



Management Letter Regarding Saint Elizabeths Hospital

January 28, 2015

Review Team:

Toya Harris, Auditor in Charge
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A Report by the Office of the District of Columbia Auditor
Kathleen Patterson, District of Columbia Auditor

Dr. Patrick J. Canavan
Chief Executive Officer
Saint Elizabeths Hospital
1100 Alabama Avenue, SE
Washington, DC 20032

Management Letter Regarding Saint Elizabeths Hospital

Dear Dr. Canavan:

The Office of the District of Columbia Auditor (ODCA) initiated an audit of Saint Elizabeths Hospital (the Hospital) on November 25, 2013. Our preliminary audit objective was to determine whether the Hospital's operations were efficient, effective, economical, and complied with rules, regulations, and laws. During the audit survey phase, we reviewed relevant regulations, policies and procedures; conducted interviews with staff; toured the hospital; conducted walkthroughs of selected departments; conducted a risk assessment; and gained an understanding of the Hospital's internal controls. We also reviewed external oversight and professional reviews conducted on the Hospital's operations.

We have completed the survey phase of the audit and determined that the Hospital has internal controls in place over key Hospital operations. We also gained an understanding of the Hospital's compliance with findings and recommendations resulting from external oversight and reviews the Hospital has received. Due to these two factors, we are concluding the audit at this time.

External Oversight and Reviews of Saint Elizabeths Hospital

During fiscal year 2014, various agencies conducted external oversight of the Hospital, including the U.S. Department of Justice (DOJ)¹, the D.C. Department of Health and the federal Centers for Medicare and Medicaid Services.

The oversight conducted by the DOJ was the result of a Settlement Agreement between the District Government and the DOJ, effective June 25, 2007. The Settlement Agreement and its findings and recommendations focused on these key areas: Integrated Treatment Planning; Mental Health Assessments; Discharge Planning and Community Integration; Specific Treatment Services; Documentation; Restraints, Seclusion, and Emergency Involuntary Psychotropic Medications; Protection from Harm; Incident Management; Quality Improvement; and Environmental Conditions.

Pursuant to the Settlement Agreement, the Hospital was subject to consistent oversight to ensure adequate quality of care to patients. Since the inception of the Settlement Agreement, the

¹ In 2005, the U.S. Department of Justice conducted a review of Saint Elizabeths Hospital. As a result of the review, the District Government and the Department of Justice signed a Settlement Agreement which outlined how the District would address the identified deficiencies. The Agreement was approved by a federal court in June, 2007.

DOJ has issued biannual reports to the Hospital, outlining the Hospital's progress toward reaching substantial compliance with the findings outlined in the Settlement Agreement.

The Hospital produces a monthly Performance Related Information for Staff and Managers (PRISM) report based on the Settlement Agreement. The PRISM report presents monthly data with twelve-month trends on census, basic demographics and selected performance indicators. The reports are used for quality improvement initiatives, using critical information about patient and staff performance to improve the delivery, effectiveness, and timeliness of services.

In October 2011, the District and DOJ signed a Modified Settlement Agreement based on the District having made substantial progress in remedying the problems identified in the Original Agreement. The Modified Settlement Agreement dismissed many of the provisions contained in the Original Agreement.

On September 16, 2014, the Modified Settlement Agreement between the District and DOJ was terminated by the federal court, with the concurrence of DOJ, as the court concluded that the Hospital reached sustained compliance with each of the provisions of the Modified Settlement Agreement.

Since the Hospital was under DOJ oversight during the time in which we initiated our audit, we determined that it would not be beneficial to the Hospital's operations to conduct an audit during the same time period. Instead, we conducted interviews with Hospital staff to identify current controls over key operations.

Assessment of Risk and Internal Control

During the survey phase, we also conducted a risk assessment and identified the following Hospital operations that presented the greatest risk: Pharmacy Operations, Risk Management, Data Management, Physical Security, and Monitoring of Individuals of Care during periods off-site. To determine whether the Hospital had controls in place to address the identified risks, we conducted interviews with Hospital staff, toured the hospital, reviewed applicable policies, and conducted walkthroughs of selected departments. We found that the Hospital had controls in place to prevent, detect or correct the risks identified during our risk assessment process. For instance, we found that the Hospital has a formal process in place to assess operational risks. The Quality and Data Management Office conducts internal audits and reviews unusual incident reports to improve the Hospital operations. We did not conduct testing of the controls identified.

Conclusion

As previously noted, due to the external oversight the Hospital received during fiscal year 2014 and the internal controls identified by Hospital staff, we chose to terminate our plans to conduct an audit of Saint Elizabeths Hospital.

It is important for the Hospital to maintain the control activities currently in place to address key risks. We encourage the Hospital to continue to:

1. Implement the control activities and improvements to the Hospital's operations made under the DOJ Settlement Agreement;
2. Produce and publish the monthly PRISM reports to monitor Hospital operations; and

3. Conduct the internal audits and reviews that are conducted by the Quality and Data Management Office.

Absence of the control activities identified could have a negative impact on the Hospital's continued ability to achieve its mission.

Thank you again for your cooperation and please extend our appreciation to your staff who responded diligently and timely to our requests during the survey phase. Please do not hesitate to contact me at 202-727-3600 should you have any questions or concerns.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen Patterson".

Kathleen Patterson
District of Columbia Auditor