



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued March 30, 2021

Chelsea Soldiers' Home

For the period July 1, 2017 through June 30, 2019





Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

March 30, 2021

Acting Superintendent Eric J. Sheehan
Chelsea Soldiers' Home
91 Crest Avenue
Chelsea, MA 02150

Dear Acting Superintendent Sheehan:

I am pleased to provide this performance audit of the Chelsea Soldiers' Home. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2017 through June 30, 2019. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Chelsea Soldiers' Home for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Marylou Sudders, Secretary of the Executive Office of Health and Human Services

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LIST OF ABBREVIATIONS

CBA	collective bargaining agreement
CHE	Chelsea Soldiers' Home
EOHHS	Executive Office of Health and Human Services
HR/CMS	Human Resources Compensation Management System
SSTA	Self-Service Time and Attendance
TCD	time collection device

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Chelsea Soldiers' Home (CHE) for the period July 1, 2017 through June 30, 2019. In this performance audit, we examined certain aspects of CHE's administration of premium overtime for its Nursing Department, including overtime authorization, payment, and documentation.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 9	CHE did not document the need for Nursing Department premium overtime or properly maintain required Nursing Department overtime staffing records.
Recommendations Page 10	<ol style="list-style-type: none">1. CHE should enhance its policies and procedures by establishing monitoring controls to ensure that it properly documents the need and prior approval for overtime worked and that its supervisors properly complete the Daily Staffing Schedules and Weekly Overtime Summary Forms.2. CHE should create policies and procedures to require overtime documentation to be retained for at least six years in accordance with the <i>Massachusetts Statewide Records Retention Schedule</i>.
Finding 2 Page 11	CHE's nursing staff members were not approved to receive as much as \$223,136 in incremental overtime at a premium rate.
Recommendation Page 12	CHE should enhance its overtime policies, procedures, and processes to apply the same rules to incremental overtime that apply to other overtime.

OVERVIEW OF AUDITED ENTITY

The Chelsea Soldiers' Home (CHE) was established in 1882 to provide various healthcare services to eligible Commonwealth veterans. Under Chapter 115A of the Massachusetts General Laws, CHE operates within the Department of Veterans' Services, which is part of the Executive Office of Health and Human Services. CHE's website states,

Our mission is to provide the highest level of comprehensive care, while always respecting the [psychosocial], spiritual and cultural needs for our veterans [and] their families, and always striving to extend comfort, dignity and responsive care to all of our patients.

CHE's campus offers skilled nursing, care for veterans with Alzheimer's disease, and other long-term care. CHE currently serves 293 veterans, of whom 121 are in a hospital and 172 live in dormitories. CHE also has a library, a barbershop, recreation rooms, a dining room, a canteen, and a pharmacy. Several religious services are also available to veterans. The campus has its own police force and a medical and fire emergency system. Full-time residential housing is provided in a 172-bed Dormitory Unit consisting of five buildings on CHE's 20-acre campus. As of September 2019, 172 of its beds had occupants; 107 were Vietnam War veterans, 38 were peacetime veterans, 18 were Gulf War veterans, 6 were Iraq War veterans, 2 were veterans of the 1950–1953 Korea conflict, and 1 was a World War II veteran. Finally, CHE has a 130-bed long-term-care facility in the Quigley Memorial Hospital in Chelsea that provides skilled nursing and services related to dementia and Alzheimer's disease. As of September 2019, CHE records showed that 121 of its beds had occupants; 54 were Vietnam War veterans, 34 were World War II veterans, 31 were veterans of Korea conflict, and 2 were peacetime veterans.

CHE is also constructing a new long-term-care facility for its residents. The project has an estimated cost of \$199,000,000 and is scheduled to be finished in summer 2022. The new facility will cover approximately 247,000 square feet and will comply with the design guidelines and service delivery requirements of the federal Department of Veterans Affairs.

CHE is governed by a seven-member board of trustees, of which five members must be veterans, appointed by the Secretary of the Executive Office of Health and Human Services (EOHHS), with the Governor's approval, to oversee CHE's management. Its day-to-day operations are administered by a superintendent who is also appointed by the Secretary of EOHHS with the Governor's approval.

During the audit period, CHE had 333 employees. Of these, 169 were nursing and medical personnel; 18 were administration and finance personnel; 117 worked in day-to-day operations; and 29 worked in residential services, which include social service and social work. For the audit period, CHE's state appropriations totaled \$54,497,065. The payroll expenses during the audit period totaled \$41,876,286, including \$4,119,436 of overtime expenses. Of the total overtime expense amount, \$3,320,033 (81%) was expended on nursing and medical personnel. The table below shows the overtime expenditures for nursing and medical personnel by position during the audit period.

CHE Total Earnings by Nursing and Medical Staff Department Position

Position	Sum of Overtime Paid	Sum of Overtime Hours Worked	Number of Employees
Nursing Assistant I	\$ 1,494,648	56,383	89
Registered Nurse II	749,240	10,571	21
Licensed Practical Nurse II	688,185	15,907	31
Registered Nurse III	220,529	3,279	8
Licensed Practical Nurse I	134,774	3,748	10
Nursing Assistant II	13,412	505	2
Registered Nurse V	9,525	109	2
Registered Nurse IV	9,441	117	1
Physician II/III	242	3	2
Registered Nurse I	37	1	1
Nurse Practitioner	0	0	2
Total	<u>\$ 3,320,033</u>	<u>90,623</u>	<u>169</u>

Background on Overtime at CHE

CHE's nursing and medical staff, under CHE's collective bargaining agreements (CBAs) for Unit 2 (Service Employees International Union Local 888) and Unit 7 (Massachusetts Nursing Association State Chapter of Health Care Professionals), are eligible for overtime. CHE requires that any overtime earned by employees be in accordance with both CBAs. According to Section 7.2 of both CBAs in effect during our audit period, there are two types of overtime for the nursing staff: premium and straight. Premium overtime is work that exceeds 8 hours per day or 40 hours per week, paid at more than the standard hourly rate. In contrast, straight overtime is work that exceeds a worker's scheduled hours but does not exceed 8 hours per day or 40 hours per week, paid at the standard hourly rate. To earn payment for

either type of overtime, nursing personnel must obtain preapproval from their supervisors through the Overtime Request Form (see [Appendix](#)). This form is completed by a nurse requesting overtime and submitted to the nursing supervisor for preapproval before the nurse can work the overtime. In emergencies, the nurse can work the overtime without preapproval but must complete the form after the emergency ends.

CHE also uses two forms, the Daily Staffing Schedule and the Weekly Overtime Summary Form, for tracking and scheduling regular and overtime employee hours worked:

- The Daily Staffing Schedule is completed by the nurse who manages the nursing staff for that particular day. It is a daily roster used to allocate and track staff members and record overtime. It also ensures that the Nursing Department maintains at least the minimum staffing level for every shift.
- The Weekly Overtime Summary Form is completed by the overnight nursing supervisors and authorized by the director of nursing. It records who worked overtime, the actual overtime hours worked, the reason for the overtime, the unit where the overtime was worked, the person being replaced (if any), and the supervisor's initial. The form lists nine instances where overtime is warranted:
 1. An employee is out under the Family and Medical Leave Act.
 2. An employee has suffered an accident while at work and is expected to be absent for a period of time.
 3. A shift is vacant because a position is open.
 4. An employee has called in sick.
 5. An employee is taking vacation.
 6. A resident needs specialized or one-on-one care for a period of time, and this is not accounted for in the schedule.
 7. An employee has been asked to come in for training at a specific time.
 8. Staff members have been reassigned.
 9. Other reasons based on medical or clinical need to ensure proper hours per day.

We used the CBA requirements, as well as the CHE overtime policy that was in effect during our audit period, as our criteria when performing our audit testing.

Nursing Staff Overtime

CHE requires nursing staff members (in non-management nursing positions) to use a time collection device (TCD) to clock in for shifts, clock out for unpaid meal periods, and clock out at the end of shifts. The TCD automatically submits the times they clock in and out to the Self-Service Time and Attendance (SSTA) program operated by the Executive Office for Administration and Finance. According to CHE officials, overtime shifts are assigned on a first-come, first-served basis by nursing seniority. When overtime becomes available, nursing supervisors use a list of nurses in order of seniority to notify the next eligible nurse by a phone call (or in person if s/he is currently working a scheduled shift). The nurse can then decide whether to work overtime. If that nurse declines the overtime, it is made available to the next nurse on the seniority list. All nurses must be given an opportunity for overtime before any one nurse becomes eligible again.

CHE nursing management during our audit period consisted of eight registered nurses, one assistant director of nursing, and two directors of nursing. Employees in these positions are not required to use the TCD but must report their hours worked each day in SSTA. Timesheets for nursing personnel are approved by nurses' direct supervisors at the end of each week. Overtime for nursing management does not have to be preapproved.

Premium and Standard Overtime

Premium overtime is work that exceeds 8 hours per day or 40 hours per week; it is paid at more than the standard hourly rate. In contrast, standard overtime is work that exceeds a worker's scheduled hours but does not exceed 8 hours per day or 40 hours per week; it is paid at the standard hourly rate.

Incremental Overtime

CHE nursing personnel can accumulate incremental overtime by clocking in early before shifts, clocking out after scheduled shifts, and/or not clocking out for unpaid meal periods.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Chelsea Soldiers' Home (CHE) for the period July 1, 2017 through June 30, 2019. For our audit of nursing overtime, we narrowed our scope to include only instances of premium overtime.

We conducted this performance audit 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.

Below is our audit objective, indicating the question we intended our audit to answer, the conclusion we reached regarding the objective, and where the objective is discussed in the audit findings.

Objective	Conclusion
1. Did CHE ensure that the need for Nursing Department premium overtime was documented and approved in accordance with CHE policy?	No; see Findings <u>1</u> and <u>2</u>

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives by reviewing Section 7.2 of the collective bargaining agreement (CBA) for Unit 7, Section 7.2 of the CBA for Unit 2, and agency policies and procedures, as well as conducting inquiries with CHE management. We evaluated the design of controls over CHE's management review and approval of overtime.

We performed the following procedures to obtain sufficient, appropriate audit evidence to address the audit objective.

Data from the Human Resources Compensation Management System

We performed an inquiry to ask CHE management to provide us with Overtime Request Forms, which detail the need and prior authorization for overtime. However, CHE management told us that during our audit period, nurses did not complete them as required by its policy and procedures.

To facilitate our planned substantive tests, we queried a data set from the Human Resources Compensation Management System (HR/CMS) that included all Unit 2 and Unit 7 nursing staff members who were paid the premium overtime rate. The data included all premium overtime transactions, dates worked, numbers of hours, time reporting codes,¹ overtime descriptions, employee names, employee identification numbers, job titles, event types, pay cycle start dates, pay cycle end dates, and dollar amounts.

We asked CHE management to provide us with the Daily Staffing Schedules and Weekly Overtime Summaries, which detail the approval for overtime, for our audit period. However, CHE management told us that during our audit period, 17 months of records (for the period August 1, 2017 through December 22, 2018) were shredded to create space.

We filtered data from HR/CMS by overtime event type to eliminate any non-associated overtime payments.² We then divided the 20,664 overtime transactions (which totaled 90,623 worked hours and \$3,320,033) into two strata. Stratum 1 is overtime with supporting documentation, which is 32% of the total amount paid (totaling 6,545 transactions, 28,577 worked hours, and \$1,051,995). Stratum 2 is overtime without supporting documentation, which is 68% of the total amount paid (totaling 14,119 transactions, 62,046 worked hours, and \$2,268,038).

For premium overtime testing, we took a statistical random sample of 102 overtime transactions out of a population of 6,545, using a confidence level of 95% with a 20% tolerable error rate and 50% expected error rate.³ We inspected Weekly Overtime Summary Forms to determine whether the director of nursing had approved the premium overtime hours. We inspected Daily Staffing Schedules to determine whether nursing staff members were listed as having received overtime.

Forty-Hour-Test and Eight-Hour-Test Methodology

We queried HR/CMS for the audit period and conducted an analysis of payroll data to identify instances of premium overtime paid to nurses who had not fulfilled the CBA criteria to be paid at the premium

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1. According to the Massachusetts Human Resources Division website, "A time reporting code is a unique identifier to specify the type of time used (e.g., sick, vacation, overtime, etc.)."
 2. Non-associated overtime payment types include regular, sick (payment during leave under the Family and Medical Leave Act for the worker's own illness, including pregnancy-related illness), and personal (payment for time off for family issues or personal needs).
 3. The confidence level is the measure of how confident we can be that our results reflect what we would have obtained if the entire population had been tested. The expected error rate is the anticipated rate of occurrence of the overtime not being authorized. The tolerable error rate is the maximum error in the population we would be willing to accept and still conclude that the result from the sample had achieved the audit objective.

overtime rate. We examined all 20,664 overtime transactions to determine whether employees whose work week was less than 40 hours were paid at their regular rates before qualifying for the overtime rate. We also determined whether employees whose regular workday was more than eight hours were compensated at the rate of time and one-half their regular hourly rates for authorized overtime.

Incremental Overtime

Nursing staff members can incur incremental overtime by clocking in early for a shift, clocking out after the scheduled end of a shift, or not clocking out for an unpaid meal break. We conducted an analysis of overtime payroll data and determined that the majority of this overtime was less than 2 hours. We extracted all incremental overtime of 2 hours or less that was worked the same day as 8 or more regular hours and identified 9,804 (totaling \$223,136) overtime transactions for the audit period.

Data Reliability Assessment

CHE uses HR/CMS to record employees' time and attendance. We tested selected system controls (access controls, security management, configuration management, contingency planning, and segregation of duties). Further, we ensured the completeness and accuracy of the data from HR/CMS by judgmentally selecting 20 nurses from HR/CMS and verifying that they were on an employee list provided by CHE. Also, we judgmentally selected 20 nurses from the employee list to trace the employee identification numbers to HR/CMS data to determine whether they were employees. Based on the results of our data reliability assessments, we determined that the information obtained for our audit period was sufficiently reliable for the purpose of our audit objectives.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Chelsea Soldiers' Home did not document the need for Nursing Department premium overtime or properly maintain required Nursing Department overtime staffing records.

The Chelsea Soldiers' Home (CHE) nursing department did not document that premium overtime was needed or that members of its nursing staff had requested and received required prior supervisory approval to work the premium overtime reported on their timesheets for any of the 20,664 overtime transactions (totaling \$3,320,033) that occurred during our audit period. As a result, there is a higher-than-acceptable risk of CHE incurring unnecessary overtime expenses.

In addition, CHE could not provide any Daily Staffing Schedules for 17 of the 24 months covered by our audit, which represented 14,119 overtime transactions totaling \$2,268,038. From the 7 months of Daily Staffing Schedules that CHE could provide, we compared the information related to a sample of 102 overtime transactions to CHE's Weekly Overtime Summary Forms and found problems. Specifically, the names of 16 nurses on the Daily Staffing Schedules did not appear on the related Weekly Overtime Summary Forms, and the names of 81 nurses on the Weekly Overtime Summary Forms did not appear on the related Daily Staffing Schedules. Also, none of the Weekly Overtime Summary Forms for the 102 transactions had been approved. Without the required records, CHE cannot ensure that all of its overtime payments are proper.

Authoritative Guidance

CHE has an "Overtime Request/Approval Policy" to ensure that all employees have prior approval to work overtime and that overtime hours are not paid if they have not been preapproved by supervisors through the Overtime Request Form. Section 4 of the policy states,

B. Department Head/Supervisors will be responsible for the approval of overtime. . . .

C. Request for overtime shall be presented to the Department Head/Supervisor in writing with justification for request. Approval of the request by the Department Head/Supervisor shall also be made in writing to the requestor.

The Overtime Request Form states, "Overtime hours will not be paid if they have not been pre-approved."

CHE created the Daily Staffing Schedule for use as a daily roster to allocate and track staff members and record overtime, as well as to ensure that the Nursing Department maintains the minimum staffing level for every shift. The Weekly Overtime Summary Form is completed by the overnight nursing supervisors and authorized by the director of nursing. It records who worked overtime, the actual overtime hours worked, the reason for the overtime, the unit where the overtime was worked, the person being replaced (if any), and the supervisor's initial. By developing these forms and procedures, CHE management demonstrated that written overtime approvals for employees are an important internal control to ensure that all overtime worked is necessary and proper.

Also, Sections D04-03 and D04-05 of the *Massachusetts Statewide Records Retention Schedule Quick Guide Schedule Number 06-18*, issued by the Secretary of the Commonwealth, describes time and attendance records as follows:

Documents actual hours worked by unit employees and types and amounts of leave taken. Includes time sheets, time cards, attendance forms, absence reports, leave reports, and related correspondence.

D04-03(a): Fiscal/Payroll Office records.

Retain 6 years.

Reasons for Noncompliance

CHE lacked effective monitoring controls to ensure that it properly documented prior approval for overtime worked and that supervisors properly completed the Daily Staffing Schedules and Weekly Overtime Summary Forms. Also, CHE's policies and procedures did not address the retention period for payroll records, including Daily Staffing Schedules and Weekly Overtime Summary Forms.

Recommendations

1. CHE should enhance its policies and procedures by establishing monitoring controls to ensure that it properly documents the need and prior approval for overtime worked and that its supervisors properly complete the Daily Staffing Schedules and Weekly Overtime Summary Forms.
2. CHE should create policies and procedures to require overtime documentation to be retained for at least six years in accordance with the *Massachusetts Statewide Records Retention Schedule*.

Auditee's Response

The Chelsea Soldiers' Home (CHE) has revised its overtime policy based on the audit findings. The updated policy implements controls to monitor overtime approvals. Overtime approval

authority is delegated to nursing supervisors and monitored by the Budget Director. Prior to the COVID-19 pandemic, CHE monitored overtime through monthly overtime review meetings [led] by the Deputy Superintendent. CHE will resume monthly overtime scrub meetings which will review documentation and ensure compliance with procedures. The monthly overtime scrub meetings will be led by the CHE Budget Director.

CHE utilizes Oracle HR/CMS PeopleSoft time and attendance software which is used by Commonwealth agencies to track employee payroll. There are two types of time entries permitted for this system: direct entry, and Time Control Device (TCD) swipe card entry. All the positions listed under "[CHE] Total Earnings by Nursing and Medical Staff Department Position" with the exception of Registered Nurse (RN) V, IV, Physician II/III and Nurse Practitioner must be physically present on-site to swipe their ID badge for their time and attendance to be documented. Only nursing management and supervisors enter their time manually. The rest of nursing staff enter their time through a TCD and they must be physically present to swipe in and out for their shifts. CHE will appoint a dedicated scheduler for the nursing department. This position will allow for the uniform distribution and documentation of overtime within the nursing department. Other responsibilities will include the maintenance of proper documentation of schedules and overtime requests and approvals. Previous efforts to fill this position were not successful.

In conjunction with the position, CHE will procure scheduling software with oversight provided by the Executive Office of Health and Human Services. The intent of the procurement will be to automate the equitable distribution of shifts based on union rules and assigned locations. Scheduling software will also serve as documentation for prior approval of overtime. . . .

All CHE staff will receive training from CHE General Counsel on Commonwealth of Massachusetts Records Retention Policy. CHE will procure a contract for records storage and digitization in conjunction with its Electronic Medical Record implementation. This will prevent loss of critical documentation in the future by ensuring secure digital storage and reduce space requirements onsite for records storage and will facilitate easier retrieval. Departmental Managers will monitor this for compliance.

2. CHE's nursing staff members were not approved to receive as much as \$223,136 in incremental overtime at a premium rate.

CHE was not aware, and had not approved, of incremental overtime worked by its Nursing Department personnel. CHE nursing personnel can accumulate overtime by clocking in early before shifts, clocking out after scheduled shifts, and/or not clocking out for unpaid meal periods; in this report, we refer to this as incremental overtime. We analyzed all 20,664 of the premium overtime transactions paid during the audit period and found that 9,804 (totaling \$223,136) were incremental overtime, representing 2 hours or less that was worked the same day as 8 or more regular hours. CHE was unaware of, and did not authorize, this overtime and therefore could not substantiate that it was essential for veteran care. Thus CHE may have incurred unnecessary overtime costs.

Authoritative Guidance

CHE's "Overtime Request/Approval Policy" states, "The Supervisors will be responsible for the prior approval of time requested as well as the approval of time worked associated with the request."

Reasons for Inadequate Documentation

CHE lacked policies, procedures, and processes to ensure that incremental overtime was preapproved. Moreover, CHE management was unaware that nursing personnel were incurring unapproved incremental overtime.

Recommendation


CHE should enhance its overtime policies, procedures, and processes to apply the same rules to incremental overtime that apply to other overtime.

Auditee's Response

CHE will update its overtime policy to clearly reflect that employees are not permitted to clock in before the start of their scheduled shifts and/or clock out after the end of their scheduled shifts without advanced approval to incur incremental overtime. All employees will receive a copy of the revised policy. Reminders of the policy will be posted at the time clock devices. Supervisors responsible for approving time will continue to monitor time clock device punches to determine if incremental overtime is being incurred without advanced approval. Overtime review meetings will resume and the reports will be sent to the Nursing Supervisors to review. CHE Budget Director and HR will review the incremental overtime with managers through the many tools offered through SSTA.

APPENDIX

Overtime Request Form

**Overtime Request Form**

Overtime Hours will not be paid if they have not been pre-approved.

THIS SECTION TO BE COMPLETED BY EMPLOYEE (PLEASE PRINT)

Name: _____ Employee ID # _____
Job Title : _____ Week Ending Date _____
Current Work Location: _____

Current Work Schedule
Standard Weekly Hours : _____ Alternative Work Schedule: Yes ☐ No ☐
Shift ☐ 1st ☐ 2nd ☐ 3rd

Please indicate the standard # of hours worked each day, as well as, the estimated # of OT hours you are requesting

	SUN	MON	TUE	WED	THUR	FRI	SAT
REG							
OT							
Standby							
Call Back							

Detailed Reason for Overtime request:

Date (s) to be worked: From: _____ To: _____ (Sunday – Saturday)

Estimated Total Number of Hours to be worked: _____

Compensation Requested : Overtime ☐ Comp Time ☐

Employee Signature _____	Date: _____
Supervisor Signature _____ Approved _____ Denied _____	Date: _____
Department Director Signature _____ Approved _____ Denied _____	Date: _____

Please return completed and signed form to Department Payroll Coordinator

Emergency Overtime Situations must be communicated through the Department Supervisor to Department Director