



Department of  
Developmental Disabilities

Division of Fiscal Administration

John R. Kasich, Governor  
John L. Martin, Director

April 22, 2013

Mr. Randall J. Meyer  
Ohio Inspector General  
30 East Broad Street, Suite 2940  
Columbus, OH 43215

2013 APR 22 PM 3:41  
OFFICE OF  
INSPECTOR GENERAL

RE: Report of Montgomery Developmental Center 2012-CA00025

Dear Inspector General Meyer:

I have included, in this document, the Ohio Department of Developmental Disabilities' (DODD) responses to your recommendations included in the State of Ohio's Office of The Inspector General Investigative Report, Montgomery Developmental Center (MDC) File ID #:2012-CA00025 dated February 22, 2013.

**RECOMMENDATIONS AND RESPONSES**

1. Internally review the actions of all employees involved in this report to determine whether their conduct and practice warrants further administrative action or training.

Response: DODD reviewed the actions of all employees involved and further administrative action was taken towards one additional employee.

2. Return funds improperly deposited into Montgomery Developmental Center's client funds bank account to the industrial and entertainment bank account, implement procedures to document the reason why funds are being transferred to the client funds bank account, and require supervisory approval prior to completing the transfer.

Response: DODD restored the funds to the industrial and entertainment bank account.

DODD will issue a directive to prohibit the transfer of any funds from the industrial and entertainment account to the client funds account.

3. Compare bank deposits between the client funds and industrial and entertainment bank accounts for the period from August 1, 2009, through March 12, 2012, to deposits recorded in QuickBooks and resolve posting errors and determine the reason for the error. The errors identified during this investigation will be forwarded to the Ohio Office of Budget and Management's Office of Internal Audit for consideration while completing the engagement now in progress with the Ohio Department of Developmental Disabilities.

Response: Montgomery Developmental Center has completed its review of the deposits and postings. Central office compared bank deposits to QuickBooks's deposits.

4. Consider the merits of standardizing operational policies and procedures for all developmental centers business activities including but, not limited to the posting of resident personal needs account and industrial and entertainment fund activity, processing of field trip funding requests, the security of field trip funds waiting to be spent and returned, and management oversight of business office activities.

Response: DODD Central Office has developed and along with the developmental centers (DCs) has implemented the following policies and procedures.

- Cash Management Policy and Procedures
- Sweep Management Policy and Procedures
- Segregation of Duties Policy and Procedures
- QuickBooks' Roles, Responsibilities, and Access

DODD is developing the following policies:

- Record Retention Policy and Procedures (under review)
- Reconciliation Policy (under review)

5. Should the developmental centers continue to establish their own policies and procedures, DODD should require the developmental centers to submit their respective policies and procedures for review and approval by DODD central office for compliance with applicable Ohio Revised Code and Ohio Administrative Code Sections and to ensure resident funds are adequately safeguarded from potential theft or loss.

Response: Occasionally, the developmental centers will develop internal procedures to assist in implementing the DODD policies. DODD Central Office will review and approve any fiscal procedures developed by a developmental center. DODD Central Office is also currently visiting each DC to test for compliance with the policies and procedures.

6. Expand the segregation of duties policies and procedures to include a clear definition of the duty and responsibility for each position and include a requirement for review and approval of the activities performed by account clerks and managers depositing resident funds, issuing checks, and reconciling the

client funds and industrial and entertainment bank accounts maintained at each developmental center.

Response: DODD has implemented a segregation of duties policy which includes a detailed matrix assigning tasks and job classifications. Each DC submitted a matrix to DODD Central Office for review and approval.

7. Develop and implement a policy requiring the developmental centers to follow a procedure and identify the frequency, method, and process of remitting amounts to the DODD central office when a resident's personal account exceeds the \$1,500 maximum for the resident's Medicaid eligibility determination.

Response: This will be incorporated into the sweep policy by May 30, 2013.

8. Update existing developmental center policies and procedures to require supervisory reviews of resident personal needs account balances, bank reconciliations, and canceled checks from bank accounts managed by the developmental centers to verify procedural compliance and identify the potential for issuance of unauthorized checks.

Response: DODD Central Office has developed a reconciliation policy which is being reviewed and encompasses all of the checks and balances recommended above.

9. Revise existing developmental centers procedures to ensure not only a monthly reconciliation of the QuickBooks client funds general ledger or cash journal to the transactions clearing the bank, but also to ensure that the bank account balance equals the total of the residents' personal needs accounts balances less outstanding purchase to ensure resident fund have not been spent for unauthorized purposes.

Response: The recommendation above will be covered within the reconciliation policy.

10. Consider the benefits of requiring a periodic or random shift of supervisors and business office employees receiving monies, to prepare deposit slips and deposit funds on a daily or regular basis. Once deposited, the individual making the deposit should provide the deposit slip with the supporting documentation to the business office to reduce the likelihood of theft. This will allow for a timely identification should a resident's personal needs account exceeds the \$1,500 maximum.

Response: Appropriate checks and balances are included in the reconciliation policy that is being reviewed for approval and adoption.

11. Continue to require the issuance of a receipt and the funds being exchanged be counted each time money changes hands at the developmental centers as required by the policy effective July 1, 2012.

Response: DODD will continue to require the issuance of a receipt and the funds being exchanged be counted each time money changes hands.

12. Implement necessary safeguards to ensure cash for field trips and other activities is secured at all times and limit access to this cash. Such safeguards include the use of a locked safe or lock box that is locked at all times unless cash is being added or removed by an authorized employee and a witness, and requiring the employee and witness to sign a log stating the time and date, and the purpose for accessing the safe or lockbox.

Response: DODD has implemented safeguards based on the cash management policy, which includes keeping cash in a secured place and permitting a limited number of people to have access to the cash. The DODD Central Office Project Manager is currently conducting reviews at the DCs on the handling of cash.

13. Require developmental center staff to document the reason for a change to QuickBooks data and to obtain supervisory approval prior to changing the data, voiding a transaction, or deleting a transaction.

Response: DODD Central Office will revise its QuickBooks policy and procedure to address this recommendation by July 30, 2013.

14. Require a person independent of the employees responsible for preparing the checks and making deposits to look for irregularities by reviewing the bank statements, deposit slips, and canceled checks received from the bank. Should irregularities be identified, further review should be completed to determine whether it is a bookkeeping error or involves missing funds.

Response: A person independent of the person preparing the checks and making deposits reviews bank statements and deposit slips. Directions on how to handle irregularities have been incorporated into the agency's newly written reconciliation policy.

15. Implement a policy requiring monthly reviews of the QuickBooks Audit Trail report and voided/deleted report to verify that the changes to QuickBooks data are for authorized purposes.

Response: This will be incorporated into the existing QuickBooks Policy by July 30, 2013.

16. Implement a policy prohibiting employees from authorizing another employee to sign their name on documents including but, not limited to invoices, checks, and reports submitted to DODD.

Response: DODD will issue a directive to prohibit employees from authorizing another employee to sign their name on documents.

17. Each developmental center should update their desk manuals to reflect actual policies and procedures being used at the developmental center. Annual reviews of these manuals should be completed by management at both the developmental center and DODD to determine whether revisions are required.

Response: Developmental Centers will complete a review of their desk manuals and only include actual policies and procedures being used by May 30, 2013. Going forward, the DCs and Central Office will annually review policies and procedures. If revisions are required, Central Office will review and approve the revisions. The DODD Central Office is currently conducting reviews at the DCs that include the review of internal fiscal operational policies and procedures.

18. Require periodic evaluations of business office staff for compliance with approved developmental policies and procedures to identify weaknesses which require further training.

Response: DODD Central Office is now conducting fiscal reviews on the DC's internal accounts. The reviews also include the DC's internal fiscal operational policies and procedures that are associated with internal funds. The project manager will also be reviewing and testing other fiscal processes, such as payment cards, vouchers, etc. If weaknesses are found, DODD Central Office will provide training or make other necessary changes.

19. When a change in the position of the business administrator or fiscal officer occurs, developmental center management, in conjunction with central office staff, should conduct a review to determine whether noncompliance issues exist. Any such issues identified should be corrected, when possible, prior to a new business administrator or fiscal officer being hired.

Response: DODD will implement this practice immediately.

20. Complete quarterly tests of compliance with developmental center procedures and semi-annual reviews of developmental center's segregation of duties for

compliance as specified in the recently issued DODD Segregation of Duties and Cash Management policies.

Response: DODD Central Office is now conducting fiscal reviews on the DCs. The reviews include internal fiscal operational policies and procedures specifically targeting internal funds. These reviews will occur as stated in the policies and procedures, and may occur more frequently.

21. Continue to monitor monthly developmental center sweep submissions for reasonableness and investigate any transactions which appear unreasonable or unusual.

Response: DODD monitors this as a part of the sweep policy which was effective April 2012.

22. Implement a system for central office and developmental center employees to report irregularities noted during the submission of the monthly superintendent sweeps, "Medicaid Sweeps", and to obtain additional information to resolve each irregularity when identified.

Response: This recommendation will be incorporated into the Sweep Policy by April 30, 2013.

23. Establish a monitoring protocol for DODD central office employees to conduct reviews at the developmental centers to determine whether the developmental center is complying with applicable policies, procedures, and state and federal regulations.

Response: DODD Central Office has established a monitoring protocol and is now conducting fiscal reviews on the DCs. The reviews include internal fiscal operational policies and procedures.

24. DODD's Division of Fiscal Administration should implement a system to notify all developmental centers when noncompliance or irregularities are identified during a review, what the noncompliance was, and the correct way to process the transaction in an effort to minimize future noncompliance at other developmental centers.

Response: DODD Central Office will provide emails or other types of communication to all the DCs when noncompliance or irregularities are identified in reviews. The communication will include the correct way to process the transaction.

25. Provide training to the developmental center superintendents, operations directors, business administrators, and account clerks on what their duties entail, management's expectations of each employee, how transactions are required to occur and be recorded, and what to do when a transaction deviates from the established expectation, policies and procedures.

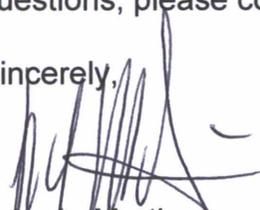
Response: DODD Central Office will develop and provide this training by August 1, 2013.

26. Provide periodic refresher trainings to review the process for recording transactions in QuickBooks, use of available reports, and to view the correct way to process transactions which have been identified during the periodic reviews as recorded incorrectly.

Response: The DODD Central Office will provide annual training on QuickBooks that includes available reports, the process for recording transactions, and reviewing transactions that were recorded incorrectly.

Thank you for your recommendations for making improvements. If you have any questions, please contact Pam Mitchell at 614-728-7304.

Sincerely,



John L. Martin  
Director