



PERFORMANCE AUDIT REPORT

KANS-A-N Telephone Calls At Winfield State Hospital

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas**

January 1985

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$3 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

As a guide to all their work, the auditors use the audit standards set forth by the U.S. General Accounting Office and endorsed by the American Institute of Certified Public Accountants. These standards were also adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee.

Legislators or committees should make their requests for performance audits through the Chairman or any other member of the Committee.

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OBTAINING AUDIT INFORMATION

This audit was conducted by Randy Tongier, Manager of Financial-Compliance Audits, of the Division's staff. If you need any additional information about the audit's findings, please contact Mr. Tongier at the Division's offices.



KANS-A-N TELEPHONE CALLS AT WINFIELD STATE HOSPITAL

Summary of Legislative Post Audit's Findings

This audit substantiated allegations that Winfield State Hospital's Superintendent had made improper long-distance telephone calls on the Hospital's KANS-A-N line. The audit found improper calls costing \$1,237. The Superintendent reimbursed the cost of these calls, but not until several months after the last of the calls had been made. The report concludes that both Winfield State Hospital and the Department of Social and Rehabilitation Services should have been more aggressive in pursuing a timely reimbursement from the Superintendent. It recommends that the Department improve its procedures to ensure proper usage of KANS-A-N lines in the future.



KANS-A-N TELEPHONE CALLS AT WINFIELD STATE HOSPITAL

Fox & Company (a certified public accounting firm under contract with the Legislative Division of Post Audit) is conducting a financial-compliance audit of Winfield State Hospital for fiscal year 1984. During their field work, the firm's auditors received an anonymous telephone call alleging that during fiscal year 1984 the hospital's superintendent made personal telephone calls to Oklahoma City on the Hospital's KANS-A-N line. The caller further alleged that the cost of the calls amounted to \$400 per month during the period and that these costs had not been reimbursed. As required by its contract, Fox & Company notified Legislative Post Audit of the call and its contents.

To determine if there was any substance to the allegations, Legislative Post Audit's staff conducted a limited review of the Department of Administration's fiscal year 1984 billings for Winfield State Hospital's KANS-A-N telephone service. The review included the detailed long distance call listings for the two months with the highest interstate service costs. This review disclosed numerous calls to one number with an area code of 405 (which includes Oklahoma City). The auditor then consulted the May 1984-85 Oklahoma City Telephone Directory and found a listing for what appeared to be Winfield State Hospital's superintendent and his wife with the same telephone number noted in the review of the Hospital's KANS-A-N billings. Accordingly, Legislative Post Audit concluded that the allegations might have some substance, and the matter was brought to the attention of the Legislative Post Audit Committee.

At its meeting on December 5, 1984, the Legislative Post Audit Committee directed Legislative Post Audit to conduct a review of the allegations to determine whether the Winfield State Hospital superintendent had made personal telephone calls to Oklahoma City on the Hospital's KANS-A-N line and whether the cost of these calls had been reimbursed.

Review of KANS-A-N Billings

The KANS-A-N system is a leased, private line, long distance telephone system operated by the Department of Administration. It provides both intrastate and interstate service 24 hours a day, seven days a week. With a few exceptions, all official State business long distance calls are to be placed over the KANS-A-N system.

The auditor reviewed all monthly KANS-A-N billings from June 1981, when the current Winfield State Hospital superintendent took that position, through the most recent billing available (calls during October 1984). That review disclosed numerous long distance telephone calls to the Oklahoma City number made between the end of July 1983 and the middle of May 1984. The auditor found 173 such calls, which had a cost of about \$1,237. These calls accounted for approximately 36 percent of the Hospital's interstate KANS-A-N service cost for fiscal year 1984. The monthly costs of these calls ranged from \$3 to \$368. The table on the next page summarizes by month the number and cost of the calls.

<u>Month</u>	<u>Number of Calls</u>	<u>Cost</u>
July 1983	2	\$ 3
August	39	368
September	26	185
October	18	140
November	19	88
December	14	104
January 1984	8	59
February	6	45
March	4	46
April	27	138
May	<u>10</u>	<u>61</u>
Totals	<u>173</u>	<u>\$1,237</u>

Similar Allegations Were Made to the Department of Social and Rehabilitation Services

During this review, the auditor found that during July 1984 similar allegations had been made anonymously to the Department of Social and Rehabilitation Services. The auditor reviewed the Department's file of correspondence relating to its review of the situation and found that the Hospital superintendent had admitted to making personal telephone calls to Oklahoma City on the Hospital's KANS-A-N line and that he had expressed an intent to reimburse the Hospital for the cost of those calls. The correspondence also indicated that the superintendent had asked the Hospital's Director of Administrative Services to monitor and record those calls so that reimbursement of their cost could be facilitated. The Department's Commissioner of Mental Health and Retardation Services approved the superintendent's plan to reimburse the Hospital for the cost of the calls and indicated to him that such calls should not be made on the KANS-A-N line. No such calls have been made since May 1984.

Reimbursement of the Cost of the Calls

The auditor visited Winfield State Hospital to discuss this situation with the Hospital superintendent and other appropriate personnel and to review applicable financial records. The superintendent indicated that he had made some long distance calls to his wife in Oklahoma City on the Hospital's KANS-A-N line, but that he would not be making any further such calls. He also indicated that he had reimbursed the Hospital for the cost of these calls. The auditor verified that the superintendent made one reimbursement of \$775 on September 4, 1984, and another reimbursement of \$501 on December 13, 1984. These reimbursements included calls to numbers in addition to that identified by the auditor. According to the superintendent, the first payment was for calls to his wife that he had identified as personal in nature. The second payment was for calls to his wife that he had identified as business-related. At the time these business-related calls were made, his wife was enrolled in graduate school at the University of Oklahoma, working on the development and implementation of a program very similar to one that was being implemented at

Winfield State Hospital at the same time. Accordingly, the superintendent felt that discussions of these programs would be business-related. However, because he could not document that these calls were, in fact, business-related, he decided that their cost would also have to be reimbursed.

Impropriety of Personal Calls on KANS-A-N

The auditor reviewed applicable statutes, regulations, and guidelines to determine whether it is appropriate to make personal long distance calls on the State's KANS-A-N lines. Statutory provisions (K.S.A. 75-4709) make the Secretary of Administration responsible for controlling the use of the State's telecommunications service, and while no administrative regulations have been promulgated in this area, the State's KANS-A-N Telephone Directory clearly states that personal calls are not authorized. In addition, the Department of Social and Rehabilitation Services' guidelines, which also apply to all State hospitals, specifically state that there will be no personal calls made on the KANS-A-N lines.

Conclusion

Based upon this review, Legislative Post Audit determined that Winfield State Hospital's superintendent made inappropriate personal calls on the Hospital's KANS-A-N line from July 1983 to May 1984. The cost of the calls noted by the auditor was \$1,237. The superintendent reimbursed the Hospital in the amount of \$775 on September 4, 1984, and \$501 on December 13, 1984. Legislative Post Audit concludes that both Winfield State Hospital and the Department of Social and Rehabilitation Services, when it became aware of the situation, should have been more aggressive in ensuring a more timely reimbursement of these amounts.

Recommendation

To help ensure that the KANS-A-N line is not used improperly for personal calls, the Department of Social and Rehabilitation Services should take steps to ensure that the personnel of the institutions under its jurisdiction are made aware of the State's policy regarding personal use of the KANS-A-N system. In addition, the Department should direct its institutions to establish procedures to ensure adherence to the State's policy. Finally, the Department should periodically review its institutions' procedures in this area to ensure their effectiveness.



APPENDIX A
Agency Response



STATE OF KANSAS

JOHN CARLIN, GOVERNOR

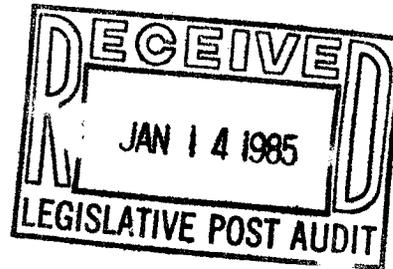
STATE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

January 10, 1985

ROBERT C. HARDER, SECRETARY

STATE OFFICE BUILDING
TOPEKA, KANSAS 66612

Meredith Williams
Legislative Post Auditor
Mills Building
109 West 9th, Suite 301
Topeka, Kansas 66612



Dear Mr. Williams:

This letter is in response to your letter of January 9 relative to the audit report concerning telephone usage by the superintendent of Winfield State Hospital.

I regret this incident. I thought we had sufficient safeguards to keep this kind of problem from developing. Please be assured that we will redouble our efforts to ensure this kind of activity not happening in the future.

Sincerely yours,

Robert C. Harder
Secretary

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4438E

cc: Dr. Hannah
Dr. Dey