



November 3, 2017

The Hon. Vincent C. Gray
Chairman, Committee on Health
Council of the District of Columbia
1350 Pennsylvania Avenue NW
Washington D.C. 20004

Dear Councilmember Gray:

I write to share information developed in response to concerns raised by your staff earlier this year on current and past year commitments and spending by the Department of Behavioral Health (DBH). As you know, the mission of the Office of the D.C. Auditor is to support the Council by examining the accounts and operations of the DC government. Our audits and evaluations focus on economy, efficiency, and accountability, and provide insight regarding whether an agency's business practices are efficient, its policies and procedures are effective, its internal controls need to be improved, and its programs are delivering the intended results.

In response to concerns shared by your staff, we researched the financial status of the Department, including outstanding purchase orders going back to FY 2015, Financial Review Process reports, and follow-up to a meeting held last October that included representatives of the Foundation for Contemporary Mental Health/PIDARC. It was our understanding that the organization was one example of a provider of mental health services experiencing delays in compensation by the Department. Our findings from this research:

- The agency's original approved FY 2017 Local Funds budget was \$226.7 million. During the year, they received an additional \$1.919 from the reserve funds, \$4 million from Contingency Reserve, and an additional \$1.095 in local funds. The June 30, 2017, FRP had indicated a projected agency net local fund deficit of \$1.3 million which was the result of an increase in overtime and additional gross pay. As of November 2, 2017, the agency had a net local fund Personal Services deficit totaling \$4.56 million, offset by a surplus of \$13.2 million in Non-Personal Services, which resulted in an overall Local fund surplus of \$8.064 million.
- As of October 28, 2016, according to correspondence between the agency and the provider, some \$74,501 in FY2015 and 2016 services provided by the vendor mentioned

above had been approved for payment. In a review of outstanding invoices in the System of Accounts and Reports (SOAR) on August 8, 2017, we did not find any additional outstanding amounts for that vendor for previous fiscal years.

- SOAR (as of August 2017) did show outstanding open purchase orders totaling \$1.8 million for Fiscal Years 2013, 2015, and 2016, for roughly 50 other vendors. However, as of October 30, 2017 the outstanding balance for these purchase/obligations was \$687,145.
- As of August 2017, the total for outstanding obligations (purchase orders) was \$28.14 million, including four separate POs for Community Connections totaling \$2.3 million. However, as of the end of fiscal year 2017 (September 30) all the outstanding FY 2017 Purchase Orders, were: (1) paid, (2) closed, or (3) accrued (recorded as outstanding liabilities). As of September 30, SOAR did show DBH had \$12.1 million in outstanding accrued expenditures or liabilities. As of November 2017, there is \$4.855 million in FY 2017 liability that has not been paid yet.

I hope this financial summary is useful. As I indicated to your staff, I recommend that you continue conversations with the Department's leadership on their plan to address any ongoing spending pressures and remaining outstanding prior year obligations.

In addition, I would like to set up a briefing for you and for Judiciary Committee Chairman Allen, on the project on DBH underway by the Council for Court Excellence (CCE). On contract with ODCA, CCE will produce a report after the first of the year that outlines a wide range of management and leadership issues evident in the work the Department does with justice-involved individuals. The CCE project team briefed me recently on their interim findings, and I think you and your staff would find it useful to your oversight to have the same pre-report briefing. Please let me know if you would be interested, and we are happy to work with your staff to schedule such a briefing.

Thank you.

Sincerely yours,



Kathleen Patterson
District of Columbia Auditor

Cc: Cynthia Roseberry, Council for Court Excellence
Eric Goulet and Osazee Imadojemu, Committee on Health