



December 13, 2007

TO: Uma S. Ahluwalia, Director
Department of Health and Human Services

FROM: Christopher Giusti
Deputy Inspector General

SUBJECT: Review of Psychiatric Services Contract, Department of Health and Human Services

The basis for this review was allegations received by the Office of Inspector General (OIG) that the contract for children's psychiatric services at the Alfred D. Noyes Children's Center was mismanaged and invoices were paid without proper documentation.

Background

In fiscal year 2007, the psychiatrist who is under contract with the County to provide services at the Noyes Children Center submitted invoices to the County for approximately \$193,992 for 1,644 hours of psychiatric services. The contract for Noyes Children Center is managed by the County's Mental Health Core Service Agency, Department of Health and Human Services (HHS), and is funded through the Federal Mental Health Block Grant.

OIG Investigative Results

Our review in October 2007 disclosed the contract is closely monitored and managed but the process for approving the invoices has weaknesses with internal controls.

The following condition and recommendation was discussed with the Acting Manager, System Planning and Management, and the Contract Monitor. Based upon our review and discussions with HHS managers, it appears that the approval of invoices prior to the receipt of supporting documentation may be an accepted practice for contracts managed by HHS.

1. The monthly invoices for professional services under contract at the Noyes Children Center are paid prior to the receipt of the supporting documentation. The monthly invoices received from the vendor are for the total hours worked during the month. After the invoices have been approved for payment by the County, the vendor submits a monthly statistical report, which includes total clinical visits during the month, the number of youths examined, the number of psychiatric assessments, number of youths under medication management, and screenings performed by the vendor. The monthly statistical report is the supporting documentation for the monthly hours billed to the County.

Uma S. Ahluwalia, Director
December 13, 2007
Page 2

It is recommended that the vendor for this specific contract submit the supporting documentation that justifies the total hours charged during the month with the monthly invoice. According to Chapter 11B, Contracts & Procurement – Regulations, Section 8.1.2 states, “Except as otherwise authorized by these regulations, payments may be made only after contractor performance has occurred to justify the payments under the contract ...”

Corrective Action reported by Behavioral Health and Crisis Services:

The System, Planning & Management Unit of Behavioral Health & Crisis Services has reviewed the results and recommendations of the OIG investigation of the contract for psychiatric services. Behavioral Health & Crisis Services acknowledges that internal controls for approval of invoices can be strengthened.

Relative to this contract, implementation of the recommendation that invoices also be accompanied by the submission of the monthly volume of service statistical report would require an amendment to the contract. This contract expires December 31, 2007 and a contract amendment cannot be executed prior to the expiration date. However, Behavioral Health & Crisis Services will work with the vendor to obtain supporting documentation and exercise the requirement that future invoices for contracted psychiatric services include both specific delineation of days and hours worked along with volume of service data for the invoice month, be included in any new RFP's for psychiatric services.

We wish to acknowledge the cooperation extended to us by your staff. If you have any questions, please contact me.

CG:dg

cc: Timothy Firestine, CAO
Michael Knapp, Council President
George Leventhal, Chair, HHS Committee

Re: #0031