



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

*Making government work better*

Official Audit Report – Issued September 2, 2016

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## Comprehensive Mental Health Systems Inc.

For the period July 1, 2013 through June 30, 2015





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

*Making government work better*

September 2, 2016

Mr. John Winterhalter, Chief Executive Officer / President  
Comprehensive Mental Health Systems Inc.  
331R State Road  
Dartmouth, MA 02747

Dear Mr. Winterhalter:

I am pleased to provide this performance audit of Comprehensive Mental Health Systems Inc. This report details the audit objectives, scope, methodology, finding, and recommendation for the audit period, July 1, 2013 through June 30, 2015. 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 Comprehensive Mental Health Systems Inc. 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 watermark.

Suzanne M. Bump  
Auditor of the Commonwealth

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## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>OVERVIEW OF AUDITED ENTITY .....</b>	<b>2</b>
<b>AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....</b>	<b>3</b>
<b>DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE.....</b>	<b>5</b>
<b>1. Comprehensive Mental Health Systems Inc. did not use a competitive procurement process for some computer equipment and services.....</b>	<b>5</b>
<b>APPENDIX .....</b>	<b>7</b>

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## EXECUTIVE SUMMARY

Comprehensive Mental Health Systems Inc. (CMHS) was founded in 1979 as a not-for-profit human-service agency. During the audit period, CMHS administered programs that offered a variety of therapeutic, rehabilitative, and support services for people throughout southeastern Massachusetts who have developmental disabilities and/or brain injuries. CMHS's total revenue amounts for fiscal years 2014 and 2015 were \$7,867,451 and \$9,214,772, respectively, of which approximately 95% came from contracts with the Commonwealth.

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of certain activities of CMHS for the period July 1, 2013 through June 30, 2015. The purpose of this audit was to determine whether CMHS complied with applicable regulations and the terms and conditions of its state contracts when spending state contract funds and whether it complied with the reporting requirements of the Commonwealth's Supplier Diversity Program.<sup>1</sup> This audit was conducted as part of OSA's ongoing efforts to audit human-service contract activity by state agencies and to promote accountability, transparency, and cost-effectiveness in state contracting.

Below is a summary of our finding and recommendation, with links to each page listed.

<b>Finding 1</b> <b>Page <a href="#">5</a></b>	CMHS did not use a competitive procurement process for some computer equipment and services.
<b>Recommendation</b> <b>Page <a href="#">5</a></b>	CMHS should amend its procurement policies and procedures so that they require the use of competitive procurement in compliance with the Operational Services Division's regulations.

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1. This program was established in 2010 by Executive Order 524 to encourage the use of contractors that fall within certain categories, such as minority-owned and woman-owned businesses.

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## OVERVIEW OF AUDITED ENTITY

Comprehensive Mental Health Systems Inc. (CMHS), located in North Dartmouth, was incorporated on April 5, 1979 under Chapter 180 of the Massachusetts General Laws as a not-for-profit human-service agency. CMHS's total revenue amounts for fiscal years 2014 and 2015 were \$7,867,451 and \$9,214,772, respectively. During our audit period, CMHS provided services that included but were not limited to intellectual-disability services, brain-injury services, developmental services at Bridgewater State Hospital, and a core clinical team supporting various CMHS divisions. A detailed description of the programs that CMHS operated during our audit period appears in the appendix to this report.

During the audit period, CMHS received revenue from the following sources.

### Summary of Revenue

Revenue Source	Fiscal Year 2014	Fiscal Year 2015
Department of Developmental Services	\$4,000,751	\$5,093,594
Massachusetts Rehabilitation Commission	3,478,750	3,685,652
Medicaid Direct Payments	0	27,578
Client Resources	387,950	402,019
Other Revenue	0	5,929
<b>Total</b>	<b><u>\$7,867,451</u></b>	<b><u>\$9,214,772</u></b>

With respect to activity pertaining to our audit objectives, during our audit period CMHS spent \$127,209 through four different credit-card accounts. CMHS also reported spending \$28,121 with two vendors<sup>2</sup> under the Supplier Diversity Program.

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2. The two vendors were New England Office Supply and Health Care Pharmacy.

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## 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 Comprehensive Mental Health Systems Inc. (CMHS) for the period July 1, 2013 through June 30, 2015.

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 a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Does the organization have formal policies regarding credit-card use, and if so, does it follow those policies?	Yes
2. Are credit-card expenditures reasonable, documented, and allowable?	No; see Finding <u>1</u>
3. Did the organization comply with the Supplier Diversity Program reporting requirements of Executive Order 565, <sup>3</sup> and was the reported information accurate?	Yes

To achieve our objectives, we gained an understanding of the internal controls we deemed significant to our audit objectives and evaluated the design and effectiveness of those controls, which were as follows:

- credit-card expenses
- Supplier Diversity Program

We identified deficiencies with internal controls regarding credit-card purchases of goods and services, which are discussed in the Detailed Audit Findings with Auditee's Response section of this report.

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3. This executive order superseded Executive Order 524, which originally established the Supplier Diversity Program.

In addition, we performed the procedures described below.

- We obtained and reviewed the organization chart and financial records, both electronic and hardcopy, including pertinent source documents and the Uniform Financial Statements and Independent Auditor's Reports that CMHS filed with the Commonwealth's Operational Services Division annually.
- We identified and reviewed applicable laws, regulations, agency policies, and procedures that were relevant to our audit objectives, as well as the terms and conditions of CMHS's state contracts.
- We interviewed key officials and reviewed all the minutes of the meetings of the CMHS board of directors that occurred during our audit period.
- We determined the reliability of data obtained from CMHS's electronic accounting system by tracing certain electronic transactions to original source documents as well as performing other electronic tests of records and making relevant inquiries of the managers who were responsible for data reliability. We determined that the data from the system were sufficiently reliable for the purposes of our audit.
- We reviewed the annual filing of expenditures under the Supplier Diversity Program to confirm that the expenditures reported were correct and that the vendors were state-certified.
- We obtained an understanding of the procedures for processing credit-card expenses.
- Total credit-card activity for the audit period consisted of 959 transactions, totaling \$127,209. We eliminated small transactions (under \$100) from the population to arrive at a sampled population of 204 transactions, totaling \$100,685. We then tested a nonstatistical, judgmentally selected sample of 25 transactions, totaling \$25,249, to determine whether amounts were charged to proper accounts and were allowable costs.
- We tested a nonstatistical, judgmentally selected sample of 10 out of 91 payments to CMHS's reported Supplier Diversity Program vendors for adherence to established practices.

Whenever sampling was used, we applied a nonstatistical approach, and as a result, we were not able to project our results to the population.

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### 1. Comprehensive Mental Health Systems Inc. did not use a competitive procurement process for some computer equipment and services.

In July 2014, Comprehensive Mental Health Systems Inc. (CMHS) purchased 16 computers, monitors, and locks and contracted for \$121,192 of cloud-based computing services<sup>4</sup> from the same vendor without soliciting competitive bids. Instead, CMHS used its corporate credit card and made multiple purchases to obtain these items. As a result, CMHS cannot be certain that it obtained the best value in the procurements.

#### Authoritative Guidance

The Operational Services Division's (OSD's) regulations require entities contracting with the Commonwealth to use a competitive process when procuring goods and services. Section 1.03(8) of Title 808 of the Code of Massachusetts Regulations states,

*All procurements of furnishings, equipment and other goods and services by or on behalf of a Contractor shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.*

#### Reasons for Lack of Competitive Procurement

Although CMHS had established policies and procedures for the procurement of goods and services, the policies and procedures did not require the agency to use a competitive bidding process. They only required staff members to complete a purchase order and obtain supervisory approval before making a purchase.

#### Recommendation

CMHS should amend its procurement policies and procedures so that they require competitive procurement in compliance with OSD regulations.

#### Auditee's Response

*Comprehensive Mental Health Systems has amended its procurement policies and procedures as of July 1, 2016 beginning with F/Y 17 and going forward. CMHS, Inc. will make every attempt to obtain three competitive bids for any corporate procurement. Corporate credits will not be used to*

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4. With cloud computing, an organization uses various services that include the use of computer hardware (servers), software, and storage on the Internet rather than on hard drives at the company's location.



*purchase procurements with a value over \$20,000.00 unless authorized by the President, or the [chief financial officer] in the case of emergencies.*

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## APPENDIX

### Community Mental Health Services Inc. Program Descriptions<sup>5</sup>

#### Intellectual Disability Services

*Funded under contract with the Massachusetts Department of Developmental Services (DDS), the CMHS Intellectual/Developmental Disabilities Division provides opportunity for life long residential, habilitative, medical and psychosocial services to adults over the age of 22.*

*The provision of 24-hour supports at home and in the community is designed to foster rights, dignity, individual control, community membership, relationships, personal growth and well-being. In addition to residential services, support may also include assisting individuals in paid employment and promoting the development of vocational skills. The I/D division is committed to the provision of supports appropriate to the evolving health of the individuals served.*

#### Brain Injury Services

*Funded under contract with Massachusetts Rehabilitation Commission / Brain Injury and Statewide Specialized Community Services, and Massachusetts Department of Developmental Services, CMHS provides a multitude of services for adults with brain injury.*

#### Residential Support

*24/7 residential support services provided for adults with brain injury to assist with all aspects of daily living skills, to promote community involvement and maximize individual potential.*

#### Day Treatment Rehabilitation

*Structured weekday program located in Raynham, MA for adults with Brain Injury. Services, activities and supports include health and wellness, cognitive skill building, life skills, social skills, understanding brain injury, speech and cognitive assessment, computer use, pragmatics, exercise, expressive arts, stress management and relaxation therapy.*

#### Service Center

*Services provided throughout Southeastern MA for adults with brain injury in their respective homes and communities. Services and supports can include developing community and independent living skills, improving organization and planning skills, assistance with building community resources and linkages, accessing transportation options, assistance with securing health and wellness services, support coordination and outreach services.*

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5. The text of this appendix is quoted from the Community Mental Health Services Inc. website at [www.cmhsma.org](http://www.cmhsma.org).

## **Community Recreational**

*Structured group community recreational activities for adults with brain injury provided in Raynham and other Southeastern Massachusetts communities. Events are held on various weeknight and weekend days on a monthly basis. Our community recreational services offer opportunities to socialize, participate in new activities and get introduced to a variety of community recreational resources.*

## **Transitional Assistance**

*Transitional assistance from nursing homes/skilled rehabilitation centers to community based living.*

## **Developmental Services Program at Bridgewater State Hospital**

*Since 1984, CMHS, Inc. has operated the Developmental Services Program within the confines of Bridgewater State Hospital, a medium-security Department of Corrections facility. The staff working in this program is dedicated to ensuring that each patient served is treated with respect, and provided with a sense of dignity and individual control within the program setting. This goal is accomplished within a correctional setting, which by its very nature seeks to establish and maintain control over every aspect of a patient's life.*

*Program staff ensures that the program site serves as a safe zone for the patients at Bridgewater State Hospital who have a diagnosis of Developmental Disability; each patient who attends our program does so with the knowledge that he will be free from harassment from other patients/inmates, and treated with respect by the staff working within the program.*

*This program is the only one within the Massachusetts Department of Corrections funded by DDS and operated by a DDS licensed vendor. The two individuals who work in this program have over sixty years of experience within this treatment setting, and have both institution and patient based knowledge, which would be impossible to duplicate.*

## **Core Clinical Team**

*The Core Clinical Team works with each of the Agency's service divisions to ensure the highest quality health care and behavioral support possible. The team, under the direction of the Clinical Director, a Masters Level Rehabilitation Counselor, is responsible for oversight, development and coordination of all aspects of an individual's care and for on-going assessment of medical and behavioral status.*

*The Agency nurses provide direct individual medical assessment and support, as well as ongoing staff development and training involving general health maintenance, special procedures or concerns. The Agency nurses also provide information regarding individual medical needs, health status and progress to each respective division Director, Program Manager and the Clinical Team. In addition, the Team provides ongoing assessment and support to individuals who may require assistance with challenging behavioral issues.*