



**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**

**Department of Human Services
Division of Developmental Disabilities
New Lisbon Developmental Center**

July 1, 2012 to June 30, 2015

**Stephen M. Eells
State Auditor**

2014-2015

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Enclosed is our report on the audit of the Department of Human Services, Division of Developmental Disabilities, New Lisbon Developmental Center for the period of July 1, 2012 to June 30, 2015. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, reading "Stephen M. Eells".

Stephen M. Eells
State Auditor
January 14, 2016

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Scope

We have completed an audit of the Department of Human Services, Division of Developmental Disabilities, New Lisbon Developmental Center for the period July 1, 2012 to June 30, 2015. Our audit included financial activities accounted for in the state's General Fund and certain financial balances maintained in the Client Fiduciary Account. We did not audit the center's Client Welfare Fund, Trading Post Fund, ICF/MR Special Fund, and petty cash accounts. These funds and accounts are audited periodically by the Department of Human Services' internal audit unit.

The center provides vocational, habilitative, health, psychological, and social services to approximately 400 male and female residents. The center is certified by the federal government as an intermediate care facility for individuals with intellectual disabilities and is supported by federal funds and state appropriations. Total expenditures of the center were \$90.5 million, \$92.9 million, and \$89.3 million for fiscal years 2013, 2014, and 2015, respectively. Annual revenues averaged \$2.9 million during these fiscal years. These revenues were derived primarily from billings for client care and Medicare Part B. In addition, federal appropriated receipts were \$64.7 million, \$64.5 million, and \$67.5 million for fiscal years 2013, 2014, and 2015, respectively.

Objectives

The objectives of our audit were to determine whether financial transactions were related to the center's programs, were reasonable, and were recorded properly in the accounting systems. We also tested for resolution of the significant conditions noted in our prior report dated January 18, 2006.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, and policies of the department and the center. Provisions we considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the budget messages, reviewed financial trends, and interviewed personnel to obtain an understanding of the programs and the internal controls.

Nonstatistical and statistical sampling approaches were used. Our samples of financial transactions were designed to provide conclusions on our audit objectives, as well as internal controls and compliance. Transaction populations were sorted and samples were judgmentally and randomly selected for testing.

To ascertain the status of significant issues included in our prior report, we identified corrective action, if any, taken by the center and walked through the system to determine if the corrective action was effective.

Conclusions

We found the financial transactions included in our testing were related to the center's programs, were reasonable, and were recorded properly in the accounting systems. In making this determination, we noted certain reportable conditions involving authorized coverage levels, sick leave monitoring, Cottage Training Supervisor overtime, expenditures, and client accounts that merit management's attention. We found that the center has resolved the significant issues noted in our prior report.

We also made an observation concerning the center's Moderate Security Unit.

Authorized Coverage Levels

Management should improve monitoring of coverage levels to ensure adequate coverage and reduce critical shortages.

The center has authorized coverage levels based on the number of individuals residing in each cottage and the general characteristics and needs of these populations. These coverage levels were established to ensure the safety of the center's employees and residents. Staffing levels are maintained through regular scheduling, overtime, and the transfer of staff between cottages. In certain instances, supervisors and program personnel are utilized to alleviate direct care shortages. The center has Duty Officers that are responsible for monitoring daily coverage levels in each cottage during all three shifts. They are responsible for the transfer of staff between cottages and the assignment of overtime to ensure proper coverage.

The center internally developed a staffing spreadsheet as a tool to monitor and control overtime on a daily basis. We obtained and analyzed the center's April 2014, July 2014, November 2014, December 2014, and April 2015 staffing spreadsheets. We found an average of 37 direct care call-outs each day which contributed to an average daily shortage of 54 direct care employees. The center, through the use of inter-cottage transfers, support staff, and overtime, reduced the shortage to a daily average of nine employees. Despite the staffing adjustments, we found a direct care shortage of one or more staff members, on average, 295 times during each month (approximately 20 percent of the shifts). According to New Lisbon Developmental Center Policy #4, Supervision Needs, a shortage of two or more direct care employees is considered critical. The cottages experienced critical shortages 187 times (2.6 percent) during our five-month review period. We found that the Duty Officers could have reassigned staff from cottages that met their staffing requirements for 147 of these critical shortages.

Management should review the daily scheduling and make efforts to avoid shortages, especially critical shortages. These shortages could elevate resident and employee safety concerns, may reduce the level of quality care, and subject the center to potential litigation. If the center modified the staffing spreadsheet, it could also be used as a performance measurement tool for staffing levels. Using the spreadsheet, staffing modifications could be made and potentially eliminate most critical shortages.

When scheduling direct care, the center utilizes a shift relief factor of 1.8 to determine the number of staff needed to fill a position for each shift, taking into account leave time, holidays, and training. Based on the center's authorized coverage levels and the shift relief factor, cottage direct care staffing needs are 567 employees. We compared the April 2014 staffing allocations to the staffing needs based on the shift relief factor and found the center is short 35.8 positions (see the chart below). An increase of full-time, part-time, or temporary employees along with a decrease of call-outs could alleviate direct care staffing shortages, reduce the number of instances where staffing minimums are not met, and reduce overtime.

DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES
NEW LISBON DEVELOPMENTAL CENTER

NLDC Authorized Coverage					Shift Relief Factor (1.8)			NLDC Allocations			OSA Calculation		
Cottage	Census	A Shift	B Shift	C Shift	A Shift FTE	B Shift FTE	C Shift FTE	A Shift Direct Care FT/PT/TES	B Shift Direct Care FT/PT/TES	C Shift Direct Care FT/PT/TES	A Shift Staffing Overage/ (Shortage)	B Shift Staffing Overage/ (Shortage)	C Shift Staffing Overage/ (Shortage)
A	21	4	6	6	7.2	10.8	10.8	7.6	11.6	11.8	0.4	0.8	1.0
C	23	4	7	7	7.2	12.6	12.6	7.0	12.0	14.0	(0.2)	(0.6)	1.4
D	28	4	8	7	7.2	14.4	12.6	5.4	12.0	12.6	(1.8)	(2.4)	0.0
F	19	4	6	6	7.2	10.8	10.8	9.0	12.0	10.2	1.8	1.2	(0.6)
H	19	5	7	7	9.0	12.6	12.6	9.2	16.0	9.6	0.2	3.4	(3.0)
J	28	5	7	7	9.0	12.6	12.6	10.4	14.0	12.8	1.4	1.4	0.2
KM	38	10	15	14	18.0	27.0	25.2	12.6	22.4	23.4	(5.4)	(4.6)	(1.8)
L	30	5	8	8	9.0	14.4	14.4	8.0	12.0	14.6	(1.0)	(2.4)	0.2
MSU	18	3	5	5	5.4	9.0	9.0	7.0	11.0	6.8	1.6	2.0	(2.2)
P	25	5	8	8	9.0	14.4	14.4	9.0	12.0	13.2	0.0	(2.4)	(1.2)
Q	25	5	7	6	9.0	12.6	10.8	7.6	11.0	10.4	(1.4)	(1.6)	(0.4)
S	20	6	7	7	10.8	12.6	12.6	6.0	13.0	10.0	(4.8)	0.4	(2.6)
T	21	4	7	7	7.2	12.6	12.6	8.8	13.0	12.0	1.6	0.4	(0.6)
V	23	4	7	6	7.2	12.6	10.8	8.8	10.6	10.0	1.6	(2.0)	(0.8)
W	23	5	7	7	9.0	12.6	12.6	7.6	11.6	9.8	(1.4)	(1.0)	(2.8)
Y	26	6	8	8	10.8	14.4	14.4	7.2	13.0	11.6	(3.6)	(1.4)	(2.8)
Totals	387	79	120	116	142.2	216.0	208.8	131.2	207.2	192.8	(11.0)	(8.8)	(16.0)
					567.0			531.2			(35.8)		

Recommendation

The center should ensure authorized coverage levels are met. The staffing spreadsheet should be modified and used as a performance measurement tool by providing the variances in actual staffing levels. Using the spreadsheet, staffing adjustments could be made and potentially eliminate most critical shortages. This spreadsheet should be reviewed and approved by management to ensure cottage staffing levels are adequate. The center should reevaluate staffing levels and determine if an increase of full-time, part-time, or temporary employees would alleviate direct care staffing shortages, reduce the number of instances where staffing minimums are not met, and reduce overtime.

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Sick Leave Monitoring

Stronger monitoring of sick leave usage should be implemented in an effort to reduce overtime.

Cottage Training Technicians, Human Services Assistants, Senior Cottage Training Technicians, Instructor Counselors, and Senior Therapy Program Assistants earned \$3.1 million in overtime during calendar year 2014. An estimated \$1.3 million was the result of sick leave call-outs. The center's Professional Residential Services operation requires that specific staffing levels be maintained 24 hours per day. Strong monitoring and oversight of sick leave usage is necessary to reduce scheduling disruptions and overtime costs.

The center currently follows the portion of New Lisbon Developmental Center Policy #12, Sick Leave Usage and Verification, which requires medical documentation to be submitted for absences of five or more consecutive days, aggregate sick leave absences of 15 or more days in a calendar year, or an employee's supervisor has reason to believe the employee is abusing sick leave. The center does not follow the portion of the policy that contains more stringent requirements which mirror the Department of Human Services sick leave policy. This portion requires medical evidence for absences greater than six intermittent days in any continuous six pay periods and/or ten intermittent days in any continuous 12 pay periods. Upon exceeding six and/or ten days, the employee would be notified in writing that further sick leave absences will require medical evidence. The policy further indicates that the failure to submit acceptable medical documentation when required will result in a day without pay. According to management, this is not currently enforced because of staffing shortages in the payroll and human resources functions.

We selected a random sample of 78 direct care employees to determine sick leave usage during calendar year 2014, pay periods 1 through 26. The results of our testing disclosed the following.

- Direct care employees are allotted 15 paid sick days each year. On average, 14.6 of these days were used by those employees included in our sample.
- 48 of the 78 employees (62 percent) exceeded six intermittent sick days in six pay periods or ten intermittent sick days in twelve pay periods. Enforcing the requirement of medical verification for additional sick leave may deter employees from using sick leave that may result in a day without pay. On average, four days were taken in excess of the unenforced policy limitations where medical verification was not provided.
- Although the average direct care employee included in our sample had 10.5 years of experience, 91 percent of these employees had sick leave balances of less than 15 days carried forward to pay period 1 of calendar year 2014. Fifty percent had no beginning sick leave balances, including three employees with 15 or more years of service.

We determined that, if each direct care employee reduced sick leave by only one day, it would save the center \$60,000 in annual overtime costs.

In addition, we analyzed direct care employee payroll payments during calendar year 2014 to determine the number of employees that had unpaid days. Unpaid days can result from factors including approved leaves of absence such as Workers' Compensation and Federal Family Leave or from unapproved absences. Of 608 full-time employees that appeared on the center's payroll during calendar year 2014, 316 with no approved leaves of absence had an average of 11.2 unpaid days; 152 with approved leaves of absence had an average of 19.2 unpaid days; and 140 had no unpaid days. These unpaid days, in addition to annual leave time allocations, are a burden to the direct care staffing allocations and contribute to staffing shortages and additional overtime costs.

Recommendation

We recommend the center implement the entire sick leave policy and ensure medical documentation is obtained when employees exceed six intermittent sick days in six continuous pay periods and/or ten intermittent sick days in twelve continuous pay periods. Disciplinary actions should be pursued when sick leave abuse is detected.

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Cottage Training Supervisor Overtime

Overtime paid to cottage training supervisors could be reduced with improved scheduling.

Supervisory coverage is not scheduled efficiently. The center's minimum safety staffing requirement for supervisory coverage is one supervisor per shift per cottage, with the exception of one cottage that requires two supervisors per shift, for an overall total of 51 supervisors per day. These positions are staffed primarily with Cottage Training Supervisors (CTS). During calendar year 2014, the center paid \$751,500 in overtime to an average of 104 CTS. Our review of the center's overtime database disclosed that, between January 2013 and December 2014, CTS worked 28,350 hours (93 percent) of non-holiday overtime from Friday to Monday compared to 2,200 hours (7 percent) from Tuesday to Thursday. Holiday overtime accounts for approximately 20 percent of CTS overtime hours.

We examined the April 2014 cottage allocation reports and noted that supervisors were not scheduled evenly. Because CTS are granted their regular days off consecutively and include at least one weekend day, the center schedules regular days off from Friday to Monday. Based on the allocations, there was an average of 51 supervisors scheduled from Friday to Monday compared to an average of 99 scheduled from Tuesday to Thursday. We noted that, while midweek staffing levels exceeded minimum requirements by an average of 48 supervisors, Saturday and Sunday coverage fell short of the required minimum by an average of four supervisors.

Shift	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
A-Shift (11:30 PM - 8:00 AM)	15	30	30	31	17	17	15
B-Shift (7:30 AM - 4:00 PM)	23	39	39	39	24	16	15
C-Shift (3:30 PM - 12:00 AM)	15	30	30	30	15	15	15
Actual Allocation	53	99	99	100	56	48	45

The center has an adequate number of supervisors to allow coverage levels to satisfy minimum safety staffing requirements. The center could reduce overtime hours by balancing the schedule and assigning regular days off evenly throughout the week. While it is understood that one weekend day off can be used as an incentive to fill a CTS position, it is not a contractual requirement. It may be possible to mutually agree on weekday regular days off to increase staffing availability from Friday to Monday. It should be noted that, according to the April 2014 allocation reports, one CTS had Tuesday and Wednesday as their regular days off.

Recommendation

We recommend the center revise its scheduling practices and balance supervisor staffing levels throughout the week.

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Expenditures

The center should comply with state regulations in procuring goods and services.

Delegated Purchasing Authority Transactions

The center did not comply with the Department of the Treasury Circular Letter regarding delegated purchasing authority (DPA) transactions. In accordance with Circular Letter 11-10-DPP, the Department of the Treasury provides delegated purchasing authority to state agencies when products and/or services are not available through the four primary purchasing methods: State contract, the State Distribution and Support Services Center, the Bureau of State Use Industries (DEPTCOR), or the Central non-profit agency CNA/ACCSES NJ. DPA transactions exceeding the \$1,000 threshold require some form of bidding to ensure price competition. The splitting of purchase orders into smaller amounts in order to avoid the bidding requirement is prohibited. DPA transaction payments totaled \$3.9 million for 3,711 purchase orders during fiscal years 2013 and 2014. Our judgmental sample test of 40 DPA purchase orders with payments totaling \$260,500 revealed the following.

- The center purchased clothing from a non-contract vendor when these goods were available on state contract. Purchase orders for these goods totaled \$19,820. Utilizing the state contract vendor would have resulted in savings of \$7,275.

- A DPA transaction was used to purchase medication from the state contract vendor for pharmaceutical services. According to the contract, the vendor invoices should be sent to the Project Manager in the Department of Human Services who would review the invoice and process the payment. DPA payments to this vendor totaled \$36,200 during fiscal years 2013 and 2014, some of which would have been eligible for reimbursement through Medicare if processed correctly. The term contract recently expired and a new vendor is now the state contract vendor for pharmaceutical services. Management indicated that the center, under the new contract, would no longer be billed directly by the vendor.
- According to the circular letter, the rental of vehicles is not permissible. The center rents two wheelchair vans to transport clients at a total cost of \$4,200 per month. These rental costs were paid monthly as a DPA transaction. All vehicle leases and procurements must be approved by the Department of the Treasury. Purchasing vehicles may be more cost effective.
- Two purchase orders to the same vendor were created for the procurement of flame resistant drapery. Internal requisition forms were completed on July 29, 2013 and August 6, 2013 for \$16,100 and \$6,100, respectively. The circular letter threshold for sealed quotes is \$17,500. These quotes were not obtained.

Controls Over Authorizations

The procurement process includes controls to segregate duties through the use of multiple levels of authorization in the state accounting systems which reduces the risk of misappropriation of assets. This control is being circumvented through the sharing of passwords at the center. Six employees have access privileges to the state accounting systems, two of which are primarily responsible for processing New Jersey Comprehensive Financial System (NJCFS) and Management Acquisition Control System - Enhanced (MACS-e) transactions. We obtained a download and analyzed the NJCFS approval log (ALOG) table to assess the effectiveness of internal controls. This analysis identified numerous transactions where user approvals occurred within seconds of each other. We compared 985 transactions processed during calendar years 2013 and 2014 to employee leave records in order to determine if either of the two users responsible for processing transactions was absent the day an approval was applied under their identifier. We noted that 103 revenue and expenditure transactions totaling \$1.2 million were processed on days when one of these employees was absent from work. Additionally, seven expense budget (EB) and two DBC requisition (RD) transactions were processed. We also reviewed the controls over the procurement of transactions processed through MACS-e. We compared 2,754 orders with payments totaling \$8.1 million where credentials were used to authorize status code 636 (payment sent to NJCFS) to employee leave records. We found payments totaling \$453,000 for 139 orders where the employee authorized to approve these transactions was absent from work on the date when the approval was applied. Both of these situations indicate a circumvention of internal controls.

When access is granted to NJCFS and MACS-e, a form is completed that states that user IDs and passwords are not to be shared and that users are responsible for any transactions associated with

their user ID. When this was brought to management's attention, the users were instructed to discontinue sharing passwords. Password sharing enhances the risk of inappropriate transactions; however, our testing of transactions revealed no fraudulent activity.

Recommendation

We recommend the center verify goods or services are not available through one of the four primary contracting methods prior to utilizing a DPA, send pharmacy invoices to the department for further review prior to payment, obtain approval from the Department of the Treasury prior to acquiring vehicles, and avoid splitting purchase orders to circumvent bid thresholds. We also recommend the business manager reinforce that users are responsible for transactions processed utilizing their identifiers, password sharing is strictly prohibited, and misuse may result in loss of system privileges. The center should obtain proper system access for employees designated as backups to ensure transactions can be appropriately processed when the primary employees are absent.



Deceased Client Account Balances

Client Banking System records should be updated timely.

Records in the Client Banking System (CBS) should be updated timely to reduce the risk of misuse of client funds. The CBS is utilized to record all receipts and disbursements of client funds. Each client has a separate account in the system. Our review of account balances as of May 12, 2015 found that client information in the system is not updated timely. We identified 26 deceased individuals that were listed as active in the system with balances totaling \$43,900. These individuals died between December 2008 and April 2015. As a result of our review, balances totaling \$39,400 for 23 of the individuals were transferred into the maintenance account and made inactive (two individuals had no balances). Balances for the remaining three individuals remained in their accounts because of pending matters. According to management, balances remained in some of these accounts because of outstanding burial expenses that were never billed by a funeral vendor. The center took action on these issues once we brought them to their attention.

Recommendation

We recommend management develop a policy to ensure client accounts are updated timely.



Observation

Moderate Security Unit (MSU)

The center's MSU is used as an alternative to detention in a correctional facility, or as a residential requirement for probation, for individuals with developmental disabilities. The unit is characterized primarily by physical security for the confinement of males, 18 years of age or older, who are adjudicated to be dangerous to self, others, or property, and in need of a highly structured, therapeutic program. The unit is governed by N.J.S.A. 30:4-25.13 et seq. and individuals are admitted to the MSU by court order after an approval process between the Department of Human Services and the court.

The campus is comprised of three buildings surrounded by a large fence. The main building is used for administration and includes rooms for therapy, work programs, and a nursing station. There are two dormitory buildings of which one is used to house individuals while the other is vacant and used for storage. The MSU was consolidated from two residential units to one in March 2014.

The MSU census has declined from 29 individuals in July 2012 to 12 individuals in July 2015. Sentences for five of these individuals will be completed between October 2015 and August 2017. Terms for four of the individuals have not been set and are pending court decisions. The remaining three individuals have sentences that end between 2029 and 2032. The court reviews the orders every six months and may modify a sentence if deemed appropriate. Our review of the center's Cottage Assignment Committee minutes for the period July 2012 through November 2014 indicated that the last person admitted to the MSU was in November 2012.

The MSU is funded solely by the state and does not qualify for federal cost sharing. We found the salaries for employees assigned to the MSU when 29 individuals resided at the unit totaled \$2.6 million, or \$88,000 per resident. The salaries for employees assigned to the MSU when 12 individuals resided at the unit totaled \$1.8 million, or \$155,000 per resident. Since the resident population has decreased, the cost per resident has increased because of the coverage needed for these individuals. We did not include fringe benefits and administrative costs (food, utilities, nursing, etc).

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State of New Jersey
DEPARTMENT OF HUMAN SERVICES
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

January 13, 2016

ELIZABETH CONNOLLY
Acting Commissioner

John J. Termyna, Assistant State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
PO Box 067
Trenton, NJ 08625-0067

Dear Mr. Termyna:

This is in response to your letter dated November 17, 2015 concerning the Office of Legislative Services' (OLS) draft report entitled ***Department of Human Services, Division of Developmental Disabilities, New Lisbon Developmental Center***. The period of the audit was from July 1, 2012 to June 30, 2015. Your letter provides an opportunity for the Department to comment on the draft audit report.

Authorized Coverage Levels:

OLS Recommendation

Management should improve monitoring of coverage levels to ensure adequate coverage and reduce critical shortages.

Response: NLDC began receiving individuals (totaling 108 people) from the two closing developmental centers in the start of 2013 which required NLDC to increase its authorized coverage levels to ensure that staffing ratios met federal and state requirements. In February 2014, the state implemented a hiring freeze in anticipation of the Reduction-in-Force (RIF). The hiring freeze meant that staff vacancies could not be filled. In response to staff shortages, management evaluated staffing patterns and made changes to balance schedules.

The impact of the RIF on NLDC was widespread and multifaceted. The RIFs, which occurred in June 2014 and January 2015, created frequent staff shortages that could only be filled using overtime to meet staffing ratios and regulatory requirements. The hiring freeze was lifted at the end of 2015 and at this time NLDC is aggressively prioritizing hires through the Special Re-employment Lists.

In response to the audit, NLDC has centralized the direct care scheduling process to use staff more efficiently. NLDC is in the process of enhancing its daily staffing report to use as basis for scheduling. With the process necessary scheduling adjustments for NLDC overall rather than by each unit. The centralized process allows now centralized, unit directors to meet daily to review scheduling needs against staffing resources and make the staff to be reassigned daily as needed, thereby reducing overtime and enduring adequate coverage. NLDC also meets monthly to review scheduling and any factors that adversely affect overtime. As part of the monthly review, the staff are educated, especially supervisors, about the importance of effective scheduling and reducing overtime.

Sick Leave Monitoring:

OLS Recommendation

Stronger monitoring of sick leave usage should be implemented in an effort to reduce overtime.

Response: We agree and concur with this recommendation. NLDC has created multiple databases to track call-offs, medical verification, and sick call usage by pay period. Collectively, these databases alert management when employees use excessive sick leave and/or exhaust all available leave. Payroll and the Office of Cooperative Labor Relations (OCLR) work collaboratively to ensure that corrective and/or disciplinary action is issued as required. In addition, one employee in OCLR has been assigned to exclusively monitor absenteeism and attendance.

Cottage Training Supervisor Overtime:

OLS Recommendation

Overtime paid to cottage training supervisors could be reduced with improved scheduling.

Response: Please see above in regard to the dual developmental center closures and RIF. And, as stated previously, in response to the audit NLDC has implemented a centralized direct care scheduling process to use staff more efficiently. In the past, each unit director would plan coverage for their unit and staff the unit accordingly. This made it possible to have overtime in one unit and be overstaffed in another. This inefficiency was eliminated with the move towards a centralized staffing process.

NLDC had, in previous years, attempted to change the cottage training supervisor (CTS) regular days off, but was not successful as those positions were difficult to fill

because the regular days off contained no part of the weekend and as a result the CTS positions remained vacant for many years. NLDC recently hired 10 CTSs to fill vacancies and is planning to fill the remaining six vacancies. Currently, these CTS vacancies are filled through daily scheduling adjustments. In addition, NLDC reduced the CTS allocation in each cottage from 7 to 6. As a result, CTS overtime is now trending downward.

Delegated Purchasing Authority Transactions:

OLS Recommendation

The Center should comply with state regulations in procuring goods and services.

Response: We agree and concur with this recommendation. The NLDC business manager has reinforced the importance of adhering to state regulations. The business office staff is being retrained on the procurement process to effectively resolve issues while still remaining in compliance with state contract guidelines.

The Division is in the process of hiring a new employee who will administer and oversee institutional business operations for both the Division of Developmental Disabilities and the Division of Mental Health and Addiction Services. This position will serve to examine fiscal and procurement transactions, will implement best practices for fiscal management across both Divisions and will be responsible for monitoring the institutions' compliance with departmental and state regulations.

Control Over Authorizations

OLS Recommendation

The center should obtain proper system access for employees designated as backups.

Response: We agree and concur with this recommendation. The NLDC business manager has reinforced that sharing passwords is strictly prohibited and that misuse may result in loss of system privileges. The NLDC business office is in the process of updating access to NJCFS and MACS-e and cross training staff to allow for adequate back up for fiscal transactions. In addition, the new Division staff noted above will review employee access to Treasury systems on an annual basis.

John J. Termyna
January 13, 2016
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Deceased Client Account Balances:

OLS Recommendation

Client Banking System records should be updated timely.

Response: We agree and concur with this finding. The client account records have been updated except for three accounts pending additional information. NLDC is in the process of revising an internal policy to institute a shorter timeframe for updating client accounts.

If you have any questions or require additional information, please contact me or Christopher Bailey at (609) 984-5382.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Connolly". The signature is fluid and cursive, with a large initial "E" and a long, sweeping underline.

Elizabeth Connolly
Acting Commissioner

c: Liz Shea
Christopher Bailey
Matthew Shaw
Gerry Suozzo
Lauri Woodward
Mark Talbot