



RESTRICTED — Not to be released outside the General Accounting Office except on the basis of specific approval by the Office of Congressional Relations.

COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

B-118638

4-1-74

~~090305~~

B- 118638

April 1, 1974

RELEASED 090305

The Honorable Hubert H. Humphrey
United States Senate

Dear Senator Humphrey:

This letter is in response to your November 9, 1973, request for an investigation of the possible misuse of funds appropriated by the Congress for Forest Haven, a residential facility for the care and treatment of mentally retarded persons operated by the Government of the District of Columbia. Your office subsequently requested that we also examine staffing problems at Forest Haven and report to you as soon as possible.

Because of inadequacies of the accounting system, the unavailability of accounting records for the facility, and your need for a timely response, we selected a limited number of financial transactions to examine. In many cases we could not examine these transactions thoroughly because either we could not obtain supporting documentation or the available accounting data was unreliable and inaccurate.

We found that (1) improper expenditures may have been made, (2) accounting controls appeared weak and accounting data was inaccurate and unreliable, (3) staff shortages resulted in significant overtime costs and may be hindering Forest Haven's ability to provide sufficient services to residents, and (4) delays in getting a grant program underway resulted in the loss of use of grant funds because the grant period expired--a situation that may occur with other active grants.

BACKGROUND

Forest Haven is under the administrative jurisdiction of the District's Mental Health Administration, Department of Human Resources. Forest Haven was established to supplement residential care with treatment, training, and rehabilitative services. The facility is part of the District's Children's Center in Laurel, Maryland, and consists of 15 residential cottages, a 200-bed residence for ambulatory patients, a 200-bed infirmary, a school, and support buildings.

~~906748~~

090305

As of February 1974, Forest Haven had 1,155 residents and 568 employees. Of the residents, 593 were rated profoundly or severely retarded and needed total care; the other 562 were rated either moderately retarded (needing supervision in caring for themselves) or mildly retarded (able to care for themselves). The employees included nurses; counselors; social workers; educators; and food service, housekeeping, and administrative personnel.

During fiscal year 1973, about \$6.8 million was available to operate Forest Haven, including \$6.5 million in funds allotted by the District and about \$275,000 in Federal grants awarded by the Department of Health, Education, and Welfare (HEW). Funds available to Forest Haven during fiscal year 1974 include \$7.7 million of allotted District funds, including \$1 million of revenue-sharing funds and about \$249,000 awarded under several Federal grant programs.

The Department is responsible for handling the financial transactions and accounting records for Forest Haven and is therefore responsible for maintaining accounting control with respect to the facility's activities.

APPARENT IMPROPER USE OF GRANT FUNDS

We found that the Department may have improperly spent \$67,314 of a \$118,466 grant HEW awarded during fiscal year 1972 to the District for use at Forest Haven. The grant was to provide special educational needs to handicapped children and was awarded under title I of the Elementary and Secondary Education Act (20 U.S.C. 241c(a)(5)).

This act, and HEW's implementing regulations, prohibit recipients from using title I grant funds to supplant State, local, or private effort. According to the grant provisions, grant funds were to be used to pay the salaries of new staff who were to be hired to carry out the grant program. However, the \$67,314 was apparently used to pay the salaries of Forest Haven staff members who were not officially employed under the grant program.

Officials of the District's Public Schools system, the District agency responsible for monitoring the use of these grant funds, have informed the director of the Department that Forest Haven nongrant staff cannot be paid from these grant funds. Furthermore, the Department was informed that the \$67,314 should be returned to HEW because the grant funds were not properly used before the grant period expired. As of March 13, 1974, these funds had not been returned. We have discussed this situation with HEW officials, who stated that the

expenditure appears to have been improper but that a detailed examination will be necessary.

In addition, Department accounting records show that, as of November 30, 1973, \$12,000 in salary costs were obligated and spent during fiscal years 1973 and 1974, under a Federal grant which expired on June 1, 1972. The grant was awarded to enable Forest Haven to employ local students to work with the residents. The HEW officials responsible for monitoring this grant told us that HEW withdrew the grant funds that were unobligated as of June 1, 1972, and that no obligations or expenditures should have been made under that grant after that date. We have not been able to determine whether the \$12,000 was an improper expenditure or an error in the Department's accounting records.

From our review of these two grants and other transactions and because of numerous errors noted in the accounting data for Forest Haven, we believe other improper expenditures could have been made. We therefore plan to request HEW to (1) thoroughly examine the use of HEW grant funds at Forest Haven and (2) advise us of its findings as well as of corrective actions planned as a result of any improprieties identified.

INADEQUATE ACCOUNTING CONTROL

We found several shortcomings (listed below) in the District's accounting data for Forest Haven which prevented us from making a complete examination of many of the financial transactions we selected for review.

- Numerous errors existed in the accounting records.
- Documents supporting many transactions could not be located in the appropriate files.
- Entries in the Department's official obligation and expenditure records did not always agree with entries in the accounting records designed for financial management. Department accounting personnel told us that these differences were not resolved because time was not available.
- Obligations and expenditures charged against some grant accounts appeared in several different places in the accounting records. We found no summary of all transactions charged against the accounts.

--Forest Haven's computerized payroll run for September 30, 1973, through October 13, 1973, listed 45 persons whose employment at Forest Haven terminated as far back as 1971. None of the 45 persons were paid during the 2-week period. We traced the payroll records for five of these persons back to the date they terminated their employment; none of the five apparently received improper payments.

--Department and Forest Haven personnel told us that they could not rely on the accounting data because it was so inaccurate.

We believe that the problems we identified with the accounting data for Forest Haven are sufficient to raise questions concerning the Department's ability to effectively control the use of its funds.

STAFF VACANCIES AND SHORTAGES

Significant staff shortages and vacancies exist in top management positions as well as in direct service positions--personnel who directly provide services and supervision to the residents. These shortages have resulted in significant overtime costs and are apparently hampering Forest Haven's efforts to provide needed services to the residents. Staff vacancy and resident population data since fiscal year 1972 is shown below.

<u>Fiscal year</u>	<u>Authorized positions</u>	<u>Vacancies</u>	<u>Resident population</u>	<u>Staff to resident ratio</u>
1972	643	74	1,203	0.47
1973	641	84	1,172	.48
^a 1974	691	123	1,155	.49

^aAs of February 1974.

In June 1972 the Forest Haven staff prepared a study which concluded that 1,064 positions were needed to provide minimum therapy care to the residents. The study referred to staffing standards established by the American Association of Mental Deficiencies for mental retardation institutions, which, when applied to the number of residents at Forest Haven at that time, would indicate a need for 1,446 positions. As indicated above, the staff to patient ratio at Forest Haven has not significantly improved since fiscal year 1972.

Two of the top five management positions at Forest Haven were vacant during all of calendar year 1973, and a third was vacant for about 6 months during that year. The superintendent's position, for example, has

been vacant since October 1971. Although District officials advised us on February 28, 1974, that a superintendent had been hired, as of March 18, 1974, the Assistant Superintendent for Clinical Services was still acting as superintendent. The position of Assistant Superintendent for Program Development, Training, and Evaluation has been vacant since December 1972. The position of Assistant Superintendent for Administration was vacant from June 1973 to January 1974.

	<u>Authorized positions</u>	<u>Vacancies</u>	<u>Percent vacant</u>
Education	a39	5	13
Counseling	174	34	20
Nursing services	294	b39	13
Housekeeping	50	14	28

^aThis does not include at least 30 grant positions at Forest Haven, of which 24 were filled.

^bAs of March 18, 1974, 25 vacancies existed in nursing service positions.

Overtime costs

Vacancies and shortages have resulted in Forest Haven employees' working considerable amounts of overtime in order to have personnel available on all shifts. Overtime payments at Forest Haven amounted to about \$318,600 during fiscal year 1973 and \$306,400 during the first 7 months of fiscal year 1974. A Department official estimated that overtime amounting to about \$517,000 would be worked at Forest Haven during fiscal year 1974.

Total overtime payments at Forest Haven for fiscal years 1973 and 1974 are therefore estimated at \$835,600. Of this amount, about \$278,500 is estimated to represent premium pay (50 percent of base pay) for the overtime work. Forest Haven officials stated that much of the overtime work and premium pay could have been avoided if Forest Haven had more service employees, especially in nursing, counseling, and housekeeping.

Ability to provide services to residents

Forest Haven officials told us the following to illustrate the effects of staff shortages on operations.

Management

Because of the vacancies in the top management positions, supervisory personnel at Forest Haven have not been able to monitor and supervise daily operations to the extent necessary. Instead, they have been performing the administrative functions that are normally the responsibility of the persons filling the vacant management positions.

Education

Although some residents are receiving sufficient educational services, others are receiving only a limited amount. For example, 177 residents between the ages of 3 and 21 should be receiving 6 hours of classroom instruction daily at Forest Haven. Although 60 are receiving such instruction, 117 are only receiving 3 hours of classroom instruction daily due to staff shortages. If Forest Haven did not have the supplemental educational positions funded by HEW grants, many children would either be receiving no educational services or less than they are now receiving.

Counseling

Counselors supervise residents as well as assist them in taking care of themselves; see that they get to school, to dining facilities, and elsewhere; launder their clothes; and even help clean living quarters. Each counselor is responsible for 30 residents, on the average. Because counselors must perform so many different functions and because of shortages in counselor positions, many programs planned for the residents cannot be undertaken. Counselors must work considerable overtime to provide coverage to the residents on all shifts.

A number of incidents have occurred at Forest Haven during the last several years: several children were scalded, one child choked to death, another resident was electrocuted, and several residents sustained injuries as a result of disturbances caused by other residents. Forest Haven officials stated that some of the incidents may have been avoided and the severity of the others could have been lessened if sufficient counselors had been available to supervise the residents.

Nursing

Nursing assistants provide total care to the more infirmed residents as well as to the severely and profoundly retarded who

cannot take care of themselves. The number of nursing staff available is not adequate to provide sufficient services to those residents. For example, in the infirmary, the staff to patient ratio is 1 to 14. Nursing personnel in the infirmary bathe, clothe, feed, and take care of other personal needs as well as provide medical care. Personnel providing nursing services now must work considerable overtime to provide coverage during all shifts, and adequate coverage for all shifts cannot always be obtained.

Housekeeping

Housekeeping personnel are responsible for keeping the facilities clean. Housekeepers do the best they can to cover all the buildings, but cannot always do this. In prior years some of the less handicapped residents were able to assist in the housekeeping functions. In more recent years, however, fewer less handicapped residents are available because they have been placed in the community. Therefore, the work previously done by the residents must be done by the housekeeping staff who have worked overtime when authorized to do as much cleaning as they could.

A May 16, 1973, report of an inspection at Forest Haven by the District's Environmental Health Administration stated that more attention must be given to daily routine housekeeping to improve environmental hygiene and sanitation. Forest Haven officials stated that, while progress has been made, staff shortages have precluded complete daily housekeeping services to all the buildings.

Maintenance

The Department's Administrative Services Division provides maintenance services to the entire Children's Center complex, including Forest Haven. Twenty-six positions are authorized for building maintenance. Of these 26, 3 are vacant and more positions are needed.

Staff shortages preclude any preventative maintenance and preclude maintenance personnel from making many timely repairs requested by Forest Haven officials. For example, although maintenance personnel responded to 362 requests for service during February 1974, they could not respond to 165 requests--carpentry (79), electrical (61), and plumbing (25)--made during February because of staff shortages. On a walk-through inspection, we noted a number of leaking faucets and roofs, several buildings that needed interior painting, and other items needing maintenance service.

Reasons for staffing problems

Forest Haven officials have attributed their staff shortage problems to frequent Department hiring freezes, insufficient funding from the Department to hire more employees, and the necessity to adhere to Civil Service Commission hiring procedures, which require several processing steps and considerable time delays. On February 15, 1974, the Director of the Department placed a freeze on filling all vacant positions in the Department, except those positions for which hiring commitments have already been made. Since most vacant positions have not been committed, Forest Haven will be unable to fill the majority of its 123 vacant positions. In addition, Forest Haven officials stated that a number of employees terminated employment because of the additional duties required of them and overtime required due to staff shortages, thereby perpetuating staffing problems. Forest Haven officials stated that if they had direct hiring authority and sufficient funds, they believe that they could fill most of the vacant positions in a short time.

LOSS OF USE OF GRANT FUNDS

Because of its inability to get grant programs fully underway before entitlement to obligate the funds expired, Forest Haven lost the use of up to \$25,000 in grant funds in fiscal year 1973 and for the same reason may lose the use of up to \$65,000 in grant funds in fiscal year 1974. The terms of the Federal grants at Forest Haven required that the grant funds be used within a specified time; otherwise the remaining funds had to be returned to the granting agency.

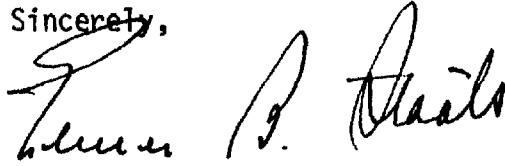
Forest Haven officials stated that they could not initiate grant programs until the grants were officially accepted by the District and that the delays in acceptance reduced the time available for using the grant funds. After the District accepts grants, additional time delays occur because Forest Haven cannot begin hiring efforts until paperwork authorizing grant expenditures flows from the District to the Department's accounting office. Forest Haven officials told us that, once the District officially accepted grants and they were notified that they could use the grant funds, additional time delays were encountered because of the necessity of following Civil Service Commission competitive hiring procedures.

We have not obtained formal comments from District officials on the matters in this report. As agreed with your office, we plan to

B-118638

furnish copies of this report to the District of Columbia and the Department of Health, Education, and Welfare so that they may take actions as warranted.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas P. Shafer".

Comptroller General
of the United States