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December 22, 2011

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **ST. ANNE'S MATERNITY HOME – A DEPARTMENT OF MENTAL HEALTH AND DEPARTMENT OF CHILDREN AND FAMILY SERVICES CONTRACT PROVIDER – CONTRACT COMPLIANCE REVIEW**

We have completed a contract compliance review of St. Anne's Maternity Home (St. Anne's or Agency), a Department of Mental Health (DMH), and Department of Children and Family Services (DCFS) provider. Our review covered a sample of transactions from Fiscal Years (FY) 2009-10 and 2010-11. DMH contracts with St. Anne's to provide mental health services, including interviewing Program clients, assessing their mental health needs, and implementing treatment plans. DCFS contracts with St. Anne's to provide Wraparound Approach Services (Wraparound) to children and their families, including therapy, housing, education, and social assistance.

The purpose of our review was to determine whether St. Anne's provided services in accordance with their County contracts. We also evaluated the adequacy of the Agency's accounting records, internal controls, and compliance with federal, State, and County guidelines.

DMH paid St. Anne's approximately $3 million on a cost-reimbursement basis for FY 2010-11. DCFS paid St. Anne's approximately $748,000 on a fee-for-service basis for FY 2010-11. The Agency's headquarters is located in the First Supervisorial District.

Results of Review

DMH Program Review

St. Anne's maintained documentation to support the services billed to DMH, and staff assigned to the DMH Program had the required qualifications. However, St. Anne's did not complete some elements of the Assessments and Client Care Plans as required by the DMH contract. Specifically:

- Seven (47%) of the 15 Assessments reviewed did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM).

- Seven (47%) of the 15 Client Care Plans reviewed did not include specific goals.

  St. Anne's attached response indicates that the Agency will provide additional training to their Program staff, and the Assistant Director and Quality Assurance Specialists will review the Assessments and Client Care Plans to ensure that they are adequately documented, and completed in accordance with the DMH contract.

DMH and DCFS Wraparound Programs Fiscal Review

St. Anne's maintained adequate controls over cash. However, St. Anne's charged $13,133 and $11,445 in questioned costs to the DMH and Wraparound Programs, respectively. Specifically, St. Anne's:

- Charged the Wraparound Program $4,070 in July 2009 for amusement park tickets that did not appear to be related to the Program.

  St. Anne's attached response indicates that the Agency will revise their DCFS cost report for FY 2009-10 by $4,070.

- Charged $13,133 and $2,970 to DMH and Wraparound Programs, respectively, in FYs 2009-10 and 2010-11, for depreciation expense for space that was not used by the DMH or Wraparound Programs.

  St. Anne's attached response indicates that the Agency will revise their DMH and DCFS cost reports by $13,133 and $2,970, respectively.

- Allocated $1,818 in shared expenses to the Wraparound Program in FY 2010-11, which should have been allocated to the DMH Program. And allocated $2,587 in shared employees' payroll expense to the Wraparound Program for FY 2009-10, which should have been allocated to the DMH Program.

St. Anne's attached response indicates that the Agency will revise their DCFS and DMH cost reports for FY 2009-10 and FY 2010-11 by $1,818 and $2,587, respectively.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed the results of our review with St. Anne's, DMH, and DCFS. St. Anne's attached response indicates the Agency agrees with our findings and recommendations. DMH and DCFS will ensure that St. Anne's implements the recommendations.

We thank St. Anne's management for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:JLS:DC:EB:sk

Attachment

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Interim Director, DCFS
Dr. Marvin J. Southard, Director, DMH
Lynne M. Hook, Chair, Board of Directors, St. Anne's
Tony Walker, President/CEO, St. Anne's
Public Information Office
Audit Committee

ST. ANNE'S MATERNITY HOME
DEPARTMENT OF MENTAL HEALTH AND
DEPARTMENT OF CHILDREN AND FAMILY SERVICES PROGRAMS
FISCAL YEARS 2009-10 AND 2010-11

BILLED SERVICES

Objective

Determine whether St. Anne's Maternity Home (St. Anne's or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract.

Verification

We selected 30 billings, totaling 3,050 minutes, from 166,268 service minutes of approved Medi-Cal billings for July and August 2010, which were the most current billings available at the time of our review (June 2011). We reviewed the Assessments, Client Care Plans, and Progress Notes in the clients' charts for the selected billings. The 3,050 minutes represent services to 15 program clients.

Results

St. Anne's maintained documentation to support the billed services, and completed the Progress Notes as required by the DMH contract. However, St. Anne's did not complete some elements of the Assessments and Client Care Plans as required by the DMH contract.

Assessments

Seven (47%) of the 15 client Assessment forms reviewed did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) as required by the DMH contract. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorders and criteria for diagnosing them.

Client Care Plans

Seven (47%) of the 15 Client Care Plans reviewed did not contain specific goals as required by the County contract.

Recommendation

1. **St. Anne's management ensure that Assessments and Client Care Plans are adequately documented and completed in accordance with the DMH contract.**

STAFFING QUALIFICATIONS

Objective

Determine whether St. Anne's treatment staff had the qualifications required to provide the services.

Verification

We reviewed the California Board of Behavioral Sciences' website, and/or the personnel files, for nine of the 13 St. Anne's treatment staff who provided services to DMH clients during July and August 2010.

Results

All nine employees reviewed had the qualifications required to provide the services billed.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether the Agency deposited cash receipts timely, and recorded revenue in the Agency's records properly.

Verification

We interviewed St. Anne's management, and reviewed the Agency's financial records. We also reviewed their May 2011 bank reconciliation.

Results

St. Anne's deposited cash timely, and recorded revenue properly.

Recommendation

None.

COST ALLOCATION PLAN

Objective

Determine whether the Agency prepared its Cost Allocation Plan in compliance with the Wraparound Approach Services (Wraparound) and DMH contracts, and used the Plan to allocate shared costs appropriately.

Verification

We reviewed the Agency's Cost Allocation Plan, and selected 12 shared expenditures, totaling $22,972, incurred between July 2009 and August 2010, to ensure that the expenditures were allocated among the Agency's programs appropriately.

Results

St. Anne's Cost Allocation Plan complies with the Wraparound and DMH contracts. However, the Agency allocated $18,103 and $3,794 in Fiscal Year (FY) 2010-11 to the DMH and Wraparound Programs, respectively, without payroll records or time reports to support their allocation rates. After our review, St. Anne's provided documentation of how the $21,897 ($18,103 + $3,794) was allocated. Our review of the documentation indicates that St. Anne's allocated $1,818 in shared expenses to the Wraparound Program, which should have been allocated to the DMH Program.

During the contract year, DMH pays St. Anne's a negotiated rate per unit of service. However, if the Agency's Program revenue exceeds the actual costs, the Agency must repay DMH the excess revenue. The Agency reports their revenues and actual expenses in their annual Cost Report.

Recommendations

St. Anne's management:

2. **Reduce the FY 2010-11 Department of Children and Family Services (DCFS) Wraparound Program expenditures by $1,818, and repay DCFS any excess amount received.**

3. **Increase the FY 2010-11 DMH Program expenditures by $1,818.**

4. **Ensure that allocation methodologies are supported by adequate documentation.**

EXPENDITURES

Objective

Determine whether the DMH and Wraparound Program-related expenditures are allowable under the contracts, documented properly, and billed accurately.

Verification

We interviewed Agency personnel, and reviewed the accounting records and documentation for 22 DMH and Wraparound non-payroll expenditures, totaling $54,405, incurred between July 2009 and May 2011.

Results

St. Anne's expenditures were generally allowable, documented properly, and billed accurately to the DMH Program. However, St. Anne's purchased $4,070 in amusement park tickets; $2,728 of the tickets were used by non-Wraparound Program clients, and $1,342 of the tickets did not have adequate documentation of how the tickets were related to the clients' Program goals.

Recommendations

St. Anne's management:

5. **Reduce the FY 2009-10 Wraparound Program expenditures by $2,728, and repay DCFS the excess amount received.**

6. **Provide DCFS documentation to support the $1,342, or reduce their FY 2009-10 Wraparound Program expenditures by the unsupported amount.**

7. **Ensure that Program expenditures are adequately documented.**

FIXED ASSETS

Objective

Determine whether fixed asset depreciation expense charged to the DMH and Wraparound Programs were allowable under the contracts, documented properly, and billed accurately.

Verification

We interviewed Agency personnel, and reviewed the Agency's fixed assets. In addition, we reviewed $23,223 in depreciation expense charged to the DMH and Wraparound Programs between July 2009 and May 2011.

Results

St. Anne's charged $13,133 ($6,142 in FY 2009-10 and $6,991 in FY 2010-11) to the DMH Program, and $2,970 ($1,179 in FY 2009-10 and $1,791 in FY 2010-11) to the Wraparound Program for depreciation expense for space that was not used by the DMH or Wraparound Programs.

Recommendations

St. Anne's management:

8. **Reduce the FYs 2009-10 and 2010-11 DMH Cost Reports by $6,142 and $6,991, respectively, and repay DMH any excess amount received.**

9. **Reduce the FY 2009-10 and 2010-11 Wraparound Program expenditures by $1,179 and $1,791, respectively, and repay DCFS any excess amount received.**

10. **Ensure that fixed asset depreciation expense is billed to the DMH and Wraparound Programs accurately.**

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were charged to the DMH and Wraparound Programs appropriately. In addition, determine whether the Agency maintained personnel files as required.

Verification

We reviewed DMH and Wraparound Program-related payroll expenditures, totaling $27,691, for 20 employees for the pay period ending May 31, 2011, and reviewed all 20 employees' personnel files.

Results

St. Anne's charged $10,674 and $5,779 for 14 employees, who worked on multiple programs, to the DMH and Wraparound Programs, respectively, without documentation

to support the amounts charged to the County Programs. Specifically, St. Anne's used predetermined rates to charge the employees' payroll costs, instead of the actual hours worked on each program. After our review, St. Anne's provided documentation for the $16,453 ($10,674 + $5,779). However, our review of the documentation indicates that St. Anne's charged $2,587 to the Wraparound Program which should have been charged to the DMH Program.

Recommendations

St. Anne's management:

11. **Reduce their FY 2010-11 DCFS Wraparound Program expenditures by $2,587, and repay DCFS any excess amount received.**

12. **Increase their FY 2010-11 DMH Program expenditures by $2,587.**

13. **Charge payroll expenditures based on actual hours worked each day by program.**

COST REPORT

Objective

Determine whether St. Anne's FY 2009-10 DMH Cost Report reconciled to the Agency's accounting records.

Verification

We traced the Agency's FY 2009-10 DMH Cost Report to the Agency's accounting records.

Results

St. Anne's Cost Report reconciled to the Agency's accounting records.

Recommendation

None.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations in our prior monitoring review.

Verification

We verified whether St. Anne's had implemented the outstanding recommendations from our February 23, 2009 monitoring report.

Results

Our prior monitoring report contained 11 fiscal recommendations. St. Anne's has implemented eight recommendations and has not implemented three recommendations. The three outstanding recommendations are addressed in Recommendations 4, 7, and 13 in this report.

Recommendation

14. St. Anne's management implement the outstanding recommendations from the prior monitoring report.

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Tony Walker, MA
St. Anne's President and
Chief Executive Officer

St. ANNE'S

Building Brighter Futures

October 17, 2011

Wendy L. Watanabe
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012-3873

Dear Ms. Watanabe:

Enclosed you will find the Corrective Action Plan for the recommendations from the Department of Mental Health and Children and Family Services Mental Health and Wraparound contracts program and fiscal compliance reviews for Fiscal Years 2009-10 and 2010-2011. We appreciate the Auditor-Controller's Office bringing these items to our attention.

We want to thank your staff for the professionalism they displayed in their encounters with us. We learned from these experiences new concepts as well as revisited some old ones – all for the betterment of St. Anne's.

I invite you to call on me at (213) 381-2931 ext. 237 if you have further questions or need additional information.

Sincerely,

Tony Walker, MA
President and Chief Executive Officer

Enclosures: 1

cc: Janice Kanellis, Chief Program and Operating Officer
Mike Cazares, Chief Financial Officer
Carlos Tobar, Quality Assurance Director

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ST. ANNE'S MATERNITY HOME
DEPARTMENT OF MENTAL HEALTH PROGRAMS AND
DEPARTMENT OF CHILDREN AND FAMILY SERVICES WRAPAROUND PROGRAM
FISCAL YEARS 2009-10 AND 2010-11

CORRECTIVE ACTION PLAN

BILLED SERVICES

Objective
Determine whether St. Anne's Maternity Home (St. Anne's or Agency) provided the services billed to the Department of Mental Health (DMH) in accordance with their DMH contract.

Verification
We selected 30 billings, totaling 3,050 minutes, from 166,268 service minutes of approved Medi-Cal billings for July and August 2010, which were the most current billings available at the time of our review (June 2011). We reviewed the Assessments, Client Care Plans and Progress Notes maintained in the clients' charts for the selected billings. The 3,050 minutes represent services provided to 15 program clients.

Results
St. Anne's maintained documentation to support the billed services, and completed the Progress Notes as required by the DMH contract. However, St. Anne's did not complete some elements of the Assessments and Client Care Plans as required by the DMH contract.

Assessments
Seven (47%) of the 15 client Assessment forms sampled did not adequately describe the clients' symptoms and behaviors consistent with the Diagnostic and Statistical Manual of Mental Disorder (DSM) as required by the DMH contract. The DSM is a handbook published by the American Psychiatric Association for mental health professionals, which lists different categories of mental disorders and criteria for diagnosing them.

Client Care Plans
Seven (47%) of the 15 Client Care Plans did not contain specific goals as required by the County contract.

Recommendation

1. **St. Anne's management ensure that Assessments and Client Care Plans are adequately documented and completed in accordance with the DMH contract.**

The Assistant Directors and Directors of both programs and Quality Assurance Specialist will participate in additional training to be facilitated by the Auditor-Controller staff member related to the Assessments and Client Care Coordination Plan (CCCP) in order

to be able to address the issues cited in this review. After the Assistant Directors and Directors attend the training, they will train their respective staff to ensure compliance. St. Anne's will contact the Auditor-Controller prior to December 31, 2011 in order to schedule this training.

The Assistant Directors in the Mental Health Services and Family Based Services Programs will review all Assessments and Client Care Coordination Plans to ensure specific goals are included in the plan. Additionally, the Assistant Directors in both Programs will ensure that the Assessments adequately describe the clients' symptoms and behaviors consistent with the DSM, as required by the Department of Mental Health (DMH) contract. Directors will check the Assessments and CCCP in order to ensure compliance. Additionally and separately, the Quality Assurance Specialist conducts random chart reviews of at least four charts per month where the Assessment and CCCP will be reviewed for adequate completion and compliance.

STAFFING QUALIFICATIONS

Objective
Determine whether St. Anne's treatment staff had the required qualifications to provide the services.

Verification
We reviewed the California Board of Behavioral Sciences' website and/or the personnel files for nine of the 13 St. Anne's treatment staff, who provided services to DMH clients during July and August 2010.

Results
Each employee in our sample had the qualifications required to deliver the services billed.

Recommendation

None.

CASH/REVENUE

Objective
Determine whether the Agency deposited cash receipts timely, and recorded revenue in the Agency's records properly.

Verification
We interviewed St. Anne's management, and reviewed the Agency's financial records. We also reviewed their May 2011 bank reconciliation.

Results
St. Anne's deposited cash timely and recorded revenue properly.

Recommendation

None.

COST ALLOCATION PLAN

Objective
Determine whether the Agency prepared its Cost Allocation Plan in compliance with the Wraparound and DMH contracts, and used the Plan to allocate shared costs appropriately.

Verification
We reviewed the Agency's Cost Allocation Plan, and selected 12 shared expenditures, totaling $22,972, incurred between July 2009 and August 2010, to ensure that the expenditures were allocated among the Agency's programs appropriately.

Results
St. Anne's Cost Allocation Plan complies with the Wraparound and DMH contracts. However, the Agency allocated $18,103 and $3,794 in FY 2010-11 to the DMH and Wraparound Programs, respectively, without payroll records or time reports to support their allocation rates. After our review, St. Anne's provided documentation for $21,897 ($18,103 + $3,794), which identified $1,818 overbilled to the Wraparound Program and $1,818 under billed to the DMH Program.

During the contract year, DMH pays St. Anne's a negotiated rate per unit of service. However, if the Agency's Program revenue exceeds the actual costs, the Agency must repay DMH the excess revenue. The Agency reports their revenues and actual expenses in their annual Cost Report.

Recommendations
St. Anne's management:

2. **Reduce the FY 2010-11 DCFS Wraparound Program expenditures by $1,818 and repay DCFS any excess amount received.**

We will prepare a revised DCFS FY 2010-11 Cost Report and include this reduction in expenditures. We anticipate that this revised report will be submitted to DCFS by November 15, 2011.

3. **Increase the FY 2010-11 DMH Program expenditures by $1,818.**

We will include the increase in the DMH program expenditures when we submit the FY 2010-11 DMH Cost Report. We will submit the FY 2010-2011 Cost Report within the deadlines required by DMH once we receive it.

4. **Ensure that allocation methodologies are supported by adequate documentation.**

A Policy and Procedure was written and implemented regarding this documentation when the issue was identified during the audit. Please see the attached Policy and Procedure and Time Sheet Allocation Worksheet related to the Time Sheet Allocation process. All staff members were trained on this Policy and Procedure in the All-Staff Meetings (see attached sign-in sheet from the All Staff Meetings). Wraparound Team staff members received additional specific training regarding this Policy and Procedure and how it relates to their allocation process (see attached sign-in sheets from Wraparound staff meetings). The Time Sheet Allocation Worksheet is reviewed at least three times per week by the Program Director and Senior Director in the required departments. Assistant Directors review the Time Sheet Allocation Worksheet at least four times per week in team meetings. These worksheets are also checked against DMH billing and agency time sheets.

New staff members will be trained on this Policy and Procedure during New Hire Orientation Training and additional training will occur on an annual basis and as needed.

EXPENDITURES

Objective
Determine whether the DMH and Wraparound Program-related expenditures are allowable under the contracts, documented properly, and billed accurately.

Verification
We interviewed Agency personnel, and reviewed the accounting records and documentation for 22 DMH and Wraparound non-payroll expenditures, totaling $54,405, incurred between July 2009 and May 2011.

Results
St. Anne's expenditures were allowable, documented properly and billed accurately to the DMH Program. However, St. Anne's purchased amusement park tickets totaling $4,070, of which $2,728 was spent for non-Wraparound Program clients and $1,342 was not supported with adequate documentation to demonstrate necessity of expenditures for clients' program goals.

Recommendations
St. Anne's management:

5. **Reduce FY 2009-10 Wraparound Program expenditures by $2,728 and repay DCFS the excess amount received.**

We will prepare a revised DCFS FY 2009-10 Cost Report and include this reduction in expenditures. We anticipate that the revised report will be submitted to DCFS by November 15, 2011.

6. **Provide DCFS documentation to support the $1,342 or reduce their FY 2009-10 Wraparound Program expenditures by the unsupported amount.**

We will prepare a revised DCFS FY 2009-10 Cost Report and include this reduction in expenditures. We anticipate that the revised report will be submitted to DCFS by November 15, 2011.

7. **Ensure that program expenditures are supported with adequate documentation.**

A Policy and Procedure was written and implemented regarding this documentation related to items purchased for clients when the issue was identified during the audit. Please see attached Policy and Procedure related to Items Purchased for Clients. Program managers were trained on this Policy and Procedure, as they authorize all purchases of items for clients (see attached sign-in sheet from this training). Items to be purchased for clients will be reviewed and approved by Program Managers and Directors prior to purchase. Cash and gift card purchases will be requested and approved through the Program Director prior to purchase.

New staff members will be trained on this Policy and Procedure during New Hire Orientation Training and additional training will occur on an annual basis and as needed.

FIXED ASSETS

Objective
Determine whether fixed asset depreciation expense charged to the DMH and Wraparound Programs were allowable under the contract, documented properly and billed accurately.

Verification
We interviewed Agency personnel and reviewed the Agency's fixed assets. In addition, we reviewed $23,223 in depreciation expense charged to the DMH and Wraparound Programs between July 2009 and May 2011.

Results
St. Anne's charged $13,133 ($6,142 + $6,991) and $2,970 ($1,179 + $1,791) to DMH and Wraparound Programs, respectively, in FYs 2009-10 and 2010-11, for depreciation expenses for spaces leased to another organization or not used by the Programs.

Recommendations
St. Anne's management:

8. **Reduce the FYs 2009-10 and 2010-11 DMH Cost Reports by $6,142 and $6,991, respectively, and repay DMH any excess amount received.**

We will include these decreased expenditures when we submit the DMH Cost Report for FY 2010-11. We will submit FY 2010-2011 Cost Report within the deadlines required by DMH once we receive it. FY 2009-2010 DMH Cost Report will be revised and resubmitted to DMH by November 30, 2011.

9. **Reduce the FY 2009-10 and 2010-11 Wraparound Program expenditures by**

$1,179 and $1,791, respectively, and repay DCFS any excess amount received.

We will prepare revised DCFS FY 2009-10 and 2010-11 Cost Reports and include this reduction in expenditures. We anticipate that these revised reports will be submitted to DCFS by November 15, 2011. FY 2009-2010 DMH Cost Report will be revised and resubmitted to DMH by November 30, 2011.

10. Ensure that fixed asset depreciation expenses are billed accurately to the DMH and Wraparound Programs.

We have established a separate cost center for leased properties and allocated depreciation based on actual amounts of square footage for leased properties compared to the total property square footage. All other depreciation expenses will be allocated based on actual salaries.

PAYROLL AND PERSONNEL

Objective
Determine whether payroll expenditures were charged to the DMH and Wraparound Programs appropriately. In addition, determine whether the Agency maintained personnel files as required.

Verification
We reviewed DMH and Wraparound Program-related payroll expenditures, totaling $27,691, for 20 employees for the period ending May 31, 2011, and reviewed all 20 employees' personnel files.

Results
St. Anne's charged $10,674 and $5,779 for 14 employees who worked on multiple programs to the DMH and Wraparound Programs, respectively, without adequate documentation to support the amounts charged to the Programs. Specifically, St. Anne's used predetermined rates to charge the employees' payroll costs, instead of the actual hours worked on each program. After our review, St. Anne's provided documentation for $16,453 ($10,674 + $5,779), which identified $2,587 overbilled to the Wraparound Program and $2,587 under billed to the DMH Program.

Recommendations
St. Anne's management:

11. Reduce their FY 2010-11 DCFS Wraparound Program expenditures by $2,587 and repay DCFS any excess amount received.

We will prepare a revised DCFS FY 2010-11 Cost Report and include this reduction in expenditures. We anticipate that the revised report will be submitted to DCFS by November 15, 2011.

12. Increase their FY 2010-11 DMH Program expenditures by $2,587.

We will include this increase in the DMH program expenditures when we submit the FY 2010-11 DMH Cost Report. We will submit FY 2010-2011Cost Report within the deadlines required by DMH once we receive it.

13. Charge payroll expenditures based on actual hours worked each day by program.

Based on the recommendation from the Auditor-Controller, the following process occurred: the August 2011 hours worked for Wraparound staff was collected and averaged for the two pay periods, based on the appropriate allocation discussed in number 4 (see attached sheet reflecting average time billed in each cost center); the average percentage in each cost center (DMH Tier 1, DMH Tier 2, DCFS Tier 1, DCFS Tier 2) was then utilized to inform the hours for May 2011; the May 2011 hours were adjusted to reflect this change; appropriate invoicing to DCFS and DMH were also adjusted to reflect the change. Moving forward, we will be following the procedure discussed in number 4. Staff members will be trained on the attached Policy and Procedure regarding time sheet allocations and will be expected to follow the procedure. Management staff will provide a check to ensure this policy and procedure is followed to ensure appropriate allocation to contracts.

COST REPORT

Objective
Determine whether St. Anne's FY 2009-10 DMH Cost Report reconciled to the Agency's accounting records.

Verification
We traced the Agency's FY 2009-10 DMH Cost Report to the Agency's accounting records.

Results
St. Anne's Cost Report reconciled to the Agency's accounting records.

Recommendation

None.

PRIOR YEAR FOLLOW-UP

Objective
Determine the status of the recommendations in our prior monitoring review.

Verification
We verified whether St. Anne's had implemented the outstanding recommendations from our February 23, 2009 monitoring report.

Results
Our prior monitoring report contained 11 fiscal recommendations. St. Anne's implemented eight recommendations and did not implement three recommendations. The three outstanding recommendations are addressed in the recommendations 4, 7, and 13 contained in this report.

Recommendation

14. St. Anne's management implement the outstanding recommendations from the prior monitoring report.

Policies and Procedures have been created and staff have been trained (see explanation in recommendations 4, 7, and 13), current errors have been rectified, and Policies and Procedures will be utilized in New Hire Orientation Training and annual trainings to ensure all staff are compliant with changes made based on the recommendations of the Auditor-Controller.