

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN  
SERVICES  
BUREAU OF IMPROVEMENT AND INTEGRITY



**HARBOR HOMES, INC.**

**SITE REVIEW REPORT**

**July 5, 2018**

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
BUREAU OF IMPROVEMENT AND INTEGRITY  
FINANCIAL COMPLIANCE UNIT

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**ACRONYMS AND DEFINITIONS**

Acronyms

Definitions

ACT	Assertive Community Treatment Team
BDAS	Bureau of Drug and Alcohol Services
BEAS	Bureau of Elderly and Adult Services
BII	Bureau of Improvement and Integrity
BMHS	Bureau of Mental Health Services
BOD	Board of Directors
CDC	Centers for Disease Control
CEO	Chief Executive Officer
CMHC	Community Mental Health Center
CRSW	Certified Recovery Support Worker
DHHS	Department of Health and Human Services
ED	Emergency Department
EFSD	Ethical Framework for Service Delivery
FFY	Federal Fiscal Year
FPL	Federal Poverty Level
FPRSS	Facility Peer Recovery Support Services
GNCA	Greater Nashua Council on Alcoholism
HHI	Harbor Homes, Inc.
HBSP	Housing Bridge Subsidy Program
HMIS	Homeless Management Information System
HR	Human Resources
HUD	Housing and Urban Development
MAT	Medication Assisted Treatment
MCO	Managed Care Organization
MCRT	Mobile Crisis Response Team
MOU	Memorandum of Understanding
NHHFA	New Hampshire Housing Finance Authority
OIC	Other Issues and Concerns
PCP	Primary Care Provider
PLD	Peer Leader Development
PRSS	Peer Recovery Support Services
RSA	Revised Statute Annotated
QI	Quality Improvement
SAPT	Substance Abuse Prevention and Treatment
SFY	State Fiscal Year

SMART  
SUD  
TANF  
TB

Specific Measurable Attainable Realistic Timely  
Substance Use Disorders  
Temporary Assistance for Needy Families  
Tuberculosis

## EXECUTIVE SUMMARY

A team of the Department of Health and Human Services (DHHS) staff conducted a program review of Harbor Homes, Inc (HHI) on January 24 -25, 2018. HHI receives monies through many different funding sources. Some of these sources include:

- State General Funds
- Governor Commission Funds
- Substance Abuse and Mental Health Services Administration Funds
- Medicaid Funds
- Housing and Urban Development (HUD) Funds

The review found a lack of internal controls leading to seven instances of questioned costs in the programs reviewed. The review found instances:

- employee incentive payments were charged to a single grant when the individual worked on multiple program areas; and
- the Contractor did not have or did not submit backup documentation in numerous instances related to charges to State contracts.

Additionally, two programs reviewed showed inadequate contract performance:

- for the Housing Bridge Subsidy Program, we found a lack of documentation in client records to demonstrate 1) all individuals being served are eligible and 2) program requirements for housing supports; and
- for the Mobile Crisis Response Team, we found a lack of coordination with local community partners.

Our report recommendations suggest the Contractor develop adequate internal controls including policies and procedures, standardized document requirements, and staff training to ensure contract provisions are met and contracts are charged in line with program staff time and contract budgets. Additionally, program managers must be included in development and maintenance of program budgets and financial reporting to the Board of Directors.

### **Best Practice Efforts**

The agency has recently hired a Corporate Compliance and Risk Management Officer to review current practices including interagency activities and federal funds subrecipient compliance. The Compliance Officer is already engaged in standardizing documentation for Human Resources and other files and engaging program managers in file reviews for continuous monitoring. Additionally, we found a robust process for onboarding new board members and for board oversight of agency policies and procedures.

## **BACKGROUND**

This review is one element of an ongoing monitoring process and was conducted in accordance with the Standard Exhibit C, Section 9.1 of the contract. This section of the contract states:

“During the term of this Contract and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access to all reports and records maintained pursuant to the Contract for purposes of audit, examination, excerpts and transcripts.”

According to their websites, HHI is a non-profit community-benefit organization that provides low-income, homeless, and disabled NH community members with affordable housing, primary and behavioral health care, employment and job training, and supportive services.

HHI provides a comprehensive array of social service services that include:

- Housing and Residential Services
- Supportive Services
- Full service health care clinic
- 24/7 Addiction Crisis line
- Workforce development and employment assistance
- Case Management
- Veterans services
- Outpatient services
- Mental health and behavioral health care

The review focused primarily on contract and administrative rule compliance as well as a general financial review. Weaknesses as well as opportunities for improvement were identified through an evaluation of the various steps completed by the project team.

## **PURPOSE, SCOPE AND METHODOLOGY**

The project team consisted of several members from the Bureau of Drug and Alcohol (BDAS), a staff member from the Bureau of Mental Health Services (BMHS) and a staff member from the Bureau of Improvement and Integrity and Information (BII). HHI was notified of the review in advance and sent a detailed letter describing the review and requesting financial information.

A team of DHHS staff conducted a review of HHI on January 24 and 25. HHI receives monies through many different funding sources. Some of these sources include:

- State General Funds
- Governor Commission Funds
- Substance Abuse and Mental Health Services Administration Funds
- Medicaid Funds
- Housing and Urban Development (HUD) Funds

The purpose of the review was to:

- Assess compliance with state administrative rules and DHHS contracts.
- Review documentation supporting claims submitted to DHHS for reimbursement
- Identify opportunities for technical assistance from DHHS
- Identify best practices

The scope included review of:

- Program descriptions;
- Required components of personnel files;
- Agency policy and procedures;
- Billing invoices and payroll;
- Client records
- Board of Directors' (BOD) questionnaire
- Staff interviews
- Human Resources (HR) files

## SECTION I. GENERAL for HHI

**Contract Requirement:** According to Exhibit K, Section 7.6 states, “The contractor shall maintain and store in a secure and confidential manner, a current personnel file for each employee... A personnel file shall include, at a minimum, the following:”

Exhibit K, Section 7.6.4 – “A copy of the current job description or agreement, signed by the individual...”

Exhibit K, Section 7.6.9 – “Written performance appraisals for each year of employment including description of any corrective actions....”

### **Observations:**

DHHS reviewed five random personnel files. At the time of the review, not all of the files contained a current job description or current written performance appraisals.

### **Recommendation:**

All personnel files should contain current job descriptions and annual performance evaluations.

### **Contract Agency Response:**

Under the direction of the new Human Resources Director, all employee files with missing job descriptions and annual reviews have been identified. Human Resources is committed to working with the management team to ensure all files contain current job descriptions and annual performance evaluations by October 1, 2018.

**Contract Requirement:** According to Exhibit K, Section 7.3 states, “All staff including contracted staff shall:”

- Exhibit K, Section 7.3.4 – “Receives an orientation within the first three days of work or prior to direct contact with clients which include:”
  - Exhibit K, Section 7.3.4.1 – “The contractor’s code of ethics, including ethical conduct and the reporting of unprofessional conduct:”
  - Exhibit K, Section 7.3.4.2 – “The contractor’s policies on client rights and responsibilities and complaint procedures:”
  - Exhibit K, Section 7.3.4.4 – “Grievance procedures for both clients and staff...;”
  - Exhibit K, Section 7.3.4.5 – “The duties and responsibilities and the policies, procedures, and guidelines of the position they were hired for;”
  - Exhibit K, Section 7.3.4.6 – “Topics covered by both the administrative and personnel manuals;”
  - Exhibit K, Section 7.3.4.7 – “The contractor’s infection prevention program”
  - Exhibit K, Section 7.3.4.9 – “Mandatory reporting requirements for abuse and neglect such as those found in RSA 161-F and RSA 169-

## **C29”**

- **Exhibit K, Section 7.3.5 – “Sign and date documentation that they have taken part in an orientation as described in 7.3.4”**

### **Observations:**

DHHS reviewed five random personnel files. At the time of the review, not all of the files contained documentation regarding:

- The contractor’s code of the ethics;
- The contractor’s policies on client rights and responsibilities and complaint procedures;
- The grievance procedures for both clients and staff;
- The duties and responsibilities and the policies, procedures, and guidelines of the position they were hired for;”
- Topics covered by both the administrative and personnel manuals;
- The contractor’s infection prevention program
- The signature and date ensuring that they had taken part in an orientation.

### **Recommendation:**

HHI should ensure all staff receives orientation and that such orientation is documented in personnel files.

### **Contract Agency Response:**

Employee Orientation is required as part of the onboarding process of all new hires. Human Resources has updated the orientation checklist to include all required documents and will ensure that all personnel files are in compliance by October 1, 2018. Further, Human Resource is in the process of implementing a new electronic HR software. This software will enable Human Resources to electronically document new hire orientation and all of the forms required for onboarding new employees, including those named in the audit report. The new software is targeted for implementation by October 1, 2018.

**Contract Requirement: According to Exhibit K, Section 7.4 states, “Prior to having contact with clients, employees and contracted employees shall:”**

**Exhibit K, Section 7.4.1.4 – “Results of a 2-step tuberculosis (TB) test, Mantoux method or other method approved by the Centers for Disease Control (CDC); and Exhibit K, Section 7.4.1.5 – “The dated signature of the licensed health practitioner.”**

### **Observations:**

DHHS reviewed five random personnel files. At the time of the review, not all of the files contained documentation regarding:

- The results of the TB test.
- A dated signature of the licensed health practitioner.

### **Recommendation:**

All applicable personnel files must have documentation indicating the results of

the TB test and a dated signature of the licensed health practitioner.

**Contract Agency Response**

All employees are required to obtain TB tests and receive a pre-hire physical. All personal and confidential paperwork such as medical tests, criminal checks and BEAS, are kept in separate files for privacy and confidentiality. At the time of the on-site review, we were unaware that the auditors wanted these files. As such, we did not provide the medical files to the auditors. The files will also be re-evaluated for uniformity, will contain a document checklist, and will be randomly audited by the HR Director and Compliance Officer.

**Contract Requirement: According to Section A, Section 1.1, “The Contractor will submit a detailed description of the language assistance services they will provide to persons with limited English proficiency to ensure meaningful access to their programs and/or services within ten (10) days of the contract effective date.”**

**Observation:**

HHI Mobile Crisis Response Team (MCRT) language access policy was submitted to DHHS in May 2017. However, HHI staff are not familiar with the policy and could not explain the process of how to access language assistance services.

**Recommendation:**

All staff should be familiar with the policy and HHI must ensure language assistance services are available to persons with limited English proficiency.

**Contract Agency Response:**

Prior to the release of this audit report, the Clinical Director and the Human Resources Director identified areas to streamline training procedures at MCRT. This included training for the 24/7 language access policy in the on-boarding of all staff at MCRT.

## **SECTION II. Housing Bridge Subsidy Program**

**Contract Requirement:** According to Exhibit A, Section 2.2.4 the contractor shall, “Assist consumers with applying for and obtaining benefits for which the consumer may be eligible, including, but not limited to...Section 8 housing assistance.” ; and Exhibit A, Section 2.1.3.3- “Assist consumers with obtaining, completing and submitting housing applications.”

### **Observations:**

1. The Housing Bridge Subsidy Program is intended to assist in subsidizing individuals until their Section 8 voucher (permanent housing) becomes available. There were twenty-five client records reviewed. Seventeen (17) records were missing a New Hampshire Housing Finance Authority (NHHFA) housing application. Without an application, permanent housing through Section 8 will not become available.
2. DHHS has an agreement with New Hampshire Housing Finance Authority (NHHFA) to receive preference through this program, whereby vouchers are set aside for DHHS HBSP clients. This changes the average wait time from eleven (11) plus years to approximately four (4) years. Twenty-one (21) of 25 records were missing the DHHS Section 8 Preference Form.

### **Recommendation:**

HHI must ensure every new client has applied to NHHFA by July 1, 2018 and the NHHFA application kept on record in the client file.

HHI must ensure every client has a DHHS preference form on file with NHHFA.

**Contract Agency Response:** Please see response on page 16.

**Requirement:** According to HBSP eligibility requirements in He-M 406.03 (a)(5), individuals must lack safe and permanent housing, where the term ‘permanent’ means community-based housing with a designated length of stay.

**Additionally, Exhibit A, Section 2.2.4- “Assist consumers with applying for and obtaining benefits for which the individual may be eligible, including but not limited to, security and utility deposit assistance, food stamps, SSI/SSDI, and Section 8 housing assistance.”**

### **Observation (Questioned Costs):**

On January 2, 2018 and again on May 4, 2018 DHHS underwent review with NHHFA of individuals housed with the Bridge Program. In a review of 390 clients, 8 individuals were found to have been ineligible for the Housing Bridge Subsidy program due to being ineligible for Section 8.

Of the 8 found ineligible, 2 individuals were receiving rental subsidy from another housing authority; 4 individuals were already vouchered through NHHFA; and 2 individuals were found to have owed money to NHHFA.

**Recommendation:**

Harbor Homes must return to DHHS all HBSP funds for each client for each month of ineligibility.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: According to Exhibit A, Section 2.1.2.2, the agency must work with the consumer's support team to, "Create an individualized housing plan within five (5) days from the date the initial referral for services is received.**

**Housing plans may include, but not be limited to, supportive services; access to behavioral health care as needed; access to psychiatric health care as appropriate; and access to primary health care as appropriate."**

**Observation:**

There were twenty-five (25) client records reviewed. Thirteen records (13) were missing individualized housing plans. The housing plan is necessary to identify needs and resources for each individual entering this program.

**Recommendation:**

All client records using HBSP funds must include individualized housing plans. Housing plans should be used to meet the intent of the contract to ensure individuals receive appropriate supportive services.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: According to Exhibit A, 2.2- "The contractor shall provide housing support by assisting eligible consumers with securing safe and affordable housing in the consumer's community of choice. The contractor shall:"**

- **Exhibit A, Section 2.2.1- "Assist consumers with identifying initial rental needs and resources, such as security deposits, utilities and furniture."**
- **Exhibit A, Section 2.2.2- "Ensure selected housing meets the U.S. Housing and Urban Development (HUD), Section 8 requirements."**
- **Exhibit A, Section 2.2.3- "Use HUD's habitability standards form to complete housing inspections."**
- **Exhibit A, Section 2.2.4- "Assist consumers with applying for and obtaining benefits for which the individual may be eligible, including but not limited to, security and utility deposit assistance, food stamps, SSI/SSDI, and Section 8 housing assistance."**

- **Exhibit A, Section 2.2.5- “Remain in close communication with the consumer for the first ninety (90) days of the consumer obtaining housing. The contractor shall:”**
  - **Exhibit A, Section 2.2.5.1 “Revise housing support services plan, if necessary.”**
  - **Exhibit A, Section 2.2.5.2. “Identify resources within the community that can assist consumers, including but not limited to, peer support agencies; faith-based groups; transportation services; primary care services; homemaker/personal care services; legal aid; and meals-on-wheels.”**
  - **Exhibit A, Section 2.2.5.3. “Identify consumers’ needs through treatment team meetings; self-observations; and feedback from landlords and the local mental health center case managers.”**

**Observation:**

There were twenty-five client records reviewed. Twenty (20) records were missing information to support that these services were being completed by the contractor. The HBSP is a supported housing program, meaning that each individual has the right to the above listed services.

Without this supported documentation, DHHS was unable to determine if the individuals in this program are receiving support services.

It is critical that HHI ensure individuals obtain benefits for which they are eligible and maintain adequate records, as there is a resulting impact on both the subsidy amount paid and the individual’s portion.

**Recommendation:**

HHI must ensure every client is receiving all services to which the client is entitled and must include information in each file regarding all services the individual is receiving and who is providing them. HHI must also include information in each file any benefits for which they may be eligible, whether or not services are rendered.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: A copy of the client’s signed lease agreement must be included in their file.**

**Observation (Questioned Costs):**

There were twenty-five (25) client records reviewed. Of the 25, nineteen (19) were housed through the HBSP. Of the 19 housed client files, nine were missing current leases. DHHS cannot verify the amount of subsidy paid to the landlord or

that the client is paying their portion of the rent.

**Recommendation:**

All client records using Housing Bridge Subsidy Program (HBSP) funds must include current signed leases. HHI must provide current leases for the 25 client files selected on or before May 30, 2018.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirements: Exhibit A, Section 2.1.3 states that the Contractor shall “Ensure successful acquisition of consumer housing services within fourteen (14) days of receiving the initial referral. The contractor shall:”**

- **Exhibit A, Section 2.1.3.1 - “Assess consumer housing preferences and housing history.”**
- **Exhibit A, Section 2.1.3.2 – “Assist consumers with identifying available housing units in consumers’ communities of choice.”**
- **Exhibit A, Section 2.1.3.4 - “Assist consumers with attending housing provider meetings, as appropriate which includes, but are not limited to, performing unit inspections and assisting consumers with identifying initial rental needs and resources.”**

**Observation (Questioned Costs):**

There were twenty-five records reviewed.

- Fifteen (15) records were missing information for assessing consumer housing preferences and housing history.”
- Sixteen (16) records were missing information regarding the assistance of consumers identifying available housing units in consumers’ communities of choice.
- Twenty (20) records were missing information regarding the assistance of consumers with attending housing provider meetings, as appropriate.
- Eighteen (18) records were missing information regarding the performance of the unit inspections.
- Twenty-five (25) records were missing information regarding giving assistance to consumers with identifying initial rental needs and resources.
- One individual was over-income.

DHHS is unable to determine if HHI is providing supported housing to the clients when the information is not included in their files.

**Recommendation:**

All of the required assistance given to the HBSP clients must be documented in the client files.

HHI must return funds for each month of rent a client was not qualified for the

Housing Bridge Subsidy Program and submit documentation of related journal entries.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: A copy of the Housing Bridge application must be submitted to DHHS and included in the applicant's file.**

**Observation:**

There were twenty-five (25) client records reviewed. Two of the files were missing the application. When a file does not contain the application, DHHS is unable to verify that the individual was approved to participate in the program.

**Recommendation:**

All HBSP client files must include the application and approval letter from DHHS.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: Exhibit A, Section 2.1.3.5 requires the contractor to, "Work with the consumer and the consumer's support team ... to facilitate paperwork needed to verify income and program eligibility which includes but is not limited to:**

- **Exhibit A, Section 2.1.3.5.1 – Credit Reports**
- **Exhibit A, Section 2.1.3.5.2 – Landlord references**
- **Exhibit A, Section 2.1.3.5.3 – Criminal background checks**
- **Exhibit A, Section 2.1.3.5.4 – Income**
- **Exhibit A, Section 2.1.3.5.5 – Asset documentation"**

**Observation (Questioned Costs):**

There were twenty-five records reviewed.

- All twenty-five (25) records were missing credit report and landlord references.
- Nineteen (19) records were missing a criminal background check.
- Twenty-one (21) records were missing timely documentation regarding the individual's income.
- Twenty-two (22) records were missing timely documentation regarding the individual's assets.
- One record indicated the individual was a sex offender.

Without adequate documentation, DHHS is unable to determine if an individual is eligible and continues to be eligible for Section 8 housing. DHHS cannot verify that the individual is paying their portion of the rent.

**Recommendation:**

HHS should have controls in place to verify:

- Sex offender status through the national database;
- Criminal record checks; and
- Income and asset status.

HHI must return funds for each month of rent a client was not qualified for the Housing Bridge Subsidy Program and submit documentation of related journal entries.

The agency must ensure program managers understand program and grant requirements prior to submitting bills for payment.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: According to Exhibit A, Section 2.2.2, the contractor shall administer HBSP services, which includes, but is not limited to: “Reviewing consumers’ income every ninety (90) days to calculate the consumer’s 30% portion of rent.”**

**Observation (Questioned Costs):**

There were twenty-five (25) client records reviewed. Twenty-two (22) records did not include the review of the consumer’s income. The income review is required to determine the individual’s portion of the rent, which impacts the amount of subsidy provided through Bridges.

It is also important to ensure that the individual continues to meet the income requirements that are required through both HBSP and the Section 8 guidelines.

Of twenty-five client records reviewed, six clients were not housed in the program. Of the remaining nineteen (19), four (4) records had income reviews which were completed within the 6 months prior to the audit, twelve (12) had an income review that was 1 year to 5 years old, and three (3) records did not have anything in regard to income review.

**Recommendation:**

HHI should adhere to contract requirements for income review and maintain adequate documentation of the review in the client files.

The agency must ensure program managers understand program and grant requirements prior to submitting bills for payment.

**Contract Agency Response: Please see response on page 16.**

**Contract Requirement: According to Exhibit A, Section 2.2.3 the contractor shall administer HBSP services, which includes, but is not limited to: “Completing annual inspections of consumers’ apartments.”**

**Observation:**

Of the 25 files reviewed, eleven (11) clients had been in the program for more than 1 year, 8 clients had been in the program for less than 1 year, and 6 clients had never been housed. Of the 11 clients who had been in the program for more than 1 year, 9 client files had no record of an annual inspection and 2 client files had an annual inspection but failed to use the HUD habitability standard as required in contract.

It is important that these inspections be done to ensure our clients are living in safe housing situations.

**Recommendation:**

HHI must complete an inspection of each apartment annually to ensure that it meets the HUD habitability standards and such inspections should be documented.

**Contract Agency Response: Please see response below.**

**Contract Agency Response to the above findings related to the Housing Bridge Subsidy Program:**

Harbor Homes agrees that there is room for improvement in the Housing Bridge Subsidy Program, especially as it pertains to programmatic support services, file composition, and record keeping. The Bridge program has overcome numerous challenges in the past 8 years and has assisted more than 800 people in the homeless community to secure stable housing. Harbor Homes takes the obligations of this contract very seriously and is committed to serving one of New Hampshire’s most vulnerable populations. We strive to find ways to improve the work that we perform. Our goal is to partner with DHHS, community providers, and clients in order to achieve contract goals. In order to resolve the issues noted above, we will submit a detailed plan of correction to DHHS by 7/27/18.

**Contract Requirement: According to Exhibit C, Section 8. Maintenance of Records: “In addition to the eligibility records..., the Contractor covenants and agrees to maintain the following records during the Contract Period:”**

**Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all**

**such costs and expenses, and which are acceptable to the Department....”**

**Observation (Questioned Costs):**

1. An incentive payment of \$7,500 was paid to a cash management administrator with HBSP funds. This person held an administrative position. While her timesheet indicated that she worked on many other HHI programs, the incentive payment was only paid with HBSP funds.
2. Two incentive payments totaling \$12,500 were paid to two assistant managers for all of the housing programs.

**Recommendation:**

1. The staff’s incentive payment should be allocated among all of the programs that she works for and a credit in the same amount should be included on the next Bridge invoice.
2. The incentive payments should be allocated to all of the programs that are the responsibility of the managers.

Incentive payments should be included in program budgets and approved by DHHS. Program managers must be included in development and maintenance of program budgets and financial reporting to the Board of Directors.

**Contract Agency Response:**

1. The incentive payment of \$7,500 paid to the cash management administrator was solely due to the employee’s performance under this program. The decision to use these funds were based on going above and beyond the regular responsibilities of this employee’s job description such as:
  - a. Emergency last minute checks per week to get a person in housing
  - b. Expending an average of 6 hours a week or 15% of employee’s time due to the last minute rent checks, security deposits, corrections, and researching lost checks without any advance notice.
  - c. Direct amount of hours charged to Bridge for employee’s services are times that this person goes over the rents and deals with voids directly with a Bridge team member about a program issue, and not an indirect check issuance request as required by her job. The direct amount charged to the Bridge grant totaling 154 hours for FY 2017 is time that was spent with the team members going over the “issues” that they are having with any payments on behalf of client or questions about rents. This is considered a direct expense to the program as it goes above and beyond her indirect responsibility of monthly rent checks of which averages 410 checks a month.

Therefore, we disagree with the observations that this employee’s incentive payment should have been paid out based on an allocation across all the programs, as other programs should not be responsible for the recognition of the efforts this employee has accomplished within this specific program, which does not have any activities related to other grants. Again, this incentive payment was based on her dedication to the Bridge team members and additional interrupted

hours that were dedicated to the program only. The incentive is based strictly on the commitment to the success of the Bridge program and the team members will tell you that she is constantly disturbed, is always willing to help with rent check or void problems. This employee has a direct impact on the success of this program and how quickly staff can secure housing to these clients.

2. The two incentive payments totaling \$12,500 that were paid to two assistant managers for all of the housing programs were coded incorrectly by payroll. These were re-classified accordingly to ensure all programs were charged. Thank you for bringing this to our attention. We take such attention to detail very seriously.

**Other Issue and Concern:**

Between July and November 2017, Harbor Homes issued \$66,500 of incentive payments to employees from Housing Bridge Subsidy Program funds. As noted above, HHI has since reclassified \$12,500 of incentive payments from HBSP funds to multiple housing programs worked on by two managers, reducing the total amount of incentive payments charged to HBSP.

According to the Partnership for Successful Living (Harbor Homes’ umbrella agency) policy, the incentive plan “is intended to incent and recognize employees in the organization who have contributed to the successful delivery of programs that service our clients.” In the eleven observations identified in this report, we question the identification of the Housing Bridge Subsidy Program as a program with “successful delivery.”

In January 2018, Harbor Homes requested additional Housing Bridge Subsidy Program funding due to additional clients resulting in an anticipated shortfall of \$894,000. Due to the shortfall, new applications were halted and new clients were placed on a waitlist until BMHS and HHI could move clients to permanent housing to reduce the shortfall.

**Contract Agency Response:**

A second amendment to the Housing Bridge Subsidy Program contract dated 31<sup>st</sup> of January, 2017 decreased the funding and the number of clients to be served to a minimum of 450 consumers. This caused the program to begin the new amended contract period already over capacity by more than 55 consumers.

Harbor Homes contacted the State on January 12<sup>th</sup>, 2018 to communicate its concerns in regards to programs budget if continuing to accept new consumers into the program without additional funding. Projections provided to the State showed a possible budget shortfall of approximately two months’ worth of consumer rental payments and other expenses by the end of the contract period (June 30, 2018), even after the carry-over of funds from FY17 into FY18 in the amount of \$256,476 was utilized to cover additional rental payment and expenses. Therefore, to ensure financial feasibility of the program, Harbor Homes placed a hold on new consumers entering the program and started a waitlist to assist with decreasing the number of clients being served, since additional funds were not available to continue operations over the contract limitation. Please bear in mind the volume of consumers served in the program is exclusively a state decision.

### **SECTION III. Mobile Crisis Program**

**Contract Requirement:** According to Exhibit A, Section 2.1.1.7, “The Mobile Crisis Team shall provide, as appropriate to meet the needs of the individual served, crisis stabilization services that shall include but are not limited to:”

- **Exhibit A, Section 2.1.1.7.2 – “For individuals participating in an Assertive community Treatment (ACT) Team within a community Mental Health Center (CMHC), the Mobile Crisis Team shall contact the ACT Team upon identifying the individual’s’ participation. The Mobile Crisis team shall work with the ACT Team to collaborate and coordinate the services needed to stabilize the individual and transition the individual back into the community and the ACT Team’s oversight as soon as practical.”**
- **Exhibit A, Section 2.1.1.7.4 – “Substance Use disorders: for individual identified by the Mobile Crisis Team as having a substance use disorder, the Team shall coordinate immediate substance use disorder treatment needs with the individual current substance use disorder provider, with the Contractor’s substance use disorder professionals, or with other appropriate substance use disorder professionals may be needed to assist the individual with stabilization.”**
- **Exhibit A, Section 2.1.1.7.5 – “For individuals that are in an emergency department but for whom the Mobile Crisis Team has been notified is in need of crisis stabilization, the Mobile Crisis Team shall endeavor to provide services to the individual, including appropriate treatment.**
- **Exhibit A, Section 2.1.1.7.5.1 – “The Contactor shall develop agreements or memorandums of understanding with the emergency departs in Region 6 to support the contractors’ obligation to serve such individual within an emergency department. On or before July 1, 2017, the Contractor shall submit such agreements to the DHHS designee.”**

#### **Observations:**

There is a procedure in place for MCRT to connect with the CMHC. However, upon interviews with several Community Mental Health Center (CMHC) staff, it would appear as though the relationship is not a strong one and that there has been “minimal” outreach and networking, especially with the Assertive Community Treatment Team (ACT) team.

Additionally, we did not observe robust interaction in the various assessment opportunities of coordination of care for individuals with Substance Use Disorders (SUD).

A local hospital Emergency Department had indicated minimal outreach and coordination of care activities between their Emergency Department (ED) and the MCRT.

**Recommendation:**

The Contractor should endeavor to meet the intent of the contract language by engaging in regular and standardized interactions with other community partners such as the local Community Mental Health Center and other area SUD providers, and local emergency departments and responders to include site visits, shared policies and procedures, regular meetings, and formal Memoranda of Understanding (MOUs).

Specifically, HHI must ensure an (MOU) for MCRT is implemented between HHI and the local Emergency Department by June 1, 2018.

**Contract Agency Response:**

We disagree with this observation. It should be noted that for the time period reviewed during the audit, this program was very new, having only been in existence for approximately four months. There are growing pains for any new program, and it takes quite a bit of time and effort to form appropriate relationships with a large number of other community stakeholder organizations.

Also, it appears that the auditors relied heavily upon information received from the local Community Mental Health Center (CMHC), which may have a conflict of interest in this situation. On numerous occasions, we attempted but were unsuccessful in engaging in meaningful dialogue to create a formal working agreement between the two entities.

We believe that there has been increasingly productive outreach and networking happening, especially with the Assertive Community Treatment Team (ACT). Currently, HHI MCRT holds at least one weekly call with the CMHC ACT Director to coordinate care of clients between the two agencies. Additionally, the CMHC ACT Director and the Clinical Director of HHI MCRT meet quarterly to discuss interagency communication, which has positive results as indicated on numerous Emergency Services meetings at the Bureau of Mental Health. Further, the interagency communication has been effective at assuring clients whom receive MCRT services are connected with appropriate levels of care including ACT services.

In response to the recommendation, we believe that since the inception of the MCRT program here, HHI MCRT program leadership have been actively present and engaged at local community meetings that include the Nashua Mayor's Safe Station meetings (focused on substance abuse treatment), the Greater Nashua Continuum of Care meetings (focused on homelessness), and the Mayor's Opioid Task Force meetings. Through these meetings MCRT leadership have presented the MCRT program and collaborated with community stakeholders including the CMHC, SUD providers, St. Joseph's Hospital, Southern New Hampshire Hospital and local city/town Public Health Departments. Please note that prior to the release of the Audit Draft, we engaged in on-going discussions with Southern New Hampshire Medical Center, which has resulted in a formal MOU.

We are also pushing forward for an MOU with St. Joseph's Hospital, which we believe will be signed in the near future. We believe that positive inter-agency communication and cooperating is key to the continued success of this program and we intend to embrace it at every opportunity.

*DHHS Rejoinder:*

*An MOU that was signed and implemented on May 31, 2018, subsequent to the audit. At the time of audit fieldwork, there were no MOU's signed and on file.*

*Contacts for multiple interviews conducted by BMHS during this audit were provided by Harbor Homes. During these interviews with multiple stakeholders, including local police department and local emergency department staff, longstanding tension between the local CMHC and HHI was identified. BMHS has met with the new MCRT coordinator and director of ES and BMHS is encouraged by the steps that have been taken since the time of this program review.*

**Contract Requirement: According to Exhibit C, Section 8. Maintenance of Records: "In addition to the eligibility records..., the Contractor covenants and agrees to maintain the following records during the Contract Period:"**

**Exhibit C, Section 8.1 – "Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department...."**

**Observation (Questioned Costs):**

A fee was paid to Accurate Staffing for placement for a staff accounting position from MCRT funds. However, there were no salaries and wages from this person's timesheet posted to the MCRT program.

**Recommendation:**

The fee should be cost allocated to all programs with billing as the billing is not directly associated with the grant HHI should credit the MCRT invoice for the difference.

The agency must ensure program managers understand program and grant requirements prior to submitting bills for payment.

**Contract Agency Response:**

We disagree with this observation as the placement fee in the amount of \$2,496.00 paid to Accurate Staffing was to hire an additional biller for the Finance Team to meet the increase in the workflow specific to this contract, for a

total of \$1.6 million in additional projected billing to be performed. Therefore, this hiring was essential to ensure the organization met the requirements under the contract, and the staffing agency fee paid with MCRT start-up funds falls under “hiring expenses” as originally budgeted and approved. Once this contract was awarded, the need for a biller was required. If no contract award, we would not have had the need for an additional biller and other programs should not have to pay for that fee.

Harbor Homes, Inc. was awarded a total of \$250,000 under the MCRT contract for start-up expenses, which were to occur between the periods of March through August. A portion of these funds was awarded to ensure all of the necessary staff were hired for the program, including back office support (Biller).

The aforementioned budget, submitted and approved by the State, included a total of \$24,000 to cover “*time spent by staff for planning and implementation of the program, including organizing existing tenant moves, hiring expenses, set-up of contracts, and procurement procedures*”. The placement fee paid to Accurate Staffing was invoiced under this budget line item.

HHI will reclassify the amount to the indirect cost pool, which will charge all programs indirectly, to satisfy this observation. We will reimburse the funds to the startup agreement for the full amount of the invoice.

**Contract Requirement: According to Exhibit C, Section 8. Maintenance of Records: “In addition to the eligibility records..., the Contractor covenants and agrees to maintain the following records during the Contract Period:”**

**Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”**

**Observation:**

The maintenance and repairs account includes consulting fees for Homeless Management Information System (HMIS) implementation and coordinated entry system design.

**Recommendation:**

The consulting fees for the HMIS implementation and coordinated entry system design must be reclassified from maintenance and repairs to consulting fees.

**Contract Agency Response:**

Confusion came about due to the original posting to a Capital Improvement Fund and reclassified to repairs and maintenance with other invoices. The expenses were charged to the correct funding source and program but wrong general ledger account. Going forward, second approval will now be required to ensure accurate posting on non-repetitive entries. HHI has corrected the entry per recommendation.

**Observation:**

The maintenance and repairs account includes nine brand new chairs purchased from Staples.

**Recommendation:**

The new chairs must be reclassified to office expense.

**Contract Agency Response:**

Confusion came about due to the original posting to a Capital Improvement Fund and reclassified to repairs and maintenance with other invoices. The expenses were charged to the correct funding source and program but wrong general ledger account. Going forward, second approval will now be required to ensure accurate posting on non-repetitive entries. HHI has corrected the entry per recommendation

**Other Issues and Concerns:**

**During the interviews of the HHI staff and the record reviews, the following recommendations were made by the employees and DHHS staff:**

- HHI staff requested DHHS training on how and when to make reports to the Division of Children DCYF and/or BEAS. Further training on this is recommended.
- HHI staff requested cross-over shift support to allow for better client care and improved team communication. Adjustment of schedules to support this is recommended.
- Chart documentation was found to be lacking in specificity for transition planning post contact. Plans were often left blank or lacking of steps suggested to be taken by the clientele. Further development and filling out of these plans is recommended.
- Intakes were often blank or incomplete. It is recommended that intakes are fully completed in all cases and areas in which information was unavailable is indicated.
- Contractor review of access to lethal means was not adequately documented. Access to lethal means must be reviewed and the review documented.

**Contract Agency Response:**

Prior to the release of this audit report, HHI has been actively streamlining mandatory trainings such as mandated reports, through the addition of a new Human Resource Director. As of the date of this response all HHI MCRT staff have engaged in an overview of mandated reported training and have been provided with a handout for reference in regards to when to file a mandated report. HHI leadership are always available for consultation with staff who require further guidance on the process to file a mandated report.

In regard to the recommendation regarding cross-over shift support, staff scheduling was immediately changed upon the hire of a new MCRT leader (Clinical Director of Emergency Services) prior to the release of this audit report. Additionally, prior to the release of the audit report, the Clinical Director identified outstanding training needs related to improving client care and executed those training changes.

In response to the observation regarding chart documentation, the Clinical Director joined HHI in this role following the audit of the MCRT program. He is an experienced independently licensed psychotherapist who has a wealth of knowledge in program design in a multiple of behavioral health and healthcare settings including mobile crisis intervention. Upon hire, the Clinical Director identified the need for clinically appropriate documentation and treatment plans. In the course of his duties, he implemented a standardized comprehensive behavioral health assessment to utilize in the evaluations of clients. This comprehensive assessment far exceeds the recommendations in the audit report. The implementation of these standardized practices will reduce instances of incomplete or partially blank intakes.

In regards to the recommendation that access to lethal means must be reviewed and the review documented, as discussed above, the new Clinical Director established a comprehensive behavioral health assessment in his routine review of clinical practices. This comprehensive assessment includes the assessment of lethal means during the mental status exam. We appreciate that the auditors and our new Clinical Director are on the same pages in terms of ways to improve upon the services the MCRT offers the community.

## **SECTION IV. Facility Peer Recovery Support Services**

**Contract Requirement:** According to Exhibit C, Section 8. Maintenance of Records: “In addition to the eligibility records..., the Contractor covenants and agrees to maintain the following records during the Contract Period:”

**Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”**

**Observation:**

HHI submitted invoices that totaled \$599,936 to DHHS as of October 31, 2017, which included \$518,767 for subcontractor fees. HHI provided a reconciled statement of actual expenses for the subcontractors totaling \$376,409.94. The excess revenue for subcontractor fees is \$142,357. The October 31, 2017 deferred revenue for this program only showed \$75,070, a difference of \$67,287.

Subsequently, the agency provided additional documentation that indicated that while the October deferred revenue was understated, it was corrected in November.

**Recommendation:**

The agency should reconcile deferred revenue on a monthly basis so the profit and loss statement is not misstated.

**Contract Agency Response:**

We disagree that this item is listed as a finding due to the fact that it was identified as an error in the following month and was self-corrected in the next month.

## **SECTION V. Medicaid Assisted Treatment**

**Requirement: According to Exhibit C, Section 8. Maintenance of Records: “In addition to the eligibility records..., the Contractor covenants and agrees to maintain the following records during the Contract Period:”**

**Exhibit C, Section 8.1 – “Fiscal Records: books, records, documents and other data evidencing and reflecting all costs and other expenses incurred by the Contractor in the performance of the Contract, and all income received or collected by the Contractor during the Contract Period, said records to be maintained in accordance with accounting procedures and practices which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department....”**

**Observation:**

HHI has two MAT programs. One is funded by a Federal grant and the other one is funded through a DHHS contract. The Department was originally provided one profit and loss statement for the period ended October 31, 2017. Invoices submitted to BDAS for payment cannot be tied to the general ledger if both grants are posted in one cost center with two different funding sources.

The agency subsequently provided two profit and loss statements – one for the federal grant and one for the state contract.

**Recommendation:**

Where HHI does not have a separate cost center for the Federal MAT program, they should maintain separate profit and loss statements by funding source to ensure accurate reporting and invoicing.

**Contract Agency Response:**

Harbor Homes, Inc. provided the State audit team with profit and loss and general ledger reports including both MAT programs, Federal and State funded in an effort to show the total cost of this program. As stated above, we provided the profit and loss broken down by each funding source. As explained to DHHS, Harbor Homes, Inc. utilizes advanced accounting software that allows for the segregation of funding sources and uses, therefore this report showed that the organization already maintains separate profits and loss statements for programs that do not have a separate cost center, such as the MAT program.

Utilizing cost codes and different funding sources is in accordance with the organization’s chart of account structures. The internal accounting structure is set-up to produce financial statements based on segments, which can be filtered by fund, cost center, funding source, location and general ledger account numbers. This method is in accordance with guidelines under 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Additionally, the profit and loss statements provided show that the expenses for each of the MAT grants are fully isolated with different funding sources; therefore, Harbor Homes is already maintaining reports for expenses and revenue by funding source. Furthermore, invoices submitted for payment to the State on a monthly basis include only expenses that are funded by the DHHS funding source. Consequently, eliminating any risks on receiving reimbursement for activities that are performed for a different contract or funder.

Harbor Homes agrees with the recommendation provided as this is an accounting practice that is already being used within the organization.