



Mental Health and Addiction Services Adult Care Facilities Licensing Audit

Audit Period: January through June 2017

Results Summary:

Objective	Conclusion*
Adult Care Facilities Processes	Improvement Needed

* Refer to Appendix A for classification of audit objective conclusions.



Executive Summary

Background

The Department of Mental Health and Addiction Services (MHA) licenses Adult Care Facilities (ACFs) for the purpose of providing accommodations, supervision and personal care services to unrelated adults. ACFs (made up of family homes and group homes) receive a license to operate after complying with the statutory requirements prescribed in the Ohio Revised Code and the rules set forth in the Ohio Administrative Code. Adult family homes operate with three to five residents and adult group homes operate with six to sixteen residents. At the time of initial license request, residential facilities and operators must undergo a comprehensive onsite inspection in which inspectors verify the safe and sanitary condition of the facility, the capability of the operator and staff to meet their responsibilities in providing supervision and personal care services, and the appropriateness of the placement of each resident in the adult care setting.

In addition to the onsite inspections, the ACF seeking licensure must provide a completed licensure application, application fee payment, and other required documents and forms, such as copies of other required inspections and participant agreements. The application fees range from \$25 to \$50. The renewal process occurs every two years and is similar to the initial application process but with fewer requirements necessary. At the time of this report, there were 663 licensed adult family homes and 253 licensed adult group homes distributed throughout the Ohio counties.

During the audit, OIA identified opportunities for MHA to strengthen internal controls and improve business operations. OIA conforms with the International Standards for the Professional Practice of Internal Auditing. OIA would like to thank MHA staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the agency's ACF licensing and renewal procedures. This work was completed July through September 2017. The scope of this audit was limited to adult family and group homes actively licensed or going through the licensure process during the period January through June 2017.

The following summarizes the objective of the review:

- Evaluate the design and effectiveness of controls over Adult Care Facilities (ACFs) in the following areas:
 - Licensing Review and Approval Procedures
 - Renewal Procedures



- Monitoring of ACF Operators
- Suspension / Revocation Procedures

Detailed Observations and Recommendations

The Observations and Recommendations include only those risks which were deemed high or moderate. Low risk observations are discussed with individual agency management and are not part of this report. However, there were no low risk observations identified for this engagement. Had there been any low risk observations, they would have been considered as part of the audit objective conclusions.



Observation 1 – Non-Compliance

Adult Care Facilities (ACFs) are residential care homes licensed by MHA for providing accommodations, supervision and personal care services to unrelated adults. Facilities receive a two-year license from the Bureau of Licensure and Certification to operate after complying with the statutory requirements prescribed in the Ohio Revised Code and the rules set forth in the Ohio Administrative Code. As a best practice, statutory requirements should be incorporated into the Bureau’s policies, standards, procedures and methodologies to ensure the agency’s practices are compliant with program requirements. Management should review and adjust policies, standards, procedures and methodologies on a routine basis to ensure regulatory and legislative requirement updates are addressed and communicated timely.

A review of the current ACF procedures revealed several areas for improvement as there was no evidence to support the Bureau has documented processes to ensure the applicable ACF rules are achieved, specifically regarding the areas noted below.

Ohio Revised Code (ORC)

ORC §5119.34, Inspecting and licensing of residential facilities, states, in part:

- *(F)(1) The department of mental health and addiction services shall inspect and license the operation of residential facilities. The department shall consider the past record of the facility and the applicant or licensee in arriving at its licensure decision. The department may issue full, probationary and interim licenses. A full license shall expire up to three years after the date of issuance, a probationary license shall expire in a shorter period of time, and an interim license shall expire ninety days after the date of issuance.*

At the time of review, the Bureau issues two-year licenses and there is no evidence to support the Bureau is issuing any probationary or interim licenses, which could be utilized for operators considered to need additional assistance or evaluation.

- *(F)(2) The department may issue an order suspending the admission of residents to the facility or refuse to issue or renew and may revoke a license.*

At the time of the audit, the Bureau did not have formal procedures or processes in place to track, document, and report those facilities that are not following the requirements within 5119.34 section. Therefore, staff may not know how or when to proceed with additional action, and realistically the Bureau is unable to provide enforcement, when necessary. There is no course of action outlined to assist surveyors in determining when to issue an order to suspend the admission of residents to the facility or refuse to issue/renew and potentially revoke a license if the Bureau finds the facility is not in compliance. This should occur in examples when the facility has been cited for a pattern of serious non-compliance or repeated violations of statutes/rules during the period of current or previous licenses, and/or the applicant or licensee submits false or misleading information as part of a license application, renewal, or investigation.



- (H)(2) *In conducting inspections, the Bureau surveyor may conduct an on-site examination and evaluation of the residential facility and its personnel, activities, and services. Following each inspection and review, the surveyor shall complete a report listing any deficiencies, and, when appropriate, include a time table within which the operator shall correct the deficiencies.*

It appears the Bureau requires the operator to submit a plan of correction (POC) within fourteen calendar days of identification, describing how the deficiencies will be corrected. However, at the time of review, in the instances the ACF operator received a Survey Compliance Findings form summarizing the item needed for correction, it was noted the form does not provide a timetable determining when the finding should be corrected. As there are no formal guidelines or procedures over this process, the Bureau relies on surveyor judgment to determine the time table to correct, as well as manually track the timeframe for follow-up and validation of completion. Furthermore, testing identified that in most instances the operators are not submitting a POC, just evidence of the corrections. Of the eight ACF case files reviewed during the audit period of January to June 2017 in which a finding for correction was identified, the timeframe in which the ACF completed corrections ranged from twenty to 180 days. Furthermore, for one of the eight ACF case files tested, there was no documented evidence to support the corrections were made prior to the initial license being issued. Rather, the surveyor noted the finding as corrected, which resulted in the ACF being issued a license.

- O) *The director may fine a person for violating the following requirements: 1) operating a residential facility without the facility holding a valid license; (2) violating any of the conditions of licensure after having been granted a license; (3) interfering with a state or local official's inspection or investigation of a residential facility; (4) violating any of the provisions of ORC section 5119.34 or any rules adopted pursuant to this section.*

At the time of review, the Bureau reported they currently choose not to impose any fines, nor do they have a process established to support imposing fines against licensees. Although not required, fines could be used as an enforcement option to ensure ACF operators are compliant with the requirements.

Ohio Administrative Code (OAC)

- OAC §5122-33-03 License application and renewal procedures, states, in part:

(E) The applicant shall submit any additional information requested within sixty days of the request. The director may invalidate the application and deny licensing if the applicant fails to submit requested information within sixty days of the director's request.

However, at the time of review, due to the volume and variety of applications received and current processes, the Bureau does not track the information at an aggregate level in the event additional information is requested during the application process. Additionally, the Bureau's current LACTS system does not support tracking or reporting on this information at



an aggregate level; the current application tracking is performed manually. The Bureau noted they mail reminder notices to applicants about license expiration/renewal; however, the timing of the mailings is not outlined, nor is it performed consistently, which may have led to the following items noted during testing: two of seven (29%) ACF renewal applications were received after the applicant's license expiration date.

- OAC §5122-33-05 Issuance, renewal, and denial of licenses, states, in part:

(A) The Bureau shall issue a license to an ACF if, after completing the review, the Bureau determined the facility meets the requirements of ORC § 5119.34 and § OAC 5122-33. In accordance with Chapter 119, the Bureau may deny a license if the past record of the owner or manager indicates he or she is not suitable to own or manage a facility.

Currently, the Bureau does not have an established process or procedures in place to research historical applicant/licensee data at an aggregate level, to determine if an ACF owner or manager has any previously revoked license and/or current license with numerous issues to identify an operator and/or manager who is not suitable to own or manage a facility.

- OAC §5122-33-06 Inspections; access to facilities; standards of conduct.

(A)(1) The Bureau should make at least one unannounced inspection of an adult care facility during each licensure period in addition to inspecting the facility to determine whether a license should be issued or renewed.

Currently, the Bureau indicated it does not consistently conduct unannounced inspections; the volume of licensees that require inspections for licensure, including ACFs, was cited as the reason for being unable to complete this requirement.

- OAC §113-1-02 Payments into the state treasury, states, in part:

(A)(1) Within three business days of receipt by a state entity or deposit into a state entity's banking account established by the treasurer, every state entity shall pay to the treasurer all moneys, checks and drafts, wires and revenue from financial transaction devices received for the state, or for the use of any such state entity, from taxes, assessments, licenses, premiums, fees, penalties, fines, costs, sales, rentals, or otherwise.

During the audit period of January to June 2017, seven of eight (88%) licensing fee deposits tested could not have been deposited within three days of receipt by the agency, as the date in which the Bureau received the payment compared to the date the Bureau sent the payment to MHA Fiscal for deposit ranged from seven to 28 days.

Furthermore, without establishing enforcement procedures and processes for the ACF requirements prescribed in the Ohio Revised Code and the rules set forth in the Ohio Administrative Code, there is an increased potential for substandard ACF facilities continuing to operate, inconsistencies amongst Bureau surveyors' enforcement of the requirements, financial losses for penalties not identified, and ultimately, negative publicity for the agency should the health and safety of residents in the ACF be compromised. Additionally, as the majority of the



tracking and documenting within the Bureau is a manual process, there is a much greater risk that the Bureau cannot support and/or enforce certain statutory requirements set forth in the code as easily as if the system was better able to capture and report on key data elements. Furthermore, the lack of well-defined procedures increases the risk of not achieving legislative, regulatory, and Bureau goals, in addition to Bureau personnel not understanding the basis for the review of the compliance requirements. Lastly, failing to process and deposit payments immediately upon receipt is non-compliant with state rule and increases the risk that licenses are issued although an applicant may have had insufficient funds to process the payment.

Recommendation

Organize a Bureau-wide focus group including personnel from each role to collaboratively develop, document, and/or formalize the current and ad-hoc ACF procedures, forms, tools, etc. currently utilized to support the process. Specifically, identify and target subjective areas (i.e., current areas left up to surveyor judgement) to increase consistency and operational efficiencies to reach compliance with all ACF legislative and regulatory requirements. After developing these procedures, the focus group should perform a crosswalk of the ACF legislative and regulatory requirements with the documented procedures to ensure the Bureau has procedures to address each requirement.

Policies and procedures should be formally documented and approved by management, and periodically reviewed for updates, as needed, to reflect any changes in the processes or rules. Evaluate the current and proposed ORC and OAC requirements set to go into effect January 1, 2018, if deemed necessary, and seek amendments to help ensure the Bureau is able to maintain a sufficient and operable, as well as efficient, program.

To reduce manual processes and inefficiencies, consider replacing or updating LACTS as it does not provide the necessary tools and resources to perform all applicable job responsibilities within the Bureau. Items to consider in updating/developing a new system include:

- Require applicants/licensees to submit all applications electronically, with system validations that check for completeness during the application process.
- With electronic applications and inspection tools, enable automated logging to track, document, and record the areas of non-compliance identified during the application review and on-site inspection procedures, as well as establishing a consistent time table for the due dates based on the area of non-compliance and to automate the timeframes within the system to reduce errors.
- System capabilities to prevent a license from being printed/produced until all application requirements have been met, and when applicable, plans of correction have been completed, validated and documented within the system.



- When processing initial ACF applications, develop system capabilities to perform a relational search of all ACF applicants/licensees to ensure there is no prior history of non-compliance and/or revocation within the specified timeframes. Additionally, consider the ability to view whether a current licensed facility has been cited for a pattern of serious non-compliance or repeated violations, which may provide the agency with necessary evidence to support suspending a facility's license.
- Create reporting functionality to aid management in monitoring the data to achieve compliance with the respective requirements.

Evaluate and strengthen the current deposit process over licensing fees to reasonably ensure all receipts are deposited timely. If possible, consider sending payments directly to MHA Fiscal upon receipt of the application and check during the mail logging process, noting the check number, payee, check date, amount, and date received on the application for the Bureau to note as received within the system. Upon receipt of the Revenue Deposit log from MHA Fiscal, the Bureau could perform a reconciliation between the mail log and the revenue deposit log to ensure all applicant fees have been deposited, while also notating in the system the date of deposit and revenue document number, in order to be able to trace the payment to the revenue pay-in document.

Management Response

Currently there are no OAC standards that allow for issuing an interim or probationary license to an ACF. Effective **January 1, 2018**, an Adult Care Facility (ACF) will be classified as a Class Two residential facility under new/revised OAC regulations, which will be contained in OAC Chapter 5122-30. New OAC Chapter 5122-30 will fully implement the provisions of the ORC. With that in mind, the following short-term actions will be implemented by OhioMHAS:

- With the new/revised OAC regulations going into effect January 1, 2018, OhioMHAS will be able to issue interim and probationary licenses. An interim license will be limited to emergency situations whereby a facility receives an interim license due to the closing of another facility or need to remove residents from another facility. A probationary license will have the same net effect as the current suspension of admissions, thus issuing a probationary license will be subject to Chapter 119 appeal processes. Ahead of the new rules going into effect, MHA will issue a policy on recommending a probationary license and distribute the policy to surveyor and supervisor staff by **January 1, 2018**. MHA will also issue a policy on recommending denial or revocation of a license and distribute the policy to surveyor and supervisor staff by **September 30, 2017**.
- At least one additional administrative staff person will be trained to process licensure fees by **October 31, 2017**. Lic/Cert staff will submit licensure fees and accompanying paperwork to OhioMHAS fiscal staff a minimum of three times per week beginning no later than **October 1, 2017**.



- New paper-based work products such as survey tools, applications, checklists, etc. will be developed by **January 1, 2018** for implementation of the new Chapter 5122-30 OAC regulations. A workgroup of surveyor and supervisory staff will be identified to participate in the development of work products.
- Currently staff do conduct unannounced annual surveys in accordance with 5122-33-06 (A)(1), although the current workload prevents completing 100% of these surveys. The requirement for conducting annual surveys will be eliminated January 1, 2018.
- OhioMHAS recently approved the addition of two new surveyor positions to address workload issues.

Looking at a more long-term solution, OhioMHAS is currently developing a new integrated regulatory electronic file, tracking and database system, which will significantly enhance the ability to utilize technology to organize and track work, and allow Lic/Cert to transition from paper to electronic files. Initial estimates indicate either option (update existing system or develop new) will take a minimum of eighteen months to implement. Specific system enhancements being considered include:

- A provider submitting an application electronically will not be able to complete the submission unless all required fields are completed and required documents are attached.
- It will include new datapoints for tracking and monitoring work. Examples include dates of receipt of applications, dates each review begins, dates of surveys, Plan of Correction (POC) due dates, Plan of Correction receipt dates, etc.
- Licensure processes will be completed within the system, e.g. a provider will submit a POC response through the system which will automatically become part of the electronic file. The system will also have the capability for Lic/Cert staff to upload documents.
- Specific findings of non-compliance will be entered into the system, which will generate standardized findings documents.
- The system will “flag” if an ACF has been cited for the same finding within the previous three years, and this will be incorporated into the Plan of Correction response requirement.
- All licensure processes have to be complete at each step before OhioMHAS staff can proceed to the next step, and all items on a POC will need approval prior to issuing a license.
- Timelines will be built into the system, with OhioMHAS override capability to account for unusual circumstances. Documentation will more clearly tie to a POC requirement.
- The system will also include increased capability to identify all of an individual owner’s ACFs and corresponding data.



- ACFs will be able to submit electronic payment through the system. Lic/Cert administrative staff will be able to enter documentation of payment if an ACF does not submit payment electronically.
- The new system will include an automatic system notification for application renewal due dates, POC due dates, etc.
- It will include an “alert” system whereby owners/operators of ACFs against which OhioMHAS has previously denied or revoked a license will be “flagged” by the system if attempting to apply again. The additional datapoints and search features will allow improved data reporting capability.

Risk	Remediation Owner	Estimated Completion Date
Moderate	Bureau Chief, Licensure and Certification	January 2018

Observation 2 – Monitoring/Insufficient Procedures

Oversight and monitoring of operations and processes ensures that guidelines and requirements are followed and completed timely. Additionally, adequate reviews and monitoring procedures serve as a method for detecting and preventing future errors or deficiencies and ensuring compliance, as well as provide assurance that a desired level of quality is met. Furthermore, policies and procedures should be designed and implemented to define roles and detail the actions necessary to guide personnel through the completion of the process.

The Department of Mental Health and Addiction Services’ Bureau of Licensure and Certification issues licenses to Adult Care Facilities (ACF) after determining the facilities adhere to the requirements established in Ohio Revised Code (ORC) section 5119 and Ohio Administrative Code (OAC) section 5122-33. As such, the Bureau is responsible for ACF initial application review and approval, license renewal, monitoring, and suspension/revocation procedures. However, Bureau management does not conduct formal supervisory reviews or quality assurance oversight over the ACF licensing determination process. Additionally, the ORC code section sets forth requirements over ACF licensing; however, Bureau management has not incorporated formal procedures over the process to ensure the process aligns with the requirements and that assignments are reasonably and consistently distributed to surveyors. The Bureau utilizes the requirements as an internal procedure, as the current processes and procedures are undocumented.

OIA randomly selected twelve ACF case files with a license issuance or application receipt date between January and June 2017 and identified the following issues:



- Six (50%) ACF case files (four renewal and two initial applications) did not contain the application review checklist.
- One (8%) ACF case file (initial application) in which the inspection checklist tool was not complete to support each item was validated by the surveyor.
- Eight of the twelve ACF case files had findings noted for correction; two of these eight (25%) did not utilize the findings correction form to document the area of non-compliance.

In addition, the Licensure and Certification Tracking system (LACTS) is currently used for tracking ACF licensing. However, the system poses substantial limitations, specifically noting the inability to track and monitor data at an aggregate level, including but not limited to the inability to ensure a license fee has been received and deposited, inability to track and utilize the application receipt, survey completion, and approval and renewal dates, as the system only documents the licensing dates. Furthermore, the current reporting capabilities do not encompass the entire process and have multiple limitations, such as inability to track ACF non-compliant findings, inspection dates, correction due and completion dates; this is currently a manual process performed by the surveyors. Another system weakness is the inability to look up and identify violations across multiple ACFs which are operated by the same owner; this type of research is not part of the current application review process. Therefore, there are several areas of improvement needed to the LACTS system for the Bureau to effectively monitor the processes, ensure accurate and timely completion of required tasks, and maintain consistency across surveyors.

Placing complete reliance on staff without providing established policies and procedures to guide them in their work, or secondary reviews and monitoring to ensure accurate and timely completion of work performed, increases the likelihood of inconsistent and inaccurate determinations of compliance being made, ultimately increasing the risk that ACF facilities are being improperly licensed. Incomplete policies and procedures, as well as inadequate system capabilities, can lead to variations within the ACF process, increasing the level of interpretation by personnel to perform the undocumented procedures, as well as operational insufficiencies. Furthermore, without monitoring the work being performed, management foregoes valuable information that can be used to effectively train employees.

Recommendation

Develop procedures for conducting preventative and detective supervisory reviews, including documentation of the review and any resulting actions or findings. Once a review process is established, develop and implement a risk-based supervisory review process so there is an established practice for prioritizing select ACF case files to ensure a more practical and effective review process. For example, in addition to requiring supervisors to perform a quality assurance review over a minimum number of case files and attend a minimum number of



facilities with surveyors, supervisors could prioritize reviews of ACFs with multiple or repeated violations, or certain serious violations.

Develop and formalize policy and procedures for the areas referenced below and expand upon them to help ensure employee job requirements are performed consistently and effectively. The procedures should outline the responsibilities and duties for all personnel involved, the expected timeframes to complete the duties, and any tools or resources that should be used within the process (i.e., forms, letters, surveyor tools, etc.). The procedures should be communicated and accessible to all employees involved in the process in a read-only format on a shared drive. Policies and procedures should be reviewed by management on a periodic basis and updated when necessary to accurately reflect current practices, with any updates communicated to all applicable staff immediately. Areas to include in formal policies and procedures:

- Training manual for new and existing staff – The manual should reflect interpretation of the requirements of Ohio Revised Code sections 5119 and Ohio Administrative Code sections 5122-33 and related provisions, as well as provide guidance to assist personnel in understanding and applying the compliance requirements.

The Bureau should provide compliance guidelines-focused trainings on the compliance requirements to ensure an effective program over ACF licensing. These trainings should be designed to provide more in-depth guidance on each of the elements, practical application and best practices of the compliance requirements.

- Surveyor assignment process, taking into consideration the competency level of the surveyor based on years of experience, regional distributions of the ACF locations, current case size, and the complexity of the ACF in comparison to current case load.
- Surveyor inspection process ensuring the survey inspection tool/forms used are deemed appropriate to evaluate and record compliance with requirements of Ohio Revised Code sections 5119 and Ohio Administrative Code sections 5122-33.

Furthermore, the tools/forms used within the inspection process should reference the training manual, specifically in areas that may be more complex or involve surveyor interpretation. Some areas noted during OIA's review that may necessitate more instruction include, but are not limited to: the list of tools that should be utilized within the inspection, procedure to document the validations during an inspection (i.e., dates, checks, or yes/no), what documentation is deemed appropriate when evaluating required support for training requirements (i.e., certificate or a letter), facility staffing requirements, and facility management responsibilities. In the instances that the survey team suspects or identifies substandard quality of care during an inspection, consider including procedures outlining how to document and expand on the standard as necessary, to determine the appropriate corrections as well as the timeframe for completion. Furthermore, consider an extended survey to be created and conducted after substandard quality of care is determined during a regular survey.



- Correction remediation and escalation process to be utilized in the instances the ACF is not completing a correction timely, not at all, or the correction does not meet the requirement.
- Procedures to track areas of non-compliance by incident category, in addition to procedures for tracking incidents at an aggregate level by facility, in which the overall analysis could potentially impact the license approval determination.
- Procedures and follow-up steps/guidelines based on incident type. If possible, when an incident related to any requirement is identified while conducting information gathering tasks, the situation should be further investigated to determine whether the facility follows the requirements and the results of the investigation should be documented.
- Form distribution and letter distribution processes as these documents should be consistently utilized across all surveyors, with little variation.
- Procedures to ensure correct communication is provided to outside agencies or other governing bodies when deemed appropriate (i.e., County Behavioral Board, Ohio Department of Aging, Ohio Attorney General's Office), specifically if the resident is receiving residential state supplement (RSS) funding.
- Procedures to communicate or propose an injunction and/or revocation to Bureau management as well as to the owner of the ACF.

Develop and implement a comprehensive system that encompasses the entire ACF procedures from the point the Bureau receives the application to the point of licensure issuance, including but not limited to the licensing review and approval, renewal, monitoring, and suspension/revocation processes. The system should have capabilities to track all pertinent dates throughout the process, such as survey inspection dates and correction due dates, as well as incorporate and track the individual ACF findings, and the date the Bureau received the correction. Additionally, the system should have capabilities to produce, complete and maintain all forms used throughout the process, as well as to upload additional documents when applicable. Furthermore, the system should incorporate capabilities to generate reports for tracking, monitoring, and analyzing pertinent information, as well as aggregate data.

Management Response

MHAS notes that although all surveyor supervisors are full time staff, two supervisors are dedicated full-time to duties related to supervising surveyors, while one surveyor supervisor position is split between supervising surveyors and administering the private psychiatric hospital licensing program. "FTS" will be used to designate full time supervisors.

Short-term actions identified by the agency:

- OhioMHAS has added an additional surveyor supervisor position, effective September 18, 2017. This reduction in workload for existing surveyor supervisors will allow for



supervisors to engage more frequently in routine supervisory monitoring duties. Beginning **January 1, 2018**, each FTS surveyor supervisor will be required to attend at least one routine ACF survey each month, and at least 18 routine ACF surveys each calendar year. The surveyor supervisor with split duties will attend at least nine routine ACF surveys each calendar year. In addition, each surveyor supervisor will be required to attend ACF surveys conducted by each supervisee at least twice each calendar year.

- An internal performance improvement plan and process will be developed and implemented based upon the new and revised residential facility rules going into effect January 1, 2018. Each quarter a minimum of six random ACF files will be evaluated for completeness utilizing a checklist that identifies all required components. Results will be used to identify the need for increased individual or office training. The first review will occur by **April 30, 2018**, for the quarter January 1 – March 31, 2018.
- Licensure and Certification currently maintains all current survey tools and forms on the private Lic/Cert O:Drive. Lic/Cert staff will consult with OIS staff by **October 16, 2017** to determine whether the folders that contain the forms can be changed to require specific access rights for posting new/revised forms, and access granted only to supervisory staff, including the chief, to eliminate staff posting unapproved versions of forms. When new documents are posted to these folders, a directive to eliminate previous versions will be included with the standard e-mail that is sent out.
- New paper-based work products such as survey tools, applications, checklists, etc. will be developed by **January 1, 2018** for implementation of the new Chapter 5122-30 OAC regulations. A workgroup of surveyor and supervisory staff will be identified to participate in the development of work products.

Long-term actions identified:

- OhioMHAS recognizes the need to formalize office processes in writing. A training manual will be developed by **January 1, 2019** to supplement available recorded training, and that will include ACF regulatory policies and procedures.
- As noted in the previous observation, OhioMHAS is currently developing a new integrated regulatory electronic file, tracking and database system, which will significantly enhance the ability to utilize technology to organize and track work, and allow Lic/Cert to transition from paper to electronic files. It will include new datapoints for tracking and monitoring work. Examples include dates of receipt of applications, dates each review begins, dates of surveys, Plan of Correction (POC) due dates, Plan of Correction receipt dates, etc. Licensure processes will be completed within the system, e.g. a provider will submit a POC response through the system which will automatically become part of the electronic file. The system will also have the capability for Lic/Cert staff to upload documents. It will include an automatic system notification for application renewal due



dates, POC due dates, etc. The additional datapoints and search features will also allow improved data reporting capability.		
Risk*	Remediation Owner	Estimated Completion Date
Moderate	Bureau Chief, Licensure and Certification	April 2018

Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the observations and recommendations suggested above. However, these observations reflect our continuing desire to assist your department in achieving improvements in internal controls, compliance, and operational efficiencies.

* Refer to Appendix A for classification of audit observations.



Appendix A – Classification of Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
Well-Controlled with Improvement Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Improvement Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Major Improvement Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

Classification of Audit Observations

Rating	Description of Factors	Reporting Level
Low	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
Moderate	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
High	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee