



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

Making government work better

Official Audit Report – Issued December 14, 2017

Soldiers' Home in Holyoke

For the period July 1, 2014 through June 30, 2016





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

Making government work better

December 14, 2017

Lieutenant Colonel Bennett Walsh, Superintendent
Soldiers' Home in Holyoke
110 Cherry Street
Holyoke, MA 01040

Dear Lieutenant Colonel Walsh:

I am pleased to provide this performance audit of the Soldiers' Home in Holyoke. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2014 through June 30, 2016. 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 Soldiers' Home in Holyoke for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Daniel J. Smith, Acting Chair, Soldiers' Home in Holyoke
Francisco A. Ureña, Secretary, Veterans' Services
Marylou Sudders, Secretary, Executive Office of Health and Human Services

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LIST OF ABBREVIATIONS

CAMIS	Commonwealth Asset Management Information System
CFR	Code of Federal Regulations
MMARS	Massachusetts Management Accounting and Reporting System
SHH	Soldiers' Home in Holyoke
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 Soldiers' Home in Holyoke (SHH) for the period July 1, 2014 through June 30, 2016. For our review of nursing overtime, we narrowed our scope to include instances of premium overtime hours¹ incurred between October 5, 2014 and April 30, 2016.

In this performance audit, we examined the scheduling of nursing personnel, overtime incurred by nursing personnel, facility and equipment inspections and preventive maintenance, and facility corrective maintenance work orders performed in response to issues identified during facility inspections.

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

Finding 1 Page 9	SHH could not substantiate that it properly authorized overtime incurred by its nursing department personnel.
Recommendations Page 10	<ol style="list-style-type: none">1. SHH should continue its newly implemented process for overtime approval.2. SHH should investigate ways to prevent employees from clocking in or out for unscheduled hours.3. SHH should require nursing management to document the necessity of overtime hours and have overtime approved by either the director of nursing or an appropriate SHH operations manager at or before the time it is incurred.
Finding 2 Page 11	SHH had inadequate documentation to substantiate that all required inspections and testing of certain facility safety equipment were performed.
Recommendation Page 12	SHH should ensure that all required monthly inspections and testing of facility equipment are conducted and documented in the Commonwealth Asset Management Information System.

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

Finding 3a Page <u>12</u>	SHH could not substantiate that it performed all required dormitory room inspections.
Finding 3b Page <u>13</u>	SHH could not confirm that it performed any daily housekeeping inspections of areas where veteran care is provided.
Recommendations Page <u>13</u>	<ol style="list-style-type: none">1. SHH should develop a system to ensure that documentation of all monthly dormitory room inspections is retained.2. SHH should ensure that all required daily housekeeping inspections are performed and that the documentation related to them is retained in accordance with its policy.

OVERVIEW OF AUDITED ENTITY

The Soldiers' Home in Holyoke (SHH) was established in 1952 to provide various healthcare services to eligible veterans of the Commonwealth of Massachusetts. Authorized by Chapter 115A of the Massachusetts General Laws, SHH operates within the Department of Veterans' Services, which is organized under the Executive Office of Health and Human Services. According to its website, SHH's mission is "to provide care with honor and dignity and the highest quality of personal healthcare services to Massachusetts Veterans."

SHH operates a healthcare facility consisting of two buildings. One building, the Domiciliary, is a dormitory for 30 full-time residents. The other building, the main building, is a 247-bed facility² that contains areas for veteran healthcare, hospice care, a dental clinic, a veterans' assistance center, and a multiservice outpatient department. SHH is governed by a seven-member board of trustees who are appointed by the Governor, and its day-to-day operations are overseen by a superintendent who is appointed by the board. SHH is fully accredited by the Joint Commission³ and inspected annually by the federal Department of Veterans Affairs.

For the fiscal years that ended June 30, 2015 and June 30, 2016, SHH spent \$21,485,171 and \$21,714,111, respectively, from its state maintenance appropriations. SHH also made facility improvements that totaled \$96,495 in fiscal year 2015 and \$387,176 in fiscal year 2016. In addition, the Legislature has established a retained-revenue account into which 40% of the revenue (after costs) from the sale of license plates with the designation "Veteran" is deposited. Funds in the account can be spent for facility maintenance and patient care, including personnel costs. Expenditures from this account in a given year cannot exceed the total of \$400,000 plus any unspent funds from previous years. The account can also accept gifts, grants, donations, and bequests. Disbursements from this account totaled \$319,557 in fiscal year 2015 and \$389,276 in fiscal year 2016.

Additional retained-revenue accounts for SHH established by the Legislature include an amount not to exceed \$5,000 annually for fiscal years 2015 and 2016 from revenue it receives for allowing the placement of aerial antennas on its property; an amount not to exceed \$717,612 in fiscal year 2015 and \$744,043 in fiscal year 2016 for the operation of 12 long-term-care beds; an amount not to exceed

2. This is the bed count as of July 2017.

3. The Joint Commission's website describes the commission as follows: "An independent, not-for-profit organization, The Joint Commission accredits and certifies nearly 21,000 health care organizations and programs in the United States."

\$50,000 annually for fiscal years 2015 and 2016 from fees collected from veterans in its care to pay for telephone and television services; and an amount not to exceed \$110,000 annually for fiscal years 2015 and 2016 from copayments charged to users of the program to spend for its outpatient pharmacy program.

In addition to its state-appropriated funding, in fiscal year 2015 SHH collected \$15,727,780 in revenue, \$12,545,537 of which came from patient and resident care reimbursements mostly paid by the federal Department of Veterans Affairs. In fiscal year 2016, SHH collected \$15,870,751 in revenue, \$12,736,884 of which came from patient and resident care reimbursements mostly paid by the Department of Veterans Affairs.

Nursing Staff Overtime

SHH requires nursing staff members (in non-management nursing positions) to use a time collection device (TCD) to clock in for their shifts, clock out for unpaid meal periods, and clock out at the end of their shifts. The TCD automatically submits the times they clock in and out to the Massachusetts Self-Service Time and Attendance (SSTA) program operated by the Executive Office for Administration and Finance. Previously, if they wished to work overtime, nursing staff members could sign up for overtime shifts posted on a first come, first served basis. This process has shifted to a system where nursing staff members can receive text messages when nursing shifts are available. According to SHH officials, overtime shifts are assigned on a first come, first served basis. Incremental overtime hours⁴ do not have to be formally requested or approved. SHH's practice is for staff members to report incremental overtime hours based on time-clock punches into the TCD. The time worked by members of the nursing staff is automatically transmitted from the TCD to SSTA for approval by SHH nursing managers, who approve timesheets electronically in SSTA at the end of each week.

SHH nursing management consists of four veteran care coordinators, one assistant director of nursing, and one director of nursing. Employees in these positions are not required to use the TCD, but they do report their hours worked each day in SSTA. Timesheets are approved by direct supervisors at the end of each week. Overtime for nursing management does not have to be preapproved.

4. Incremental overtime is defined as overtime hours incurred by employees by clocking in early for shifts, clocking out after the scheduled end of the shift, and not clocking out for unpaid meal break periods.

Below are the SHH nursing department's salary and overtime expenses for fiscal years 2014 through 2016.

Nursing Department Salary and Overtime Expenses

Year	2014	2015	2016
Salary Expense	\$9,902,852	\$10,045,936	\$10,816,298
Overtime Expense	\$609,364	\$1,032,691	\$1,136,940

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 Soldiers' Home in Holyoke (SHH) for the period July 1, 2014 through June 30, 2016. For our review of nursing overtime, we narrowed our scope to include instances of premium overtime hours incurred between October 5, 2014 and April 30, 2016.

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. Did SHH schedule the nursing department staff in accordance with its policy and Part 51.130 of Title 38 of the Code of Federal Regulations (CFR) in order to provide the needed level of care to veterans?	Yes
2. Did SHH ensure that the need for nursing department staff overtime was documented and approved according to SHH policy?	No; see Finding 1
3. Were facility and equipment inspections and preventive maintenance conducted in a manner consistent with the SHH Utilities Management Plan; the Joint Commission's Environment of Care standards for nursing care centers; Section 6 of Title 146 of the General Laws, which regulates annual boiler inspections; and Section 8.01 of Title 524 of the Code of Massachusetts Regulations, which regulates elevator testing and inspections?	No; see Finding 2
4. Did SHH provide a sufficient housekeeping and maintenance staff to keep the interior of its facilities safe, clean, orderly, attractive, sanitary, and in good repair?	No; see Findings 3a and 3b

To achieve our objectives, we gained an understanding of SHH's internal control environment related to our audit objectives by reviewing applicable laws, regulations, and agency policies and procedures, as well as conducting inquiries with SHH management. We evaluated the design of controls over SHH

nursing staff overtime, level of care provided, facility and equipment inspections, and sufficiency of housekeeping and maintenance staff levels. In addition, we performed the following procedures:

- We selected a nonstatistical, judgmental sample of 40 days from the 731-day audit period to determine whether the number of nursing staff members scheduled for a shift met the minimum required by SHH's staffing plan and 38 CFR 51.130.
- We queried information in the Massachusetts Management Accounting and Reporting System (MMARS) for the period October 5, 2014 through April 30, 2016 to identify the SHH nurses who were paid for 2 or more hours of premium overtime.⁵ We selected a nonstatistical, judgmental sample of 40 instances of premium overtime (totaling \$25,049) out of the 852 instances (totaling \$303,820) of overtime to determine whether nursing overtime was documented and approved.
- We reviewed the 852 instances of overtime and analyzed the employees in management positions who received the highest weekly overtime. For the one nursing department manager who was paid the most premium overtime, we queried information in MMARS for the audit period.
- For the population of 321 active items on the facility equipment list, we selected a nonstatistical, judgmental sample of 30 items that required preventive maintenance and periodic inspections. We used the Commonwealth Asset Management Information System (CAMIS) to determine whether required preventive maintenance, certifications, and inspections were documented in CAMIS in accordance with SHH policy and performed in accordance with state and Joint Commission guidelines.
- We performed a facility tour to review the general conditions of facility dormitory areas and areas where veteran care is provided.
- We determined which periodic inspections should have been conducted by SHH during the audit period (see appendix for inspection types) and selected the following nonstatistical, judgmental samples to test:
 - Monthly Dormitory Round Inspections: 8 of 24 inspections
 - Monthly Environmental Safety Round Inspections: 8 of 24 inspections
 - Monthly Environmental Round Inspections: 8 of 24 inspections
 - Weekly Maintenance Round Inspections: 22 weeks of 104 weeks of inspections

For each inspection sampled, we determined whether an inspection was completed and reviewed the inspection forms to determine whether facility issues identified were documented in CAMIS. We

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

reviewed the issues in CAMIS to determine whether SHH addressed the issues requiring corrective maintenance.

Based on our prior assessment of MMARS and our current comparison of source documentation with MMARS information, we determined that the information obtained from MMARS for our audit period was sufficiently reliable for the purposes of our audit work.⁶

We used CAMIS to obtain preventive and corrective maintenance work order records for work performed on SHH buildings and equipment during our audit period. We determined the reliability of data obtained from CAMIS by comparing CAMIS reports to other sources for agreement. We determined that the data were sufficiently reliable for the purposes of audit testing.

We used the data from SHH nursing scheduling systems that were used during our audit (Schedule Anywhere and Time Tracker) to obtain nursing department scheduling records. We determined the reliability of data obtained from the Schedule Anywhere and Time Tracker systems by comparing scheduling reports to payroll reports obtained through the state's Self-Service Time and Attendance system. We determined that the data were sufficiently reliable for the purposes of audit testing.

We used nonstatistical sampling to help us achieve our audit objectives and therefore did not project our results to the various populations.

6. In 2014, the Office of the State Auditor performed a data reliability assessment of MMARS. As part of this assessment, we tested general information-technology controls for system design and effectiveness. We tested for accessibility of programs and data as well as system change management policies and procedures for applications, jobs, and infrastructure.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Soldiers' Home in Holyoke could not substantiate that it properly authorized overtime incurred by its nursing department personnel.

The Soldiers' Home in Holyoke (SHH) could not show that it had properly authorized overtime hours worked by its nursing department personnel. Of the 40 biweekly payroll transactions tested, 36 were for nursing staff members and 4 were for nursing management employees. Of the 40 transactions tested, 27 included incremental overtime; this overtime totaled 145 hours, for which nursing department personnel were paid a total of \$7,955. SHH could not provide any documentation to substantiate that these overtime hours were properly authorized and therefore necessary for veteran care.

In addition, a nursing department manager incurred significant amounts of premium overtime during our audit period. This manager worked a total of 868.45 premium overtime hours and earned \$78,369 in overtime. We requested documentation to substantiate the need for this overtime, but SHH could not provide it.

As a result of these issues, SHH may have incurred unnecessary payroll costs for overtime hours that were not essential to meeting the care needs of the veterans it serves, and it may therefore have lost the opportunity to use these funds for other purposes.

Authoritative Guidance

The National Association of State Comptrollers' Internal Controls Self-Assessment Tools include best-practice guidance for personnel and payroll departments, stating that offices should consider whether proper internal controls are in place. Its guidance on overtime suggests that agencies should require preapproval of overtime as a control. Although SHH is not required to follow this guidance, it can be considered a best practice.

SHH's Time, Compensation and Documentation Policy states, "Employees are not encouraged or permitted to work more hours than they are scheduled to work in a day or week." The policy states that although employees can be paid overtime for hours they had not been scheduled to work, they "may be subject to progressive discipline" for working unscheduled hours.

Reasons for Inadequate Documentation

Although SHH's policies state that overtime is to be limited, during our audit period SHH lacked policies, procedures, and processes to ensure that incremental overtime was preapproved or was approved at the time it was incurred. Moreover, SHH management did not question unapproved incremental overtime incurred by nursing personnel, and we did not identify any instances where progressive disciplinary measures were taken when employees clocked in before the start of their shifts, clocked out after the end of their shifts, or did not clock out when taking breaks. Therefore, employees could continue this practice at will. In addition, there is no formal process for nursing management employees' overtime to be documented and approved before it is incurred.

SHH personnel told us that after the audit period, they implemented a process in which nursing personnel below the management level explain why they have worked additional hours on a form for their managers to approve. If the incremental overtime is not approved, employees are subject to progressive discipline. SHH did give us a copy of this form, but did not provide a copy of any written agency policy that required it to be used.

Recommendations

1. SHH should continue its newly implemented process for overtime approval.
2. SHH should investigate ways to prevent employees from clocking in or out for unscheduled hours.
3. SHH should require nursing management to document the necessity of overtime hours and have overtime approved by either the director of nursing or an appropriate SHH operations manager at or before the time it is incurred.

Auditee's Response

The Soldiers' Home in Holyoke continues to use the process for [incremental] overtime approval that was implemented prior to the commencement of the audit. . . .

The Soldiers' Home in Holyoke is in the process of updating its Time and Compensation 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 continue to be posted at the time clock devices, an interim remedial measure put in place during the audit. Supervisors responsible for approving time will continue to monitor time clock device punches to determine if incremental overtime is being incurred without advanced approval. In appropriate situations, follow up will occur with employees. Additionally, the SHH is investigating whether the Time Clock Devices (TCD) have functionality features that can assist with curbing non-approved overtime. . . .

The Soldiers' Home in Holyoke is in the process of implementing a process and procedure for approving overtime incurred by nursing management. The process and procedure requires the nursing manager to complete a form and submit it to the Director of Nursing for approval before the overtime is incurred. To the extent possible, all overtime will be required to be approved in advance. However, because of the 24-7 healthcare setting, there will be emergency situations that may preclude advance approval. When overtime cannot be approved before it is incurred, the nurse manager will need to provide a reason why he/she could not request advanced approval, which will be reviewed by the Director of Nursing.

2. SHH had inadequate documentation to substantiate that all required inspections and testing of certain facility safety equipment were performed.

SHH did not always perform the required monthly inspections and testing of its emergency lighting system. Specifically, we found that the main facility second-floor emergency lighting test was not conducted in May 2016, the main facility fourth-floor emergency lighting test was not conducted in May 2015, and the Chiller Building emergency lighting system test was not conducted at all from July through October 2014.

Additionally, SHH did not always conduct and/or properly document required inspections and testing of its fire pump system, fire alarm system, and fire extinguishers. Specifically, SHH did not conduct tests of its fire pump system for six weeks from October through December 2014. SHH provided inspection report records that show that the required testing and inspections of SHH's fire alarm system and fire extinguishers were performed, but SHH did not document this information in the Commonwealth Asset Management Information System (CAMIS).

Without required inspections and testing of this type of equipment being performed and documented, there is a higher-than-acceptable risk of equipment malfunction or failure, which could create safety issues.

Authoritative Guidance

The Joint Commission's Environment of Care standards for nursing care centers require that an organization perform a functional test of emergency lights for 30 seconds every month and the fire pump weekly.

The SHH Utilities Management Plan requires all inspections, testing, and related preventive maintenance of facility equipment, including fire extinguishers and fire alarms, to be documented in CAMIS.

Reasons for Inadequate Documentation

SHH officials told us that the testing and inspections of equipment in question were conducted, but that when CAMIS was upgraded in 2016, information about many preventative maintenance and inspection tasks did not transfer properly into the new system. They did not comment on why some information about inspections was not entered in CAMIS.

Recommendation

SHH should ensure that all required monthly inspections and testing of facility equipment are conducted and documented in CAMIS.

Auditee's Response

The Soldiers' Home in Holyoke is in the process of working with representatives from the Division of Capital Asset Management and Maintenance (DCAMM) to enter all required inspections and testing of facility equipment, whether performed directly by Soldiers' Home staff or through an outside contractor, into the CAMIS system to be properly tracked and monitored.

3. SHH had inadequate documentation to substantiate that all required facility inspections were performed.

SHH could not substantiate that it conducted all required dormitory and housekeeping inspections during our audit period. As a result, there is a higher-than-acceptable risk of SHH not identifying problems that require corrective maintenance in a timely manner, which could create safety issues.

a. SHH could not substantiate that it performed all required dormitory room inspections.

For 3 of the 8 months sampled from the 24-month audit period, SHH could not provide documentation to substantiate that required monthly inspections of dormitory rooms were completed.

Authoritative Guidance

SHH's handbook on policies and procedures for the dormitory states that dormitory room inspections are conducted monthly. Although there is no written policy requiring it, SHH's practice is for employees to document the results of inspections on a standard form developed by SHH.

Reasons for Missing Inspections

SHH officials told us that the three inspections for which documentation was missing did occur but the inspection forms were misfiled and could not be located.

b. SHH could not confirm that it performed any daily housekeeping inspections of areas where veteran care is provided.

SHH could not provide documentation that, during the audit period, it had performed any of the required daily housekeeping inspections of the veteran care areas where veterans receive long-term nursing care services. Such inspections are required to ensure that these areas are maintained in accordance with the facility's health and safety quality standards.

Authoritative Guidance

SHH's Housekeeping Department Inspection Monitoring Policy requires daily inspections of the facility to ensure that quality standards are upheld. The policy also requires the following:

2. *Any discrepancies or corrections are noted on the ward inspection form. . . .*
4. *Copies, along with the corrected forms from the previous round of inspections are gathered and kept in inspection binders in the Housekeeping office.*

Reasons for Issues

SHH officials told us that the daily housekeeping inspections were performed but that either they had not been documented or the documentation had been lost.

Recommendations

1. SHH should develop a system to ensure that documentation of all monthly dormitory room inspections is retained.
2. SHH should ensure that all required daily housekeeping inspections are performed and that the documentation related to them is retained in accordance with its policy.

Auditee's Response

The monthly dormitory inspection forms will be maintained electronically in a folder on the Soldiers' Home server accessible to Administration and staff assigned to the dormitory. Each month the completed inspection form will be scanned and added to the folder. . . .

The Housekeeping Inspection Monitoring Policy was reviewed and revised following the audit. Pursuant to the Policy, all housekeeping inspection forms will be maintained electronically on the Soldiers' Home server accessible to Administration and the Housekeeping Supervisors.

APPENDIX

Nature and Frequency of Facility Inspections

Monthly Dormitory Rounds

The Soldiers' Home of Holyoke (SHH) handbook to residents of the Domiciliary, titled "The Dormitory," states that monthly inspections are performed to ensure a clean living environment. SHH inspects the resident rooms and common areas on a form that documents any areas that need corrective maintenance or cleaning.

Monthly Environmental Safety Rounds

SHH officials told us that they had an undocumented practice of performing environmental safety rounds of the whole facility monthly, covering safety, security, medical equipment, and other electrical equipment. The results of the inspection are documented on a form, where any items requiring corrective action are noted.

Monthly Environmental Rounds

SHH officials told us that they had an undocumented practice of performing environmental rounds of selected locations of the facility monthly, on a rotating basis (the first floor may be reviewed one month, the second floor the next month, and so on). The results of the environmental rounds are documented on forms detailing the date of the rounds, the location inspected, the employees who performed the rounds, the areas of review, and any issues identified during the rounds. Areas of review on environmental rounds include staff and facility environment, veteran care, medication, and food storage areas.

Weekly Maintenance Rounds

SHH officials told us they had an undocumented practice of performing maintenance rounds weekly so they can proactively identify corrective maintenance issues in the facility and ensure that the staff is using the Commonwealth Asset Management Information System (CAMIS) to enter corrective maintenance requests. (They said it was also SHH's undocumented practice to document all instances of corrective maintenance in CAMIS to monitor whether the work was performed to correct the issue.)

Daily Housekeeping Inspections

SHH's Housekeeping Department Inspection Monitoring Policy requires daily inspections of all veteran care areas to ensure that quality standards are upheld. The policy also states,

2. *Any discrepancies or corrections are noted on the ward inspection form. . . .*
4. *Copies, along with the corrected forms from the previous round of inspections are gathered and kept in inspection binders in the Housekeeping office.*