

## EXECUTIVE DIGEST

### ITEMIZED BILLING SYSTEM AND MENTAL HEALTH DATA CENTER

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#### **INTRODUCTION**

This report contains the results of our performance and financial related audit of the Itemized Billing System (IBS) and the Mental Health Data Center (MHDC), Department of Mental Health (DMH), for the period October 1, 1991 through August 31, 1994.

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#### **AUDIT PURPOSE**

This performance and financial related audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency. Financial related audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements. Also, this audit complements the departmentwide financial audit.

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#### **BACKGROUND**

DMH uses IBS to process billings to individuals and insurance payers. IBS collects data and performs the calculations necessary to produce a bill for services provided by DMH. The Bureau of Hospitals and Centers has overall responsibility for ensuring that IBS meets DMH objectives and user needs. In fiscal year 1993-94, the revenue

generated from billing for the services provided by facilities for the mentally ill was approximately \$41.3 million.

MHDC provides centralized information processing services to DMH. These services include support for IBS, other mainframe systems, and microcomputer support and maintenance. DMH had previously operated regional information centers in several locations; however, the centralization of its data processing functions has enabled DMH to correct many conditions noted in our prior audit report. For fiscal year 1993-94, MHDC had gross appropriations of \$4.9 million and was authorized 47 full-time equated positions.

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**AUDIT  
OBJECTIVES  
AND  
CONCLUSIONS**

**Audit Objective:** To assess the effectiveness of IBS.

**Conclusion:** We concluded that IBS was reasonably effective. Our assessment did not disclose any material deficiencies; however, we noted reportable conditions that DMH should correct to improve the effectiveness of IBS. These conditions relate to providing sufficient management oversight and modifying IBS to more effectively process bills (Findings 1 and 2).

**Audit Objective:** To assess the effectiveness of DMH's internal control structure over IBS.

**Conclusion:** We concluded that DMH's internal control structure over IBS was reasonably effective. However, we noted several reportable conditions that DMH should correct to strengthen the internal control structure. These conditions

relate to enforcing established control procedures, producing bills on a timely basis, restricting IBS access to only authorized persons, and maintaining complete documentation of the process used to establish billing rates (Findings 3 through 6).

**Audit Objective:** To assess the effectiveness of MHDC's internal control structure to provide reliable and secure information.

**Conclusion:** We concluded that MHDC's internal control structure was reasonably effective. Our assessment did not disclose any material weaknesses; however, we noted other reportable conditions that MHDC should correct to better control the data center and information. These conditions relate to enforcing all security control procedures and developing control procedures to ensure the integrity of all production computer programs (Findings 7 and 8).

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**AUDIT SCOPE  
AND  
METHODOLOGY**

Our audit scope was to examine the program and financial records of the Department of Mental Health related to the Itemized Billing System and the Mental Health Data Center for the period October 1, 1991 through August 31, 1994. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

Our methodology included gathering data and performing an assessment of the internal control structures. We then reviewed the information and determined where to

concentrate our detailed analysis and testing. We designed test plans and performed those tests to determine the effectiveness of the internal control structures. We evaluated the reliability and effectiveness of the controls tested based on the results of our tests and reported our findings.

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**AGENCY  
RESPONSES  
AND PRIOR AUDIT  
FOLLOW-UP**

Our audit report includes 8 findings and recommendations. DMH concurred with our recommendations.

The agency complied with 72 of the 74 prior audit recommendations included within our current scope of audit. Two of the recommendations are repeated in this report.