

Audit Report

**Maryland Department of Health
John L. Gildner Regional Institute for
Children and Adolescents**

February 2018



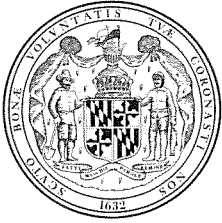
OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Thomas J. Barnickel III, CPA
Legislative Auditor

February 14, 2018

Senator Craig J. Zucker, Co-Chair, Joint Audit Committee
Delegate C. William Frick, Co-Chair, Joint Audit Committee
Members of Joint Audit Committee
Annapolis, Maryland


Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the John L. Gildner Regional Institute for Children and Adolescents (Institute) of the Maryland Department of Health (MDH) for the period beginning October 8, 2013 and ending May 14, 2017. The Institute is a residential and day treatment center that provides mental health treatment, education, and rehabilitative services to children and adolescents and their families from counties throughout the State of Maryland and Baltimore City.

Our audit disclosed that the Institute did not always maintain sufficient documentation to support certain decisions made during the student referral prescreening process or maintain a tracking system to ensure such decisions were made within a reasonable period. We also noted that in certain cases the Institute admitted children directly to its short-term Evaluation Unit without a formal application process established by policy or regulation.

MDH's response to this audit, on behalf of the Institute, is included as an appendix to this report. We wish to acknowledge the cooperation extended to us by the Institute during the course of this audit.

Respectfully submitted,


Thomas J. Barnickel III, CPA
Legislative Auditor

Background Information

Agency Responsibilities

The John L. Gildner Regional Institute for Children and Adolescents is a residential and day treatment center that provides mental health treatment, education and rehabilitative services to children and adolescents and their families from counties throughout the State of Maryland and Baltimore City. The services provided include inpatient and outpatient treatment. In fiscal year 2016, the Institute provided housing for an average daily population of 30 residential students and provided treatment for an average daily population of 82 outpatient students. In addition, the Institute is responsible for the dietary program for the Alfred D. Noyes Children's Center (a unit of the Department of Juvenile Services). According to the State's records, the Institute's expenditures for fiscal year 2016 totaled approximately \$11.9 million.

The cost of treatment for the education program has remained relatively steady over the past several years, averaging \$52,254 per student. The annual cost for students enrolled in the residential program, including its Evaluation Unit, totaled approximately \$154,000 in fiscal year 2016. This cost has fluctuated significantly over the past several years, due to various factors, such as variations in the average length of stay per child.

Findings and Recommendations

Student Admissions

Background

The Institute offers three options to admit eligible children and adolescents - a school-only program, a full-time residential treatment program, and a short-term Evaluation Unit. The school at the Institute is a special education program in the Montgomery County Public School (MCPS) system. To be admitted to the school-only program, students must be residents of Montgomery County and be referred to the Institute through MCPS. The residential program assists youth throughout the entire State. The Evaluation Unit accepts both children referred by juvenile court orders as well as other agencies for 90-day evaluations and diagnostic screening. Referring agencies for each program and unit may include the child's school system, the Maryland Departments of Juvenile Services, Health, or Human Services, and other local agencies.

Finding 1

The Institute did not always maintain sufficient documentation to support decisions made during its student prescreening process or maintain a tracking system to ensure such decisions were made within a reasonable period.

Analysis

The Institute did not always maintain sufficient documentation to support the basis for decisions for the residential treatment program made during its student prescreening process or maintain a tracking system to ensure those decisions were made within a reasonable period. The Institute prescreens children referred to the residential treatment program to ensure that the placement is appropriate. Based on our review, the decision to reject a referral for a child's admission was generally made during the prescreening process. Once the prescreening was completed, a formal application would be completed by the parent of any children that were not rejected. During fiscal years 2016 and 2017, the Institute received 135 referrals for admission to its residential treatment program, of which, 106 were rejected.

- Prescreening rejection decisions were not always sufficiently documented. Although there was no formal policy governing the prescreening process, we were advised that prescreening decisions were made by an Admissions Team consisting of the Clinical Director, Medical Director, Director of Nursing and Residence, and the school principal. Our review of 10 rejected referrals

disclosed that for 6 referrals, the Admissions Team members did not document their collective decision to reject the referral or provide specific justification for the rejection. Instead, a notification was sent to the referring agencies from the admission's coordinator with a generic explanation (such as behavioral issues) for the rejection. For the remaining 4 referrals tested, the decisions were documented by the Admissions Team members.

- The Institute did not maintain a tracking system to document the prescreening process to help ensure that decisions made during the process were made within a reasonable period. For example, the Institute did not track the date referrals were received, the date supporting documentation was requested and received from the referring agencies, or the date of the final decision. As a result, the Institute could not properly monitor the referral process to ensure that such decisions were not unnecessarily delayed.

Our test of 10 referrals disclosed that for 3 referrals, the decisions appeared to have been made from 19 to 38 business days after the referral (based on available documentation such as emails between Institute personnel and the referring agency). While we were advised that these instances may have been attributable to delays in receiving necessary documentation from the referring agency, evidence was not available to support this assertion.

Although State regulations require admission decisions to be made within 10 business days of the application being completed, there is no such requirement for the initial process of making prescreening decisions even though rejections primarily occur during this process. Nevertheless, the Institute should use a tracking system to actively monitor the prescreening activities, including follow-up efforts with referring agencies, to ensure decisions are made as soon as possible.

Recommendation 1

We recommend that the Institute

- a. ensure that prescreening decisions are made by the Admissions Team and are adequately documented, and**
- b. establish a tracking system to document all aspects of the prescreening process to ensure that decisions are made within a reasonable period.**

Finding 2

The Institute admitted 47 children directly to its short-term Evaluation Unit without any formal application process established by policy or regulation.

Analysis

During our audit period, the Institute admitted 47 children directly to its 8-bed short-term Evaluation Unit without any formal application process. These children were typically referred by various State agencies, and the children's admission to the Unit was approved by an Institute clinical management employee. Although this employee was a member of the Admissions Team, there was no documentation that the Team was involved in the decisions.

State regulations permit the Institute to establish a separate unit for short-term evaluation of children and adolescents referred by a juvenile court but do not address the use of this type unit for children referred by other agencies.

According to the Institute's records, of the 100 children admitted to the Evaluation Unit during the audit period, 53 were referred by a juvenile court and 47 were referred by other agencies. We were advised by Institute management that this Unit had been in place for over 30 years and has been used for both referrals from juvenile court and other agencies.

Recommendation 2

We recommend that the Institute establish a formal process to admit children referred by State agencies to the short-term Evaluation Unit preferably through regulation.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the John L. Gildner Regional Institute for Children and Adolescents (Institute) of the Maryland Department of Health (MDH) for the period beginning October 8, 2013 and ending May 14, 2017. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine the Institute's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurements and disbursements, payroll, and admissions.

Our audit did not include certain support services provided to the Institute by MDH. These support services (such as certain payroll and purchasing functions, maintenance of accounting records, and related fiscal functions) are included within the scope of our audit of MDH's Office of the Secretary and Other Units.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, observations of the Institute's operations, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data), as well as from the contractor administering the State's Corporate Purchasing Card Program (credit card activity). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to

determine data reliability. We determined that the data extracted from these various sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

The Institute's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations, including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

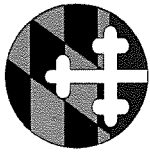
Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes a finding relating to conditions that we consider to be a significant deficiency in the design or operation of internal control that could adversely affect the Institute's ability to maintain reliable financial records, operate effectively and efficiently and/or comply with applicable laws, rules, and regulations. Our report also includes a finding regarded as a significant instance of noncompliance with applicable laws, rules, or regulations. A less significant finding was communicated to the Institute that did not warrant inclusion in this report.

The response from MDH, on behalf of the Institute, to our finding and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise the MEA regarding the results of our review of its response.

APPENDIX



MARYLAND
Department of Health

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary

January 30, 2018

Mr. Thomas J. Barnickel III, CPA
Legislative Auditor
Office of Legislative Audits
301 W. Preston Street
Baltimore, MD 21201

Dear Mr. Barnickel,

Thank you for your letter regarding the draft audit report on the Regional Institute for Children and Adults (RICA) - Gildner for the period beginning October 8, 2013 and ending May 14, 2017. Enclosed is the Department's response and plan of correction that addresses each audit recommendation. I will work with the appropriate Deputy Secretary to promptly address all audit exceptions. In addition, the OIG's Division of Audits will follow-up on the recommendations and responses to ensure compliance.

If you have any questions or require additional information, please do not hesitate to contact me at 410-767-4639 or Frederick D. Doggett, Inspector General, at 410-767-0885.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert R. Neall", with a long horizontal flourish extending to the right.

Robert R. Neall
Secretary

Enclosure

cc: Dennis R. Schrader, Chief Operating Officer
Frederick D. Doggett, Inspector General, MDH

Agency Responses to the Findings and Recommendations

Finding 1

The Institute did not always maintain sufficient documentation to support decisions made during its student prescreening process or maintain a tracking system to ensure such decisions were made within a reasonable period.

Recommendation 1

We recommend that the Institute

- a. ensure that prescreening decisions are made by the Admissions Team and are adequately documented, and**
- b. establish a tracking system to document all aspects of the prescreening process to ensure that decisions are made within a reasonable period.**

Institute's response

- a. The Institute does not concur with the recommendation because it would impose duties related to the prescreening process that are beyond the scope of those required by law. COMAR 10.21.06.04 only requires assembly of an Admission Team to review completed applications. It does not require assembly of an Admission Team during prescreening.

Generally, pre-screenings are conducted by the Clinical Director. During a prescreening, the Clinical Director will determine whether the facility has the bed capacity and resources to meet the youth's needs; and whether the youth meets the objective criteria enumerated in COMAR 10.21.06.05. Because prescreening decisions require the Clinical Director to review objective criteria, the Clinical Director is equipped to make prescreening decisions absent an Admission Team. The vast majority of the referrals' prescreening determinations can be decided by the Clinical Director.

Conversely, in cases where there is a question as to whether the child would benefit from placement at the Institute, an Admission Team will be assembled. An Admission Team is assembled in those instances where determining proper placement would require a subjective evaluation of the youth's circumstances.

As a result of the prescreening process if the Clinical Director decides that the child meets the criteria for admission, a screening interview will be set up at which time the youth's parent, guardian or agent will fill out an application. Upon the completion of an application an Admission Team will be assembled, and the application will be accepted or rejected by the Admission Team as required by COMAR 10.21.06.04.

Auditor's Comment: State regulations require an Admissions Team to determine whether the applicant meets the admission criteria established in the regulations and to review applications. Therefore, we believe that the sole involvement of the Clinical Director rather than the Admissions Team to make decisions regarding adherence to admissions criteria noted in the response is inconsistent with State regulations.

- b. The Institute concurs with the recommendation. RICA-Gildner will implement, into its current referral tracking system, procedures that will document all aspects of the prescreening process to help ensure that prescreening assessments are made within a reasonable period. Specifically, RICA-Gildner will ensure that the tracking system documents the date that referrals are received, the date that supporting documentation is requested, the date that the supporting documentation is received, and the date the final decision is made on the prescreening. RICA-Gildner will strive to ensure that all prescreening decisions are made within 10 working days.

Finding 2

The Institute admitted 47 children directly to its short-term Evaluation Unit without any formal application process established by policy or regulation.

Recommendation 2

We recommend that the Institute establish a formal process to admit children referred by State agencies to the short-term Evaluation Unit preferably through regulation.

Institute's response

The Institute concurs with the recommendation. RICA-Gildner will revise its existing internal policies for short-term Evaluation Unit to specifically address the criteria for admission and the application process for children referred by other agencies.

AUDIT TEAM

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