



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

Making government work better

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Results of Audit Recommendations from Post-Audit Review Surveys

FY 2012 Fourth Quarter Report

April 1, 2012 through June 30, 2012



TABLE OF CONTENTS

Introduction	1
Highlights of Agencies' Post-Audit Actions	2
Post-Audit Review Results	5
Committee for Public Counsel Services – Office of the Commissioner of Probation Inquiry	5
<i>Audit No. 2011-1104-3C</i> <i>Issued December 19, 2011</i>	
SmileCenter – MassHealth Inquiry	6
<i>Audit No. 2011-4552-3C</i> <i>Issued December 1, 2011</i>	
Worcester Probate and Family Court	7
<i>Audit No. 2010-1229-3O</i> <i>Issued December 7, 2011</i>	
Attleboro District Court	8
<i>Audit No. 2011-1194-3O</i> <i>Issued November 18, 2011</i>	
Woburn District Court	9
<i>Audit No. 2011-1148-3J</i> <i>Issued November 18, 2011</i>	
Berkshire Sheriff's Office – Transition Audit	9
<i>Audit No. 2011-1437-11S</i> <i>Issued December 16, 2011</i>	
Middlesex Sheriff's Office – Transition Audit	10
<i>Audit No. 2011-1431-11S</i> <i>Issued December 23, 2011</i>	
The Carson Center for Human Services, Inc.	11
<i>Audit No. 2011-4548-3C</i> <i>Issued December 8, 2011</i>	
<u>Related inquiry:</u> MassHealth	
Agawam Housing Authority	12
<i>Audit No. 2010-0595-3A</i> <i>Issued October 4, 2011</i>	
Cape Ann Transportation Authority	13
<i>Audit No. 2011-0395-3R</i> <i>Issued December 15, 2011</i>	

INTRODUCTION

This is the third report to detail auditees’ implementation of audit recommendations through the use of post-audit review surveys. To ensure that audit reports help effect positive change and make government work better, State Auditor Suzanne Bump launched an initiative in October 2011 to follow up with audited agencies on their actions regarding audit recommendations and the resulting outcome.

From the initiative’s launch through the close of the fourth quarter on June 30, 2012, a 98% response rate has been achieved with 61 of 62 post-audit reviews having been completed and returned. The one review outstanding is from the Administrative Office of the Trial Court, which has consistently communicated its progress with the Office of the State Auditor (OSA), and its completed review is expected soon. Auditor Bump extends her appreciation and commends these agencies for their cooperation, their professionalism, and their commitment to making government work better.

According to the surveys, 91% of the 244 recommendations in the associated audits have been acted on, with auditees reporting that 48 percent have been fully implemented. With several cost recovery actions still ongoing, the fiscal benefit of these audit recommendations could total up to \$52.4 million.

Post-audit review surveys are issued six months after the release of an audit with findings. These surveys initiate a new level of contact between the Auditor and the auditee. This new interim communication lets auditees know that an audit should not be left to sit on a shelf until the next engagement, but that there is a public interest in utilizing audit recommendations to strengthen government operations through better efficiency, effectiveness, accountability, and transparency.

Post-audit reviews also allow auditees the opportunity to communicate operational issues or difficulties in implementing recommendations. This may lead to collaboration between the Auditor and auditee to propose legislative, regulatory, or other changes. Through this process, the Office of the State Auditor (OSA) serves as both a partner and a resource for making government work better.

By the numbers

Aggregate totals from Oct. 2011-June 2012

- 62 Number of post-audit reviews conducted
- 98 Percentage of post-audit reviews completed and returned by auditees since the program’s launch in October, 2011
- 244 Number of audit recommendations followed up on
- 91 Percentage of recommendations on which auditees reported taking action
- \$52.4 The potential fiscal benefit of these recommendations in millions

This new initiative also helps to improve the work of the OSA in a number of ways. Post-audit reviews maximize the resources and staff hours invested in an audit by adding value and increasing the return on investment by quantifying outcomes. Audit planning also will benefit, as the urgency for a full follow-up audit may increase or decrease based on a post-audit review response. In addition, the audit team will have auditee-supplied information to use at the commencement of the next audit of the agency, which will save time and assist in the development of the audit program.

HIGHLIGHTS OF AGENCIES' POST-AUDIT ACTIONS

In the fourth quarter of fiscal year 2012, the OSA conducted post-audit reviews of 10 audits out of a total of 43 issued from June 1, 2011 to September 30, 2011. Twenty-eight reports in total were issued related to indigency determination; one central report and 27 reports of conditions of district courts. The OSA elected to follow up on the central report with the Office of the Commissioner of Probation (OCP) as any actions taken there would apply to each of the district courts. Two audits had recommendations directed toward additional agencies beside the auditee. Accordingly, post-audit reviews were sent to those agencies, resulting in a total of 12 reviews from the 10 audits followed up on.

At the time of the release of this report, the Administrative Office of the Trial Court (AOTC) had not completed its survey related to the audit of Worcester Probate and Family Court, which reported on lax time and attendance policies resulting in an employee being paid for work in different positions during overlapping hours. AOTC has had continued communication with the OSA and has updated the OSA on its status toward completion. It is expected that this survey will be filed in the very near future and included in the next quarterly report.

It is important to note that responses to post-audit reviews are self-reported information that is unaudited. The OSA makes no claims as to the accuracy of the information. Being subject to future audits and public disclosure, it is in an auditee's best interest to provide the OSA with forthright responses.

According to the responses of the 11 completed reviews, OSA audit work and recommendations produced the following actions and results for the fourth quarter.

RESULTS OF POST-AUDIT REVIEWS APRIL - JUNE 2012							
Number of Completed Reviews	Number of Recommendations	Fully Implemented	Percentage Fully Implemented	In Progress	Percentage of Recommendations Acted on	Planned Action	Fiscal Benefit
11	51	24	47%	23	92%	3	Up to \$2.2 million

One recommendation had no action.

- Up to \$2.2 million in fiscal benefits, with \$1.8 million in year-over-year savings attributed to the improved indigency determination process developed by the OCP. Other potential cost savings could not be quantified at this time, such as savings from stronger inventory controls, time and attendance records, the establishment of an accounts receivable system, regulatory review, and increased internal oversight.
- Ninety-two percent of OSA recommendations were acted on. Of the four recommendations not acted on, three were planned, and the other was classified as no action because the agency said it addressed the issue in another recommendation.
- Since having been found by OSA to be failing to verify the eligibility of persons seeking public counsel, the OCP has conducted nearly 74,000 indigency verifications at District and Boston Municipal Courts and more than 82,000 including Superior and Juvenile Courts between October 2011 and June 2012.
- Legislation granted the OCP access to more state databases to verify information.
- MassHealth is seeking \$253,519 in recovery from SmileCenter and revoked the orthodontic specialty of its sole proprietor. Additionally, MassHealth is in the process of reviewing certain billing coding and regulations to strengthen system edits and is planning to initiate a five-year audit of SmileCenter's billings.
- The Berkshire Sheriff's Office reduced its compensatory time obligations by over \$100,000 by reviewing and updating its policies as recommended.
- Worcester Probate and Family Court improved its time and attendance policies and procedures after an employee was found employed at three colleges during working hours.
- Agawam Housing Authority has implemented a full inspection protocol for all of its housing developments, which will help the Authority in detecting and addressing any physical or sanitary problems that may arise.
- Attleboro and Woburn District Courts have both fully implemented the MassCourts financial management system and have become fully compliant with state laws and regulations concerning the processing of abandoned bails.

- Middlesex Sheriff's Office has implemented new procedures to comply with state laws governing disposal of abandoned inmate funds and reconciliation of Civil Process accounts.

POST-AUDIT REVIEWS THREE QUARTER TOTALS							
Number of Completed Reviews	Number of Recommendations	Fully Implemented	Percentage Fully Implemented	In Progress	Percentage of Recommendations Acted on	Planned Action	Fiscal Benefit
61	244	116	48%	105	91%	11	Up to \$52.4 million

Three disputed findings; nine recommendations had no action.

Over the three quarters of following up on audit recommendations, 91% of audit recommendations have been reported to be acted on with a collective fiscal benefit of up to \$52.4 million. Of that amount, \$8.2 million is year-over-year savings.

POST-AUDIT REVIEW RESULTS

Committee for Public Counsel Services – Office of the Commissioner of Probation Inquiry				
Audit No. 2011-1104-3C			Issued December 19, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
1	0	1	\$1.8 million in cost savings at District and Boston Municipal Courts	<ul style="list-style-type: none">• Probation developed new policies and training for determining indigency verification for those seeking state-sponsored legal counsel• Nearly 74,000 indigency verifications conducted at District and Boston Municipal Courts

After an audit reported that the OCP was performing virtually no indigency verification checks of persons seeking publicly funded legal counsel in district courts, the OCP stated that it has conducted 73,867 indigency verifications between October 2011 and June 2012 at District and Boston Municipal Courts and 82,107 including the Superior and Juvenile Courts.

As a result, the OCP has found 1,223 people initially deemed indigent in the District and Boston Municipal Courts ineligible for public legal counsel. Considering that the audit questioned the appropriateness of \$82.3 million spent on indigent legal services at district courts, this 2.2% ineligibility rate equates to \$1.8 million in cost savings, ensuring that only those truly eligible receive services as well as increasing available resources to a greater number of people in need.

The Committee for Public Counsel Services administers publicly-funded legal services for indigent citizens, but the law charges the Chief Probation Officer assigned to each court with the responsibility of verifying indigency. Where the central finding of this audit involved the OCP, the post-audit review was issued to that department to follow up on the recommendation.

Additionally, all indigency verification documentation is now required to be retained. The initiation of disciplinary proceedings has been discussed with Chief Probation Officers for noncompliance with the indigency verification policy.

The audit led to reform legislation, Section 112 of Chapter 68 of the Acts of 2011, which amended M.G.L. Chapter 211D, Sections 2 and 2A. This legislation gave the OCP access to information at the Department of

Revenue, Department of Transitional Assistance and the Registry of Motor Vehicles. It also accelerated the time frame to complete the applicant's financial report from 60 days to seven.

The OCP reported that it began taking corrective actions during the course of the audit and those were included in the report. In February 2011, all Chief Probation Officers attended mandatory retraining on the indigency determination process. In July 2011, the OCP issued a memorandum: "New Policies and Procedures for Indigency Verification." In October 2011, the OCP issued new policies and procedures for indigency verification to all Chief Probation Officers. Trainings were held to educate probation officials on the new policies.

The OCP also stated that in February 2011 and November 2011 it conducted two rounds of indigency checks at all Superior, District and Boston Municipal Courts in tandem with internal audit staff from the AOTC. After the second round, the OCP determined a compliance rate of 88% for indigency verification checks. Staffs at the 10 courts considered to be deficient were mandated to attend additional training in February 2012. In March 2012, audit compliance rate in the 11 Juvenile Courts was 100%.

The Supreme Judicial Court issued three separate decisions on July 13, 2012, each of which held that household incomes are to be considered in making an indigency determination on a defendant. The OCP is currently reviewing these decisions to create proper policies and procedures.

Areas to monitor: Verification compliance rates, development of policies and procedures related to SJC decisions, and expanded income verification in the Probate and Family Court

SmileCenter – MassHealth Inquiry				
Audit No. 2011-4552-3C			Issued December 1, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
13	0	11	Up to \$253,519	<ul style="list-style-type: none">MassHealth initiated recoupment of \$253,519 in unallowable billingsMassHealth terminated the orthodontic specialty assigned to the sole providerMassHealth is working with its dental plan administrator to conduct a full audit of SmileCenter billings, review regulations, and strengthen system edits
	Planned			
	2			

In response to the audit of SmileCenter, a sole proprietor dental provider located in Plymouth, MassHealth has initiated a cost recovery action worth \$253,519, reflecting the total of 10 recommendations involving unallowable billings.

Included among them were unallowable orthodontic procedures resulting from the practitioner lacking the required orthodontic training. MassHealth has terminated the practitioner's orthodontic specialty. The practitioner has a pending appeal before MassHealth's Board of Hearings on both the recovery and orthodontic termination.

MassHealth said that recommendations regarding codes for oral evaluation and palliative treatment of dental pain have led to a review of these codes in conjunction with the regulations and the implementation of proper system edits. Other unallowable billings involved: detailed oral screenings, fluoride treatments, dental services, oral/facial photographic images, and conflicts between records and billings.

The other recommendation that MassHealth reports to be "in progress" is a quality assurance review in conjunction with the dental plan administrator, DentaQuest, to implement and enhance system edits.

MassHealth said work is planned in response to two recommendations. MassHealth stated that it will instruct DentaQuest to conduct a full audit of SmileCenter from 2007 to 2012 with emphasis on recommendations from the audit report. In addition, MassHealth said it is regularly reviewing dental program reimbursement regulations to ensure that they are understandable and consistent with state and federal regulations and policies.

Areas to monitor: Cost recovery, enhanced system edits, and results of the full audit

Worcester Probate and Family Court				
Audit No. 2010-1229-3O			Issued December 7, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
6	6	0	Not stated	<ul style="list-style-type: none"> WPFC re-educated employees on proper procedures concerning time and attendance reporting Developed controls strengthening the supervisory oversight of the collection of fees

The audit of the Worcester Probate and Family Court (WPFC) found that the Head Administrative Assistant (HAA) for the Register of Probate was collecting multiple paychecks for teaching at three colleges during working hours. Additionally, the HAA was found to be performing only three of the 19 duties required of the position while neglecting budgetary, payroll, and purchasing-related functions.

Proper time and attendance records for employees of the Register of Probate's Office were not kept. Approximately \$3,500 in filing fees for domestic relations cases were both missing and not reported to the OSA as required under Chapter 647 of the Acts of 1989, and approvals for fee waivers were not documented.

In its response, WPFC stated that it has fully implemented all of the audit recommendations. WPFC has re-educated employees on the proper procedures pertaining to time and attendance reporting. A joint memorandum was issued by the Register and the First Justice to all WPFC employees, which included a reminder of the AOTC policy that requires signing in and out in sequential order.

Corrective action on three recommendations was cited in the audit report. The First Justice and Register worked with AOTC to strengthen the oversight of fee collection and updated the internal controls in this area. Additionally, fee waiver requests to WPFC continue to be approved by the appropriate supervisory employee, and the instance of noncompliance with Chapter 647 requirements was corrected.

A finding from a previous audit had been resolved as WPFC had prepared an internal control plan as recommended.

AOTC was also issued a post-audit review, as it was mentioned as part of the recommendations. AOTC has communicated with the OSA about its status, and it is expected to be filed expeditiously.

Areas to monitor: Controls over time and attendance for employees, fee collections, and fee waiver requests

Attleboro District Court				
Audit No. 2011-1194-30			Issued November 18, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
4	4	0	Not stated	<ul style="list-style-type: none"> Implemented MassCourts system Compliance with state law and AOTC regulations governing processing of bail

Attleboro District Court stated that it has implemented the MassCourts system, resulting in better tracking of its financial transactions. Improvements made include: implementing an accounts receivable system, giving first priority to victim witness fee assessments as mandated, and streamlining receipts and disbursements. The Court also indicated that it is conducting periodic bail account reviews to ensure compliance with laws and regulations and to transmit the bails as abandoned or forfeited.

Areas to monitor: Continued progress with financial transactions

Woburn District Court				
Audit No. 2011-1148-3J			Issued November 18, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
3	3	0	Not stated	<ul style="list-style-type: none"> Implemented MassCourts system Compliance with state law and AOTC regulations governing processing of bail

In its response, Woburn District Court stated that it has implemented the MassCourts system and that it continues to follow the financial collection protocols that are a part of the application. The Court noted that improvements have been made with the processing of abandoned bails and bails associated with defaulted criminal cases. The use of MassCourts and the training of staff has ensured the collection of the victim witness fee as the first priority as mandated, the court said.

Areas to monitor: Continued improvement with bail processing and the use of MassCourts

Berkshire Sheriff's Office – Transition Audit				
Audit No. 2011-1437-IIS 2011			Issued December 16, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
4	2	2	\$128,065	<ul style="list-style-type: none"> Established formal written policies around compensatory time resulting in a cost benefit of \$113,156 Remittal of year-old unclaimed civil process checks to the Treasurer

The Berkshire Sheriff's Office (BSO) reported that it has implemented two recommendations from the transition audit. BSO added new written policies and procedures to its compensation and benefits policy to include specific guidelines regarding the recording, accumulation, and usage of compensatory time. Further, after reviewing the total amount of compensatory time accrued by agency employees, BSO determined that its financial obligation to employees could be lessened by allowing them to opt to be paid out for compensatory time earned, resulting in a cost benefit of \$113,156. BSO also stated that it will remit unclaimed civil process checks over one year old totaling \$14,909 to the Office of the State Treasurer as required.

Other recommendations BSO reported are “in progress.” Concerning the handling and use of commissions received on telephone services provided to inmates and the offering of meals to staff at no cost, BSO is currently awaiting the recommendations from the final report of a special commission investigating the operations and administration of Sheriff's Offices throughout the Commonwealth.

Areas to monitor: Effectiveness of compensatory time policies, transmittal of unclaimed civil process checks to the State Treasurer, and results of the special Sheriff's Commission

Middlesex Sheriff's Office – Transition Audit				
Audit No. 2011-1431-IIS 2011			Issued December 23, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
7	2	5	N/A	<ul style="list-style-type: none"> Improved monthly bank reconciliation for Civil Process accounts Established procedures over abandoned inmate funds to ensure legal compliance

The Middlesex Sheriff's Office (MSO) stated that after the transition audit its Civil Process Division developed and implemented stronger internal controls over the monthly reconciliation of its bank accounts, which will reduce the risk for losses or other unauthorized financial activities. MSO also established procedures to comply with Massachusetts General Law Chapter 127, Section 96A, which governs the disposal of abandoned inmate funds. Abandoned funds are now either issued to former inmates or transferred to the Office of the State Treasurer's Abandoned Property Division, if necessary.

Of the areas considered "in progress," MSO responded that it is currently awaiting the recommendations from the special commission studying the operations of Sheriff's Offices before implementing corrective action regarding the handling of inmate telephone commissions, civil processing fees, and the practice of furnishing meals to employees at no cost. Additionally, MSO is currently working to update its internal control plan to become compliant with Chapter 647 and Office of the State Comptroller requirements, as well as its inventory listings.

Areas to monitor: Civil process bank reconciliations, processing of abandoned inmate funds, inventory controls, and results of the special Sheriff's Commission

The Carson Center for Human Services, Inc.				
Audit No. 2011-4548-3C			Issued December 8, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
1	1	0	N/A	<ul style="list-style-type: none"> The Carson Center reported that it has a system in place to resolve instances of overpayment by MassHealth
The Carson Center for Human Services, Inc. – MassHealth Inquiry				
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
1	1	0	\$1,925	<ul style="list-style-type: none"> MassHealth recovered the full \$1,925 in overpayments made to the Carson Center

The audit of the Carson Center for Human Services, a Westfield-based provider of behavioral health and rehabilitative services, contained one finding and one recommendation. The recommendation made included MassHealth; accordingly, MassHealth received and responded to a post-audit survey.

The Carson Center reported that it has returned the full \$1,925 in overpayments as requested by MassHealth. The Carson Center also stated that it has a system to resolve any future overpayments made to the agency.

MassHealth reported that changes in these types of claims have been corrected. As reported in the third quarter post-audit review report, MassHealth said that it had reviewed all providers with the potential for similar overpayments to determine whether additional recoveries should be pursued. MassHealth, through the Benefit Coordination and Recovery Unit at UMass Medical School, identified 10 providers with \$20,718 in potential duplicate payments. The UMass Medical School Provider Compliance Unit was initiating recovery.

Area to monitor: Amount of recovery of additionally identified duplicate payments

Agawam Housing Authority				
Audit No. 2010-0595-3A			Issued October 4, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
9	3	4	Not stated	<ul style="list-style-type: none">Implemented protocol for annual inspections of Authority housing developmentsThe Authority is in the process of improving its inventory practices
	Planned			
	1			

One recommendation had no action

Agawam Housing Authority responded that it implemented a full inspection protocol and subsequently inspected all of its housing developments to ensure safe and sanitary conditions and to better understand its capital needs. The Authority has also implemented new training and monitoring procedures to improve deficiencies in its rent determination process, which will provide tenants improved service and accurate monthly rental charges.

Of the areas considered “in progress,” the Authority stated that it is continuing to develop a preventive maintenance policy. As a result of action taken, its maintenance department now has more control over the scheduling of repair work, which will lead to savings through expedited turnover of its housing units. Additionally, the Authority reported that it is taking steps to improve inventory practices, which includes using computer software to coordinate work orders to its recorded inventory and updating its inventory records as it receives additional equipment. The Authority also stated that it was current with its vacancy ledger and updating it as warranted.

The Authority further noted that action was planned on reviewing all purchases made in the previous three years to further update its inventory. The Authority said relevant records are outstanding and that it is making inquiries to its equipment vendors. No action was taken on one recommendation, which the Authority said it addressed in response to another recommendation.

Areas to monitor: Effectiveness of inspection policy, preventive maintenance policy, and inventory controls

Cape Ann Transportation Authority				
Audit No. 2011-0395-3R			Issued December 15, 2011	
Number of Recommendations	Fully Implemented	In Progress	Fiscal Benefit	Selected Actions and Results
2	2	0	N/A	<ul style="list-style-type: none"> Implemented procedures to minimize the time elapsed between the transfer and disbursement of federal non-ARRA funds and any future federal assistance funds

Cape Ann Transportation Authority (CATA) stated that it has implemented procedures to minimize the time elapsed between the transfer and disbursement of payments received both from the Federal Transit Administration and from any future federal assistance funds. As a result, payments will now occur within three days of receipt by CATA. CATA has also instituted measures to ensure compliance with reporting requirements of the funds.

Area to monitor: Future compliance with timeframe for transfer and disbursement of funds