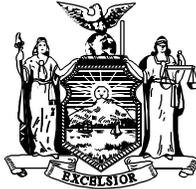


H. CARL McCALL  
STATE COMPTROLLER



STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

A.E. SMITH STATE OFFICE BUILDING  
ALBANY, NEW YORK 12236

February 27, 1998

James L. Stone, M.S.W.  
Commissioner  
Office of Mental Health  
44 Holland Avenue  
Albany, NY 12229

Re: Overtime Management at Creedmoor  
and Hudson River Psychiatric Centers  
Report 96-S-68

Dear Mr. Stone:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V, of the State Constitution and Section 8, Article 2, of the State Finance Law, we have audited selected aspects of the management of overtime expenditures by the Office of Mental Health (OMH) at Creedmoor and Hudson River Psychiatric Centers. Our audit covered the period April 1, 1994 through March 31, 1997.

**A. Background**

The mission of OMH is to plan and oversee an integrated system of mental health care serving adults with serious and persistent mental illness and children with serious emotional disturbances. OMH operates 29 facilities, including 6 designated for the treatment of children, 3 assigned to forensic patients, and 2 used for research. Approximately 20,000 persons are employed by OMH, most of them working directly with the patients. For the year that ended on March 31, 1997, OMH spent approximately \$889 million on personal services, including \$34.4 million (about 3.9 percent) in overtime payments.

Creedmoor Psychiatric Center (Creedmoor), located in the borough of Queens in New York City, is one of the largest facilities operated by OMH. It employs approximately 1,350 staff to service an inpatient census of about 630 clients, and 2,500 outpatients from its Queens catchment area. During the year that ended on March 31, 1997, Creedmoor spent more than \$61 million on personal services, including over \$2.2 million (about 3.6 percent) in overtime payments.

Hudson River Psychiatric Center (Hudson River), located in Poughkeepsie, New York, employs approximately 760 staff to service an inpatient census of about 390 clients, and 610 outpatients from the catchment area of Dutchess, Putnam, and Ulster Counties. During the year that ended on March 31, 1997, Hudson River spent more than \$34 million on personal services, including nearly \$1.6 million (about 4.7 percent) in overtime payments.

## **B. Audit Scope, Objectives, and Methodology**

We audited selected aspects of the management of overtime expenditures at the Creedmoor and Hudson River Psychiatric Centers, including OMH Central Office monitoring of overtime at those facilities, for the period April 1, 1994 through March 31, 1997. The objectives of our audit were to determine whether overtime was properly authorized and necessary, and whether OMH has taken appropriate steps to manage overtime expenditures. To accomplish these objectives, we interviewed OMH personnel, surveyed operations, reviewed financial- and management-related records, verified a sample of transactions, and reviewed staffing decisions.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations of OMH that are included within our audit scope. Further, these standards require that we understand OMH's internal control structure and its compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions, and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those activities we have identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

## **C. Results of Audit**

We found that Creedmoor and Hudson River officials have established systems of authorization and approval to control and monitor overtime, and that they generally adhere to their established procedures. We also found that OMH Central Office generally allocated budgeted overtime to the two facilities at about the same rate (e.g., between 4.2 percent and 4.4 percent of total personal service costs for the fiscal year ended March 31, 1997). However, we observed that during our scope period, Hudson River consistently exceeded its overtime budget, while Creedmoor

consistently operated within its budget. We concluded that Central Office’s methodology for allocating budgeted overtime needs to be examined.

**1. Overtime Management**

In order to best carry out planned activities and achieve organizational goals, available resources should be used in accordance with approved budgets. As indicated in the following table, although OMH’s total actual overtime expenditures have been decreasing, they have regularly exceeded the budget. For the three fiscal years ending on March 31, 1997, OMH overtime expenditures exceeded the budget by \$2.4 million, \$5.6 million, and \$6.2 million, respectively.

Fiscal Year	Total Personal Services	Total Budgeted Overtime	Total Actual Overtime	Percent Actual Over Budget	Overtime as a Percentage of Personal Services
1994-95	\$1,051,084,583	\$35,609,395	\$38,046,470	6.84%	3.62%
1995-96	979,364,853	29,517,321	35,079,942	18.85	3.58
1996-97	889,207,025	28,262,181	34,414,553	21.77	3.87

We observed a wide disparity in Creedmoor’s and Hudson River’s ability to operate within their overtime budgets. As reflected in the following charts, Creedmoor has consistently operated within its overtime budget; Hudson River has not.

**Creedmoor**

Fiscal Year	Budgeted Overtime	Actual Overtime	Percent Under Budget
1994-95	\$4,085,200	\$3,968,963	-2.85%
1995-96	3,231,433	2,933,250	-9.23
1996-97	2,595,300	2,243,808	-13.55

**Hudson River**

Fiscal Year	Budgeted Overtime	Actual Overtime	Percent Over Budget
1994-95	\$2,163,602	\$2,370,082	9.54%
1995-96	1,527,927	1,997,206	30.71
1996-97	1,504,984	1,597,589	6.15

While actual overtime expenditures are the result of numerous factors -- some of which are controlled more easily than others -- OMH's consistent inability to operate within its overtime budget indicates that improvements are needed. OMH officials informed us that overtime allocations to the facilities have traditionally been based on their historic overtime usage. They indicated that they are moving away from this method of allocation to an equity model that takes into account such factors as the number of admissions, patient census, and the condition of the patients being served. They explained that the method is being changed over a period of several years, to lessen the impact on facilities that have been accustomed to receiving larger allocations.

Creedmoor and Hudson River management have instituted procedures directed at controlling the use of overtime at their facilities. The administrations at both facilities require prior approval for overtime use. In direct care areas, where Registered Nurses (RNs), Licensed Practical Nurses (LPNs), and Mental Health Therapy Aides (MHTAs) work, overtime that is needed to maintain staffing at the minimum levels may be approved by each facility's Director of Nursing.<sup>1</sup> Creedmoor also permits its Assistant or Associate Directors, or its Chiefs of Services, to approve direct care overtime. The direct care areas are the heaviest users of overtime at both facilities. At both facilities, overtime requests for other departments or units (non-direct care) must be approved in advance by a department head or Administrator-on-Call.

According to OMH officials, LPNs and MHTAs generally perform the more basic tasks in patient care, including the instruction of patients in personal hygiene, nutrition, and daily living; the fulfillment of the personal needs of the patient; and participation in the patient's social and physical rehabilitative activities. RNs, on the other hand, generally perform more clinical tasks, such as the comprehensive review of the patient's overall condition, oversight of the direct implementation of nursing care, and coordination of nursing care activities with other professional disciplines. Creedmoor distinguishes between the two groups when it makes overtime determinations.

At Creedmoor, deployment of the direct-care staff is monitored through the Central Nursing Office; at Hudson River, this function is decentralized and accomplished by the nurse administrators on the wards. The needs for staff in each ward are determined by adjusting the unit's core staffing level, based on patient needs and census fluctuations for each shift. In a similar calculation, the actual number of staff available for each unit is determined after such factors as vacation, sick, and disability leaves are considered. The levels of available staff are then evaluated in terms of the unit's requirements. Before resorting to overtime, Creedmoor and Hudson River officials explained that they try to meet any shortfalls by redeploying staff from other units or, at Creedmoor, by using a float pool of designated staff that are not assigned to specific units.

To determine whether Creedmoor had deployed staff efficiently to minimize the need

---

<sup>1</sup>Minimum staffing levels for the various direct-care areas are determined at the facility level. They are based on such considerations as the size and condition of the patient population, the type of population involved (geriatric, security, dual-diagnosed, etc.), and accrediting agency requirements. These are generally clinical decisions, which were outside the scope of this audit.

for overtime, we reviewed the facility's direct-care staffing levels for one shift over the five-day period that ended on November 3, 1996. We found that Creedmoor had actively sought to minimize overtime through effective assignment of its pool staff and redeployment of staff from other units. However, the facility's policy of not assigning an RN to cover an MHTA staff shortage often resulted in overtime for MHTAs; at the same time, the RN complement on duty exceeded the minimum staffing requirements. For example, on November 2, 1996, on the midnight to 8 a.m. shift, four MHTAs were called in to work overtime to cover shortages in MHTA staffing, while two RNs in excess of the minimum required staffing were already on duty.

Creedmoor officials acknowledged that they can, and do, assign RNs to cover MHTA positions to prevent overtime costs. But they asserted that such actions are viewed as the exception, not the rule. They stated that the facility is better run when the number of nursing staff is above the minimum acceptable level. Moreover, they expressed concerns that if RNs are routinely assigned to function as MHTAs, the facility will have problems with accrediting agencies because nursing care responsibilities may either be neglected or not completed in a timely manner.

Hudson River's policy is to ensure minimum RN coverage first. Once that is achieved, the facility tries to minimize MHTA overtime by routinely redeploying available RNs to cover MHTA shortages. We reviewed staffing at Hudson River for the one-week period ending November 13, 1996, when 450 hours of overtime were incurred. With minor exceptions, we found that Hudson River had actively sought to minimize overtime through redeployment of staff, using overtime only to maintain staffing at established minimum levels.

To further limit overtime, Hudson River generally requires that the first one-to-one (1:1) staff-to-patient observation for all units, except the secure ward, be absorbed by the core (minimum-level) staff. One-to-one observations involve assigning a staff person to solely maintain constant observation of a patient because that patient poses a particular risk either to themselves or to others. We found that this policy was observed during the period we reviewed. In contrast, Creedmoor's policy is to staff all 1:1 observations with additional staff. During our five-day review period, 54 such observations took place on non-secure wards at Creedmoor, including 24 that were the first observations on the wards.

OMH Central Office officials informed us that they do not disagree with Creedmoor's policy of limiting the use of RNs to cover MHTA staff shortages or to staff 1:1 observations with additional staff. They also have no objection to Creedmoor assigning RNs to cover MHTA vacancies in appropriate situations on a limited basis. They do not accept the premise that RNs should be substituted for MHTAs on a regular basis, nor do they believe it should be a Statewide practice.

We believe that staffing decisions, such as those impacting 1:1 coverage, or the more-flexible assignment of RNs, can reduce overtime. Their applicability in general to OMH facilities, as well as other "best practices," should be considered by Central Office. Based on our reviews at Hudson River and Creedmoor, a facility's ability to implement these types of measures appears to be linked closely to overall staffing levels, as well as its minimum staffing requirements.

OMH also needs to work towards establishing more realistic and attainable overtime budgets that recognize each facility's total and minimum staffing requirements. These budgets would then be useful in measuring management performance.

## **2. Procedural Weakness**

Each State agency and department is required to maintain complete and accurate records of employee attendance. This will support payroll expenditures; it will also provide a basis for internal review and audit evidence of controls in effect.

We examined samples of employee claims for overtime payments at both Creedmoor and Hudson River. Our samples, taken from one pay period during each of the months of July and November 1996, included payments totaling \$20,421 to 28 direct-care, food service, maintenance, and safety units employees. These payments covered 933 hours of overtime worked.

We found that time and attendance (T&A) records maintained for the facilities' employees occasionally did not reflect overtime claims. At Creedmoor, 5 of the 18 T&A records we reviewed did not include 7 instances of overtime worked by the employees. At Hudson River, 4 of the 73 instances of overtime that we reviewed had not been recorded on the T&A records. Officials at both facilities explained that overtime was properly earned. They further explained that this discrepancy occurs because the T&A record is prepared on a monthly basis by the employee's regular supervisor, or unit timekeeper, who may be unaware that an employee has worked overtime on a unit other than the one to which he/she is regularly assigned. Since overtime payments are generated by a separate form that is not reconciled to the T&A record, discrepancies occur.

Creedmoor and Hudson River officials explained that these weaknesses should be corrected through implementation of an OMH computerized T&A system that will coordinate the various reporting forms. Both Creedmoor and Hudson River anticipate that the new system will be fully implemented in 1998.

### **Recommendations**

1. *Establish facility overtime budgets based on available staffing resources and client census and disability information.*
2. *Work with facilities to minimize overtime and implement "best practices."*
3. *Implement procedures to ensure that overtime is properly recorded on each employee's time and attendance record.*

A draft copy of this report was provided to Office of Mental Health officials for their review and comment. Their comments have been considered in preparing this report, and are included as Appendix A. OMH officials generally agreed with our recommendations and indicated they either have been or are being implemented.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Mental Health shall report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefore.

Major contributors to this report were John Buyce, Cindi Frieder, Peter Schmidt, Clyde Bynoe, Christina Mo, and Marticia Madory.

We wish to thank the management and staff of the Office of Mental Health for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Robert L. King  
Raymond Harris



NEW YORK STATE  
OFFICE OF MENTAL HEALTH

RECEIVED  
44 Holland Avenue, Albany, New York 12229

James L. Stone, MSW, Commissioner

JAN 30 1998  
OFFICE OF MENTAL HEALTH  
OFFICE OF THE COMPTROLLER  
MANAGEMENT AUDIT  
JAN 30 1998  
January 30, 1998

Mr. Frank Houston  
Audit Director  
Management Audit  
Office of the State Comptroller  
270 Broadway  
New York, NY 10007

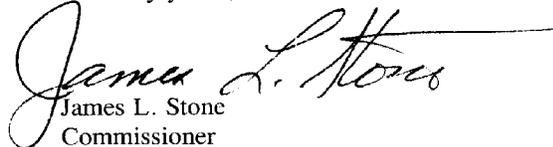
Dear Mr. Houston:

The Office of Mental Health has reviewed draft audit report 96-S-68 which resulted from the OSC review of selected aspects of the management of overtime expenditures at Creedmoor and Hudson River Psychiatric Centers. Our comments to the findings and recommendations contained in the report are enclosed.

The Office of Mental Health appreciates the Office of the State Comptroller's continuing efforts to recommend improvements in our operations.

Many thanks for your continued help and cooperation.

Sincerely yours,

  
James L. Stone  
Commissioner

Enclosure  
cc: Diana Jones Ritter

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



OMH 2601 (10/95)

---

Appendix A

**OFFICE OF MENTAL HEALTH  
RESPONSE TO OFFICE OF THE STATE COMPTROLLER'S  
DRAFT AUDIT REPORT 96-S-68  
OVERTIME MANAGEMENT AT CREEDMOOR AND  
HUDSON RIVER PSYCHIATRIC CENTERS**

**Overall OMH Comments**

The Office of Mental Health (OMH) generally agrees with the Office of the State Comptroller's (OSC) observations and recommendations. At the time of the OSC audit, OMH had already begun to implement Recommendation No. 1 regarding its new facility overtime budget allocation methodology and will continue these efforts over the next two to three years within available resources. OMH also believes it has implemented much of Recommendation No. 2. For example, OMH periodically distributed overtime reports to facilities highlighting those needing improvement. Further, OMH Central Office distributed various other materials to make directors at each OMH facility aware of sound management practices and areas of concern regarding overtime. OMH has also encouraged its facility managers to share "best practices" with each other. Recommendation No. 3 relating to the recording of overtime on time and attendance records is addressed through the implementation of OMH's new automated time and attendance system.

The following sections present OMH's concerns about several OSC comments in the text of the report and OMH's specific response to each of the three OSC recommendations.

**OMH's Suggested Changes to Text of OSC Report**

OMH management is concerned with several comments in the report and requests that OSC consider modifying its report as follows:

- OSC's statement in Part C, last line of page 2 and first line of page 3 -- *Hudson River consistently exceeded its overtime budget, while Creedmoor consistently operated within its budget.* While this statement is true, it carries a negative connotation about Hudson River's management of its overtime budget when, in fact, OSC has questioned whether the OMH facility overtime budgets were realistic. OMH suggests that the sentence be changed to reflect a more neutral position regarding Hudson River..
- OSC's statement in Part C, Section 1 on Overtime Management in the paragraph between the charts -- *We observed a wide disparity in Creedmoor's and Hudson River's ability to operate within their overtime budgets.* Again, the report language conveys a negative impression of Hudson River. For the same reason as explained previously, OSC should

* See Auditors' Note
-------------------------------

change this sentence to coincide with its concerns about the budgeting process rather than being critical of one facility.

- The last part of the first sentence on page 4 is not appropriate based on reasoning already provided -- *a consistent inability to operate within a budget indicates that improvements are needed*. OMH suggests that this part of the sentence be reworded to eliminate the negative aspect concerning Hudson River management.
- On page 4, second paragraph, and page 5, third paragraph, OSC uses the phrase “bring staffing up.” To clarify, more appropriate wording is “to maintain staffing at” minimum staffing levels.
- On page 4, last paragraph, the OSC reference to “inpatient unit” needs clarification. Hudson River and Creedmoor identify minimum staffing on a ward by ward basis and, in total, utilize campus-wide staffing as the target, not unit-wide staffing.
- Again on page 4, last paragraph, OSC refers to the use of “float pools” and “they try to meet shortfalls.” Hudson River does not have a pool of unassigned staff. Further, the facility does meet shortfalls through the redeployment of staff to ensure that minimum staffing is maintained. After redeployment efforts, overtime is incurred to maintain minimum staffing.

## **OMH Comments to OSC Recommendations**

### **OSC Recommendation No. 1**

Establish facility overtime budgets based on available staffing resources and client census and disability information.

### **OMH Response**

As OSC stated in the audit report, OMH has already begun a multi-year process of basing overtime allocations on workload rather than expenditure history and will continue its efforts to phase in this change within available funding over the next two to three years.

### **OSC Recommendation No. 2**

Work with facilities to minimize overtime and implement “best practices.”



**OMH Response**

OMH continues its efforts to work with the management teams at each facility to minimize overtime. Further, OMH encourages facility managers to share "best practices." In addition, OMH strives to make facilities aware of sound management practices through presentations at monthly facility director meetings, the distribution of accreditation and audit reports to facility management teams, and the periodic updating and reissuance of the OMH Overtime Management and Absenteeism Control Guidelines. OMH Central Office will also ask facility managers for suggestions to enhance those guidelines so they can be updated and reissued with the 1998-99 facility overtime allocations.

In addition, OMH is currently developing a computerized program for the reporting of overtime expenditures for use by facilities and Central Office to improve the monitoring of overtime. This program will allow facility managers to better analyze factors that may precipitate unnecessary overtime spending and to implement targeted corrective actions. Examples of factors that can be analyzed with this program include pass day distribution and titles/units with high rates of expenditures, as well as stated reasons for those expenditures. Implementation of this initiative is expected during the first quarter of 1998.

**OSC Recommendation No. 3**

Implement procedures to ensure that overtime is properly recorded on each employee's time and attendance record.

**OMH Response**

*Creedmoor Psychiatric Center:* Creedmoor has made significant progress in computerizing its employee time and attendance records. As of January 1998, there are 400 of Creedmoor's 1,280 employees on the system. Creedmoor has a target date of December 1998 for having all of its employee records on the system. Employees and supervisors were reminded that all overtime worked must be reflected on the time and attendance record. Further, the Creedmoor Business Office periodically audits time and attendance records to ensure compliance.

*Hudson River Psychiatric Center:* As of January 1998, Hudson River has fully implemented the automated time and attendance system. This system will assist Center management in ensuring that overtime is recorded on employee time and attendance records.

**Auditors' Note :**

In assessing the agency response, we have not changed the text of the final report for these two statements as suggested. We believe the statements accurately reflect the facts.