management oversight of the P-Card program, DBH faced an increased risk that inappropriate use of purchase cards could go undetected. Split purchases could be used to avoid management approval or contract competition in order to facilitate other schemes, such as kickbacks or fictitious vendors.

To address inadequate performance in this area, DBH should develop and implement procedures to ensure goods and services that exceed the purchase limit are procured through the proper procurement methods in compliance with District procurement regulations and the OCP P-Card Policy.

- **Recording and Tracking Non-Capitalized Fixed Assets.** We found that DBH officials did not ensure that non-capitalized assets purchased with the P-Card were labeled and recorded in the District's Fixed Assets System (FAS). We found that two DBH cardholders purchased nine printers in FY 2013 with a total value of \$2,650. These items were not classified as controllable properties as required by the Office of the Chief Financial Officer's (OCFO) Office of Financial Operations and Systems (OFOS) Policies and Procedures Manual, effective October 1, 2009, as amended September 30, 2010 (the OFOS Manual).

The OFOS Manual defines "controllable property" as "non-capitalized tangible property that is considered valuable and/or sensitive with a high risk of theft with a value of less than \$5,000 and/or with an expected useful life of less than three years."<sup>5</sup>

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<sup>4</sup> OCP 2009 P-Card Policy Part I, C.4(e) provides the roles and responsibilities for the cardholder, Part I, C.3 for the approving official, and Part I, C.7(a) and (b) for ART.

<sup>5</sup> Controllable Property assets are excluded from depreciation calculations and general ledger reports; however, these assets shall appear on other management information reports and capital assets inventory records. *Id.* § 10302002.30, Controllable Property Policy, ¶ C.

OCP 2009 P-Card Policy Part II, A.5 states:

In accordance with Sections 1020.301 and 1020.302 (A)<sup>6</sup> of the Office of the Chief Financial Officer's (OCFO) Financial Policies and Procedures Manual, card purchases of goods, supplies, and equipment that meet the definition of "capitalized and non-capitalized fixed assets" shall be labeled and recorded in the Fixed Asset System (FAS). The cardholder is responsible for complying with the OCFO requirements in cooperation with the agency property officer.

The guidelines for recording and accounting for non-capitalized tangible property are outlined in the OFOS Manual, § 10302002.30, Capitalization Policy. The policy requires agencies to record and maintain a listing in FAS for those items that are between \$1,000 and \$5,000 using the code letter "I" for inventoried. *Id. at* sections A and I.

Based on the OFOS Manual, § 10302002.30, Capitalization Policy, we believe that all nine printers purchased by DBH cardholders should have been recorded in FAS. In discussing this issue, DBH management stated that the DBH IT department maintains an internal inventory of capitalized and non-capitalized computer equipment items. We followed up with the IT department and found that the department did not record non-capitalized property in FAS because its personnel were not aware of the OFOS policy.

Failure to record and track controllable property items in FAS increases the risk of theft and malfeasance.

To address inadequate performance in this area, DBH should: (1) identify controllable property items and record those items in FAS to ensure compliance with the OFOS Financial Policies and Procedures Manual; and (2) provide training to DBH IT department personnel who are responsible for maintaining an internal inventory of non-capitalized computer equipment items per the OFOS policy.

- **Agency Review Team (ART) Sign-In Sheets.** DBH officials did not ensure compliance with P-Card policy requiring that agencies submit ART sign-in sheets to OCP in a timely manner. OCP 2009 P-Card Policy, Part VI, A.2 required that a "copy of the sign-in sheet from the monthly ART meetings shall be forwarded to the [Program Management Office] PMO within 30 days of the end of the billing cycle . . . ." The OCP revised P-Card policy (Policy No. 9000-02) now mandates submission of ART sign-in sheets by the 21<sup>st</sup> of the following month.

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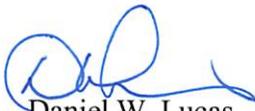
<sup>6</sup> The OCP 2009 P-Card Policy references Sections 1020.301 and 1020.302 (A) of the OCFO Financial Policies and Procedures Manual; however, we did not find those sections in the manual. As a result, we used Section 10302002.00 of the OCFO Financial Policies and Procedures Manual (the OFOS Manual discussed above) as criteria.

Our review of 10 months of ART meeting sign-in sheets, dated between May 2012 to May 2013, indicated that 6 out of 10 were not submitted to OCP in a timely manner. The sign-in sheets were provided 1 to 2 days after the due date. We attribute this condition to a lack of effective management oversight of the DBH P-Card program.

To address inadequate performance in this area, DBH should implement formal control procedures to ensure that ART members submit each sign-in sheet by the 21st of the following month and consistently adhere to OCP's P-Card policy.

If you need additional information, please call me or LaDonia M. Wilkins, Acting Assistant Inspector General for Audits, at (202)727-2540.

Sincerely,



Daniel W. Lucas  
Inspector General

DWL/mnw

Attachment

cc: The Honorable Phil Mendelson, Chairman, Council of the District of Columbia  
The Honorable Yvette Alexander, Chairperson, Committee on Health and Human Services  
Mr. Rashad M. Young, City Administrator, District of Columbia  
Ms. Kathy Patterson, District of Columbia Auditor, Office of the D.C. Auditor

**Attachment - Status of Prior OIG Audit Recommendations**

This appendix provides the recommendations, DBH’s (previously referred to as “the [Department of Mental Health] DMH<sup>7</sup>”) comments to our recommendations, and the status of each recommendation from the *Audit of the Department of Mental Health’s Program Management and Administration of Provider Reimbursements (OIG No. 06-2-13RM)*, issued on December 11, 2007.

Recommendation	Agency Initial Response	Current Status
<b>Prior Audit Finding 1:</b> DBH did not have processes, procedures, and personnel to manage and monitor Medicaid-eligible claims denied by the Medical Assistance Administration (MAA). The claims processing unit had not processed or submitted claims denied by MAA since FY 2002, which resulted in as much as \$30.1 million in District local funds being used to pay Medicaid costs.		
Recommendation #1. Attempt to recover an estimated \$30.1 million for denied and rejected claims by requesting a waiver from MAA regarding the 2-year submission rule and resubmit previously denied claims.	DBH did not fully agree with the OIG finding, but generally agreed with the recommendation.	<b>Closed.</b> DBH contracted with an outside vendor to identify, correct, and resubmit denied claims. Based on the documentation reviewed and discussions with management, DBH recovered approximately \$14.8 million and wrote off a substantial portion of denied claims.
Recommendation #2. Realign or increase staffing whereby claims denied by MAA are appropriately managed and timely processed through eCura.	DBH did not fully agree with the OIG finding, but generally agreed with the recommendation.	<b>Closed.</b> We observed that DBH has staff members that focus on denied and rejected claims. We also noted that the claims/payment process has changed since the prior audit. Under the new process, DBH processes Medicaid claims for eligibility and authorization while the Department of Health Care Finance (DHCF) adjudicates Medicaid claims for payment.
Recommendation #3. Complete the Claims Operational Procedures Manual.	DBH did not fully agree with the OIG finding, but generally agreed with the recommendation.	<b>Closed.</b> DBH has completed the Claims Operational Procedures Manual. We reviewed a copy of the DBH Claims Operational Procedures Manual and found no exceptions.

<sup>7</sup> Effective October 1, 2013, the Department of Mental Health merged with the Department of Health’s Addiction Prevention and Recovery Administration to become the Department of Behavioral Health.

Recommendation	Agency Initial Response	Current Status
<p><b>Prior Audit Finding 2:</b> DBH's main application software (eCura) has significant weakness regarding reliability, the integrity of the information reported, and the effectiveness of provider claims processing. In addition, the vendor support and maintenance system have been ineffective with respect to the resolution of ongoing programming issues.</p>		
<p>Recommendation #4. Reject provider claims that contain errors and return them to the providers for revision.</p>	<p>DBH did not fully agree with the OIG finding but agreed with all of the recommendation.</p>	<p><b>Closed.</b> The current process requires erroneous or non-compliant claims to be rejected, and the affected providers are notified using the Health Insurance Portability and Accountability Act of 1996 (HIPAA) 999 acknowledgment report, which identifies the data element that caused the rejection. We performed a walk-through of the claim process and reviewed error reports without exception.</p>
<p>Recommendation #5. Allow providers to adjust authorization values in eCura annually.</p>	<p>DBH did not fully agree with the OIG finding but agreed with the recommendation.</p>	<p><b>Closed.</b> The authorization plan module was modified in the eCura system so providers could easily adjust the authorization values. The services identified on each claim are linked to a treatment plan.</p>
<p>Recommendation #6. Evaluate other suitable management care systems and software with the ultimate goal of replacing eCura to improve DBH's management processes.</p>	<p>DBH did not fully agree with the OIG finding but agreed with the recommendation.</p>	<p><b>Closed.</b> DBH informed us that several edits/upgrades have been performed on the eCura system since the last audit and that DBH planned to replace eCura with the Integrated Care Applications Management System (iCAMS). Partial implementation of iCAMS began on September 14, 2014, and should be fully implemented by the end of the calendar year. We obtained and reviewed the D.C. Council Contract Summary for the iCAMS contract and found no exceptions.</p>
<p>Recommendation #7. Adhere to the HIPAA requirement that all provider claims be submitted electronically using ANSI formats 835 and 837.</p>	<p>DBH did not fully agree with the OIG finding but agreed with the recommendation</p>	<p><b>Closed.</b> DBH has mandated that all providers submit their claims electronically using HIPAA 837 and no longer accepts any paper claims. We reviewed claims data and noted that submitted claims were HIPAA compliant.</p>

Recommendation	Agency Initial Response	Current Status
<p><b>Prior Audit Finding 3:</b> The Chief Procurement Officer (CPO) had to ratify \$16.1 million in unauthorized DBH commitments in FY 2005 and again in 2007. The FY 2006 ratifications were the result of Mental Health Rehabilitation Services (MHRS) providers exceeding task order values with DBH, while the FY 2007 ratifications were the result of DBH's failure to have signed and approved provider agreements in place prior to the submission of claims.</p>		
<p>Recommendation #8. Establish controls to keep management apprised of the status and level of task order commitments (payments) pertaining to providers.</p>	<p>DBH disagreed in part with the OIG finding but accepted the recommendation.</p>	<p><b>Closed.</b> Claims are processed electronically in the eCura system through a series of edits that tie back to purchase order limits. Also, the Director of Provider Relations works with both the Director of Operations and the Systems Configuration Officer to ensure local dollars are placed on purchase orders and in the eCura system. They also meet quarterly to determine whether providers are submitting claims, the amount spent, and remaining local dollars.</p>
<p>Recommendation #9. Provide training to all designated COTRs<sup>8</sup> to properly monitor contractors' performance and deliverables under contract terms.</p>	<p>DBH disagreed in part with the OIG finding but accepted the recommendation.</p>	<p><b>Closed.</b> The Director of Provider Relations serves as the COTR for the Human Care Agreements. The COTR received training from OCP and advanced training from DBH's Director of Contracts and Procurement.</p>
<p>Recommendation #10. Evaluate the actions of DMH personnel for failure to comply with D.C. Code §§ 2-301.05(d)(2) and (d)(3)<sup>9</sup> regarding unauthorized commitments.</p>	<p>DBH disagreed in part with the OIG finding but accepted the recommendation.</p>	<p><b>Closed.</b> DBH took several measures to address unauthorized commitments, including hiring a permanent Director of Contracts and Procurement and transferred the payment function for Medicaid MHRS claims to the DHCF.</p>
<p>Recommendation #11. Convene the Anti-Deficiency Review Board and take appropriate action regarding the unauthorized commitments.</p>	<p>The Anti-Deficiency Review Board concurred with the recommendation.</p>	<p><b>Closed.</b> The Board of Review for Anti-Deficiency Violations determined that DBH violated the Act. However, the board recommended no disciplinary action because the violation was due to the illness of a District government employee.</p>

<sup>8</sup> Contracting Officer's Technical Representative.

<sup>9</sup> After our audit was issued, D.C. Code § 2-301.05 was repealed. The prohibitions cited in our initial audit pertaining to oral contracts were re-inserted into D.C. Code § 2-359.01(b) and (c) via the Procurement Practices Reform Act of 2010, D.C. Law 18-371, Sec. 901 (Apr. 8, 2011).

Recommendation	Agency Initial Response	Current Status
<p><b>Prior Audit Finding 4:</b> In accordance with the terms of a MOU with MAA, DBH pays providers of Medicaid and non-Medicaid services using its local funds. However, using local funds for provider payments jeopardizes DBH's ability to maintain sufficient financial resources to operate effectively through the course of the fiscal year.</p>		
<p>Recommendation #12. Renegotiate the MOU with MAA to redefine the roles and responsibilities of each party, to include changing the provider payment process to allow providers to submit claims directly to MAA for reimbursement, which reduces DBH's financial obligations to providers. Additionally, DBH should renegotiate the potential shift of DBH resources to cover MAA's additional responsibilities.</p>	<p>DBH concurred with the recommendation and stated that the transition to the payment function for MHRS Medicaid claims to MAA began before the OIG audit.</p>	<p><b>Closed.</b> We obtained and reviewed a copy of the MOU and determined that DHCF (formerly MAA) has assumed responsibility for paying MHRS providers for Medicaid eligible services. DBH reimburses the DHCF for its portion of the Medicaid local match.</p>

Recommendation	Agency Initial Response	Current Status
<p><b>Prior Audit Finding 5:</b> DBH's FY 2005-2007 strategic business plan included an internal audit group in its organizational structure. However, the audit found no evidence to suggest that the internal audit function had been established and was operating as intended because the Director of the Office of Accountability (OA) position had been vacant since January 2006.</p>		
<p>Recommendation #13. Create/hire necessary audit staff for the internal audit function to perform duties as stated in the DBH's strategic business plan.</p>	<p>DBH concurred with the finding and recommendation.</p>	<p><b>Closed.</b> DBH has staffed the internal audit function. We noted that DBH's internal auditor Office of Accountability has completed Claims Audit for FYs 2011 and 2012, and providers were notified of their respective audit results.</p>
<p>Recommendation #14. Also, in accordance with DBH Policy number 911.1, "MHRS Compliance Audits" reevaluate the audits and scores of those providers who failed to satisfy the audit compliance percentage, then take action to recover payments made to providers who were not functioning adequately and did not have proper supporting documentation for services rendered.</p>	<p>DBH concurred with the finding and recommendation.</p>	<p><b>Closed.</b> To recover payments, DBH has also sent recoupment letters to the providers who failed to satisfy the audit compliance percentage. The OIG obtained and reviewed the preliminary audit letters sent to providers for FY 2012. OA takes the error or failure rate from the prior year audit into consideration when planning the current year audit. Specifically, the sample size is increased for providers with higher failure rates.</p>

Recommendation	Agency Initial Response	Current Status
<p><b>Prior Audit Finding 6:</b> DBH had Human Care Agreements (HCAs) with 51 providers, of which 18 providers received 92 percent of all payments made for consumer services. As a result, DBH had been staffed to train, provide technical assistance, monitor, and educate an excessive number of providers who more than likely would receive little to no business from DBH.</p>		
<p>Recommendation #15. Reduce the current number of mental health care providers who have provided no services to DMH consumers and received no payments in FY 2006.</p>	<p>DBH partially concurred with the finding and recommendation.</p>	<p><b>Closed.</b> During the re-audit, we noted that DBH has HCAs with approximately 35 providers, a reduction of 16 providers from the prior audit. We also noted that OA certifies providers and assesses their performance. DBH utilizes the Provider Scorecard tool to measure providers' quality of service and compliance with laws and regulations.</p>
<p>Recommendation #16. Also, implement a re-organization for staffing for the provider-support function based on the reduction in the number of providers utilized by DBH and the implementation of providers' direct billing to the MAA for Medicaid claims.</p>	<p>DBH stated that Recommendation 16 was under advisement while finalizing procedures for DBH's performance-based evaluation criteria.</p>	<p><b>Closed.</b> Based on our review, we determined that current staffing is adequate. There are 4 and 19 full-time equivalents assigned to Provider Relations and Care Coordination, respectively.</p>