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INDEPENDENT STATE AUDITOR'S REPORT ON
CERTAIN ACTIVITIES OF THE
TEMPLETON DEVELOPMENTAL CENTER
JULY 1, 2007 TO FEBRUARY 28, 2009

OFFICIAL AUDIT
REPORT
SEPTEMBER 28, 2009

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The Templeton Developmental Center (TDC), a residential-care facility located in Templeton, Massachusetts, is administered under the provisions of Chapters 19B and 123B of the Massachusetts General Laws. TDC operates under the control of the Department of Developmental Services (DDS), formerly known as Department of Mental Retardation (DMR), and is a large human services agency charged with improving the quality of life for citizens with serious and persistent intellectual disorders. TDC is one of three developmental centers in DDS's Region II, serving the populations of 65 cities and towns in Central Massachusetts. TDC had 132 individual clients as of February 28, 2009. To support them, TDC expended more than \$34 million during the period July 1, 2007 through February 28, 2009.

As authorized by Chapter 11, Section 12, of the General Laws, the Office of the State Auditor performed an audit at TDC. The purpose of our audit was to determine whether TDC was effectively and efficiently administering certain aspects of its operations; had adequate internal controls in place to safeguard its assets; had accurate and up-to-date financial records; and complied with all applicable laws, rules, and regulations. In addition, we updated the status of our prior audit report recommendations.

AUDIT RESULTS

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PRIOR AUDIT RESULTS RESOLVED

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a. Reconciliation of Clients' Fund Checking Account

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Our prior audit report disclosed that, as of January 31, 2007, TDC's former Clients' Fund old checking account had an unreconciled and undistributed balance of \$6,191. A new checking account was opened in January 2005; however, TDC was still researching the \$6,191 unreconciled balance in the old checking account. Our prior audit report recommended that TDC attempt to reconcile the old checking account and distribute the funds to the proper client accounts. Our current audit determined that the prior Clients' Fund checking account was fully reconciled in April 2007. All activity and reporting for the account was finalized and the remaining \$6,191 of funds were distributed and transferred to the appropriate accounts on April 30, 2007.

b. Controls over Client Funds

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Our prior report disclosed that improvements were needed over the disposition of deceased clients' funds, specifically in regard to TDC's not forwarding the necessary paperwork to the Department of Developmental Services (DDS) legal office within 90 days, as required. Our current audit revealed that TDC properly submitted all paperwork to DDS's legal office within 90 days of a client's death. We reviewed the paperwork for the five residents who passed away during our audit period and found that TDC properly submitted the required documents to DDS's legal office within the 90-day requirement.

INTRODUCTION

Background

The Templeton Developmental Center (TDC), a residential-care facility for mentally challenged clients, is located in Templeton, Massachusetts and is administered under the provisions of Chapters 19B and 123B of the Massachusetts General Laws.

Chapter 19B, Section 1, of the General Laws established the Department of Developmental Services (DDS) formerly known as Department of Mental Retardation (DMR). DDS is one of 15 agencies under the Executive Office of Health and Human Services (EOHHS). EOHHS is a Massachusetts cabinet-level agency in charge of all health and human services programs in the Commonwealth, and is the largest secretariat in state government with a consolidated annual budget of approximately \$13.67 billion (that includes \$1.2 billion of DDS' s annual budget).

DDS's mission is to improve the quality of life for citizens with serious and persistent intellectual disabilities. DDS accomplishes that mission by ensuring that clients have access to an integrated network of effective and efficient services that promote consumer rights, responsibilities, rehabilitation, and recovery. DDS is specifically charged with establishing procedures and the highest-practicable professional standards for the reception, examination, treatment, restraint, transfer, and discharge of persons with intellectual disabilities in its facilities. DDS has promulgated administrative regulations under 115 Code of Massachusetts Regulations (CMR) that are adaptable to changing conditions and to advances in methods of care and treatment and in programs and services for the mentally retarded.

DDS serves, on average, some 32,000 clients annually, and provides responsive, high-quality services to adults and children with serious intellectual disorders. DDS serves approximately 1,300 persons in its six developmental centers throughout the state. These centers provide 24-hour care and support in compliance with federal regulations. DDS also assists individuals and families that choose to move to homes in the community. DDS's organizational structure includes its Boston Central Administrative Office and five regional areas of local administrative responsibility, with developmental centers grouped under the Office for Facilities Management.

Our review was conducted at TDC, which is a special-care residential facility operated within DDS and is maintained primarily to provide specialized care and treatment for individuals with intellectual

disabilities. TDC has an extensive farm operation. It operates a dairy with a herd of approximately 65 dairy cows. Milk is processed and packaged at the TDC facility, which consumes the milk and sells the surplus to local dairy companies. The facility also raises beef cows, which are used by the dietary department and are also sold at auction. Moreover, the facility raises forage crops to help feed the dairy and beef cows. Vegetables are also raised for the dietary department. Special vocational programs are maintained both on the grounds and at off-site locations to help clients further develop their basic learning skills.

TDC had 132 individual clients as of February 28, 2009. To support them, TDC expended more than \$34 million during the period July 1, 2007 through February 28, 2009.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, the Office of the State Auditor conducted an audit of TDC's financial activity for the period July 1, 2007 to February 28, 2009. The purpose of our audit was to determine whether TDC was effectively and efficiently administering certain aspects of its operations; had adequate internal controls in place to safeguard its assets; had accurate and up-to-date financial records; and complied with all applicable laws, rules, and regulations. Our audit focused on TDC's controls over (1) receipts and disbursements, including payroll, administrative expenses, and contracts; (2) client funds; (3) vulnerable equipment and commodities (i.e., food, gasoline, and supplies); and (4) café operations. We also examined contract procurement practices; third-party billing for reimbursement of eligible services provided; compliance with Chapter 647 of the Acts of 1989, An Act Relative to Improving the Internal Controls within State Agencies; and compliance with Office of the State Comptroller and Division of Fiscal Affairs rules and regulations. In addition, we updated the status of our prior audit report recommendations. We conducted our audit in accordance with applicable generally accepted government auditing standards.

Our audit methodology included interviewing TDC personnel, observing transaction processing, examining and tracing financial data and documentation through TDC's various internal systems, conducting physical inspections and reviews of TDC's fixed asset inventory, assembling various agency documentation, and performing such other audit procedures as we deemed necessary.

As a result of our audit, we have determined that for the areas tested, TDC has maintained adequate internal controls over its financial operations in accordance with prescribed requirements and has complied with applicable laws, rules, and regulations. Also, our prior audit report recommendations have been implemented.

AUDIT RESULTS

PRIOR AUDIT RESULTS RESOLVED

a. Reconciliation of Clients' Fund Checking Account

Our prior audit report disclosed that, as of January 31, 2007, TDC's former Clients' Fund checking account had an unreconciled and undistributed balance of \$6,191. After opening a new Clients' Fund checking account in January 2005, TDC indicated that it intended to work towards a complete reconciliation of the old checking account balance.

Our current audit determined that the prior Clients' Fund checking account was completely balanced and reconciled in April 2007. We reviewed the final bank reconciliation and transfer of funds and determined that all activity and reporting for the account was finalized and the remaining \$6191 in funds were distributed and transferred to appropriate accounts on April 30, 2007.

b. Controls over Client Funds

Our prior audit report of TDC's internal control procedures for the collection and accounting of funds disclosed that TDC had not forwarded paperwork for seven of its eight deceased residents to DDS's legal office within 90 days in accordance with DDS policy guidelines. Rather, the seven deceased clients' files were sent to DDS between 107 and 518 days after the clients' deaths. We recommended that TDC be diligent in obtaining, preparing, and submitting all the necessary documentation for its deceased clients within the DDS timeframe of 90 days.

During our current audit, we reviewed the paperwork for the five residents who passed away between July 1, 2007 and February 28, 2009. Our review determined that in all five cases the required paperwork was properly submitted to DDS's legal office within the 90-day requirement.