

**HARRIS TARRANT CLINICAL SOFTWARE PROJECT**

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**Audit Report No. HTCSP0109**

**January 16, 2009**



**MENTAL HEALTH MENTAL RETARDATION  
AUTHORITY OF HARRIS COUNTY**

**Internal Audit Report**

**AUDITOR'S REPORT**

**Harris Tarrant Clinical Software Project**

**Harris County, Texas**

**Internal Audit Report**

**January 16, 2009**

**Henry E. Webb, CFE**

**Internal Auditor**





January 16, 2009

Steven B. Schnee, Ph.D.  
Executive Director  
MHMRA of Harris County  
7011 SW Freeway  
Houston, TX 77074

RE: Mental Health and Mental Retardation Authority of Harris County and Mental Health and Mental Retardation of Tarrant County  
Audit of Clinical Software Development Project (#HTCSP0109)

## **BACKGROUND**

### ***Clinical Software Initiative***

The Mental Health Retardation Authority of Harris County and Mental Health Retardation of Tarrant County (the Agencies) have been searching for a systems solution for over three years that will support delivery of the services they provide in the areas of behavioral healthcare, developmental disabilities, early childhood intervention, and addiction services. Harris and Tarrant counties have a population base of 3.8 million and 1.7 million, respectively.

The systems solution desired would be a comprehensive integrated system that completely addresses all operational aspects for the clinic and community based emergency, residential, inpatient, and long term care service areas, as well as the requirement for the solution to operate and be maintained in the Texas regulatory environment. The system would need to incorporate an Electronic Health Record (EHR), support the administrative and business processes of each service area, provide decision support that incorporates accepted best practices, and provide a multitude of analytic capabilities to enhance effective management of staff and program resources.

The Agencies believe that even though a single, comprehensive integrated solution is desirable, it probably does not exist. Therefore, the solution will probably consist of several software products that will need to be integrated. Further, the possibility of forming a partnership/relationship with a vendor(s) to establish a long-term capacity to market, license/sell, and evolve products developed in the future.

### ***Array of Services***

Due to the large service areas, the two agencies must deliver a multitude of services at the optimal level of quality within available resources. The array of services includes:

- Mental Health (Child, Adolescent, and Adult)
- Intellectual and Developmental Disabilities (serving all ages)
- Addiction Services (Adolescent and Adult)
- Crisis/Emergency Services (provided 24/7)
- Early Childhood Intervention Services (serving ages 0-3)

Operational areas supporting the provision of services that the systems solution will address include:

- General
- Administrative Services Organization
- Quality Management
- Registration and Admission
- Assessment
- Plan of Care
- Scheduling
- Case Management
- Hotline
- Services
- Pharmacy
- Billing and Revenue
- Reporting
- Interfaces
- Technical Specifications
- Medical Records Specifications

### ***Center Descriptions***

#### **Harris County**

Mental Health and Mental Retardation Authority of Harris County (MHMRA) is a publicly funded political subdivision of the state of Texas, providing mental health and mental retardation services to residents of all ages in Harris County. The Commissioner's Court of Harris County created the Harris County Mental Health and Mental Retardation Center (MHMRC) on November 19, 1965. In February 1973, the Commissioner's Court changed the name of the agency to the Mental Health and Mental Retardation Authority of Harris County (MHMRA).

MHMRA is one of the largest community mental health, mental retardation centers in the country, providing services to over 40,000 clients a year.

#### **Tarrant County**

MHMR of Tarrant County (MHMRTC) was created over 37 years ago in 1969. MHMRTC provides (mental health, mental retardation, addiction), and Early Childhood Intervention (ECI) to citizens of Tarrant County, MHMRTC currently provides ECI and addiction services outside of Tarrant County in the North Texas region. MHMRTC provides case management services for persons with developmental disabilities enrolling in the Community Living Assistance and Support Services (CLASS) Medicaid waiver for Tarrant, Dallas, and the surrounding counties.

### ***Key Criteria for Selection***

For the vendor to be considered, the following criteria were to be met:

- Web-based to allow remote access and connectivity
- Able to coordinate with and exchange data with other providers and multiple internal systems
- Include electronic health record, billing, and claims management systems
- Willing to participate as a multi-vendor solution, if required

The Agencies would select vendors based on demonstrated ability to meet key criteria including the following:

- Ability to meet the needs and functional requirements of the Agencies' service areas – mental health, mental retardation, early childhood intervention, crisis services, and addiction and substance abuse services

- Ongoing viability of the vendor and its commitment to support a MHMR, public sector software solution
- Process and support to enable Agencies to provide uninterrupted services throughout development and implementation
- Capability to integrate and to appear as a seamless system to end users
- Change management processes that allow Agencies to accomplish mandated changes on a timely basis
- Meeting of reporting requirements with minimal, if any, additional processing
- Progression towards outcomes management and cost benefit analysis
- Affordability, with consideration of options for ongoing interest and return on investment
- Demonstrated excellence in reliability and system up time
- Maintenance, modification, and enhancement implementation procedures, which do not impede the provision of services
- Capacity to handle Agencies' volume of transactions

### ***TimeLine***

**March 01, 2007** – MHMRA and Tarrant County MHMR entered into a contract with UHY Advisors, TX, LP Consultant Services to help develop the Request for Proposal for the development and implementation of software to support services with mental illness, persons with intellectual disabilities, persons requiring Early Childhood Intervention (ECI) and addiction services for the first phase of the project. The term of the contract was for the period March 1, 2007 through October 1, 2007, with an amount not to exceed \$84,000.

**March 30, 2007** - MHMRA and Tarrant County MHMR issued a Request for Information to 127 potential vendors.

**April 23, 2007** - MHMRA and Tarrant County MHMR received 49 responses from vendors to the Request for Information.

**April 24, 2007** – MHMRA and Tarrant County MHMR executed Contract ID# 3023 that seeks the services of a software consultant to assist in the preparation and distribution of the RFP, and the evaluation of responsive proposals.

**May 17, 2007** - MHMRA and Tarrant County MHMR issued a Request for Proposal.

**July 10, 2007** - MHMRA and Tarrant County MHMR received 24 responses from vendors to the Request for Proposal.

**September 25, 2007** - Board of Trustees approved an increase to the contract with UHY Advisors in an amount not to exceed \$132,000 (increase from original amount of \$48,000). The Board further extended the period of the contract from 03/01/07 through 01/31/08.

**February 20, 2008** - MHMRA and Tarrant County MHMR executed a Memorandum of Understanding to establish a Project Oversight Team to oversee and organize the administrative services and activities required to accomplish the Clinical Software Project.

**June 10, 2008** - MHMRA and Tarrant County MHMR entered into an Interlocal Agreement in accordance with the terms of the Texas Interlocal Cooperation Act, Texas Government Code Chapter 791, whereby an administrative agency was created (TOPAZ Software Authority) to establish a comprehensive integrated software system solution that addressed all operational aspects for the clinic and community based, emergency, residential, inpatient, and long term care service areas, as well as the requirement for the solution to operate and be maintained in the Texas regulatory environment.

**October 28, 2008** - Board of Trustees approved Topaz Software Authority (Agency) to enter into contract negotiations with potential vendors that will eventually establish a comprehensive integrated software system solution that completely addresses all operational aspects for the clinic and community based, emergency, residential, inpatient, and long term care service areas, as well as the requirement for the solution to operate and be maintained in the Texas regulatory environment.

## OBJECTIVES

The overall objectives of the audit were to determine whether the request for information and proposal process was adequate and :

- Managed and used resources in an efficient, effective, and economical manner
- Administered funds in compliance with applicable laws, regulations, policies, and procedures
- Implemented internal controls to prevent or detect material errors and irregularities

The specific objectives in this audit were to:

- Determine the adequacy of the Agencies policies and procedures for managing the Agency Request for Information and Request for Proposal
- Determine if related expenses were supported, computed, approved, and reported in compliance with established policy and procedures

## SCOPE

The scope of the work did not constitute an evaluation of the overall internal control structure of the units. The examination was designed to evaluate and test compliance with established policy and procedures and to test the internal control over tested areas and material. The audit scope period was from March 1, 2007 through December 31, 2008.

Departmental management is responsible for establishing and maintaining a system of internal controls to adequately comply with approved policy and procedures. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and theft, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected timely. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

The purpose of the audit report is to furnish management independent, objective analysis, recommendations, and information concerning the activities reviewed. The audit report is a tool to help management discern and implement specific improvements.

Although due professional care in the performance was exercised, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud will be detected. Specific areas for improvement are addressed later in this report.

Other minor findings, not included in this report, have been communicated to management and/or corrected during the audit process. Internal Audit would like to thank the management and staff for their cooperation throughout the audit.

## METHODOLOGY

In order to meet the objectives, Internal Audit flowcharted and evaluated controls over the selection process used for possible vendors to jointly develop and implement software delivery of the services provided by MHMRA and Tarrant MHMR, as well as reviewed policies and procedures for compliance and completeness. Management and staff were interviewed and audit tests and procedures were conducted as considered necessary.

## STATEMENT OF AUDITING STANDARDS

The audit was conducted in accordance with generally accepted government auditing standards (GAGAS). Those standards require that Internal Audit plan and perform the audit to afford a reasonable basis for the judgments and conclusions regarding the organization, program, activity or function under audit. An audit

also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. It is believed that this audit provides a reasonable basis for the findings, conclusions, and recommendations.

## RESULTS

As a result of the audit procedures and surveys conducted, it was determined that Agency compliance with established criteria in the issuance of the Request for Information and Request for Proposal generally meets Agency policy and procedures.

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Henry E. Webb, CFE, Internal Auditor

CC: Rose Childs, MSW, CSWM, Deputy Director, Mental Health Division  
Kenneth Collins, LMSW, Deputy Director, Mental Retardation Division  
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**ATTACHMENT A**  
**SUMMARY OF RECOMMENDATIONS**  
**January 16, 2009**

Unit: Agency Wide		
Area: Harris Tarrant Clinical Software Project		
Inherent Risk:      Low Moderate <b>High</b>	Control Environment: Well Controlled <b>Acceptable</b> Poorly Controlled	Overall Risk: Low <b>Moderate</b> High
Type of Procedures: <b>Audit</b>		
Scope: * Using Internal Control Evaluation (ICEs) forms, documented the internal controls * Conducted a preliminary survey reviewing applicable policies and procedures, etc. * Interviewed various staff to obtain understanding of management controls * Examined detailed invoices/work orders, statements provided by the vendor, etc.		
Priority Rating:	Audit Recommendations:	
Follow-up: Six Months		

**Priority Rating**

1. Implement immediately (30 - 90 days) - Serious internal control deficiencies; or recommendations to reduce cost, maximize revenues, or improve internal controls that can be easily implemented.
2. Work towards implementing (6 - 18 months) - Less serious internal control deficiencies, or recommendations that can not be implemented immediately because of constraints imposed on the unit (i.e. Budgetary, technological constraints, etc.).
3. Implement in the future (2-3 years) - Recommendations that should be implemented, but that can not be implemented until significant and/or uncontrolled events occur (i.e. legislative changes, buy and install major systems, or require third party cooperation, etc.).