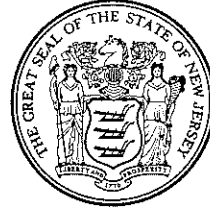

**New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor**



**Department of Human Services
Division of Developmental Disabilities
North Jersey Developmental Center**

July 1, 2008 to December 31, 2010

**Stephen M. Eells
State Auditor**

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRANNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

JOHN L. TIERMYNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Human Services, Division of Developmental Disabilities, North Jersey Developmental Center for the period of July 1, 2008 to December 31, 2010. If you would like a personal briefing, please call me at (609) 292-3700.

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

Stephen M. Eells
State Auditor
October 31, 2011

Table of Contents

	Page
Scope.....	1
Objectives	1
Methodology	1
Conclusions.....	2
Findings and Recommendations	
Cottage Training Supervisor Overtime	3
Direct Care Overtime.....	3
Timekeeping and Employee Leave Records.....	5
Auditee Response.....	6

Scope

We have completed an audit of the Department of Human Services, Division of Developmental Disabilities, North Jersey Developmental Center for the period July 1, 2008 to December 31, 2010. Our audit included financial activities accounted for in the state's General Fund and the financial transactions and balances of the Client Trust (personal needs) Accounts. We did not audit the Client Welfare Fund, the Petty Cash Fund, or the Special Confidential Fund as these are audited by the Department of Human Services on a periodic basis.

The prime responsibility of the center is to provide residence, care, and training to clients classified as developmentally disadvantaged. The average daily population during the audit period was approximately 380. Total General Fund operating expenditures of the center were \$74.7 million for fiscal year 2010 and \$57.0 million for fiscal year 2009. Annual General Fund revenues for the same periods were \$2.4 million and \$2.3 million, respectively. These revenues consist of maintenance recoveries from client accounts, Medicare Part B recoveries and other miscellaneous revenues. Revenues totaling \$93.3 million for fiscal year 2010 and \$94.2 million for fiscal year 2009 are also derived from billing the federally funded Intermediate Care Facility - Mental Retardation program. These revenues are recorded in departmental revenue accounts.

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 significant issues noted in our prior audit report dated July 16, 2002.

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.

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

Our samples of financial transactions were randomly and judgmentally selected and were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes.

To ascertain the status of findings included in our prior report, we identified corrective action taken by the center and performed tests to determine if the corrective action was effective.

Conclusions

We found that the financial transactions included in our testing were related to the center's programs, were reasonable, and were properly recorded in the accounting systems. In making these determinations, we noted certain weaknesses in staff scheduling, which contributed to employee overtime. In addition, the center has not implemented a computerized system to record and control employee leave time. However, we noted the center has improved on issues relating to compensatory balances, client maintenance recoveries and fixed assets that were cited in our prior audit report.

Cottage Training Supervisor Overtime

Overtime paid to Cottage Training Supervisors could be reduced with improved scheduling.

North Jersey Developmental Center paid over \$630,000 in overtime to an average of 75 Cottage Training Supervisors (CTS) during calendar year 2010. The center's CTSs worked over 18,400 hours of overtime, which was equivalent to nine full-time positions.

We examined four weeks of CTS schedules and timesheets from April 23 through May 20, 2011 and noted that the CTS coverage was not scheduled evenly. The center adopted a practice of scheduling CTSs regular days off between Friday and Monday. This is used as a recruitment incentive for prospective employees. Based on the timesheets, there was an average of 38 CTSs working between Friday and Monday compared to an average of 54 working between Tuesday and Thursday. The center established minimum safety staffing requirement for CTS coverage as one supervisor per shift per cottage, for a daily total of 39 CTSs. We noted that while midweek staffing levels exceeded minimum requirements by an average of 15 CTSs, Saturday and Sunday coverage fell short of the required minimum by an average of 2 CTSs. We also noted that, on average, 15 percent of Friday to Monday staffing needs were satisfied by overtime compared to 1 percent during the midweek. Sixty-seven percent of CTSs worked between Tuesday and Thursday even though the minimum safety requirements for each shift had been met.

The center has an adequate number of CTSs to allow coverage levels that would satisfy established minimums. The center could reduce overtime hours by balancing the schedule and reassigning staff from weekdays to weekends.

Recommendation

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



Direct Care Overtime

Direct care scheduling should be improved to reduce overtime.

During calendar year 2010, North Jersey Developmental Center paid \$6.5 million in overtime, 12 percent of the total payroll expenditures of \$55 million. There were 199 employees who earned overtime payments amounting to more than 25 percent of their annual salary. Fifty-nine employees earned more than half of their annual salary and two doubled their salary. Forty-two percent of the overtime was earned by employees in direct care titles.

Cottage Training Technicians (CTT) and Human Service Assistants (HSA) worked nearly 98,000 hours of overtime, which was equivalent to 47 full-time positions.

The primary need for direct care overtime is to maintain an adequate staffing level. Federal regulations require a minimum of one direct care staff for each 8 individuals on the first and second shifts, and one direct care staff for each 16 individuals on the third shift. These ratios are for residential living units serving clients with the most severe and profound mental, behavioral, or physical disabilities. The safety, minimum, and operational direct care staffing requirements established by the center are 150, 190, and 232 employees per day, respectively. The center aims to schedule direct care coverage at the operational level of 260 employees per day when adjusted for one to one client coverage. That level of coverage provides a ratio of one direct care staff for each four clients on the first two shifts (7:00 AM to 11:00 PM), and one direct care staff for each six clients on the third shift. We reviewed April 23 through May 20, 2011 CTT and HSA timesheets and noted that there was between 232 to 284 CTTs and HSAs working daily. An average of 269 CTTs and HSAs worked between Monday and Friday and an average of 253 worked on Saturday and Sunday. The average number of direct care employees working overtime was 8 during the week and 11 on weekends.

We calculated direct care staffing needs using the center's operational levels of staffing and the shift relief factor of 1.8 that indicates how many persons it takes to fill a single job position for a single shift, taking into account leave time, holidays, and training days. Based on the center's enhanced operational level and the shift relief factor, direct care staffing needs are 470 employees. The center has an adequate number of CTTs and HSAs to satisfy even their own operational level, allowing the scheduling of 272 CTTs and HSAs daily.

In addition, the federal regulation defines direct care as "the present on-duty staff calculated over all shifts in a 24-hour period for each defined residential living unit." This staff could include professionals such as registered nurses and social workers, or other support staff, as long as their primary assigned daily shift function is to provide management, supervision, and direct care of an individual's daily needs (e.g. dressing, feeding, and reinforcement of active treatment objectives) in their living units. The center's titles with job specification that fit the federal description of a direct care employee include not only 491 CTTs and HSAs, but also 52 practical and charge nurses, and 59 Therapy Program Assistants. This staffing would allow the scheduling of at least 333 direct care employees daily.

Recommendation

We recommend the center more efficiently schedule its direct care staff to meet its operational level.



Timekeeping and Employee Leave Records

The center should computerize its time recordkeeping system.

The North Jersey Developmental Center employs approximately 1,210 people in various capacities. Time records are submitted to the payroll section for review and to transfer the applicable information to the state's centralized payroll unit. The center is currently using a manual recordkeeping system to substantiate its \$55 million payroll, and to record, maintain, and control employee leave time rather than utilizing an automated time and attendance system.

We have previously recommended in our audit reports regarding divisional institutions that the centers begin to use the centralized "Time, Attendance, Leave Record System" (TALRS) which was being used at most state agencies. This system has been upgraded and replaced by the Electronic Cost Accounting Time System (ECATS), a more effective system which could readily be applied by the center. In previous audits, we attempted to analyze total overtime earned and compare it to similar developmental centers. While the amount of overtime earned and paid is available within the payroll records, the amount of overtime earned and accumulated as compensatory leave time is not. This has not changed and is therefore still not readily obtainable from the center's payroll time record system. We could not develop such analytical information without time prohibitive procedures. We tested the records of employee leave time earned and used, and their accumulated leave balances. Although we did not find material errors, we noted that the risk of error would be greatly reduced by eliminating the human element in calculating leave balances. Using ECATS would reduce that risk. It also would enable management to more effectively monitor total overtime earned and all leave time used. The Department of Human Services has automated its payroll and leave system for its administrative divisions. It has not directed the use of TALRS or now ECATS throughout its institutions. We were informed that the division has scheduled the installation of ECATS during the fiscal year. We note that implementation of such a system should not be delayed.

Recommendation

We recommend the center computerize their time reporting system.





CHRIS CHRISTIE
GOVERNOR

KIM GUADAGNO
LT. GOVERNOR

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES

PO BOX 726
TRENTON, NJ 08625-0726

Visit us on the web at :
www.state.nj.us/humanservices/ddd

Jennifer Velez
COMMISSIONER

Dawn Apgar
Deputy Commissioner

TEL. (609) 631-2200

October 20, 2011

Mr. John J. Termyna
Assistant State Auditor
Office of Legislative Services
Office of the State Auditor
PO Box 067
Trenton, NJ 080625-0067

Dear Mr. Termyna:

I am writing in response to your October 3, 2011 correspondence in which you enclosed the audit report of the Department of Human Services, Division of Developmental Disabilities, North Jersey Developmental Center (NJDC).

Below are comments in response to the findings listed in the draft audit report.

Overtime paid to Cottage Training Supervisors could be reduced with improved scheduling.

Recommendation:

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

Response:

We concur with the finding and recommendation. NJDC has already implemented corrective actions which have significantly reduced overtime for the Cottage Training Supervisors (CTS) and other Direct Care staff. Specifically, NJDC has implemented the following changes:

- NJDC made adjustments to existing practices in order to utilize staff more efficiently. This was accomplished by centralizing the Direct Care staff scheduling process. With the centralized process, Unit Directors communicate with each other before calling staff in for overtime. 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 that allows staff to be reassigned as needed, thereby reducing overtime.

John J. Termyna
October 20, 2011
Page 2

- NJDC has also convened an Overtime Committee which meets bimonthly to review overtime and any factors that adversely affect overtime. This committee is also charged with educating staff, especially supervisors, about the importance of reducing overtime.

The success of these actions is demonstrated by a reduction in the projected CTS overtime hours for 2011. NJDC is projecting overtime at approximately 11,000 hours for the calendar year 2011 which represents a 7,400 hour reduction as compared to calendar year 2010.

Direct Care scheduling to reduce overtime.

Recommendation:

We recommend the center more efficiently schedule its Direct Care staff to meet operational level.

Response:

We concur with the finding and recommendation. The response above describes strategies implemented by NJDC to reduce overtime. The success of these strategies is demonstrated by a 2011 overtime projection for Direct Care staff of approximately 50,000 hours, a reduction of 48,000 hours as compared to calendar year 2010.

The center should computerize its time recordkeeping system.

Recommendation:

We recommend the center computerize their time reporting system.

Response:

We concur with the recommendation that an automated time and attendance system would be an effective means to maintain and manage employee leave time. The Department has a schedule to implement eCATS at the Developmental Centers in 2011.

Thank you for the opportunity to comment on the audit findings. We appreciate the recommendations noted by the auditors.

Sincerely,



Dawn Apgar, PhD, LSW, ACSW
Deputy Commissioner

- c. Christopher Bailey, Assistant Commissioner, Department of Human Services
William Cutti, Director, Department of Human Services, Office of Auditing
Manny Fernandez, Chief Financial Officer, Division of Developmental Disabilities
Husam Abdallah, Chief Executive Officer, North Jersey Developmental Center
Nick Nucci, Business Manager, North Jersey Developmental Center