



Learning Diagnostic Clinic

February 23, 2018

Office of Internal Audit and Compliance



Missouri State[™]

U N I V E R S I T Y

DATE: February 23, 2018

TO: Dr. Steven Capps, Director, Learning Diagnostic Clinic

FROM: Donna Christian, Director of Internal Audit and Compliance
Jane Dewberry, Senior Internal Auditor

CC: Dr. William P. Deal, Department Head, Psychology
Dr. Helen Reid, Dean, College of Health and Human Services
Dr. Frank A. Einhellig, Provost
Clifton M. Smart III, University President

Learning Diagnostic Clinic

BACKGROUND

The Learning Diagnostic Clinic (LDC) operates through the Department of Psychology within the College of Health and Human Services. The clinic provides services and support helping students with learning disabilities to access and participate in an array of academics available at Missouri State University. The LDC is located in the Meyer Alumni Center.

The primary function of the LDC is to assist Missouri State University in complying with certain aspects of the Americans with Disabilities Act's (ADA). Specifically, clinic personnel help to facilitate the appropriate academic accommodations for students diagnosed with a learning disability, psychological disorder, and/or neurological disorder. These services are provided to students at no charge and are funded through the University's Operating Fund.

A second function of the LDC is to provide psychoeducational assessments for Missouri State students, as well as other individuals outside the University community. This component of the clinic allows graduate students to obtain valuable clinical experiences and training under the direct guidance and supervision of licensed psychologists. These services are provided on a sliding fee scale based on income.

The Project Success Program is another important function of the LDC. Project Success is a fee-based academic support program for college students with learning disabilities, ADHD, or other diagnosis who desire more comprehensive services than those covered under the Americans with Disabilities Act (ADA). Students accepted into the program receive individualized attention/assistance through weekly meetings with a Project Coordinator and are provided with student tutors as needed for their classes.

Both Project Success and the psychoeducational assessments are intended to be self-funded by the fees charged for the services. Fees are collected by the University's Bursar's Office. No fees are collected at the clinic.

OBJECTIVE AND SCOPE

The objectives of this audit were to review the clinic's fee structure, ensure compliance with University policies, and evaluate the management of financial resources. The scope of this audit includes, but is not limited to the two years ending June 30, 2017.

SUMMARY

This report includes recommendations to:

- Establish clinic fees at a rate that covers the direct cost of the services provided.
- Update the LDC operating policy previously approved in 2005.
- Collect the full fee charged for clients outside of the University before delivering the final written report.
- Consistently charge University departments for services.
- Formalize the agreement with Greene County including a review of the rate charged.



Donna K. Christian, CPA, CGFM,
Director of Internal Audit and Compliance



Jane Dewberry, Senior Internal Auditor
Audit Field Work Completed: December 6, 2017

OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Setting Clinic Fees

The Learning Diagnostic Clinic (LDC) receives funding from the University's General Operating Fund and from fees charged for services, which are tracked through a separate income fund. Expenses associated with the various LDC services overlap because of the use of the same facilities, personnel, and supplies. The approach used to allocate expenses between the University's operating fund and the income fund is to spend the revenue in the income fund first, then use the University's operating fund for any remaining expenses. To ensure fees charged for services cover the cost to provide the service, revenues should be matched with expenses.

For example, revenue for evaluation services totaled **\$19,400** and **\$17,050** during fiscal years 2016 and 2017, respectively. The wages paid to Graduate Assistants conducting the evaluations totaled **\$35,532** and **\$38,356** in fiscal years 2016 and 2017, respectively. As a result, this indicates fees charged for evaluation services are not covering direct costs.

Currently, a 2005 sliding fee schedule based upon client income is used to assign fees ranging from \$100 to \$500 for client evaluations. Recently, the LDC staff began to analyze the evaluation process and determined that approximately 20 hours of the Graduate Assistant's time, 2.5 hours of the Clinic Director's time, and approximately \$30 in test forms and materials was required each client evaluation. Based on this, the direct cost of an evaluation would be approximately **\$430**; however, the LDC typically charged less than **\$300** for an evaluation in fiscal year 2017. Additionally, for further comparison, a local psychologist posted a fee of **\$1200** for a learning disability evaluation on his website.

Fees for the Project Success program should also be analyzed to ensure revenue from the program covers all the costs associated with the program. Project Success program fees were \$1,500 in fiscal year 2016 and were increased to \$1,800 for fiscal year 2017.

The LDC offers these services to the University and the community as both a way of providing their graduate assistants with valuable clinical experience, and to provide low cost services to the community. A sliding fee scale is unnecessary, especially if fees are only set high enough to cover actual expenses. The LDC should continue with their evaluation of the actual direct costs for evaluation services and consider establishing fees at a level that will ensure enough revenue to cover those costs. Discounted rates for students and University staff could be considered.

Recommendations:

The LDC should review fees annually and establish fees at a level that balances the cost of services with the training value for graduate students as well as the service value to the community.

Management Response

As indicted in your cover letter, the LDC has started the process of determining and tracking the direct and indirect costs for evaluation services. This process will be completed by the summer of 2018. We currently charge a full fee of \$500.00 for an evaluation and with the sliding fee scale, an individual may be charged as low as \$200.00. As you also noted, when a comparison is made in the local community we have found that the fee for similar services is approximately \$1,000.00. Below are two community price comparisons:

*Midwest Assessment and Psychotherapy Solutions (MAPS) – \$900-\$1,100
Neuropsychological Associates of Southwest Missouri – \$1,000-\$1,200*

We have two primary goals regarding the LDC evaluation services:

- 1. One goal is to provide low-cost psychoeducational evaluation services for MSU students, faculty, staff as well as children and adults from the Southwest Missouri and Northwest Arkansas area. We also provide*

evaluation services to Greene County Treatment Courts, Vocational Rehabilitation of Missouri, Missouri Career Center, and Vocational Rehabilitation for the Blind.

- 2. A second goal is to provide graduate students educational and direct clinical training opportunities for graduate students pursuing the clinical option for the M.S. Psychology degree. We generally employ four graduate students who conduct the bulk of the evaluations as well as have one to two additional graduate practicum students. This is a valuable clinical experience for these students. Many of our graduate students have maintained that the experience received at the LDC was the best experience of their graduate career and have ultimately modified their future endeavors based solely on that experience.*

As we continue with the process of determining and tracking the direct and indirect costs for our evaluation services, the LDC will eliminate the sliding fee schedule and will establish fees at a level that balances the cost of services with the training value for graduate students as well as the service value to the community. The fee structure will be reviewed annually and revised when changes are needed.

2. Operating Policy

In July 2005, the University Board of Governors passed a resolution approving the policies, procedures, and fee structure for the LDC. This resolution became a University Operating Policy (Op3.25). While the policies described appear to be current, the fees listed in the policy have not been updated from the 2005 amounts. For example, the approved fee for Project Success was \$1000 per semester; however, the current amount being charged is \$1800 per semester.

References to the fee structure should be removed from within the University's operating policies. Instead, fees should be set as part of the annual fee schedule resolution approved by the Board of Governors.

Recommendation

The LDC should update the operating policy to delete references to current fee amounts, and submit fees charged for Board of Governor approval in the annual fee resolution.

Management Response

The LDC will update the operating policy and submit to the Provost's Office for approval. The LDC will submit the fee structure to the Board of Governors for annual approval.

3. Unpaid Fees

The LDC does not charge individuals for evaluation services until testing is completed and the written report is delivered. At that time, the charges are placed on the University's accounts receivable system and the clients are billed. This works well for University students and staff, but clients not affiliated with the University have less incentive to pay.

In fiscal year 2017, \$8500 was charged to non-University clients, with \$1,650 (19.4%) remaining unpaid. Additionally, another \$1,300 from fiscal year 2016 continues to remain unpaid. Consideration should be given to requiring payment in full before providing the final written report to clients who are not affiliated with the University. The LDC could set up a storefront to allow clients not affiliated with the University to pay online. This payment method would also continue to eliminate the need for LDC employees to collect these payments.

Recommendation

For clients not affiliated with the University, the LDC should collect full payment before delivering the final written client evaluation report.

Management Response

The LDC has contacted the Bursar's Office for recommendations on payment options as well as setting up a "storefront" for nonaffiliated MSU individuals to pay online. We will schedule a meeting with a representative from the Bursar's Office no later than March 15, 2018 for a storefront demonstration and recommendations.

4. Fees Charged to University Departments and Outside Agencies

The LDC provides client evaluation services to the Athletics Department for \$400, but only charges the West Plains campus \$200 for the same service. Fees charged to the University should be consistent for all areas.

Additionally, the LDC only charged the Greene County Court \$200 for client evaluation services and does not have a written agreement with the court to provide this service. The LDC Director explained that the low fee is offset by the student learning experience, because individuals from the Greene County Court typically have different issues that a Graduate Assistant normally would not encounter when evaluating for learning disabilities.

Recommendations:

The LDC should be consistent in the fees charged to all departments within the University. Additionally, the LDC should formalize the agreement with Greene County and consider negotiating a fee that more closely represents the direct cost of the service as noted in No. 1 above. The learning opportunity provided by this contract can be considered when establishing the contract fees.

Management Response

The LDC will establish consistent fees to all departments within the University, including fees for MSU employees and their dependents. In establishing evaluation fees, a standard for non-MSU individuals will be determined and applied to all community individuals. As this fee will remain consistent across community constituencies, a formal contract with any single entity should not be needed.

Learning Diagnostic Clinic Financial Information

Years ending June 30,

| | 2016 | | | 2017 | | |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Income Fund | General Fund | Total | Income Fund | General Fund | Total |
| Project Success: # of Clients: | | | | | | |
| Fall | 32 | \$ 48,000.00 | | 34 | \$ 61,200.00 | |
| Spring | 24 | 36,000.00 | | 28 | 50,000.00 | |
| Summer | 2 | 1,600.00 | | | | |
| | 58 students | \$ 85,600.00 | | 62 students | \$111,200.00 | |
| Evaluation Services: | | | | | | |
| Greene County Court | 6 | 1,200.00 | | 7 | 1,400.00 | |
| MSU Athletics | 7 | 2,800.00 | | 5 | 2,000.00 | |
| MSU - West Plains | 1 | 100.00 | | 2 | 400.00 | |
| Students | 25 | 7,400.00 | | 19 | 5,250.00 | |
| Community | 27 | 7,900.00 | | 30 | 8,500.00 | |
| | 66 clients | 19,400.00 | | 63 clients | 17,550.00 | |
| | | | Avg. Cost: | | | Avg. Cost: |
| | | | \$ 296 | | | \$ 276 |
| | | | \$ 293 | | | \$ 283 |
| Total Revenue | | \$105,000.00 | | | \$128,750.00 | |
| Less: | | | | | | |
| Other Professional | | 48,316.32 | 48,316.32 | 50,278.54 | | 50,278.54 |
| Clerical | | 25,918.01 | 25,918.01 | 42,820.74 | | 42,820.74 |
| Non-student Part-time | | 14,447.98 | 2,523.09 | 14,091.60 | 458.33 | 14,549.93 |
| Student wages | | 5,779.39 | 1,282.71 | 7,062.10 | 9,441.88 | 9,441.88 |
| Graduate Asst. wages | | 17,200.08 | 19,331.58 | 36,531.66 | 17,544.06 | 20,812.06 |
| Travel | | | 698.00 | 698.00 | 625.21 | 625.21 |
| Supplies | | | 9,264.64 | 9,264.64 | 5,067.87 | 5,067.87 |
| Services | | | 3,860.52 | 3,860.52 | 3,870.03 | 3,870.03 |
| Other | | | 806.00 | 806.00 | 328.00 | 328.00 |
| Bad Debt Expense | | 2,050.00 | 2,050.00 | 1,100.72 | | 1,100.72 |
| Total Expenses | | \$113,711.78 | \$ 37,766.54 | \$151,478.32 | \$125,835.66 | \$ 40,603.38 |
| Total | | \$ 80,525.36 | | \$ 83,439.70 | | |
| Revenue over (under)Expense | | (8,711.78) | | 2,914.34 | | |
| Beginning Carryforward | | 89,237.14 | | 80,525.36 | | |
| Ending Carryforward | | \$ 80,525.36 | | \$ 83,439.70 | | |